

**Cabrillo Economic Development
Corporation**
and its affiliates and subsidiaries

2011-2013 Strategic Plan

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Mission

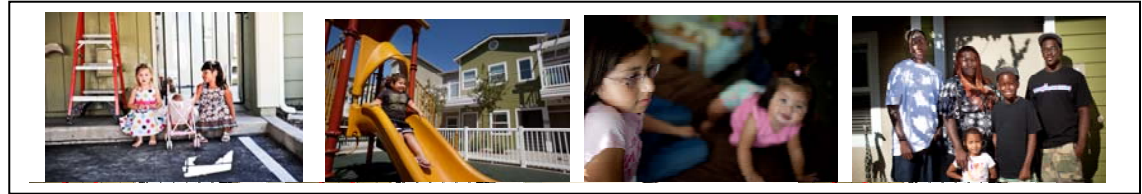
To provide comprehensive housing services and community economic development activities, through a community building approach, that facilitate self-sufficiency for individuals and families who are most lacking in opportunity in Ventura and Santa Barbara counties and adjacent areas in Los Angeles county.

Vision

Grounded in principles of community building, CEDC develops ownership and rental housing that forms the foundation for people to improve their quality of life. CEDC symbolizes quality, well-designed housing that is affordable to those most lacking in opportunity. Our success is based on maintaining a company that is well-managed and that collaborates with public, private, and community partners.

Corporate Culture Principles

- A Standard of Integrity
- A Commitment to Excellence
- A Supportive Workplace Environment
- Continuous Learning and Investment in our Staff, Board of Directors and Community
- A Respectful Corporate Environment
- Inspiration for Creativity
- Support for Social and Environmental Justice



2011-2013 Strategic Plan Directional Statement

CEDC will be on the leading edge in responding to the current economic environment and creating sustainable communities, while building on a foundation of 30 years of community development expertise.

Strategic Goal Areas

Key Activities and Measures

Excel at the Fundamentals

Strengthen the existing capacity of CEDC, both as a whole and within current business lines, as measured by improved systems and reaching targets on key operational and production indicators

Expand Programmatically and/or Geographically

Strategically broaden CEDC's reach within the fields of affordable housing and community development

Increase Innovation and Adaptive Capacity

Adapt and be flexible in ways that address the changing marketplace, that keep Cabrillo at the leading edge of the community development field, and that enable CEDC to take greater control of its future by helping shape the paradigm of community development

Reach Greater Self-Sufficiency

Reduce and better manage risk, operate at a sufficient surplus to build reserves, and establish a stronger capital base so that the organization can continue to capitalize on new opportunities

- Select a new CEO by Fall 2011
- Complete construction and occupancy on 301 homes in 8 developments
- Secure site control for 500 homes
- Create a new Asset Management Dept.
- Increase rental portfolio to 973 homes (24 developments)
- Obtain 2 outside property management contracts and \$12 million in mission-based construction contracts
- Develop in-house Real Estate service for acquisition/rehabilitation of single-family homes
- Involve 5 neighborhoods in coalitions and revitalization efforts
- Acquire three multi-family properties (150 homes) for acquisition/rehabilitation
- Evolve services of Cabrillo Community Lending & Realty (CCL&R) beyond foreclosure prevention
- Establish a "Youth Success" program at rental properties to encourage higher education goals
- Continue to lead on local, state and national policy issues
- Build operational reserves from \$600,000 to \$2.3 million by 2013 and \$3.678 million by 2015
- Raise \$5 million in development capital (equity and long-term debt) for CEDC and \$30 million in capital for CCL&R

Overview of Accomplishments – 2006-2010

The five years covering CEDC's previous strategic plan can be characterized as a period of tremendous accomplishment amidst a tumultuous economic climate. CEDC's 2006-2010 Strategic Plan was dictated by the following Directional Statement:

- *Work as a team, internally and with outside partners, and using innovative approaches to build high-quality communities, not just homes*
- *Strive for the highest level of impact in CEDC's history*
- *Reach a diverse client base through outreach and marketing*
- *Impact affordable housing policy through community education and advocacy*
- *Maintain operational and financial self-sufficiency*
- *Thoughtfully manage organizational growth, including the use of a new facility and an Executive Director transition*
- *Maintain a positive public image throughout service area and nationwide*

Below are some of the highlights from this timeframe, organized by the key words the Board of Directors used to describe the organization during 2006-2010.

