

Acts Housing Strategic Plan

July 30, 2020

Table of Contents

- Executive Summary..... 3
- Foundations of the Strategic Plan..... 5
- Vision..... 6
 - The Acts Way 6
 - Upper Right Quadrant Deals (URQs) 7
 - Theory of Change..... 8
- Capabilities and Strategies..... 9
 - Capabilities Overview 9
 - Forming and Building Relationships 10
 - Operations Excellence..... 11
 - Family Service Excellence 12
 - Talent and Culture 13



Executive Summary

Dear Acts Stakeholder:

In 2018 Acts finalized our first comprehensive strategic plan (the “Plan”). That effort made clear our vision as an organization and introduced foundational concepts such as the Acts Way, Upper Right Quadrant (“URQ”) transactions, and the four key capabilities (the “Capabilities”) we will need to become a world class organization.

Over the past one-and-a-half-years we have made major progress. We have completed the vast majority of strategy objectives that were contained in the Plan. Highlights and challenges (by capability) include:

Forming & Building Relationships

- Improved data collection
- Increased attendance at orientations, especially among priority families (e.g. African American families earning \$25,000-\$50,000)
- **Challenge: Engaging alumni has been difficult and efforts have not been very successful**

Operations Excellence

- Transitioned from an oral culture to one with written processes and procedures
- Professionalized lending operation, including loan review and documenting transactions
- **Challenge: Outsourcing loan servicing and professional escrow services still in process**

Family Service Excellence

- Doubled Acts Lending maximum loan size (\$25,000 to \$50,000)
- Homebuyer Counseling efficiencies realized through consistent family path, online orientation, and eHomeAmerica
- **Challenge: Engagement and follow-up with counseling, real estate, and rehab families**

Talent & Culture

- Greater vision alignment due to The Plan, Acts Way, Capabilities, and Dashboard
- Enhanced board engagement in both governance and fundraising
- **Challenge: Representation of board and committees still lacking (e.g. diversity of race, gender, experience, and expertise)**



While not explicitly contained in the Plan, major other accomplishments during this period, included:

- Massively strengthened leadership team
- Outsourcing of human resources and bookkeeping
- Opening and successful launch of Beloit office

With so few strategic objectives from the Plan left undone, new leadership talent with fresh ideas, and COVID-19 disrupting the landscape, the time is ripe for a plan update. What follows is that plan update (“Plan 2.0”), which modestly revises some of our language and presentation, such as the Acts Way and Capabilities, and then lays out new strategies which we will now advance in earnest.

No question, we are living in challenging times. However, I have never been more convinced of both the need for the services we offer and our ability to do the work. Together, we can help families create the change they desire in their own lives and in their communities. It is a distinct honor and privilege to do so with you.

Sincerely,

A handwritten signature in cursive script that reads "Michael Gosman".

Michael Gosman
President & CEO



Foundations of the Plan 2.0

THE PROCESS.

The Plan was created in 2018 with contributions from Acts staff, board members, and alumni families. Tools used included SWOTs and stakeholder interviews facilitated by the Stand Together Foundation.

For Plan 2.0, Acts' leadership group solicited feedback from the staff, conducted SWOTs, and had multiple planning sessions to establish new priority strategies. The Executive Committee of Acts' Board of Directors then reviewed the plan and provided comments prior to circulation to the board.

DESIRED OUTCOMES.

Strategic planning is especially effective when it is building towards a desired goal, rather than a list of isolated initiatives.

Acts Housing's top-line goal is to increase its overall impact according to two key measures:

- 1) Increase in total URQ sales; and
- 2) Increase in total owner-occupied home sales

Our Capabilities, which are supported by mutually reinforcing strategies that staff will execute, align the organization to act in unison toward creating the conditions necessary for constantly growing our reach and impact.



THE ACTS WAY

Our vision.

There is tremendous strength in families, especially those who work hard and live on modest incomes. However, these families have traditionally been locked out of the home buying market and therefore been denied the safety, affordability, and stability a home can provide. A home provides a foundation for a family and can serve as a catalyst for success. Moreover, homeowners take pride in what they own and improve their blocks and neighborhoods.

