



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 **2014-2017**



EXECUTIVE SUMMARY

Satellite Affordable Housing Associate's (SAHA) three year strategic plan is the culmination of an interactive engagement of staff, board of directors, and senior management combined with an analysis of the state of the affordable housing industry, its dramatic changes in recent years, and the sector's response to them. The plan is an acknowledgement of the strategic vision that created SAHA --the merger of two of the Bay Area's leading housing and service providers -- and the need to be vigilant and strategic in leveraging the benefits of the consolidation. It looks at the organization's core strengths and the changing industry landscape. The plan focuses on deepening our three core programs -- housing development, resident services and property management -- within the communities we serve in tandem with advancing the organization's health through strengthening SAHA's portfolio, assets, and infrastructure.

SAHA occupies a unique position in the Bay Area affordable housing industry with forty-five years of experience, a highly diversified portfolio of housing types with complimentary revenue streams, and a combination of housing and resident services that is unparalleled in the region. With the dramatic reduction in funding for housing and services that faces our communities, it is critical to continuously improve the impact and effectiveness of our work by:

- Focusing on our core marketplace of a 50-mile radius for all feasible opportunities to fulfill our mission of serving diverse populations while creating efficiencies of scale;
- Managing program activities outside our core area strategically for maximum mission, program and organizational benefit, while avoiding dilution of resources and organizational focus;
- Pursuing opportunities to recapitalize and renovate our existing portfolio for the long-term health of the property and the organization;
- Measuring the qualitative outcomes of our work and refining our investment in our programs and services;
- Advocating for and creatively using new governmental and non-governmental funding sources;
- Listening to our residents, employees, and stakeholders to understand how and where we can increase our mission impact while recommitting ourselves to being a force of change beyond our developments;



- Strengthening organizational health by continuously improving our financial position and systems, investing in infrastructure to support efficiency and valuing our employees;
- Continuing to cultivate and protect SAHA's hard-earned reputation with our stakeholders and to look for every opportunity to distinguish our work as we fulfill our mission.

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



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BACKGROUND, PURPOSE AND PARTICIPATION

Background

In January 2013, Satellite Housing and Affordable Housing Associates joined forces, creating Satellite Affordable Housing Associates (SAHA). The Boards of Directors of both organizations voted unanimously in July 2012 for the merger, understanding the strategic value of combining the two organizations' portfolios, pipeline, staff and experience. The goals for the newly formed SAHA were 1) improved financial strength through combining the organizations' complimentary revenue streams and strong balance sheets, and creating efficiencies through scale 2) increased impact through diversification of experience and expertise, allowing us to be more competitive for development projects and funding opportunities at the state and local level and 3) a more robust resident services model, combining direct and third party service delivery, transportation and community engagement that can be tailored to a broader set of projects and populations.

2013 was SAHA's first full year of operation and focused primarily on merging boards of directors, staff, systems, development pipeline and portfolios into a cohesive whole; developing a single, consistent platform for operation; and building the foundation for a single SAHA culture.

Purpose for Plan

The organization, in its FY 2014 goals, recognized that once the hard work of merging the two organizations was complete, SAHA would need a plan to leverage the combined strength, relationships and resources of the newly created organization. Faced with significant changes in the industry and reductions in funding availability for affordable housing and services, the need for a plan was all the more critical. This strategic plan is a roadmap to guide our work and expansion while also anchoring us to our mission, core values, and unique position with the industry. A three year time frame was established for the plan with the understanding that the organization, and the industry, are in a period of transition. Three years offered a reasonable, forward-looking time horizon to gauge the organization's progress, while being short enough for the organization to be adaptive and responsive to the quickly changing environment. The



plan is to be used in conjunction with each year's organizational goals, to delineate the operating goals and metrics for fulfilling the strategic plan.

The plan also reasserts the interconnectedness between our mission and organizational sustainability. The organization's health -- defined by our financial strength, human capital, organizational infrastructure, and reputation -- creates a foundation and platform for fulfilling our mission and expanding our reach. The more effective SAHA is at fulfilling its mission and expanding the breadth and depth of its work, the greater the health of the organization. A deeper resident and volunteer base supports our advocacy work. A growing track record in development, resident services and property management supports our reputation in the field that will attract new opportunities. New opportunities increase and diversify our revenue streams, therein creating greater financial stability and the ability to invest in infrastructure and staff. These in turn will further support SAHA's ability to pursue its mission.