- Successful:
 - Completed and occupied 392 homes (49% of goal), with an additional 259 homes under construction by December 2010.
 - Obtained site control for an additional 301 homes by December 2010, representing 50% of the total goal anticipated for these five years. This is a tremendous feat given the collapse in the real estate market and the challenges faced by the entire housing industry.
 - Served approximately 3,500 households through the Home Ownership Center's education and/or counseling services and helped 419 homebuyers into ownership (an increase of 74% and 62%, respectively, from the previous five-year period). This represents \$56 million in total transaction value for first and/or subordinate loans for those directly assisted into homeownership.
 - Grew CEDC's rental portfolio by 325 homes across 7 developments. Now at a size of 715 homes, the portfolio had an average cash-flow of 10% and a portfolio vacancy rate of 2.5%.

- **Bold:**
 - Expanded geographically into Santa Barbara County by establishing a Home Ownership Center in Santa Maria focusing on foreclosure prevention counseling
 - Charted 30,000 volunteer hours from more than 750 NeighborWorks® Week volunteers and 230 organizing volunteers to improve neighborhoods and communities
 - Worked with partners such as Housing Opportunities Made Easier to establish a countywide housing trust fund, which was awarded a \$500,000 grant in 2010 by the County of Ventura to match Proposition 1C Housing Trust funds.
- **Perseverance:**
 - Stayed true to our mission by maintaining an organizational focus on very-low, low and special needs populations, including developing 266 homes for very-low income households, 138 of which are specifically for farm worker families, and 24 special needs homes during the five year period.
 - Grew the Community Building and Neighborhood Revitalization Division five-fold (both in staff and budget) at a time when many community development corporations were retracting to “bricks and sticks” business lines. With approximately 100 residents trained in leadership development as of December 2010, the division has established neighborhood revitalization initiatives in five locations tied to CEDC housing developments, expanded work to include community gardens, violence prevention and improved public resources.
- **Adaptive:**
 - Rebalanced the real estate pipeline (83% rental homes, 17% for-sale homes) in response to real estate market conditions
 - Continued to address the need for self-sustaining revenue within business lines; as one example, the percent of the HOC/CCL&R budget covered by fees increased from 24% to 52%, thereby decreasing reliance on grants.
 - Built resident community facilities in all nine multi-family rental developments constructed during this time, including state-of-the-art technological equipment
 - Introduced green building methods in all new or rehabilitated developments, including the rehabilitation of the Santa Paulan Apartments and Montgomery Oaks Apartments
 - Addressed the national mortgage crisis by launching the Home Ownership Preservation Campaign and the Loan Scam Alert predatory lending campaign across two counties
 - Increased capacity of staff and senior management through increased emphasis on organizational development, communications, change management and an analytical look at CEDC’s corporate culture

- Reflective:
 - Ventured into third-party property management, with lessons learned to inform future negotiations in the coming strategic planning cycle
 - Completed in-depth analyses of real estate development and construction lines of business in 2009 and 2010, with a detailed action plan designed to improve efficiency and effectiveness
 - Assessed progress toward the 2006-2010 Strategic Plan in FY 2009, underwent a modified scenario-planning exercise to determine the best ways to address the economic downturn, and conducted an extensive information-gathering process to determine key characteristics of an incoming CEO. From this work, the Board approved a timeline for executive selection and transition and set up two active working committees to oversee and govern the process.

These goals were met while keeping expenses in check at approximately \$6 million, with revenues at approximately \$7 million annually. Financial indicators of sustainability followed suit as CEDC grew its net assets from \$6.8 million (FY 2004 audit) to \$13 million (FY 2009 audit). Successes were apparent to external partners as well; CEDC has maintained “exemplary” status each year according to NeighborWorks® America, and in 2010 CEDC was listed in the national ‘Top 25’ in seven key indicator program areas.

As CEDC formulates three-year goals and develops its 2011-2013 Strategic Plan, these accomplishments provide a solid foundation on which to improve and grow the organization in its 30th year and beyond.

