



Satellite Affordable Housing Associates' mission is to provide quality affordable homes and services that empower people and strengthen neighborhoods



# Satellite Affordable Housing Associates

## Strategic Plan 2018



## EXECUTIVE SUMMARY

The coming years represent a critical turning point for the Bay Area, with the gap between incomes and housing prices at its widest yet, and the results of this gap painfully visible in the everyday life of the region. As a leading provider of housing and services for over 50 years, Satellite Affordable Housing Associates (SAHA) asks, how can we create the most impact in addressing the unprecedented housing challenges in our region?

SAHA has seen strategic growth in our programs, services, and infrastructure over the last five years. Guided by our 2014-2017 Strategic Plan, we focused on building on our strengths in real estate development, property management, and resident services in our core markets, while investing in staffing and organizational infrastructure. This work, combined with an intentional emphasis on our existing portfolio and its performance, has left SAHA with a strong platform and resources from which to expand our impact. Over the next three years, our forward focus will strive to:

- **Create affordable housing opportunities** at an accelerated pace by broadening our capacity to develop complex, mixed-use projects, aggressively pursuing new funding, cultivating new partnerships, considering cost efficiency of construction and operations, and opening our doors to serve an ever wider diversity of housing needs
- **Empower our residents** by taking our successful Resident Service and Community Engagement programs to scale, deepening our staff and volunteer capacity, and expanding our residents' access to health services and new technologies that improve their quality of life
- **Strengthen communities** by improving the connection between our residents and their surrounding neighborhood, mapping community assets and needs, evaluating our ability to enhance existing services and fill resource gaps, and developing new partnerships and relationships that can benefit both our residents and the communities we serve
- **Sustain our organization**, programs, and portfolio by building on our financial strength, improving SAHA as a place of work with an emphasis on diversity, maximizing the use of technology, improving organizational and portfolio resilience in the face of natural disasters, and continuing our strong track record of advocacy

SAHA's strategic plan anchors us to our mission and values while providing a roadmap for our continued growth. At its core, SAHA is for and about the communities and individuals we serve, and this new plan is a framework for our long-term health in pursuing our mission, measuring our decisions and outcomes, and guiding our investment in residents, community, infrastructure, and human capital.



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## BACKGROUND AND PROCESS

### Background

Satellite Affordable Housing Associates (SAHA) has a rich 50-year history of providing affordable housing and supportive services to low-income households in need. SAHA's new strategic plan anchors us to our mission and values while providing a roadmap for our growth in the years ahead.

SAHA as an organization is the result of the merger between Affordable Housing Associates and Satellite Housing, which took place in January 2013. Both organizations brought to the new nonprofit a strong track record and reputation, talented staff, and stable balance sheets, as well as a combined unit count of close to 3,000 homes. One year into operations SAHA embarked on a strategic planning process to frame its future. The resulting three-year plan identified critical issues the new organization would be facing and defined important guideposts for the post-merger period. SAHA has emerged from this period with a strong and resilient infrastructure and an impressive track record of mission-oriented accomplishments. With a strengthened organizational platform, we now feel poised to leverage strategic opportunities and greatly expand our ability to confront the Bay Area's housing crisis.

### Process

SAHA intended its first strategic plan to conclude in June 2017, with development of a new plan to begin in early 2017. The unexpected election results of November 2016, however, combined with related uncertainty in the financial markets and banking industry, compelled senior staff and the SAHA board to postpone the process. Despite continuing uncertainty at the federal policy level, we restarted our planning effort in the summer of 2017.