Countless families are spending an unsustainable portion of their incomes on unsafe, unsanitary, rental units. These rental situations can all too easily lead to eviction or, at least, constant relocation. Throughout the past few decades, rental prices have increased while incomes have not—trapping families in a precarious rental market that threatens their own health and safety and that of their children.

Acts Housing partners with families that have “barriers to homeownership” (e.g. financial, language, cultural, emotional) and helps them overcome these barriers and improve their lives through sustainable homeownership. As these families improve their homes and become leaders on their blocks, their neighborhoods improve.

Acts Housing is a one-stop shop for homeownership, surrounding a family with a team of experts that provides them with timely and individualized guidance throughout their homeownership journey. All our programs are focused on providing access to housing stability and maximum family independence through homeownership.

Acts Housing has the greatest impact when we are providing services to families with barriers, and allowing them to purchase, rehab, occupy, and maintain “distressed homes” (homes that require significant rehab to be safely and sustainably occupied). This is true because:

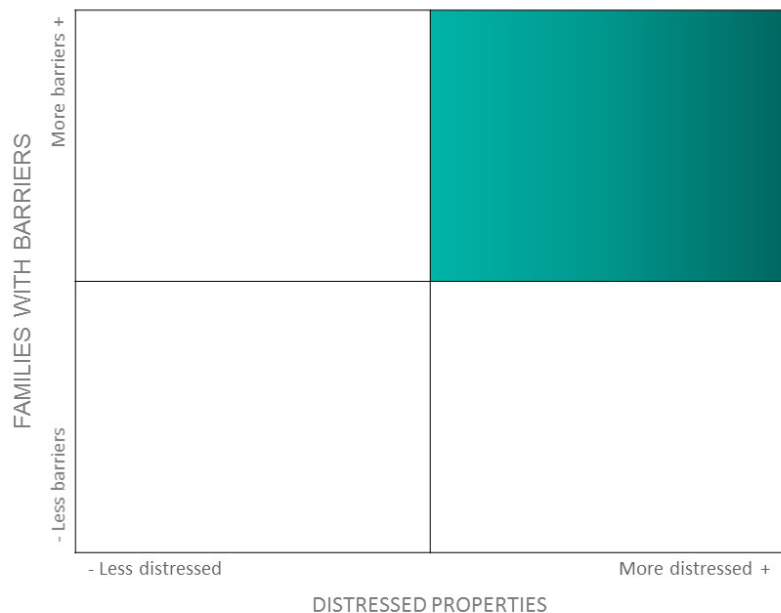
- Families create huge monthly cost savings by purchasing a distressed home and take great pride in conquering a major rehab project;
- The substitution of a distressed home for an owner-occupied one greatly benefits the neighbors and the neighborhood; and
- Distressed homes tend to be clustered in certain geographical areas, allowing us to have major impact in the most challenged neighborhoods.

While we have the greatest impact assisting families with barriers to reclaim distressed homes, we also can deliver value in other circumstances including: providing services to families with barriers so they can purchase move-in ready homes, and helping families with fewer barriers purchase, rehab, occupy, and maintain distressed properties.

However, to the greatest extent possible, we want to tailor our organizational strategies to maximize the number of opportunities we have to assist families with barriers to purchase distressed homes. We call these transactions “Upper Right Quadrant Deals”, or “URQs”, a term which is defined on the next page.