2011-2013 Strategic Plan Methodology

CEDC's strategic planning efforts began in 2009 with a participatory process to evaluate progress against CEDC's 2006-2010 Strategic Plan and determine key themes for strategic direction in the coming years. This work was led by a group of Board and staff members and involved both a review of existing performance data and focus groups with staff, senior managers and external public and private stakeholders. The process also was designed to gather information on the desired characteristics for CEDC's CEO search. With this information in hand, the CEDC and CCL&R Boards of Directors then met in January 2010 to set out major focus areas for 2011-2013 (See Attachment A). The themes from these two activities are what comprise the four overarching goal areas found in the current plan.

Additional inputs for CEDC's plan came from:

- An organizational assessment by NeighborWorks® America (conducted in April 2010)
- A multi-faceted assessment of CEDC's real estate and construction line of business conducted in late 2009 through mid-2010.
- Annual staff goal-setting and evaluation retreats in 2009 and 2010 and a March 2010 staff survey on corporate culture
- A May 2010 senior management retreat to review draft 2011-2013 goals and to draft a corporate culture statement

Through this organic process, a few main changes emerged that are different from CEDC's previous strategic plan:

- The plan is shorter in duration, covering three years vs. five
- CEDC put into writing its corporate culture statement, which is now at the forefront of the plan (see Appendix B for how the corporate culture can be operationalized)
- The plan is indicative of the current economic climate facing community development corporations and the affordable housing industry (see Statement of Environmental Conditions)
- Goals are aligned to the four directional statement themes rather than segmented by business line. More explanation on this change can be found on Page 9.

A draft of the Plan was reviewed by the CEDC and CCL&R Boards of Directors at their January 2011 retreat. A revised version was brought to the full staff at its March 2011 corporate meeting. Staff also cross-referenced the CEDC Strategic Plan with the CCL&R Strategic Plan (see Attachment C) to ensure that goals were aligned across the two documents. Further revisions were made after presenting the document to each of the four standing CEDC Board committees (Program Services, Development, Finance, Executive) in May and June. The final version of the CEDC Strategic Plan was approved by the CEDC Board of Directors in June 2011.

Statement of Environmental Conditions

The economic environment in which CEDC operates has changed tremendously in the five-year period (2006-2010) spanning the organization's previous strategic plan. In June 2006, the median price of a home in Ventura County was at a record high of \$625,000; in an effort to enable some of this supply to be affordable, CEDC's development pipeline goals included a 40% for-sale component. CEDC's NeighborWorks® Home Ownership Center was simultaneously addressing these high sales prices by offering an amortized downpayment assistance product that helped increase purchasing power. In the public eye, 'affordable housing' was defined by broader 'workforce housing' terminology, targeting the nurses, teachers, and firefighters who could not afford to live in their communities, as well as service workers, farmworkers, and low-income individuals and families who struggled on a daily basis to cover housing costs. This framework guided much of CEDC's policy efforts, as evidenced by the topics of the annual housing conferences co-hosted by CEDC, by a specific goal emphasis on changing the 'face' of affordable housing through marketing and communications, and by ongoing efforts to establish a dedicated source of local and state financing for affordable housing.

Five years later, the conditions facing our work look much different. The country is in the midst of the largest recession since the Great Depression. Many would argue this downfall was caused by the lenient interest-only and stated-income lending environment that CEDC lost families to during the last five years. In the wake of bank collapses and lost jobs, millions are facing home foreclosures. The same home that sold at \$625,000 in June 2006 sold for approximately \$360,000 in June 2011, representing a 42% decline in home prices, and with it, people's financial stability. As the for-sale market has softened, rental demand has increased, but prices for 50% and 60% AMI rental homes in certain areas are bordering that of market rate units. The risk appetite of lending institutions, both for providing lines of credit for new development ventures and for revising the terms of existing lending commitments, is much more stringent than it was in the past. Finally, many of the lending institutions with whom CEDC worked closely in the latter half of the last decade have been acquired or have closed their doors entirely, including CEDC's key secondary market provider for subordinate mortgages.