This new plan incorporates the insights and feedback of SAHA leadership, staff, the board of directors, and outside stakeholders. Working together, we reviewed the 2014-2017 plan's accomplishments and shortfalls, examined our organizational strengths and weaknesses, and evaluated a wide range of external risks and opportunities. Our fundamental, driving question has been: **How can we build on our organizational strengths to increase our ability to create housing, provide services, empower individuals, and strengthen communities?**



## REVIEW OF 2014-2017 STRATEGIC PLAN ACCOMPLISHMENTS

For SAHA, the last three years have been extremely productive and have closely fulfilled the objectives set forth in our first strategic plan vision. The plan established three main directions, and defined key indicators of progress towards each goal:

### **A. Focus on and Improve Core Programs in Existing Geographic Locations**

SAHA successfully **developed several new affordable housing** communities within our existing geographic footprint. We completed construction on Arboleda Apartments in Walnut Creek (48 units), Harper Crossing and Strawberry Creek Lodge in Berkeley (192 units), and Lakeside Apartments in Oakland (91 units). We started construction on projects in Antioch (Tabora Gardens, 85 units), Berkeley (Grayson Apartments, 23 units), Oakland (Redwood Townhomes, 28 units), and American Canyon (Valley View, 70 units). We also obtained site control for additional projects in Sonoma, Napa, Pleasanton, Pleasant Hill, Berkeley and Oakland.

SAHA was able to accomplish this by **leveraging new financing tools**. We applied for and obtained funding from the following new sources: the Affordable Housing and Sustainable Communities Act ("Cap and Trade"); new Alameda County A1 bond funds; new City of Oakland KK bond funds; Veterans Affairs Supportive Housing (VASH) project based vouchers; Veterans Housing and Homelessness Prevention Program (VHHP) funding; and HUD Rental Assistance Demonstration (RAD) vouchers. These new resources provided over \$25 million in funding, which was leveraged to provide over \$150 million in total project financing.

Since the merger, SAHA has **expanded the reach of our in-house, on-site resident services** to nearly all of our 63 properties. This expansion includes bringing in-house many of the services that had been previously delivered by third party providers. We increased the range of our family services, enlarged our transportation program to cover 29 properties, and deepened our innovative gardening programs through partnerships and volunteers. More than 300 community volunteers have provided over 8,000 hours of service to 36 SAHA properties, **increasing our engagement with residents by over 257%**.

To better understand the needs of our residents, SAHA instituted a **biennial resident survey**, combined with a regular analysis of program usage and data. In addition, we obtained **more than \$1 million in new grant funding**, which has helped to grow and support our service programming overall.



While SAHA has continued to strengthen its core service competencies, we have also tested new approaches to senior services. These innovations have included the piloting of a computer literacy program supported by the California Public Utilities Commission, which brought free high-speed internet to over 1,300 of our units, with more than 300 residents completing digital literacy training and receiving a free laptop or tablet. SAHA also helped pilot an Alameda County food recovery and security program. Perhaps most notably, SAHA is the first nonprofit housing provider in the state to bring a HUD-sanctioned **homeless preference** to 4 properties, which will result in 100 homeless seniors moving off the streets and into safe, supportive affordable homes with wrap-around services.

With the goal of improving the financial and physical health of our properties, the last two years have seen a **dramatic growth and sophistication of SAHA's asset management functions**, leading to significant improvements in portfolio and property performance, completion of critical Year-15 buyouts, and planning for a growing pipeline of refinancing and recapitalization of existing properties. By restructuring how SAHA manages its commercial properties, we have enhanced performance and reduced vacancies, making our commercial portfolio a consistent and stable contributor to program income.

## **B. Selectively Explore New Opportunities for Development, Property Management, and Resident Services**

SAHA prioritized **new real estate development opportunities within a 50-mile radius** by expanding into the South Bay, through an invitation from the City of **San Jose**. We also began new relationships with the City of **Napa**, to develop on city-owned land, and with the City of **Pleasanton** to develop on privately-owned land. SAHA decided to focus fully on our own portfolio and internal systems, rather than expand our provision of 3<sup>rd</sup> party property management services to other owners. This decision has paid off, resulting in improved site management and portfolio performance. Resident Services, meanwhile, were expanded to two Oakland Housing Authority properties through a **third party contract** as well as through absorption of existing services once provided by outside agencies. The increase in service contracts, leveraged by the talent and expertise in the group, has fueled expansion of the department's infrastructure and reach.



