

# **Better Housing Coalition Business Plan 2009 – 2012**

## **Introduction:**

Board members and staff updated our 2005-2010 Strategic Plan with the assistance of the Clay Christensen Group during the winter of 2009. Staff then developed the following business plan for 2009-2012. The Board and Staff will regularly review progress in meeting the goals and objectives on the attached action plans over the next three years.

In updating our plan, the Board and Staff participated in two strategic planning retreats and staff met for a third working session to facilitate development of the business plan. The Board's Strategic Planning Committee helped coordinate the planning sessions and provided important support and guidance during the process. The business plan is a result of these efforts.

## **Organization Overview:**

The mission of the Better Housing Coalition is to change lives and transform communities through high quality, affordable housing.

For 21 years, the Better Housing Coalition has been redefining the standards of affordable housing. BHC's commitment to its mission has made it an industry leader in revitalizing Richmond area neighborhoods and affecting positive social change. Through financial partnerships with numerous organizations, BHC has created more than 1,000 housing units for singles, families and seniors over the last 21 years. Each revitalization project is strategically targeted to draw more private developers to the area and stimulate additional residential and commercial growth.

BHC stands out among other housing organizations for the degree to which it involves residents from the planning stages of a development project through to the development's completion. Careful attention is given to ensuring that new development remains in keeping with the historic architecture of a community. In order to sustain its communities and improve the lives of its residents, BHC implemented its Community Social Work Program. The program consists of three primary components: building and strengthening resident organizations so that residents have a representative system of self-governance; creating enrichment and intervention programs for all age groups based on assessed needs and interests, often in partnership with other community agencies; and intervening with individual families who experience difficulties which interfere with a successful residency (e.g., physical or mental illness, child neglect, domestic violence).

BHC practices green building and low-impact development to the benefit of both the environment and the residents. Green building makes efficient use of land and materials without sacrificing good design. The use of efficient heating and cooling systems, windows and lighting, and blown cellulose insulation means reduced energy consumption and lower utility costs for residents. BHC not only integrates green building into all possible facets of construction, but also educates its customers on the importance of using resources fairly and efficiently.

BHC's holistic approach to community revitalization results in communities that are well designed, sustainable, have the support of stakeholders and, most importantly, strengthen the families and communities.

### **Environmental Scan/Forecast:**

In the last several years BHC has experienced dramatic shifts in population, housing policy and the real estate market. The external forces that most impact BHC's future development pipeline are noted below:

#### Changing Demographics

At the national level, it is projected that a greater portion of households will be of a smaller size and will be over 55 years old. By 2025, traditional family households will decline, comprising 1 in 5, due in part to changes in fertility, family patterns and longevity. Immigration patterns will continue to increase becoming more common in urban, rural and suburban communities. Because of difference in fertility and immigration, younger and larger family structured households will mostly consist of minority groups of diverse social and ethnic backgrounds.

Demographic changes in the Richmond metropolitan area will mirror those national trends. The area's population is expected to have a 10% growth rate between 2005 and 2010; this outpaces the commonwealth's growth rate by 2%. For example, the senior population (age 55 years and older) comprises nearly 23% of the region's population and this is expected to grow significantly as the Baby Boomer generation ages. Decreasing household size and population growth will result in increased demand for housing units. It is estimated that the region will need to add over 125,000 units between 2000 and 2030 to meet this demand. (Source: Connections and Choices. Virginia LISC, Southern Poverty Law Center. 2007).

#### Housing Affordability

Most Americans rent housing at some point in their lives. The 2009 Out of Reach Study conducted annually by the National Low Income Housing Coalition reported that in the Richmond region 32% of all households rent and approximately 49% of those households are unable to afford the fair market rent for a two bedroom apartment (\$925). To afford this rental unit, a full-time worker needs to earn an hourly rate of \$17.79.

The collapse of the housing market and the economic downturn has shaken the consumer confidence and the ability to purchase a home. The number of renter households is increasing nationally and the Richmond region reflects this trend.

Even in the recent economic downturn, home prices have not dropped significantly. The average sale price in the Richmond region was \$267,300(Q 3 2008). Incomes have not kept pace with escalating housing prices, and today many of our region's working families are not able to purchase or rent housing in many parts of the metropolitan area. Government employees, firefighters, single mothers, teachers, young couples and most of the Richmond workforce are being priced out of the market and seeing the American Dream of owning a home slowly fading away. This represents an opportunity to work with leaders, government and large employers in finding new ways to develop affordable housing and eliminate the barriers for neighborhoods to thrive.

## Current Housing and Land Use Policies

Currently, VHDA, the state housing and finance agency that allocates and administers low income housing tax credits, has moved to limit the development of senior housing developments which have the least “Not In My Backyard” (NIMBY) opposition, even though there is a growing demand for senior housing. The City of Richmond has also adopted a policy of not supporting new construction of rental housing, which will force BHC to undertake the rehabilitation of buildings (generally more costly to do and requiring deeper subsidies). BHC anticipates that other NIMBY type attitudes and policies among residents and government officials will continue to serve as barriers in making multifamily residential construction possible. The combination of these barriers impact significantly BHC’s ability to score high on tax credit funding, which currently is the primary and largest available subsidy for rental housing.

## Land Acquisition, Development Cost and Subsidies

BHC’s ability to aggressively pursue both residential and commercial development is impacted by a lack of subsidies, higher development costs and challenging market economics. On the homeownership front, the trends and or barriers are the escalating cost of land and construction, the complexity of assembling large parcels of land, the lack of subsidies, perception of crime, and the quality of the school system. Viable development opportunities, particularly the type of large-scale, multi-phased developments that BHC wishes to pursue, are sometimes lost as a result of inadequate working capital and acquisition financing.

