

2022



GROWTH
BY NCRC



ANNUAL REPORT

Letter to Investors

To Our Partners,

At this time last year, the questions about existing risks (labor, contractors, permitting, etc.) were clearly in focus. The Federal Reserve's pivot to battling inflation began in May 2022 and rates rose steeply through the rest of the year, the fastest increase in the Fed's history. Though prices didn't decline significantly in our market segment, LMI buyers were affected and ran into increased challenges getting to the closing table. By the end of the year, some softening in the markets and delays in closings affected our returns.

In many ways, we have been luckier than most because our choice of markets (Atlanta, Birmingham) has yet to see much, if any, decline in nominal prices. Additionally, the decision to pursue ARPA and other subsidies is also paying dividends, providing us with helpful buffers in Atlanta and Birmingham. Moreover, with continued inventory shortages, there continues to be strong market demand, particularly when the right mortgage products are available.

As you will see here, there are many 2022 accomplishments to be proud of. We've deepened our partnership with cities, which is producing greater concentration and volume of developments and subsidy. For example, in 2022 we signed an agreement with the City of Atlanta to build 1000 new homes and we broke ground on an 87-townhome build in SW Atlanta in May that includes a medical office building with an urgent care clinic in a neighborhood (Briarwood) that was in danger of becoming a medical desert. Concentration and volume are factors that help us manage costs and increase efficiencies with our local infrastructure and, perhaps more importantly, with attracting higher capacity, higher quality general contractors.

With the ShadowBrook groundbreaking held in November, we have three developments underway in Birmingham through our partnership with that city. 96 units are now underway, with another 325-350 to be developed there. All are in LMI census tracts and should achieve great mission impact. However, the cost of producing these units is such that they are subsidy-dependent (20-50k per house).

This was an important 2022 lesson for us, in that we are balancing more effectively the profitability on mission product by increasing those building opportunities that mayors want. A frequent refrain among mayors seeking to increase affordable homeownership is that this get done in ways that enhance the opportunity for mixed-income neighborhoods, particularly because firefighters, police officers, teachers, nurses and EMTs are being forced to live outside city limits despite residency requirements in many cities.

Letter to Investors (cont'd)

Like Birmingham, Atlanta and Dallas-Ft. Worth are “partnership” cities where municipal leaders are strongly interested in incentivizing our participation in creating affordable homes. In Dallas, we put offers on several opportunities in December and went under contract on our first 16-lot development in January ('23). This marks the launch of what we will be a very important city in the achievement of mission for this fund and future funds that we may develop; Southern Dallas is arguably the most redlined major community in the US and our investors will achieve a great result when we are in full swing there.

Because of our experience historically with the acq-rehab market, 2023 will mark our full transition to ground-up development. As noted above, this strategy is critical to getting to scale, which attracts better contractors and creates efficiencies with labor costs and infrastructure. However, there have been some lessons as part of the transition process. In some cases, we underestimated the time land development would take, particularly as a result of COVID-related permitting delays. More urgently, this market lacks enough high-capacity general contractors with well-run back offices for developments that have been located in lower-income, and often, higher-crime census tracts. We had 51 homes that were expected to be completed and sold in 2022 that were delayed because of contractor issues, including contractor terminations. Accordingly, we have committed to self-performance on our future contracting, meaning that we will act as our own general contractor (not that we will self-perform the construction). We believe this can save us at least 15% of our construction costs, as we phase-in that self-performance.

Notwithstanding the interest rate challenge, our focus continues to be on expanding inventory. We need to break the vicious boom-and-bust cycle connected with affordable homebuilding the U.S. Even now, homes are beginning to sell in spite of higher interest rates with multiple bids, a counterintuitive market moment to be sure, unless one understands the enduring pain those seeking to own homes in an inventory-starved market. We must break through this cycle if we are to have meaningful, replicable impact for entry-level and move-up housing that builds sustainable, vital neighborhoods and provides renewed hope that the American Dream is not, despite contrary assurances from the Buy-to-Rent crowd, for rent.

We thank you for helping us continue on this path and for your enduring support.