CEDC's 2011-2013 Strategic Plan reflects its 30-year old stature and these challenging economic times in a variety of ways, not the least of which is a renewed emphasis on sustainability and a focus on the interconnectedness of divisions to reach our goals. Success during the next three years necessitates building on existing organizational strengths, including expanding our development pipeline through acquisition/rehabilitation, offering third party general contracting services, and growing our property management portfolio through third-party property management services. To address the increase in properties nearing the end of their 15-year tax credit compliance period, CEDC will establish a formal asset management function. The HOC will expand into acquisition and sales of REO properties and launch a loan fund to enable it to continue to support families into homeownership. Finally, CEDC has laid out a clear and measurable goal around growing organizational reserves that aligns with three-year budget projections and that will strengthen its ability to weather future economic hardships.

At the foundation of both the previous strategic plan and the current one is an emphasis on mission-based development, a values system centered on empowering others, and a belief in the importance of *bringing community home*.

Mission, Vision and Philosophy

Mission

To provide comprehensive housing services and community economic development activities, through a community building¹ approach, that facilitate self-sufficiency for individuals and families who are most lacking in opportunity in Ventura and Santa Barbara counties and adjacent areas in Los Angeles county.

Vision

Grounded in principles of community building, CEDC develops ownership and rental housing that forms the foundation for people to improve their quality of life. CEDC symbolizes quality, well-designed housing that is affordable to those most lacking in opportunity. Our success is based on maintaining a company that is well-managed and that collaborates with public, private, and community partners.

Philosophy

Every person has the right to decent, safe, and affordable housing. We view housing as the cornerstone of communities' economic, environmental, and social well-being.

We believe that responsible people can and will lead more productive and fulfilling lives with affordable, decent housing as a foundation for their daily life needs. Quality, affordable housing is an integral component of individual and community vitality and vibrancy in that it positively impacts health, education, public safety, social services, and economic development.

Our asset based approach to community building engages a variety of partners and resident leaders to create and maintain safe, livable communities where all families, regardless of income and color, have access to resources and opportunities for success.

¹ CEDC's belief is that "community building is the process of actively engaging individuals, neighborhoods, and the community as instrumental participants and beneficial assets in the determination and process of community development."

2011-2013 Directional Statement and Statement of Corporate Culture

CEDC's Directional Statement lays out the high-level position that the organization will take to move its mission forward in the context of the next three years. The following four goal areas of this plan and the goals, measures and strategies supporting those four areas are the ways in which CEDC will put its Directional Statement into practice.

At the foundation of CEDC's work, both during 2011-2013 and over the last 30 years, is the corporate culture in which we operate. A healthy corporate culture that is integrated, practiced and monitored supports the organization in both reaching its goals and doing so in a way that is sustainable over time. The staff and Board spent significant time in 2010 documenting the values that we hold as essential as well as describing how those values are put into practice. The Corporate Culture Statement reflects this input and introspection.

Directional Statement

CEDC dedicates its efforts to improving the lives of those most lacking in opportunity through the provision of housing and housing-related services, and using housing as the catalyst for change at the individual, family and neighborhood levels.

From 2011-2013, CEDC will be on the leading edge in responding to the current economic environment and creating sustainable communities, while building on a foundation of 30 years of community development expertise.

Statement of Corporate Culture

We will achieve the vision laid out in our Directional Statement and our three-year goals by operating within a culture of values that we hold as vital and necessary, and that serve as guiding principles in the work that we do. CEDC's organizational culture includes the following seven components. The order of these statements is intentional, with the first several components addressing those aspects of our corporate culture that are internal to the way we work and latter aspects of the statement connected with an external view. We believe that by creating a strong corporate culture that honors the health and wholeness of our staff, we build the internal capacity to remain sustainable and better serve our community.

- A Standard of Integrity
- A Commitment to Excellence
- A Supportive Workplace Environment
- Continuous Learning and Investment in our Staff, Board of Directors and Community
- A Respectful Corporate Environment
- Inspiration for Creativity
- Support for Social and Environmental Justice

Please see Attachment B for examples of how these components 'live' in practice at the workplace.

Three-Year (2011-2013) Goals, Measures and Strategies

The following pages list goals, measures and strategies guiding CEDC's work during 2011-2013 along its four major business lines (Real Estate Development and Construction, Home Ownership Center/Lending, Property and Asset Management, and Community Building and Neighborhood Revitalization) and support functions (Administration, Accounting, Communications, Policy/Advocacy).