SAHA **pursued serving new populations** by incorporating **veteran** populations into Tabora Gardens and Valley View, as well as future projects. Although a proposal we created for workforce/mixed-income housing did not move forward, we gained important experience and insight for future applications. SAHA formed **new partnerships for site acquisition** with churches and nonprofit healthcare providers. SAHA initiated and expanded health and housing partnerships at existing properties with five healthcare partners, while also establishing two new relationships with healthcare providers for new site acquisitions. In addition, we secured grant funding from the Kaiser Foundation for health and wellness activities for our residents.

### **C. Strengthen SAHA's Organizational Health**

Through accurate budgeting, diligent fee collection, and strategic refinancing, SAHA dramatically **increased net assets and our cash position**. We established an investment committee and brought on an investment advisor. Our cash balance growth, meanwhile, was aided by significant reductions in receivables to SAHA from the properties and improved portfolio cash flow, both of which were direct results of our focus on asset management and improved property management systems.

SAHA has also created a strong foundation for our **employees' professional growth and job satisfaction** through a variety of initiatives. By conducting staff town hall meetings and surveys, improving our onboarding and training procedures, and making investments in software and digital learning, SAHA has experienced notable improvements in employee retention and workplace safety.

As a key strategy to building our organizational infrastructure, all office staff were brought together in a single, **newly renovated main office**. The new office has improved communication, strengthened relationships, and enhanced morale. SAHA complemented the move by making significant investments in our on-site servers and the design and implementation of a cloud-based server, improved access to data and communication with our properties, as well as greatly enhanced Yardi accounting, human resource information (HRIS), and property/asset management systems. Throughout the three years, we've consistently measured ourselves against key performance indicators which have and continue to inform organizational and department goals and planning.



In concert with this organizational growth, SAHA's **strong board of directors** has provided active and engaged leadership with increasing diversity and expertise. The board's effectiveness, combined with our demonstrated results and close attention to press coverage, social media, and events, has burnished our reputation in the field. As evidence of our growing reputation, SAHA was invited to join the Housing Partnership Network, a prestigious industry organization representing the top affordable housing developers in the country.



## STATE OF THE SECTOR: CONTEXT FOR MISSION AND PLAN

Much has changed in the three years since our first strategic planning effort. The gap between housing and income continues to grow dramatically in the Bay Area. As certain sectors prosper and salaries increase, market demand rises while the supply of land and new housing opportunities continues to be constrained. This has resulted in displacement and gentrification in historically economically-diverse neighborhoods. Also on the rise is homelessness, especially the visibly homeless who are living in encampments and under highway overpasses.

A silver lining to the growing housing and homeless crises is that Bay Area residents have become aware of and alarmed by the problems. We have seen increased media attention on homelessness and displacement issues. In November 2016, Bay Area residents showed their support for housing bond and tax measures in three counties. Supported by extensive voter registration and education campaigns — in which SAHA leadership, staff, and residents were very active — voters approved over two billion new dollars for affordable housing development.

Since the elimination of redevelopment agencies in 2011, the affordable housing environment in Sacramento has been especially challenging. Starting in 2017, however, there has been a significantly increased commitment at the state level for affordable housing and funding. There was broad support by legislators and the Governor for the state Housing Package that was signed into law in the fall of 2017, and groundwork is being laid for a state housing bond on the November 2018 ballot.

### **Challenges for Our Sector**

While the increased awareness of the housing crisis and political support for solutions is encouraging, many obstacles to creating new housing opportunities continue to exist. Specifically:

- NIMBYism and its impact on the development process and the cost of entitlements
- Increased costs of labor and materials, both for construction and operations
- Increased competition/speculation from the private sector, both for sites and development funding



- Increased focus on cost containment from state agencies and elected officials
- Lack of policy and financial support of affordable housing at the federal level
- Changes in federal tax rates caused by tax reform, resulting in reduced pricing for Low Income Housing Tax Credits
- Recent devastating natural disasters – and the threat that climate change poses to our properties and to the health of the residents we serve

## **Opportunities for Our Sector**

### **Advocacy for Increased Funding at the State and Local Levels**

The growth of the economy in the Bay Area, and the ever increasing cost of housing that has come with it, have highlighted the dire lack of affordable and workforce housing in our communities. Heightened awareness among the state’s residents, government officials, and the press, combined with the advocacy of agencies such as SAHA and peer non-profit organizations like the Nonprofit Housing Association of Northern California and East Bay Housing Organizations, have created a foundation for organizing for new resources and increased funding for affordable housing at the state and local levels.