UPPER RIGHT QUADRANT DEALS (URQs)



The Acts Way

"...to the greatest extent possible, we want to tailor our organizational strategies to maximize the number of opportunities we have to assist families with barriers to purchase distressed homes. "

Attributes of Families

We seek to find and serve those families who possess significant barriers to homeownership. Our ideal family might experience any number of the below challenges, thereby trending toward the upper area of the above matrix:

- Income barriers
- Racism/Discrimination
- Limited or poor credit history
- Language barriers
- Family size

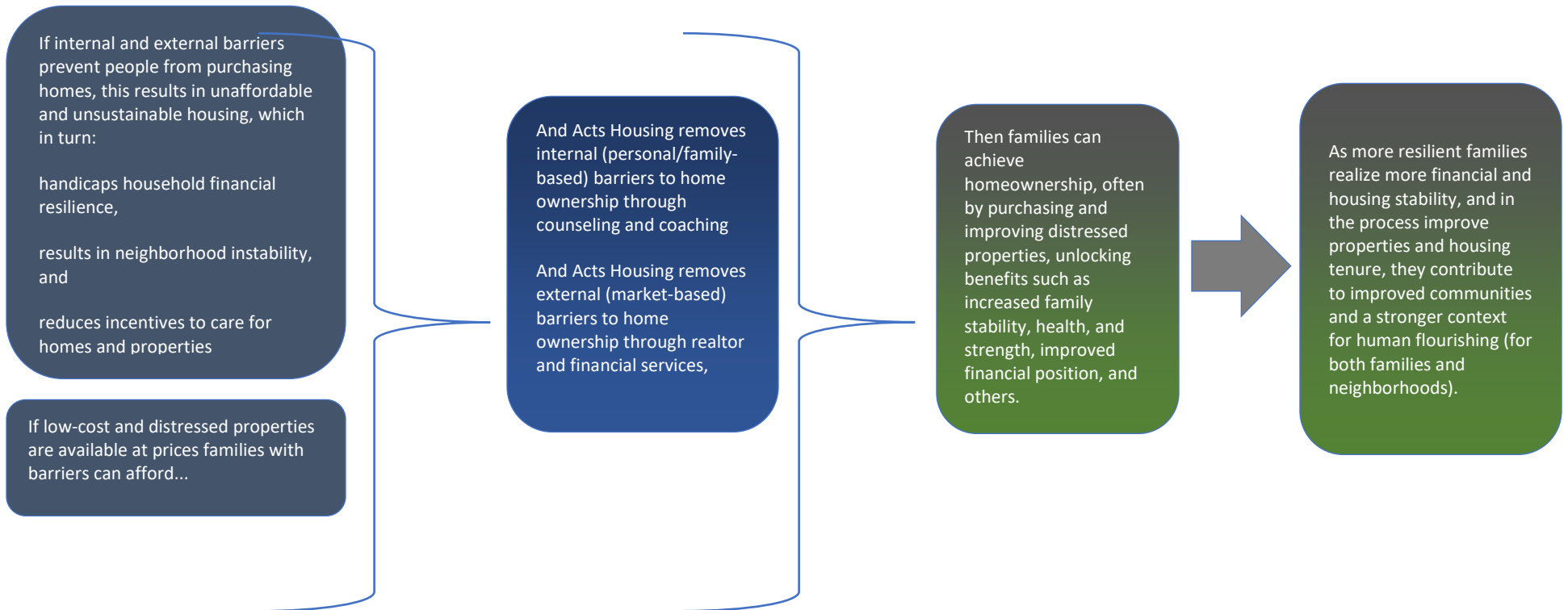
Attributes of Homes

Any house can be a home, though the attributes of distressed houses may not reveal that at first glance. When it matches our families' situations and desires, we look for "distressed" houses that can become homes through rehabilitation. Distressed homes trend towards the right area of the above matrix. Attributes of these homes are:

- Properties that have scopes of work of at least \$20,000; and
- Purchase prices of less than \$100,000

THE ACTS THEORY OF CHANGE.

The Acts Way, as understood through a Theory of Change framework



ACTS HOUSING CAPABILITIES.

Acts has or is developing the following capabilities (distinctive, durable, and broadly applicable organizational attributes that result in long-term advantage):

FORMING AND BUILDING RELATIONSHIPS

We value each person we meet and build authentic and meaningful mutually beneficial relationships. This approach allows us to deliver trusting relationships with aspiring homeowners, partners, and donors.