Organizing the Strategic Plan in this way accomplishes two objectives. First, these four themes help to highlight areas of timely and necessary importance to CEDC's Board of Directors, staff and stakeholders as we move forward in the next three years. As noted in the 'Methodology' section, these themes rose to the top through discussions with multiple audiences during 2009 and 2010, and fundamental aspects of our business as well as ways in which CEDC needs to evolve in order to proactively operate in a changing political and economic climate.

Second, creating a Plan around four strategic areas of organizational value (rather than seven business lines, as has been done in the past) supports CEDC's strong belief that we all must work together - across departments and between staff and the Board - to accomplish the goals we have set out for ourselves. While implementation of the Plan necessitates that certain individuals or business lines take the 'lead' role in ensuring goals are met, this structure emphasizes the interconnection across divisions and the importance CEDC places on cross-divisional teamwork and communication.

Goals are aligned across four themes:

1. Excel at the Fundamentals

Strengthen the existing capacity of CEDC, both as a whole and within current business lines, as measured by improved systems and reaching targets on key operational and production indicators

2. Expand Programmatically and/or Geographically

Strategically broaden CEDC's reach within the fields of affordable housing and community development

3. Increase Innovation and Adaptive Capacity

Adapt and be flexible in ways that address the changing marketplace, that keep Cabrillo at the leading edge of the community development field, and that enable CEDC to take greater control of its future by helping shape the paradigm of community development

4. Reach Greater Self-Sufficiency

Reduce and better manage risk, operate at a sufficient surplus to build reserves, and establish a stronger capital base so that the organization can continue to capitalize on new opportunities

Strategic Goal #1: Excel at the Fundamentals

Strengthen the existing capacity of CEDC, both as a whole and within current business lines, as measured by improved systems and reaching targets on key operational and production indicators

This section highlights CEDC's plans to move forward its existing programs and services over the next three years. CEDC continues to put its mission into practice through the work of its core business lines – real estate development and construction; home ownership education, counseling and lending (done in collaboration with Cabrillo Community Lending); property and asset management; and community building and neighborhood revitalization. Goals are also listed for equally vital administrative functions.

Goals and Measures

Real Estate Development and Construction

1. Complete construction and occupancy on 301 homes in eight developments², by 2013.
 - a. Expand rental portfolio by adding 259 rental homes, thereby increasing the total rental portfolio from 714 homes to 973 apartment homes by 2012.
 - i. Expand rental portfolio by adding 90 rental homes for a total of 804 apartment homes by 2011.
 - ii. Expand rental portfolio by adding 169 rental homes for a total of 973 apartments by 2012.
 - b. Build 42 for-sale homes in two developments by December 2013, or alternatively complete construction on these homes as rental developments.
2. By December 2013, secure site control – defined as a site being in some form of escrow – for 500 homes (10 properties). Possible locations: Santa Maria, Buellton, and East Los Angeles Avenue- Ventura.
 - a. New Construction: 350 homes across 7 developments. This 50 home/development average is an increase from the 36 home per development average in the last five years.
 - b. Acquisition/Rehab: acquire 3 properties (150 homes) for rehabilitation
3. Improve the capacity and productivity of the Real Estate Development Division by implementing FY 2011 and FY 2012 action steps as laid out in the Real Estate Assessment.
 - a. By June 2011, finalize an action plan based on the results of the Real Estate Assessment
4. Complete renovation of 95 homes across four developments (Yale Street, Kalorama, Casa Velasquez, Villa Solimar).

² Paseo Santa Barbara Phases 1 and 2, 90 homes; Camino Gonzalez, 18 homes; Paseo de Luz, 25 homes; Valle Naranjal, 66 homes; Azahar Place, 60 homes; Katherine Road South, 26 homes; Little Piru, 16 homes

5. Continue to incorporate green building technologies in the design and renovation of CEDC's housing developments, including Green Point Rated or other certification on all developments

Community Building and Neighborhood Revitalization

1. Increase access to resident leadership and involvement that lead to family success and neighborhood revitalization. By December 2013, 1,500 residents will be involved in community building and resident activities at the properties and in surrounding neighborhoods.
2. Maintain focus on developing resident leadership capacity. By December 2013:
 - a. 50 residents will have participated in NeighborWorks® America Building Leaders, Building Communities leadership training curriculum;
 - b. 20 will have planned/led NeighborWorks® Week and 805 Youth Exchange events; and
 - c. 30 will have supported policy and systems change (at cities and schools) efforts that focus on safety, access to food, transportation, and education.
3. Increase access to resources for residents. By December 2013, 4 properties will have established a Resident Resource & Education Center; all other properties in CEDC's portfolio will have a Resource & Information area.

