

Performance Challenges for the third cohort of NeighborWorks® Achieving Excellence in Community Development (AE3)

In working toward achieving their performance challenges, AE3 participants facing an issue related to:	# facing the same type of issue
Board	16
Succession	5
Taking a proven product/ service to big scale	7
Speaking to capital markets	3
Branding	17
Negotiation/ Partnership	24
Using double business model (ie, cash cow & "mission business")	15
2nd/3rd tier management capacity building	23
Effective scale & property management	8
Innovation (new products, services, approaches)	17
Multi-business unit (MBU) Capacity	9
Resident Services	8
Asset Management	3
Work flow process re-design	11
Team	8
Financial sustainability & business model	22
Extreme/systemic un-affordability (e.g., hot market) insurance; land prices, etc.	7
Gentrification	1
Aging in place/elder issues	3
Mergers/ combined effort	14
Foreclosure	4
Authorizing environment	23
Arts and Community Development/Community Building	2
Increasing community organizing/grassroots mobilization capacity	8
How to "qualify" (ie, evaluate) private developers	2
Challenges in working actively w/others in collaborations driven by performance	12

Some examples of AE3 performance challenges

- To transform XXX to a mission-driven, financially stable corporation, led by a unified management team. The heart of this aspiration is to dramatically increase the extent to which we emphasize “moving people along over moving paper”. XXX is making adaptive changes internally that will allow us to help more of our customers move towards economic and social independence, while continuing to help people not able to fend for themselves. Outcomes include doubling the number of participants in the family self-sufficiency program from 50-100 by 6/07; graduate 25 participants by 12/07; develop one additional subsidized rental property

per your through a partnership with YYY, Inc.; create 3 new initiatives for “moving people forward” by 2/08; develop a second xxx center within the next two years; assist five families to purchase their first home with the Federal Voucher program by 12/07.

- XXX will increase direct loans closed by 150% over the next two years, providing services to 520 new families and producing a sustainable 40% increase in revenue over the same period. This will require targeted geographic expansion, an aggressive B2B strategy and a new suite of loan products that will broaden our reach, shorten time to closing and strengthen business and client relationships.
- XXX will build an operating model that creates sustainable, internal capacity in housing development, property management, financial systems and resident services to support housing production by 50% within the next three years and doubling within the next five years, while maintaining financial viability, preserving housing quality and enhancing resident and investor confidence and satisfaction.
- Help guide the organization through a major transition of leadership, with a new strategic plan and substantially improved business processes – and an overall shift to a focus on results and performance instead of activities
- XXX will develop the strategies and systems necessary to complete a minimum of 200 affordable homes on an annual, sustainable basis. This will require significant improvements in budgeting and scheduling as well as enhancing management skills and oversight.
- Expand resident-owned communities model from our state to six other states, and eventually nationwide
- Reduce dependence on charitable funding sources; increase percentage of revenue coming from programs rather than donors (introduce mortgage brokerage business model to this end)
- XXX will create synergistic, community-based relationships across our service area, engaging municipalities, for-profit and not-for-profit partners in creating deeper, more sustainable outcomes at the community level. Within the first six months we will identify one such strategic partner and within the following twelve months we will add two new partners and two new communities while targeting three more for future, substantive collaboration.
- Revitalize, build capacity, and re-energize the organization through a tripling of programmatic results
- During the next 12 months, the XXX will increase the production of single-family affordable homes from 10 – 15 homes per year, built to “green” standards, while achieving a new minimum profit of 5% and 100% customer satisfaction. This will entail designing a new management structure to include a skilled Team Leader and improving delivery schedule performance and business efficiency.
- XXX will significantly expand their visibility and reach. Annually they will increase a revolving endowment by a minimum of \$100,000, produce, protect or repair 100 housing units for working families, assist 30 families to become homeowners, support forty entrepreneurs to reach personal goals and assist three communities to complete community/economic development projects. This effort will entail restructuring the management team, strengthening internal systems and freeing up 40% of the Executive Director’s time for external resource and partnership development.