### **New Technologies for Construction and Operation**

The rapid advancement of technology and its decreasing cost are creating new opportunities for efficiencies in operations and construction. These include improved communication and data/document sharing; a greater ability to support a mobile operations staff; portals for sharing data externally and internally; and video and teleconferencing systems. In addition, innovations within the building industry such as modular housing may lead to reductions in the overall cost of housing and duration of construction periods. Advancements in technology are also supporting the environmental sustainability of SAHA’s buildings -- a core strength of our organization.

### **Streamlining of Approvals through New State and Local Legislation**

State and local legislators, aided by advocacy from the development community, are recognizing the importance of streamlining and clarifying the entitlements process for new developments. This awareness is creating new opportunities to speed up the development



process and reduce development risk and the cost of spurious California Environmental Quality Act (CEQA) lawsuits.

### **A Nonprofit Industry Committed to Innovation and Collaboration**

The need to innovate, and the nonprofit sector's inherent ability to do so, has been highlighted by the increasing complexity and challenges within our communities, economy, and political structure. Innovation is at the heart of SAHA and the local affordable housing community, as we are constantly adapting to new programs, goals, and systems. Our sector's ability to collaborate and advocate for public policy and development is perhaps our greatest strength for confronting such a rapidly changing future.



## KEY STRATEGIC DIRECTION

### **BUILD – EMPOWER – STRENGTHEN – SUSTAIN**

SAHA's key strategic direction for the coming years will be to connect back to our mission — building homes, empowering residents, strengthening communities, and creating a sustainable portfolio and organization — in an ever deeper and more integrated approach.

Leveraging our core competencies and robust operational platform, we will continue our geographic focus on the nine Bay Area counties, with intention, innovation, and a cross-functional approach to building new housing, serving our residents, and strengthening the neighborhoods which we support. SAHA will deepen its commitment to diversity, seeking to be representative of the communities where we work, both in the populations we serve and the staff we employ.



## ***A. Create Housing Opportunities***

SAHA will work to expand the number of people who benefit from stable housing and community-based development, with a focus on broader development scopes, strategic financing opportunities, partnerships, and an innovative and integrative approach.

**Broaden/Deepen Capacity for Real Estate Development to Complement Housing.** SAHA will vigorously pursue opportunities to create affordable housing throughout the Bay Area region. In addition, SAHA will deepen its commitment to and capacity for the development of complementary real estate uses — such as health facilities, cultural centers, and retail/commercial spaces — that can be integrated or co-located with our housing.

**Nimble Navigate the Changing Funding Environment.** SAHA is aggressively pursuing new sources of funding at the city, county, and state levels through advocacy, active engagement in policy discussions, and participation in local and national trade organizations such as EBHO, NPH, and the Housing Partnership Network (HPN). We will also actively explore opportunities for non-housing funding to support mixed-use development.

**Expand and Develop New Partnerships.** SAHA will invest in the expansion and development of partnerships that will propel our mission forward — faith-based organizations, community nonprofits and institutions, health agencies, school districts, for-profit developers — either through access to land or capital and through co-location opportunities in support of more complex, rich developments that serve our residents and support our neighborhoods. While partnerships offer exciting opportunities to expand our mission, build housing and offer community benefits beyond housing, we acknowledge that they are also more time intensive, often require compromise, and may offer less financial return to SAHA with regard to developer fees and long-term ownership position.

**Integrate Design and Outreach to Support Deeper Community Connections.** From the beginning of each project, SAHA will commit itself to a deeply integrative design approach, including community engagement and outreach to assess both the needs of the neighborhoods and populations we serve and the resources available within each of our communities. These efforts will also identify any strategic partnerships and capacity building opportunities that can further support SAHA's mission.