Property and Asset Management

1. By 2012, create a new Asset Management Department to proactively manage CEDC's growing portfolio of 23 properties totaling 973 homes. Major activities during the years covered by the strategic plan include:
 - a. Establish a schedule for purchase and refinancing of upcoming tax credit-owned properties
 - b. Complete capital plans for Plaza del Sol, Villa Cesar Chavez, Vista Hermosa, Meta Street and Villa Victoria Apartments by December 31, 2011
 - c. Purchase the one CEDC property coming up on its 15-year tax credit period rather than resyndicate (Casa Velasquez) by December 2013
 - d. Complete a long-range capital improvement schedule for all properties, informed by capital needs and reserve assessments
 - e. Work with the Real Estate Development Division on completing its 150-home acquisition/rehabilitation goal
 - f. Work with Real Estate Development Division and others on refining design standards
2. Complete lease-up and occupancy process for 259 rental homes in six properties by 2013, increasing portfolio from 714 to 973 rental homes. Note: total rental portfolio could increase above this level when incorporating the acquisition/rehabilitation target of 150 homes (see page 11 Real Estate Development Goal #2b).
3. Improve operational performance of CEDC property portfolio by maintaining an occupancy rate averaging 98% or better; ensuring revenue collections of 98% or better, ensuring compliance to regulatory occupancy restrictions, maintaining a good physical condition of the properties and maintaining a high level of resident satisfaction.

Home Ownership Center/CCL&R

1. Maintain CCL&R emphasis on serving very-low, low and moderate-income families at 75% of the total client base by December 2013 by:
 - a. Assisting 390 families into homeownership
 - b. Educating 2,735 families through youth financial literacy, adult financial literacy, homebuyer education, post-purchase education, and foreclosure prevention
 - c. Counseling 2,900 families on budget, credit, pre-purchase planning, home equity conversion mortgage, and foreclosure prevention
 - d. Providing 446 loans totaling approximately \$47 million in financing (199 first mortgage loans - \$37.4MM, 111 second mortgage loans - \$5.1MM, 136 deferred loans - \$4.1MM)
2. Establish a Homeownership Individual Development Account (HIDA) Program for CEDC residents as a collaboration of CCL&R, Property Management and Community Building and Neighborhood Revitalization, and enroll 16 households (20 people) by December 2013.

Administration

1. By Fall 2011, support the Board of Directors to select a new leader for the company and implement a transition plan for the incoming Executive Director.
2. Plan and execute Rodney Fernandez' transition into retirement by December 2011.
3. By June 2011, establish a one-year Management Team workplan to be implemented in 2011 to address high-priority areas of continuous improvement in advance of a leadership transition.
4. Maintain a Corporate Debt Service Coverage Ratio of 1.5 to 1 throughout 2011-2013.
5. Reduce corporate audit completion to within 120 days of year end from 180 days of year end.
6. Develop a long-term Community Impact Study for CEDC and CCL&R in the areas of home ownership, real estate development and community building, resulting in quantifiable measures of CEDC's impact at the family and community level, by December 2012
7. Increase in-house skill sets in key areas across the organization as defined both by the organization and by its employees, by December 2013
8. By December 2011, address Board-defined governance items as prioritized in the 2011 Board goals, and continue to address focus areas as stated through annual Board self-assessments. One intermediate strategy to address several of these governance items is to create a new Board Development Committee as a standing committee of the Board.