Capability Champion: Kelly Andrew, Chief Development & Marketing Officer

OPERATIONS EXCELLENCE

We create a culture of quality by achieving integrated and seamless execution of family-focused, cost-effective operations. Achievement of this capability will lead to consistent, reliable, repeatable processes resulting in improved efficiency. We leverage Acts' business-like approach to decision making and use measures and benchmarks to monitor effectiveness.

Capability Champion: Dorothy York, Chief Operating Officer

FAMILY SERVICE EXCELLENCE

Acts provides a suite of services that allows families to transform their lives through sustainable homeownership. We embrace an unwavering commitment to our families that prioritizes problem solving for each unique situation. We serve our families with gratefulness and deliver the best possible service.

Capability Champion: Benjamin Sheehan, Program Manager

CULTURE & TALENT

We create and constantly reinforce an organizational culture that embodies the Acts Way. Employees strive to be role models of organizational capabilities and leaders create an environment where everyone contributes to a continuously improving culture. Acts seeks and develops passionate and talented individuals who strive to create value for our families while advancing our vision.

Capability Champion: Deatra Kemp, Program Manager

What is a capability champion?

These individuals are responsible for driving best practices and influencing the priorities that advance their capabilities. They constantly ask what the organization needs to be doing to grow a capability and they help all departments understand how they might grow or apply them.

Is this a new organizational structure?

No. Capabilities underlie existing organizational structures. It is essential not to view them as re-categorizations of existing departments (which they are not), but rather understand them as distinguishing strengths that must be supported and built across all departments.



Strategies by Capability.

Forming and Building Relationships

Capability Champion: Kelly Andrew

Objective	Purpose	Impact	Timeline
Refined prospect and donor engagement	Increase attraction and retention of most impactful donors	Increased income	Q3 2020- Q4 2020
Improved pre-counseling marketing pipeline	Smoother family experience that will result in increased conversions	Increased transactions	Q3 2020 – Q1 2021
Greater Governmental Partnerships	Gain access to housing inventory to benefit URQ families	More URQs	Q4 2020 – 1Q 2022
Form Meaningful Alliance with Neighborworks and United Way	More philanthropic support and technical assistance	Increase in Income and reduction of expenses	Q2 2021 – Q4 2021

Refine Prospect and Donor Engagement

Leader in execution: Kelly Andrew

- Make stewardship more consistent and efficient
- Build relationship management processes into CRM
- Evaluate Development and Event Committee structure and consider how they can make a greater impact

Improved Pre-Counseling Marketing Pipeline

Leader in execution: Kelly Andrew

- Introduce a lead qualification process to create a funnel of families that we can best serve, prioritizing strategies to attract African American families that can have success with our program
- Improve virtual orientation process to engage families and create clear next steps that maximize their conversion into counseling



Greater Governmental Partnerships

Leader in execution: Michael Gosman

- Gather information and develop relationships to assist in making an ask of the City of Milwaukee that will result in greater access to properties for Acts families
- Explore partnership with the City of Janesville around leveraging our Beloit office to assist counseling families purchase tax foreclosed Janesville properties.

Form Meaningful Alliance with Neighborworks and United Way

Leader in execution: Kelly Andrew

- These organizations offer significant financial assistance and (particularly for Neighborworks) valuable training and technical assistance for Acts staff.
- Evaluate membership criteria for each group and consider whether we should attempt to join and if so what approach to take

Operations Excellence

Capability Champion: Dorothy York

Objective	Purpose	Impact	Timeline
Transition to new CRM	Easier entry, access, and reporting, leading to better engagement with families and donors	Increased transactions and Income	Q2 2020 – Q1 2021
Become a Community Development Financial Institution (CDFI)	Gain access to large capacity building and loan fund awards through the CDFI Fund	More URQ Transactions	Q3 2020- Q2 2021

Transition to a New CRM

Leader in execution: Dorothy York

- Evaluate needs of each department and identify and work a system design and implementation partner
- Identify and vet a system design and implementation partner
- Plan the implementation
- Test system
- Train staff



Become a Community Development Financial Institution (CDFI)