**Innovate Around Cost Efficiency of Construction and Operation.** SAHA will actively pursue innovative methods and technologies that reduce construction costs, including exploring



opportunities to standardize throughout the design and construction process, pursue modular, factory built production and share best practices through industry groups and peer organization exchanges. Recognizing that property operating costs impact development prospects and financing, SAHA will at the same time leverage its operational platform by continuing our investments in technology, staff development, and procurement efforts to increase the cost efficiency of our building operations.

**Open Doors to Serve a Wider Diversity of Housing Needs.** In the face of a severe housing crisis and an epidemic of homelessness, SAHA will explore innovative paths to offering temporary shelter, emergency housing, shared housing, and other alternative housing solutions, with the goal of providing a faster response that is not reliant on Low-Income Housing Tax Credit (LIHTC) funding. Other methods include expansion of homeless preferences in existing and new developments, continued focus on affirmative marketing, and real time analysis of marketing and leasing efforts. We will leverage our strength in data collection and analysis to evaluate our impact in meeting all types of housing needs.



## ***B. Empower our Residents***

SAHA will center our work and grow programs around the whole-person concept, focusing on providing quality housing, supportive services, and community partnerships that offer our residents expanded opportunities. Improving the safety, security, and quality of life of our residents is fundamental to SAHA's mission and is a unifying goal throughout the organization.

**Take Successful Pilot Projects to Scale.** SAHA will take already successful pilot projects to scale by increasing our food security, transportation, computer literacy, and community gardening programs. The scale and impact of these projects have grown considerably over the past three years through increased staff expertise, fundraising, and volunteer support. The next phase for our programs is to expand and match them with the properties where they can have the greatest impact to meet resident needs.

**Deepen Capacity to Serve All of our Resident Populations.** To complement SAHA's long-standing expertise in serving seniors, we will deepen our capacity to provide services to all of our populations, with an expanded focus on the formerly homeless, veterans, families, and transition-aged youth. SAHA will expand its after-school programs, which build resilience and youth leadership through homework help, activities, healthy snacks, and contact with caring community role models. We will continue to reduce our use of third-party service providers, building expertise and capacity within the organization to adapt to changes in resident needs, funding opportunities, and our portfolio.

**Leverage our Volunteer Program.** SAHA will continue to build on our volunteer program, focusing on increasing the number of individual and group volunteers, the level of volunteer participation, and the diversity of the programs and services we offer to our residents. We will also concentrate our efforts on engaging residents as volunteers in the community.

**Expand our Health and Housing Initiatives.** We will continue to develop SAHA's health and housing initiatives, through partnerships that provide funding and expertise for health programs in our buildings, as well as co-location of health facilities within our developments that can provide support to both tenants and their surrounding neighborhoods.

**Deepen our Residents' Engagement with New Technologies.** SAHA will expand on our success over the last three years in decreasing the digital divide for our residents. We will continue our emphasis on increasing internet adoption, digital literacy, and access to low-cost computers and devices. SAHA will also assess and implement new methods of using technology



to better connect residents with services, streamline service delivery, and increase access to opportunities through technology.

**Financial Empowerment/Literacy.** SAHA will continue to explore opportunities to support the financial literacy of tenants and to provide them with the tools to better their financial position. Education, reducing barriers to rent and bill payment and providing the opportunity for residents to be “banked” through strategic relationships with banks and credit unions, will help to reduce reliance on money orders, check cashing facilities, and other non-banking alternatives that erode our residents’ financial strength.



## ***C. Strengthen Communities***

SAHA will connect our residents to their surrounding neighborhoods and strengthen communities through resident engagement work. To date, SAHA's Community Engagement and volunteer programs have focused on bringing community services to our residents. With our substantial geographic footprint and experience engaging with neighborhood stakeholders through both the development process and our existing services programming, we now have the opportunity to leverage our resident and staff capabilities to contribute to the health and stability of the neighborhoods surrounding our properties. For this new focus area, we will:

**Map Neighborhood Assets.** SAHA will utilize and build upon existing tools, such as Enterprises' Opportunity 360 maps, to evaluate critical issues affecting the neighborhoods where our properties are located. We will meet with key community stakeholders to learn how they define their neighborhoods' important strengths, resources, and challenges.