Strategies

- Develop a strategic organizational professional development plan for the Board of Directors and all divisions that aligns with strategic goals and individual priorities, and monitor training opportunities and expenses to match this plan.
- Increase internal capacity within Real Estate Development Division to develop proformas and analyze development financial projection
- Improve monitoring of existing procedures around marketing and the establishment of waiting lists to ensure that goals around the operating performance of the rental portfolio can be met
- Hire to fill key positions, with any growth linked to new funding or capacity needs (e.g. additional properties into the Property Management portfolio) and an eye for considering administrative needs prior to launching into new projects
 - Potential new positions: Fund Development Manager, Building Engineer, IT Manager
- Implement new CCL&R loan servicing software by July 2011
- Work to improve efficiencies in financial reporting across Property Management and Accounting
- Conduct compensation survey to ensure that CEDC stays competitive to attract and retain the staff required to carry out CEDC's organizational goals
- Create policies and procedures for fundraising and centralize fund/resource development
- Continue to publish *Vistas* newsletters, annual reports, and other key collateral, with in-house design and layout, and ensure that CEDC collateral encompasses CEDC's community building philosophy.
- Revise policies and procedures for education, counseling and lending, including a quality control manual, by October 2011
- Complete Property Management Operations Manual by August 2011 and fully implement the Manual by November 2011
- Continue to upgrade Information Technology systems for reporting, data collection, and historical storage of organizational information, including analyzing the need for archiving
- Connect Success Measures to GIS mapping to better measure impact

- Through the work of a newly created Board Development Committee, ensure that the Board conducts (or determines an ongoing schedule for) self evaluations of its work
- Increase board committee roster capacity and strength on both CCL&R and CEDC Boards with functional experts who are not directors in order to cultivate prospective board members and increase technical capacity.
- Increase the CCL&R Board of Directors to 9 active members by December 2011, with a consideration in 2012 to increase the number of board members to 11.
- Hold an annual joint session between the CCL&R Board of Directors and the CEDC Board of Directors
- Complete written procedures for cost certification activities and a comprehensive set of written design standards for new properties
- Where feasible, consider increasing the number of homes per development in order to generate development efficiencies

Strategic Goal #2: Expand Programmatically and/or Geographically

Strategically broaden CEDC's reach within the fields of affordable housing and community development

CEDC's Board of Directors has challenged the organization to grow beyond its existing geographic and programmatic boundaries, but do so in a thoughtful and strategic way. During the last strategic planning cycle, CEDC set up a satellite office in Santa Maria that has provided valuable foreclosure prevention services to hundreds of families. In the coming three years, CEDC has the opportunity to enlarge its programmatic footprint in northern Santa Barbara County and determine if similar inroads can be made in Los Angeles County to the south and east. Equally important are opportunities to entrepreneurially establish programs that build on CEDC's core strengths such as property management, construction management, lending and empowerment. These expansion opportunities address both financial and social 'bottom lines' for the organization and for the people we serve.

Goals and Measures

1. Grow CEDC's development portfolio, as measured by:
 - a. Obtain site control for 150 homes (3 developments) in Santa Barbara County and/or Santa Clarita by 2013. This is a geographic expansion subset of a 500-unit, 10-project goal stated in "Excel at the Fundamentals."
 - b. By December 2013, provide outside construction services tied to our mission for a total construction cost of a minimum of \$12 million, leading to a minimum of \$500,000 in profit and a minimum of \$350,000 in overhead and supervision revenue.
 - c. Secure up to two property management fee-based contracts to manage outside rental communities by December 2013. Contracts would take into account operating efficiencies and portfolio size.
2. By December 2013, establish or partner with four youth councils in key communities that involve CEDC youth in advocacy and policy efforts to address social, economic and environmental issues of interest to youth.
3. By December 2013, conduct a feasibility assessment to determine if CCL&R should become a statewide clearinghouse for other California nonprofit lenders and counseling agencies.
4. Become a certified bankruptcy counseling agency by December 2011
5. Develop in-house Real Estate Service to include acquisition/rehab as an expansion of CCL&R's current line of business by March 2011.

6. By September 2011, restructure the partnership with Pacific Oaks Federal Credit Union to be a preferred lender and determine what other opportunities to offer services to its members are available.
7. Complete the Board-directed Santa Maria Expansion analysis by end of June 2011. By December 31, 2012, create a plan for all lines of business to enter into the Northern Santa Barbara County area or determine the best exit strategy.
8. Leverage resident/community assets to address neighborhood concerns: By December 2013, five (5) neighborhoods near CEDC developments will be involved in neighborhood coalitions and revitalization efforts to improve social, environmental, and economic justice issues.
9. By 2013, CBNR and PM to identify a feasible property and pilot a *Promotora* program aimed at healthy living, nutrition, cooking, organic gardening, physical fitness or improved access to health care.
10. Develop one mass communication tool (such as a quarterly or monthly survey) that becomes a timely trusted source of workforce housing data in CEDC's market for media, business leaders, and government and housing officials, by December 31, 2011