Ed Gorman
Manager

PORTFOLIO SUMMARY

\$188MM

Total invested as of 12/31/22

1049

Total number of homes or lots invested in as of 12/31/22

87%

Percentage of homes sold in LMI census tracts and/or to LMI buyers

570

Homes sold as of 12/31/22

663

Homes renovated or built as of 12/31/22

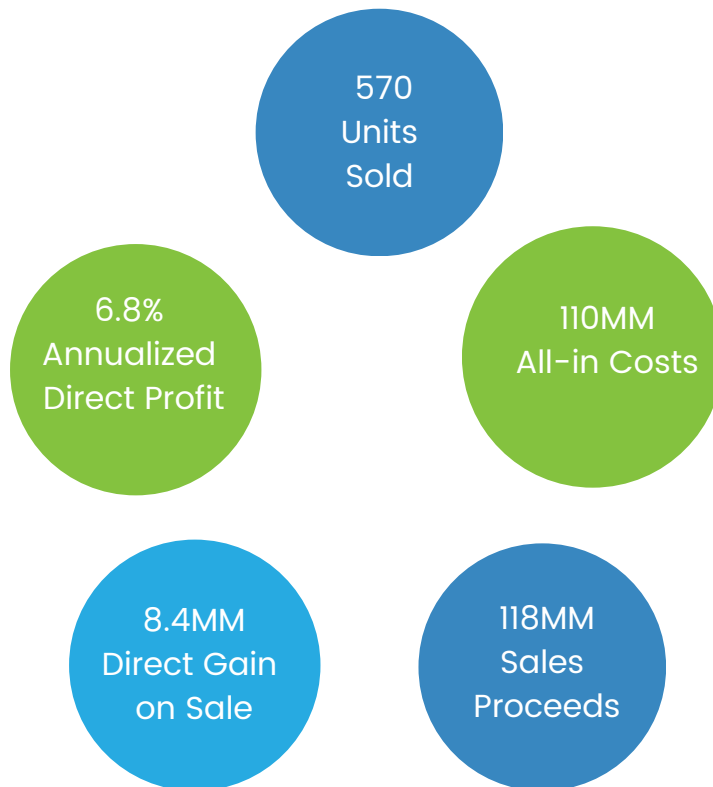
OUR PERFORMANCE

At this moment in the Fund's life, we have nearly doubled the impact of our investors' original investment.