- To transfer XXX's construction activities to YYY, Inc, a nonprofit subsidiary that will collaborate with XXX, the Homeownership Center and the ZZZ. The results will be increased production of affordable housing from 6.5 units in '05 to 12 units by 12/07, 15-18 additional units by 12/08, develop 30 unit subdivision lots and begin construction by 6/08, decreased pre-development time from 12 to 5 weeks and decrease production time by five days by 6/07, meeting the production budget 90% of the time by 12/07, increasing female head of household first time homebuyers from 4 to 8 by 1/08, and diversifying revenues so that federal funds which currently represent 77% of total revenues will represent 50% by 1/08.
- To lead major adaptive change internally to take full advantage of the significant increase in capacity built over the last 12-18 months. As a result, XXX will be producing 1,000 homes per year by 2009 (currently 300-400/year), will be sole developer of 750 units/year (currently 100); XXX resident services programs will be in place in every community by 6/30/08; at least 50% of projects will serve as catalysts of community renewal by 6/30/08 and at least 75% of XXX projects will be recognized as examples of environmentally responsible development without decreasing financial feasibility by 6/30/08.
- Two part challenge is:
 - a merger of XXX into YYY (The outcomes to be achieved: by 2-15-07, strategic planning around the new XXX identity will begin, that by 7-1-07, a new mission and branded identity of excellence around XXX and its supporting pieces: Development, Volunteers, Intervention, and Information Services, is implemented. A newly consolidated and expanded financial statement, will result in the ability/capacity to pursue feasibility studies toward acquisition and expansion of the XXX Center by 1-1-08.
 - Increasing Market Share of New Home Buyers: working with new partners such as realtors and manufactured home distributors, to be involved through counseling, financing and/or developing at least 10% of all first time home purchases in the service area, by June 30, 2008 (with over 600 manufactured homes placed annually, and virtually none of them financed with the most affordable financing available, our first time home buying market reveals itself).
- 3-part challenge is:
 - Increasing housing production and improving resident services in the current service area of XXX County (Key outcomes include: Complete 46 units of affordable rental units – 4/07; Secure financing and start construction of 119 units - 9/07; Complete 7 houses for homeownership – 12/07; Bring three new projects to the pipeline – 7/07; Maintain 98% occupancy and collection rate - 9/07; reduce vacant unit turn-over time to 3-5 days – 12/06; Increase resident training activities (300 participants) – 9/07
 - expanding into neighboring XXX County and adapting the mutual housing resident involvement and resident services model to different populations and housing types (key outcomes include: Establish partnerships, select a project, complete predevelopment and obtain approvals on a project of at least 80 units in XXX - 2/08); and
 - an experimental exchange with a community organization in ZZZ (another country) which will result in mutual learning and may result in the production of affordable housing in [that country]. (key outcomes include: Develop a plan to share knowledge among the organizations and raise \$10,000 – 1/06; Develop neighborhood revitalization Plan/Work Plan 7/07; Develop a fundraising campaign to build 50 homes – 10/07; Raise \$1,000,000 – 10/08)
- To build and enhance adaptable, agile and sustainable resource development initiatives aligned with organizational strategic planning that mobilizes increased performance and sustainable partnerships in our service areas as measured by the following: \$80,000

Operating Gap, closed and bridged before January 1, 2008; at least 3 new major sustainable partnership initiatives developed by July 1, 2008; securing over \$500,000 in new operating and capital resources; 20% increase in production by July 1, 2008 in lending, services to currently underserved populations and lo-mod households.

- Make major internal adaptive changes to achieve greater community impact and additional resource development. Key outcomes are: Increase short term and near ready client base by 20%, or 100 new clients, in 18 months; Reduce start to close time by 15 days on new homes by end of 1st Quarter 2007, in order to accommodate an aggressive, and increased, production schedule of 20 new homes in 2007; Create a relationship with the city of XXX on services and partnerships by 12/31/2006; Open XXX offices by 3/31/2007; begin acquisitions of lots in YYY neighborhood by 6/1/2007; construct 4 new homes and accomplish 2 rehabs in the YYY community by 12/31/2007; begin Section 8 to Homeownership program with the YYY Housing Authority by 10/1/2007; Begin Section 8 to Homeownership program with the YYY Housing Authority by 10/1/2007; Establish needed capital, training and technical assistance needs of existing CDC's in the ZZZ region by 3/31/2007.
- Increase influence, visibility and power to preserve affordable housing and protect residents from growing gentrification and other issues by increasing XXX's pipeline by 200-300 units; increasing the grassroots organizing base by 30%; championing resident needs in the City's Community Plan for YYY; and leveraging \$1 million in net assets to secure \$5 million for working capital
- Increase the visibility, capacity and credibility of XXX to drive public policy and increase awareness of aging in place and other housing/elder care issues by opening and modeling a one-stop, multi-service Senior Resource Center; expanding the membership base of XXX by 25%; increasing non-developer fee income by \$330K to fund operations; and implementing a multi-faceted public education campaign
- Produce at least 500 units of affordable housing within 5 years by creating a new business model and pursuing 2 opportunities under the new model by 06/08, while continuing to develop affordable housing under the existing acquisition/rehab model; increase the housing trust fund by 2.5 times its current level while raising \$125K in non-developer fee income and strengthening organizational efficiency
- Convert an industrial area in the heart of downtown into an intergenerational neighborhood with 300-400 units of mixed income ownership and rental housing, ample green space, access to commuter rail and bus lines, and active community engagement; XXX will develop at least 30% of the total housing units, both ownership and rental, and lead an amenities planning process that engages residents and other stakeholders. Create the organizational infrastructure and staffing for comprehensive neighborhood development that can replicate the process in other areas.
- Generate \$250,000 in profit in the Business Enterprise division by 06/08, while employing at least 30 people served by the agency and assisting at least 200 families with 95% satisfaction to find affordable housing; complete business plans and development of key business drivers for all divisions; increase organizational efficiency and align performance evaluation system with quality and financial success outcome goals for staff
- Begin construction of the 2010th unit of affordable housing by 2010; explore expansion options into other XXX counties; and develop both board and staff capacity and organizational efficiencies while generating \$2 million in developer fee income annually, and raising \$585K in non-developer fee income in FY 2007, increasing that to \$620K by FY 2008.

- Develop a pipeline of 200 units of housing between 2007-2012, increase organizational efficiencies and cut the timeframe from conception to start of construction from 4 to 2 years, while increasing developer fee income from \$50K per year to \$180K per year, establishing a 4 month operating reserve, and creating a risk capital pool of \$150K
- XXX will form a public/private partnership to launch a sustainable 10 year comprehensive redevelopment of the YYY neighborhoods, and will implement by June '07 an outcome based management system and restore its financial stability by adopting a balanced portfolio (short-term/long-term assets and liabilities) and a budget model that sets annual financial benchmarks for all lines of business.
- XXX will improve its sustainability through income generated by an appreciable asset (mixed use complex) generating 60% of total annual revenue through earned income, with 6 months of operational reserves (\$850k) on hand.