Leader in execution: Benjamin Sheehan

- Research costs/benefits of becoming a CDFI and decide whether to pursue
- Choose a consultant partner to assist in CDFI Fund application

Family Service Excellence

Capability Champion- Benjamin Sheehan

Objective	Purpose	Impact	Timeline
Improved homebuyer counseling & follow-up	Better family experience leading to more homeowners	Increase in transactions	Q3 2020 – Q2 2021
Improved rehab counseling & follow-up	Better family experience with home rehab projects	Smoother rehab projects and better long-term stability for homeowners	Q3 2020 – Q2 2021
Improved options/services for families with significant barriers	Provide valuable assistance/introductions for families and free up time for homebuyer counselors	Increase in total transactions	Q3 2020- Q1 2021
Expansion into New Markets	Determine viability of additional expansion, strategy, timeline	Increased long-term impact	Q1 2021 – Q4 2021

Improved Homebuyer Counseling & Follow-up

Leader in execution: Deatra Kemp

- Develop a more detailed and systematic counseling procedure
- Increase counseling capacity through efficiency identification, improved use of CRM, and training
- Identify and implement specific program improvements needed to better serve African American families

Improved Rehab Counseling & Follow-up

Leader in execution: Benjamin Sheehan

- Prior to closing identify likely family barriers and prepare for them proactively
- Create an improved scope of work that is easier for families to use



- Provide families with better post-rehab support, such as home maintenance strategies, additional resources available in the community, etc.
- Consider, in partnership with other organizations, viability of providing programming to support families in home maintenance

Improved Options/Services for Families with Significant Barriers

Leader in execution: Deatra Kemp

- Determine for which families our homebuyer education model is not successful
- Identify potential partners and programs that might better support these families and their needs
- Test potential partnerships and determine if families are making progress toward financial goals

Expansion into New Markets

Leader in execution: Michael Gosman

- Evaluate success of Beloit expansion and lessons learned
- Engage a cross-section of stakeholders to consider possible expansion frameworks
- Recommend expansion approach to Board along with criteria that must be met for new markets
- Vet expansion opportunities and make a recommendation to the Board

Talent and Culture

Capability Champion- Deatra Kemp

Objective	Purpose	Impact	Timeline
Make the Acts Way meaningful to the entire team	Connect staff to vision resulting in greater individual and collective value creation	More transactions, reduced turnover	Q3 2020- Q4 2020
Recruit Diverse Leaders for Committees and Board	Improved oversight and strategic guidance	Improved programs and partnerships	Q3 2020- Q1 2022
Build the Talent Bench	Provide better and more efficient service and reduce dependence on any one individual leader	Long term organizational growth and stability	Q4 2020 – Q3 2021
Establish Honorary Board	Increase affluence and influence; improved fundraising and strategic alliances	Increased revenue and partnerships	Q1 2021 – Q4 2021



Make the Acts Way Meaningful to the Entire Team

Leader in execution: Deatra Kemp

- At least monthly lead activities designed to improve organizational culture
- Quarterly activities based around one of our four capabilities
- Add Acts Way capabilities to employee performance evaluations

Recruit Diverse Leaders for Committees and Board

Leaders in execution: Michael Gosman, Governance and Nominating Committee, Committee Co-Chairs

- Consider what about Acts' volunteer structure present barriers to leaders of color and make any needed changes
- Have committee co-chairs and governance and nominating committee do self-assessment of their committee's/board's volunteer gaps in order to determine characteristics of a strong new volunteer candidates
- Add at least one leader to each committee prior to the end of 2020 and at least two new board members for 2021

Build the Talent Bench

Leader in execution: Dorothy York

- Evaluate staffing needs over the next 3-5 years
- Build hiring, succession, and training plans to prepare organization for future opportunities, with a focus on developing talent internally wherever appropriate

Establish Honorary Board

Leader in execution: Kelly Andrew, Mike Zimmerman, Allison Steinhafel, Joe Schlidt

- Establish charter for honorary board
- Determine selection criteria
- Recruit members
- Begin engaging with honorary board in furtherance of the Acts Way