Success for the organization over the plan period will be defined by a continued fulfillment of our mission through the development of new affordable homes and improved management of our existing portfolio, improved and deeper resident and community program outcomes, strengthened portfolio and organizational health, and improved responsiveness to our communities and stakeholders including our residents, neighbors, partners, and employees. The plan is a framework that not only guides the organization, but is also a measure against which we can assess our year-to-year progress, adapting and evolving as we grow, and responding to changes within the organization and in the external environment.

Participation

This Strategic Plan was developed with the input of staff at all levels, the senior management team, and the board of directors, and incorporates information and support from outside stakeholders and consultants. The goal was to be as inclusive as possible, understanding the organization from all internal perspectives and pairing that knowledge with an analysis of the rapidly changing environment in which we are working.

The work started with a series of SWOT exercises identifying the organization's key Strengths, Weaknesses, Opportunities and Threats. Separate SWOT analyses were developed by the Senior Management Team and by each department, with all staff participating. The results of these exercises were summarized in a single SWOT analysis which staff used to prioritize the primary



or critical factors in each Strength, Weakness, Opportunities, and Threats section. In addition to the SWOT Analysis, all staff participated in a Forward Looking exercise, identifying what we hope SAHA will look like in 2018 from the perspective of critical stakeholders: Residents, Applicants, Partners, Neighbors, and Employees.

The results of this work, combined with statistics about the current mix of housing types and populations served by SAHA, and the geographic reach of the organization, were the foundation of the discussions at the Strategic Planning retreat for the Board and Senior Management in May 2013. The reach of this work within the organization generated a diversity of opinion and input, providing perspectives from all different levels and aspects of the organization. The plan that follows represents a comprehensive view of SAHA and its future.



CONTEXT AND STATE OF THE SECTOR

The Bay Area Boom Creates Negative Consequences for Low Income Households

While the economic recovery in the Bay Area has benefited some households, it has also resulted in housing prices reaching all-time highs. Rents are rising rapidly. The effects of the foreclosure crisis on the rental market are still being felt. The burgeoning new market for luxury housing, rising construction costs and land values has resulted in a majority of new housing being built for the highest income households. As featured recently in local media, gentrification, and displacement have come to the forefront of public debate and discussion which has created an opportunity for more awareness around the housing crisis.

The boom is not reaching the households that we serve; low-income household incomes are stagnant and there have been cuts to essential services on which our residents rely. Half of all Bay Area working households spend more than 30% of their income on rent. In the San Francisco-Oakland-Fremont MSA, 30.5% of working households spend more than 50% of their income on rent. In Alameda County, there are 4,284 homeless (32% families, 26% with mental illness).

The “Perfect Storm” for Affordable Housing Finance

As the affordable housing crisis grows, the tools and options for financing new affordable housing have drastically dwindled. In 2011, Governor Brown eliminated the state’s local redevelopment agencies, which were a primary source of funding for affordable housing and typically accounted for 25% of the budget for a development project. This resulted in a loss of over \$1 billion per year in funding for affordable housing across the state. At the same time, bond funds that were generated by State Prop. 46 and Prop. 1C, both designed to support the development of affordable and transit oriented housing, were depleted and no new bond measures or programs have been put in place to replace these critical funding programs. Further, sequestration and budget cuts at the federal level have made the future of HUD funding uncertain, impacting localities’ ability to deploy critically needed HOME, CDBG, and Section 8 funding. Finally, the legal framework for inclusionary zoning housing (in which private



developers are required to set aside housing for low income households) was dismantled after disappointing court rulings on the subject.

Positive State and Local Responses

Fortunately, over the last three years coalitions of housing advocacy organizations, including SAHA, have helped to develop and advocate for responses to the funding cuts. Some examples include:

- SB 391 (DeSaulnier), the California Homes and Jobs Act received a two-thirds supermajority vote on the Senate floor;
- New tax increment financing tools: Governor Brown has proposed a local Infrastructure Financing District (IFD) program with 55% voter approval requirement;
- Local Housing Impact Fee and “Boomerang” fund campaigns;
- Work on local housing element updates to ensure adequate housing sites;
- Cap and Trade funding for Transit-Oriented Development;
- New statewide proposals to fund transportation and housing akin to Propositions 1B and 1C from 2006;
- The Regional Quality of Life Initiative: a potential bond measure proposal for transit, affordable housing and parks and open space funding.

Industry Responses

Other nonprofit housing developers are facing similar challenges of rising construction and land costs and declining sources of public capital for new housing construction. Many are undertaking strategic planning efforts. Responses to the challenging environment include, for example:

- Increasing the size, reach and profitability of their portfolio;
- Refinancing properties to decrease debt, rehabilitate the properties, and take cash out;
- Exploring partnerships with for-profits, health care agencies, and land owners;
- Engaging in advocacy to change the landscape of affordable housing finance;



- Staying informed and involved in new finance mechanisms.