## Funding

Overall, the nonprofit sector, specifically community development corporations are experiencing difficulties raising funds. Reductions in private and public sector funding continue, especially for housing related activities. As a direct response to this, community development corporations are aggressively exploring new ways to raise funds including forming partnerships with the public and private sectors in pursuing income generating opportunities as well as delivering a range of community services.

The federal government recently passed a stimulus recovery bill. Better Housing Coalition is pursuing funding opportunities, e. g. Weatherization funding and increased community development block grant funding for several of our communities.

## **Vision Statement:**

Better Housing Coalition aspires to be a nationally recognized community development leader, building sustainable communities that promote a balance of economic prosperity, human dignity, and environmental responsibility.

Better Housing Coalition seeks to make a positive difference in the lives of Virginia residents through community development initiatives that provide citizens the opportunity to enjoy the highest quality of life.

## **Core Values:**

**Governance and Integrity**-We expect excellence in all of our endeavors. By establishing strong corporate governance practices, we foster a culture of integrity and accountability through compliance with all laws.

**Customer Commitment**-We recognize that every function in the organization is critical to providing excellent customer service. Respect is at the core of successful human relationships and endeavors.

**Financial Performance**-We seek to continuously improve our financial health by building performing assets that generate operating cash flow to reinvest in BHC's infrastructure.

**Donor Commitment**-We prudently invest philanthropic dollars to carry out BHC's mission. We recognize that these gifts represent an investment in the larger community, and we will serve as good stewards of this generosity.

**Community Support and Advocacy**-We seek to ensure the welfare and future of the communities we serve by sharing our knowledge, expertise and resources on security, the environment, community health and well-being. We advocate for strong collaboration and open communication among the public, the business sector, and all levels of government – seeking change.

**Environmental Responsibility**-We respect our role as members of a global ecosystem and will use nature as our model and teacher, developing sustainable communities that foster connections between people and places.

**Human Resources**-We strive to promote a safe and healthy work environment for our associates by encouraging training and career opportunities that allow associates to develop to their fullest potential. We build on the diversity of our workforce.

## **Guiding Principles:**

### **Our Mission Focus**

1. As we communicate the BHC story, we relate our accomplishments to our mission and the impacts we have on people and communities.
2. We approach our work first with a strong mission focus fueled by our passion for building strong communities.

### **Our Performance**

3. We understand that our future success will be built on today's successes and lessons learned. We depend on our leaders and associates to keep focus in celebrating forward movement, and in making sure we are accountable to deliver on our promises.
4. We acknowledge that although crisis and change can be difficult, these situations also present opportunity for innovation and creativity.

### **Our People**

5. We believe that investing in and developing our talent (Board and associates) pays off.
6. We know that establishing connections and building strategic relationships is critical to fulfilling our mission.
7. We recognize that adhering to our core values within BHC and with our partners leads to success in the communities we serve.

## **Strategic Direction:**

The BHC strategic direction is our response to the opportunities and threats in our environment, taking into account our internal strengths, core values and guiding principles. By establishing a strategic direction, we have provided the framework from which to make consistent decisions on how to best allocate our resources to achieve desired results. It has also assisted us in establishing measurable goals and objectives.

### Resource Development/Marketing and Board Governance

Continuing to increase the reach and effectiveness of the Better Housing Coalition is dependent on its ability to raise more funds each year to sustain and increase our programming. Closely tied to good fundraising is the effectiveness and involvement of the Board of Directors and continuing to increase the diversity of our funding streams. The following goals have been determined to move us further in this direction.

- Diversify and expand BHC's funding base through increased individual giving and exploration of public funding sources.
- Assure the long-term viability of BHC through recruiting and maintaining a stable and effective Board of Directors in addition to facilitating good Board governance.

### Real Estate Development

As BHC expands and reaches out to new geographic areas in the coming years, continued success will be built on the organization's renewed commitment to the core values and to evaluating each opportunity as to whether or not it meets BHC's mission. The focus of work to 2011 will address the following primary goal:

- Expand BHC's housing portfolio for homeownership and rental housing that promotes healthy, sustainable, and mixed income communities to include new geographic areas.

### Property Management and Community Social Work

As BHC expands and reaches out to new geographic areas in the coming years, continued success will be predicated on the efficacy of property management and community social work functioning to ensure a high quality of life for all residents while safeguarding and maximizing the assets of each community. Therefore the focus of work to 2011 will address the following goal:

- Assure a strong property management model that provides excellent services, continues to grow its portfolio while balancing the community service needs of its residents.

### Human Resources and Administration/Asset Management and Finance

As BHC continues to expand our work in the community, staff capacity is essential to our success. In addition, a strong infrastructure will ensure efficient and effective operations. The focus of work in the human resources, administrative and finance areas over the next two years will address the following goal:

- Strengthen and refine BHC's infrastructure, staff capacity and financial processes and controls to ensure BHC's long term sustainability and growth.

All staff share in accountability for the achievement of projected outcomes through individual development plans.

With efficient asset management and growth in our real estate development portfolio, BHC intends to strengthen our financial position. We plan to increase our reserves for operations to our goal of 6 months of operating reserves, and well as build working capital, to enable us to pursue future real estate development with less dependence on borrowing from outside sources.

For additional detail including related action plans, please contact us at [better.house@betterhousingcoalition.org](mailto:better.house@betterhousingcoalition.org).