\$188MM

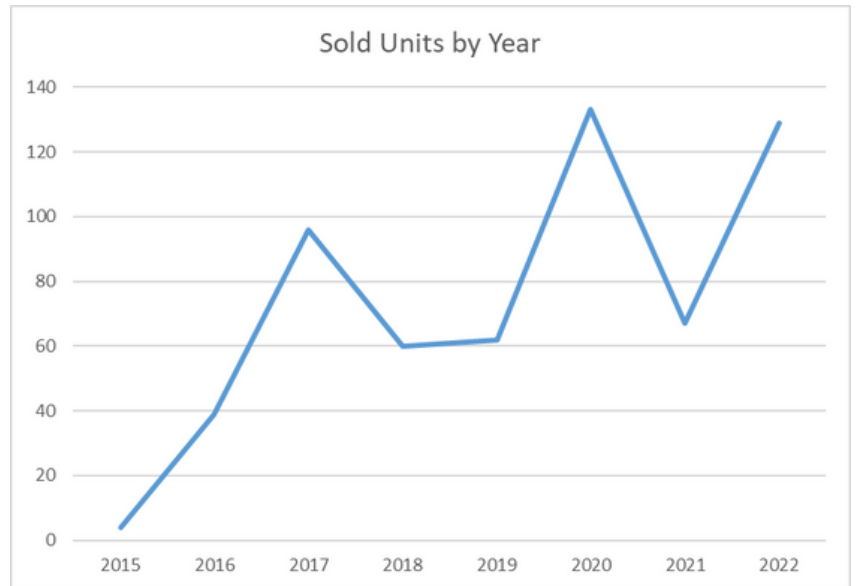
INVESTMENT AS OF 12/31/22



Sold Homes Summary

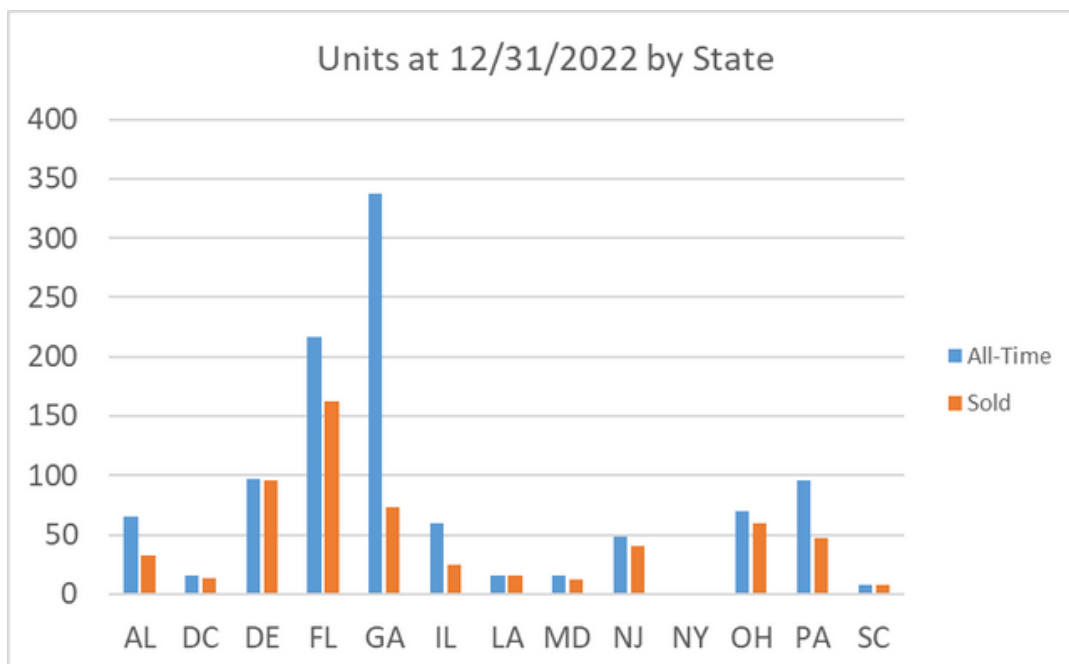
SOLD BY YEAR

Year	Count	All-in Direct Costs
2015	4	467,845
2016	39	4,811,894
2017	96	12,989,480
2018	60	8,260,870
2019	62	10,366,424
2020	133	28,639,415
2021	67	16,059,822
2022	129	32,942,965
Total	590*	114,538,715



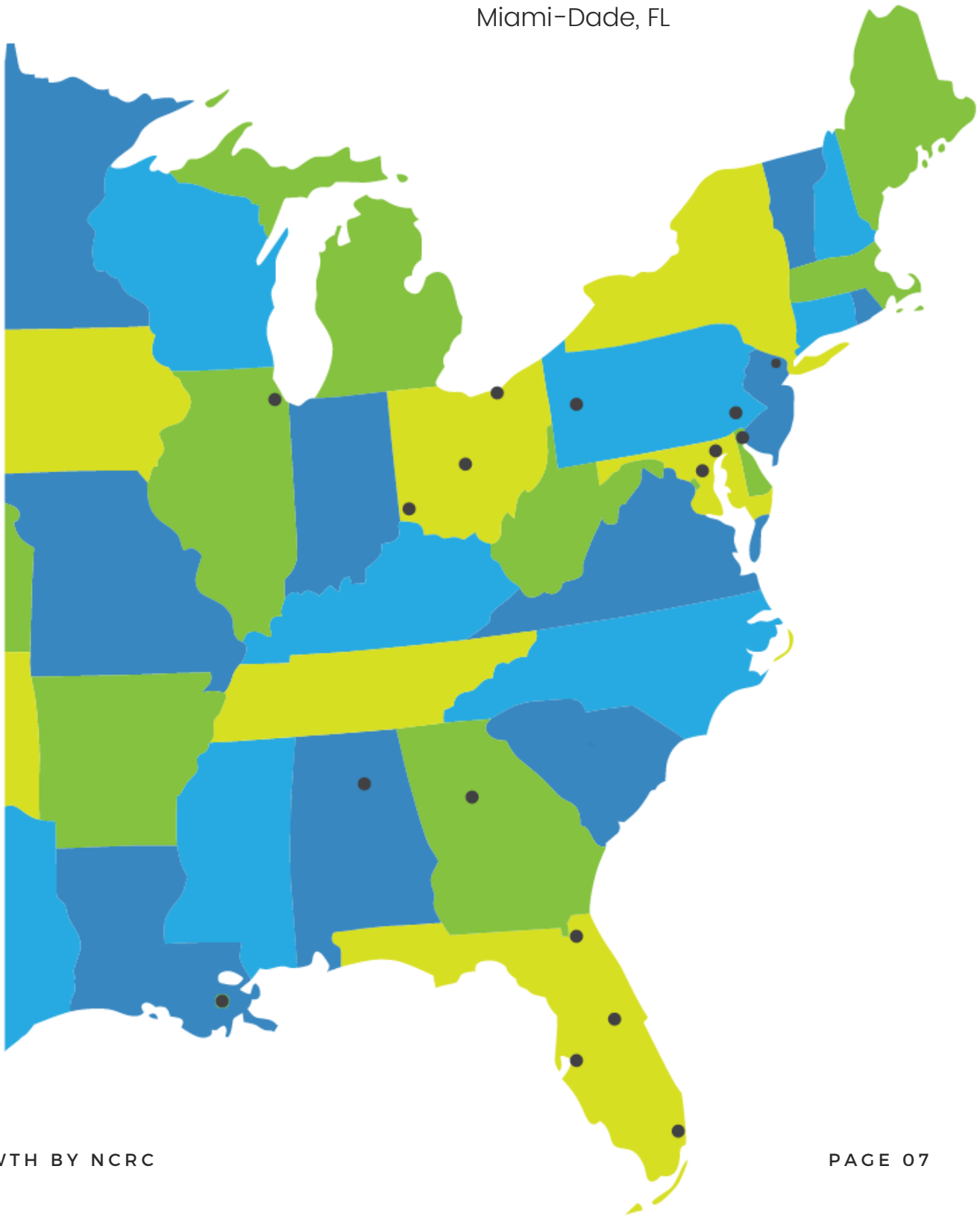
*This reflects the entire universe of homes GROWTH has participated in, whether as owner or otherwise, which is greater than the number in the audited financials but reflects full impact.