SAHA's strategic plan evaluates our unique strengths, weaknesses, opportunities and threats and focuses on the strategic directions for our organization into the future.



MISSION AND CORE STRENGTHS

Mission

Satellite Affordable Housing Associates' (SAHA) mission is to provide quality affordable homes and services that empower people and strengthen neighborhoods. SAHA begins with the idea that every person deserves a home. Our work is inspired by a belief that quality homes and empowering services should be in reach for all of the Bay Area's community. We want to advance the field of affordable housing, and guide our work in housing development, property management, and resident services by the following principles:

- We believe that every person deserves a home;
- We commit to communities for the long term;
- Our comprehensive housing services empower our residents to thrive;
- High-quality design inspires people and builds community;
- Green building practices lead to a healthy, sustainable society;
- Innovation and thoughtful risk-taking are part of how we pursue excellence;
- Financial health and sustainability are essential to the endurance of our mission;
- Diversity and inclusion are fundamental to our work.

Strengths and Competitive Advantage

SAHA's innovative communities provide almost 3,000 households in nine counties in northern California with much-needed affordable housing and services. With a commitment to high-quality design and thoughtful, ongoing supportive services, SAHA empowers its residents to build better lives and create healthier, safer communities. SAHA holds a unique position within the Bay Area affordable housing industry and is defined by the following key strengths and advantages:

- Forty-five years of history and experience in developing and managing affordable housing, recognized for innovation and experience in merging two successful Bay Areas nonprofits;
- An award winning track record of high-quality, innovative, green design;



- A powerful combination of housing and services (including transportation and community engagement), that is unique in the Bay Area;
- A diversity of housing types and populations served, including seniors, families, and special needs populations such as Transition Aged Youth (TAY), the formerly homeless, and individuals with physical, mental health, and development disabilities;
- A depth of experience in providing housing and services to low income seniors with a strong presence in Oakland and Berkeley;
- Strong relationships and partnerships with local government, development and service partners and the financial community;
- A manageable geography that allows us to focus our capital and human resources on our core communities, enhancing our reputation for being contextual and responsive;
- An organizational size that allows for innovative and responsive work while still being sustainable;
- An experienced, committed and diverse staff and volunteer base;
- A commitment to a positive, supportive, family-friendly work environment with attractive benefits;
- A strong resident base with a history of resident leadership and advocacy and an active commitment to resident participation on the Board of Directors.



KEY STRATEGIC DIRECTIONS

The Strategic Plan focuses on three strategic directions, founded on the mission and strengths of the organization, and acknowledging and responding to the changing landscape of the affordable housing industry:

- Focus on and improve core programs in existing geographic locations;
- Selectively explore new opportunities for housing development, property management and resident services;
- Strengthen SAHA's organizational health.

These three directions seek to build on our strengths and capacity, as well as expertise and relationships in our core service areas, while providing a strong organizational base from which to pursue, strategically, new geographies and areas of business. They balance the introspective work of improving our internal systems, performance and organizational health with the external work of 1) actively seeking to densify our work in our core fifty mile geography and 2) remaining open to opportunities outside our core.



A. Focus on and improve core programs in existing geographic locations.

SAHA builds award-winning green buildings, manages them responsively and provides impactful services to a diverse set of residents and populations. We work primarily in the nine Bay Area counties, with a concentration in Oakland and Berkeley. Strategically, SAHA will:

Develop new housing in communities where SAHA buildings are already located.

This will result in adding properties in communities where we already have a presence and have strong relationships and neighborhood connections, and will bring operational efficiencies to the portfolio.

Respond nimbly to the changing universe of financing tools and opportunities for our existing pipeline of development projects, actively seeking to apply new tools and new sources to move projects forward.

Build for and serve populations that we know well. SAHA has deep expertise in providing housing and services for seniors and families, as well as more recent experience with serving homeless people, youth, and people with disabilities. Creating new housing opportunities and services for these populations builds on our core competencies.

Innovate and share best practices in services for seniors. Build on our expertise in senior housing and services to address the needs of a growing, aging population.

Continue to improve our existing properties' physical and financial health. As our building stock ages, we must focus on the renovation and recapitalization of our older properties, including those nearing the end of their tax credit compliance period. We must also focus on controlling operating costs to ensure long term financial health.

Regularly survey our residents. Residents are our most critical stakeholders and regularly asking them about our services is necessary for our own accountability to them and our mission.