**Evaluate Opportunities for Engagement.** SAHA will evaluate its ability to enhance existing services and fill resource gaps in the community. We will identify and develop new partnerships and service relationships that can benefit residents, neighbors, and the community.

**Invest in Staffing and Organizational Infrastructure.** SAHA will invest in Community Engagement staffing and infrastructure to support a sustainable and stable commitment to enhancing our communities. We will engage and work with neighborhoods during early real estate development stages to build a more complete understanding of community challenges. We will also develop a neighborhood impact strategy for our existing portfolio, identifying and addressing local needs through our asset mapping and community relationships.



## ***D. Sustain Organization and Programs***

SAHA will build and enhance its infrastructure and assets to provide a stable platform from which our residents can benefit, our programs can expand, and our employees can thrive.

**Build on our Financial Strength.** We will continue to build our net worth through careful annual budgeting and close oversight and stewardship of our portfolio with a focus on maximizing earned income. SAHA will invest, deploy, and spend our cash assets, both to further the mission and long-term sustainability of our organization, and to grow our reputation.

**Make SAHA the Best Possible Place to Work.** SAHA will continue its investment in our employees, with the goal of making SAHA one of the top employers/places to work in the industry. This commitment includes expanded, effective training programs, continual improvement of interdepartmental collaboration and communication, an emphasis on customer service to internal and external stakeholders and residents, and a commitment to competitive wages, excellent benefits, and volunteer opportunities. These efforts should result in reduced turnover, high staff commitment and satisfaction, and the efficient, effective operation of our organization and portfolio.

**Focus on Diversity and Inclusion.** SAHA will expand its focus on diversity and inclusion in the workplace, seeking to be representative of the people and communities we serve. We will work in close partnership with industry efforts to diversify the field, including participating in NPH's Diversity and Inclusion Working Group. SAHA is committed to benchmarking itself against industry and community diversity data, responding to that data, and tracking our efforts and improvements in expanding organizational diversity at all levels -- staff, senior staff, and board. Through professional development, internal promotions, proactive hiring, and internship programs, SAHA will expand the opportunities we offer for a more diverse population.

**Maximize Effective Technology.** SAHA will continue its commitment to a strong technology platform that will support staff, teams, and properties in their efforts to streamline operations; improve service to our residents; and reduce operating costs. SAHA will continue to invest in its cloud-based data platform to improve connectivity and sharing between the main office and sites. We will also expand our investment in mobile technology to support greater efficiencies and accuracy in actionable data collection in resident service, transportation and property management, and deploy new and expand current software implementations to support these efforts.



**Improve the Resilience of our Organization and Those We Serve.** In the face of natural disasters, fires, and the persistent issues of safety and crime in many of the communities we serve, SAHA will continue to expand and improve the disaster planning, preparedness, and training/equipment we provide to staff at our main office and to residents and staff at our properties. With the goal of preparing SAHA properties to function as resources of stability and recovery in their neighborhoods in time of need, we will expand our relationships with peer organizations and trade groups to develop disaster preparedness networks and to support each other. Working with our Community Engagement and property management staff, we will also create partnerships to address neighborhood safety and stability, specifically the issues of crime and the availability of public services to confront it.

**Engage in Impactful Advocacy and Brand Advancement.** SAHA will expand its community impact through advocacy and representation at the local, state, and national levels, leveraging our resident and volunteer base and relationships with trade groups (NPH, EBHO, HPN) to inform policies regarding housing finance, homelessness, resident services, and other related topics. SAHA will also continue to focus on brand development and management, by investing in social media, web development, and marketing collateral, and by participating in industry panels and presentations.



## CONCLUSION

We are proud of SAHA's accomplishments and reputation. This strategic plan represents the next step in the organization's growth, building on the strengths of our portfolio and pipeline and the experience of our staff, board of directors, residents, and volunteers. As a roadmap for the coming years, it restates our current place, our vision for the future, and the framework we will employ to manage the transition between the two. As an anchor, it recommits us to our values and mission, giving us a critical marker to test the many decisions that will be made as we move forward in service of our communities.