UNITS BY REGION



2022 ACTIVE MARKETS

- Atlanta, GA
- Baltimore & PG County, MD
- Birmingham, AL
- Chicago, IL
- Delaware
- Dallas/Ft. Worth (2023)
- Cleveland, Columbus, Cincinnati, OH
- New Jersey
- Pittsburgh & Philadelphia, PA
- Washington, DC
- New Orleans
- Tampa, Orlando, Jacksonville & Miami-Dade, FL



CITY PARTNERSHIP HIGHLIGHT



OAK HILL

Located in the historic Belview Heights community, Oak Hill is part of a \$25 million development agreement between GROWTH by NCRC and the City of Birmingham that demonstrates a commitment to affordable homeownership. The project offers easy access to transportation corridors, healthcare facilities, parks, shopping and the HBCU Miles College. The community broke ground in 2021 and the first homeowners began moving into completed homes in 2022. The second phase of this project is currently underway.

WOODLAWN

GROWTH by NCRC, the City of Birmingham and Woodlawn United are bringing 16 newly constructed homes to the Woodlawn community. Woodlawn is a historic neighborhood situated east of downtown, spanning roughly 15 blocks near the junction of Interstates 20 and 59. This project is part of a larger commitment by GROWTH by NCRC to generate more opportunities for affordable homeownership in Birmingham.



SHADOWBROOK

GROWTH by NCRC and the City of Birmingham are partnering on ShadowBrook, a burgeoning development in Birmingham's North Pratt neighborhood. GROWTH by NCRC has committed to building up to 50 single-family homes on this site, which is situated west of downtown. The project is part of a dedicated effort by the City to rebuild this area, which was devastated by a tornado during the 2011 Super Outbreak.

COMMUNITY HIGHLIGHT





BRIARWOOD GROUNDBREAKING

MAY 25, 2022
2890 GREENBRIAR PARKWAY,
ATLANTA, GA 30331



EVENT SPEAKERS

- Andre Dickens, Atlanta Mayor
- Marci Collier Overstreet, District 11 City Councilmember
- Ed Gorman, GROWTH by NCRC Managing Director
- Dawn Arnold, Invest Atlanta COO
- Courtney Watson, Fund Partner, Chestnut Funds
- Jeff Riddle, CEO, Riddle Property Group

200+ ATTENDEES

Including area seniors from nearby assisted living facilities, prominent community members and 25 single mothers who prequalified for townhomes being built at the site.

FINANCIAL PARTNERS

Atlanta Land Trust Fifth Third Bank Invest Atlanta PNC Bank Synchrony Bank Truist Bank Valley Bank	Chestnut Funds Iberia/First Horizon Bank LISC Atlanta Regions Bank TD Bank Union Bank Wells Fargo Foundation
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ABOUT BRIARWOOD

Briarwood is a multi-use development situated on 11 acres in the historic Greenbriar community. This development is the start of a vision to define Southwest Atlanta, bringing much-needed services and top-tier amenities to the residents of this area.