Leverage our resident and volunteer base for increased impact in services and advocacy. With our commitment to and expertise in resident engagement, SAHA is uniquely poised to mobilize its residents and volunteers in support of new or changed public policy and funding programs, support for new development opportunities, and for expanded partnerships with civic and educational institutions.

Develop metrics and feedback mechanisms to continuously improve the quality of our three core programs. Improved reporting tools and program metrics are critical for improving the quality of our services and the effective management of our resources in meeting our mission. They will allow the organization to do more with less and to better address the pressing needs of our communities.



B. Strategically pursue new opportunities for housing development, property management, and resident services.

With SAHA's proven track record, strong reputation and skilled staff, we are in a position to broaden our reach and deepen our impact as a key provider of housing and services in our communities in the Bay Area. Strategically, SAHA will:

Prioritize and pursue feasible development opportunities for all rental housing types within our 50 mile radius. Continue to pursue development opportunities within our core market area to produce more homes for all population types, improved management efficiencies, and increased revenue for the organization.

Evaluate and pursue feasible opportunities for third party Property Management, Resident Services and Transportation within our core 50 mile radius. Building on our existing expertise and reputation, opportunistically pursue third party relationships that will support and benefit the organization. Such efforts must meet criteria including: mission-compatibility, economies of scale, relationship development, and net revenue generation.

Opportunistically pursue projects beyond the 50 miles radius. SAHA will consider working outside our core area, generally in partnership with other groups or for development projects (without managing or providing services). Such projects must meet criteria including: mission-compatibility, economies of scale, relationship development, and net revenue generation.

Pursue new and different populations and income levels including veterans and workforce housing. As demographics and funding opportunities change over time, we must be flexible and responsive to community needs and opportunities.

Form and build strategic alliances with non-governmental agencies, private sector entities, foundations, and, if possible, technology companies. This is essential for SAHA to position itself to obtain funding for new projects and programs, particularly as the role of public agencies in affordable housing may continue to decline.



Proactively seek and build new partnerships and relationships for site acquisition. This could include transit agencies, churches, private developers, surplus public property, rezoning efforts, and military base reuse programs.

Engage in advocacy to create new public funding sources and policy. Building on SAHA's work with residents, staff and partners, advocate for public resources at the city, county, regional, state and federal level.

Leverage changes in health care policy and funding. Proactively evaluate new partnership and funding sources that would bring additional services to our residents and increase potential revenue to support SAHA's resident services program.

Become a catalyst of change, a place of resilience, and a center for advocacy within the communities we serve. Commit to taking an active, engaged, leadership role in connecting our residents, neighbors and local institutions for the betterment of our communities. Expand our community gardening programs and explore other healthy living activities for our communities.



C. Strengthen SAHA's organizational health.

The strength of SAHA's financial health, human capital, infrastructure and reputation are essential for our ability to fulfill our mission. A strong and healthy SAHA will be best able to build more and better housing, and to provide high quality resident services and property management. Fulfilling this mission will in turn bolster our organizational health. Strategically, SAHA will:

Continuously build our financial position. Maintain our focus on fee generation and collection along with a new focus on fundraising opportunities, portfolio refinancing, exploring fee based opportunities, and maximizing portfolio performance. The plan goal is to increase the capital and reserves of the organization.

Value and support our human capital. Invest in staff development and communication, and support and reinforce a common SAHA culture. Continue our focus on being a great employer, surveying employees regularly to understand the issues, challenges, and accomplishments of staff and the organization with a goal of increasing employee satisfaction and pride in the workplace.

Build our organizational infrastructure. Build and enhance systems, technology and tools to manage organizational performance and improve communication, especially between departments. Build and improve dashboard reporting tools and metrics for internal management and consistent external reporting. Create tools for measuring the impact of our work, providing a quantitative and qualitative perspective to help guide our investment in programs and to help support advocacy.

Maintain and enhance our unique reputation. SAHA has worked for decades to build on our core strengths. A reputation is fragile and must be proactively maintained through high standards, regular communication with stakeholders and pro-active media communication.

Accountable governance. Continue our history of accountable, responsible governance, with a focus on succession planning and new board member recruitment. Work to strengthen the position of the organization by building board relationships outside our industry.



CONCLUSION

We are proud of SAHA's accomplishments and reputation. It took tremendous vision and will to bring together two organizations and create SAHA. 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 staff, our board of directors, residents and volunteers. As a roadmap for the next three years, it restates our current place, our vision for the future, and the framework with which to manage the transition between the two. As an anchor, it recommits us to our values and mission, giving us a marker against which to test the many decisions that will be made over the next three years.