COMMUNITY SPECIFICS

87

Three-story townhomes for sale with 1,800 square feet of living space. Amenities include walking trails and proximity to dining, shopping, and entertainment.

**30,000
sq. ft.**

Medical Office Building with future urgent care facilities and doctor's offices delivering a diverse range of medical services and healthcare specialties.

**16,000
sq. ft.**

Commercial space for a mix of restaurants, retail, and office opportunities. Additional commercial space also available.



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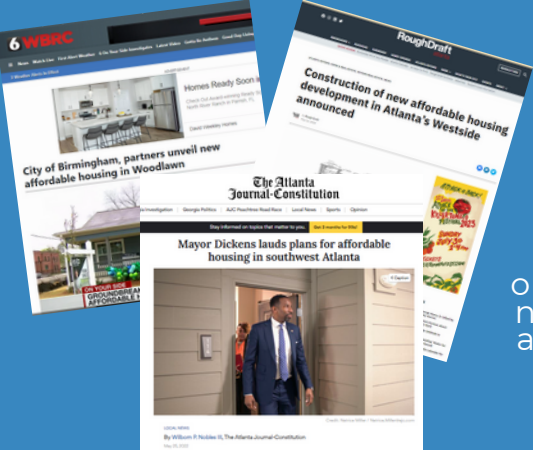


www.growthbynrc.com

MARKETING ACCOMPLISHMENTS

We continued to grow the GROWTH brand in 2022 through a diverse array of targeted marketing strategies.

GROWTH IN THE NEWS



50+
mentions via
broadcast,
online and print
news mediums
across multiple
markets

176,785
Cumulative Nielson TV audience for
ShadowBrook groundbreaking event

8 press releases sent to 100+
journalists

NEW COMMUNITY EVENTS



Oak Hill Ribbon Cutting
March 17, 2022
Birmingham, AL

Briarwood Groundbreaking
May 25, 2022
Atlanta, GA

**ShadowBrook
Groundbreaking**
November 30, 2022
Birmingham, AL

Social Media




71,894
reach
+7.5% over
2021



380
impressions



200+
new followers



3,515
reach
+307.3% over
2021



LISTING HIGHLIGHT

5867 Stumph Rd



Parma, OH

3



2



Sold ● LMI Census Tract & LMI Buyer



LISTING HIGHLIGHT

5450 Sharon Terr. ● Jacksonville, FL

2  1 

Sold ● LMI Census Tract & LMI Buyer



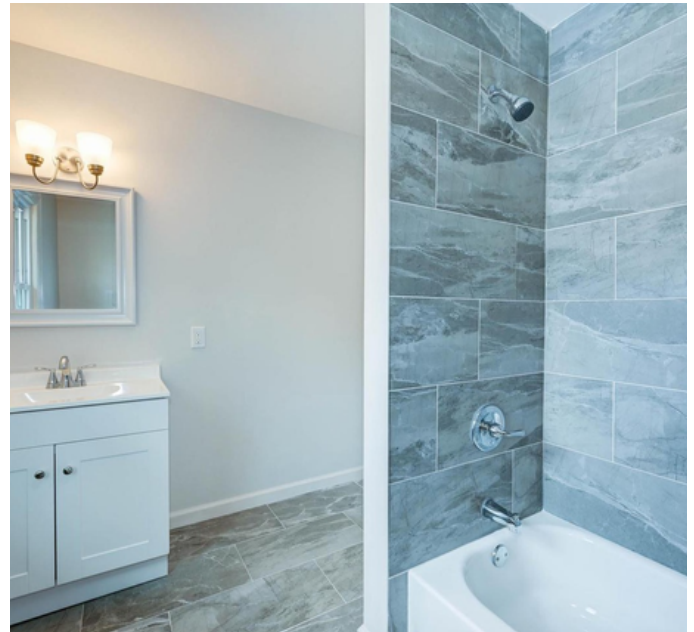
LISTING HIGHLIGHT

2755 Eagles Crest Ln ● Decatur, GA

4  3.5 

Sold ● LMI Census Tract

Combined income of married buyers; individually 100% and 45% of AMI



LISTING HIGHLIGHT

932 Washington Ave ● Woodbury, NJ

3  1 

Sold ● Middle Income CT & LMI Buyer

INTEREST RATES AND HOME AFFORDABILITY

In 2022, rising interest rates made affordable homeownership more challenging than ever. GROWTH by NCRC began working with banks, CDFIs and cities on a strategy to buy down interest rates to ensure those who need homes most can still purchase them.

INTEREST RATE BUYDOWNS

A BOOST TO AFFORDABLE HOMEOWNERSHIP

BANKS

Originate portfolio mortgages and convert DPA and CC funds to use for interest rate buydowns

CDFIs

Add funds for interest rate buydown programs

CITIES

Allocate ARPA funds and other programs to facilitate homeownership in targeted communities

THE RESULT

MORE HOMEOWNERSHIP OPPORTUNITIES

Lower interest rates allow banks to expand their customer base and increase loan demand, creating a larger portfolio while benefiting LMI and communities of color

ADDITIONAL BENEFITS

- Improved loan performance through default and foreclosure risk reduction
- Opportunities to build generational wealth and create brand loyalty towards banks
- Lower overall credit risk for banks and improved financial stability

WORKFORCE DEVELOPMENT

Access to credit and capital begins with a living-wage career.

Our commitment to workforce development and holistic community-building remain a priority. A few examples of the work we are engaged in are:

Our Briarwood project in Atlanta includes a commercial partnership in which both a medical office building (in what otherwise is a medical desert) and a workforce-training center will be developed by our partner.



We have always used local contractors for the work on our homes. Even as we move towards self-performing, we will continue to hire local trades and subs, the majority of which are small, minority-owned businesses.

We are partnering with the NCRC CDFI to create a lending product and technical assistance program to help minority-owned contractors establish a more sustainable business model.



Mission

Making homeownership possible for more people.

Values

STRIVE FOR EXCELLENCE

COLLABORATE WITH GRACE

EMBRACE DIVERSITY

POWERED BY INGENUITY

Impact

87% of homes sold have benefitted LMI neighborhoods, LMI or both. Over 50% of homes sold in 2022 were at sale prices a buyer at 80% of AMI could afford.

We are working in communities that have been long-awaited investment, due to deep histories of redlining. One community member in Birmingham said:

“This is probably the first new house built in this neighborhood in 50 years,” said Jennifer Saldiver, who lives across the street from the i3 Academy charter school that opened in 2019 and a block from the new home construction. “It’s good for property values in this area.”

LEADERSHIP TEAM (PRESENT)

John Taylor is the Founder of NCRC, which he ran for more than 25 years, and Board Chair of the NCRC Development Corporation. Prior to NCRC, Mr. Taylor spent his career as a leader, developing housing and commercial properties and CRA funded commitments in the Somerville, Massachusetts's area. Mr. Taylor was recognized in Time Magazine for his efforts, received the highest citation given in the Commonwealth of Massachusetts for his work in Community Development and was elected Chair of the Massachusetts Association of CDC's for 4 years. Mr. Taylor has received a Presidential citation and a Presidential appointment to the CDFI Board, along with two citations from the U.S. Congress.

Ed Gorman is the Manager of the Fund and Chief Community Development Officer for NCRC and has been leading the Housing Rehab Fund and the GROWTH Initiative since their inceptions in 2014. In his 30 years leading two organizations prior to NCRC, Mr. Gorman developed partnerships in over 40 states, providing workforce training, building housing and providing development expertise to communities, mayors, governors, employers, housing authorities and labor unions, resulting in over 10,000 living wage jobs for low-income residents of those communities and over 50,000 workers trained in construction skills.

Dan Martin joined GROWTH as Chief Operating Officer in February 2023. In this role, he is responsible for the daily operations of the land acquisition, land development, construction, and disposition of properties in the Fund. Dan comes to GROWTH with over 25 years of experience in production homebuilding management. He has been responsible for successful oversight of more than a billion dollars in revenue during the past 17 years, with significant accomplishments in the areas of land acquisition, production, sales training, marketing and product development. He has also succeeded in growing a top-100 builder among public homebuilders.

Jason Engelman joined GROWTH as the Chief Financial Officer of the GROWTH Initiative in May 2023. Jason has over 25 years of experience in financial and operational management, including nine (9) years at Lennar Homes where, among others, he was responsible for \$3.4B in revenue that included over 11,000 deliveries in Lennar's largest region. His proven track record growing companies and streamlining operations in home building provides the forward-thinking that enables us to continue to bring our mission to more communities across the US.

Making Homeownership Possible for More People