Strategies

- Create a Property Management Service Plan to initiate our preparation into serving as a fee-for-service property management company for non-CEDC developed rental properties by December 31, 2011
- Establish media strategy and goals tied to specific business opportunities, including marketing materials that can be used for new business ventures.
- Increase awareness of CEDC outside community development industry
- Establish one new neighborhood coalition.
- Consider staffing implications connected with moving forward these goals and ensure there is sufficient staff capacity to expand or refine work in new ways
- Leverage partnerships with youth and resident groups to address policy issues.
- Establish a MOU between CCL&R and CEDC that enhances the long-term collaboration across both organizations, including formalizing warranties and representations and ensuring the long-term sustainability of the Santa Maria Homeownership Center Satellite Office, to be approved by both Boards by September 2011 (see CCL&R 2011-2013 Strategic Plan Goal #4)

Strategic Goal #3: Increase Innovation and Adaptive Capacity

Adapt and be flexible in ways that address the changing marketplace, that keep Cabrillo at the leading edge of the community development field, and that enable CEDC to take greater control of its future by helping shape the paradigm of community development

During the last 30 years, CEDC's role has grown from a developer of affordable housing to a multi-faceted organization that includes property management, home ownership services, and resident and community empowerment. These expansions have come about in response to community need and by proactive assessments of how national trends can best be implemented locally. The goals in this strategic area continue this tradition by quantifying targets for adaptive goals around green building, technology innovation, policy and advocacy, social media and others. By doing so, CEDC will continue to be innovative and forward-thinking.

Goals and Measures

1. Commit to new ways of doing business, as measured by:
 - a. By December 2011, develop new evaluation criteria to guide decisionmaking around CEDC's development pipeline. These criteria will take into consideration factors such as the amount of CEDC financing required, financing sources and the 'low-hanging/less expensive fruit' (more standardized product types, communities where affordable housing is more accepted politically). Once established, CEDC staff and Board will review the current and future pipeline using these standards and use these criteria to meet the organization's 500-home site control goal (Excel at the Fundamentals Real Estate Goal #2).
 - b. Expand acquisition/rehabilitation work in lieu of or in addition to new construction, as measured by acquiring 3 properties (150 homes) for rehabilitation by December 2013
 - c. By December 2013, based on feasibility studies, evolve CCL&R to grow in new ways other than foreclosure (e.g. certified bankruptcy counseling agency, in-home real estate servicing, economic development lending or training for businesses, new partnerships, becoming a federal credit union as a CDFI, statewide clearinghouse for other non-profit lenders and counseling agencies throughout California)
 - d. Increase youth involvement and success at CEDC properties: By December 2013, 80 youth will be involved in the development and implementation of a "Youth Success" program that aims to prepare youth for success in higher education and/or job preparation in partnership with agencies and colleges.
 - e. By December 2013, no less than four CEDC properties will have a Resident Community Builder program where trained residents will support CBNR and

Property Management staff with referrals to services and education and outreach to residents.

2. Take a lead role in policy and advocacy efforts statewide and nationally, as measured by:
 - a. Provide policy/advocacy support for the establishment of local, statewide and national housing trust funds through 2011-2013
 - b. Throughout 2011-2013, provide policy/advocacy support to protect Redevelopment Agency funding, tax credit programs and other government housing funding sources
 - c. Release the update to the *Housing at the Millennium* study by Fall 2011, to include housing production compared to targets covering 1998-2009 for all 11 Ventura County jurisdictions
3. By December 2013, establish an IT upgrade plan and implement steps that fall within 2011-2013.
4. By December 2011, use technology to demonstrate the impact of CEDC's work in communities by completing at least one impact assessment using Success Measures
5. By December 2013, research and make recommendations on new approaches to community economic development and/or neighborhood revitalization, to help inform future work for the organization. Current ideas include:
 - a. The LISC comprehensive community development model,
 - b. The WORKS approach to incorporating housing with economic development,
 - c. The role CEDC can play in workforce development, particularly around linking residents to green jobs.

Strategies

- Develop a comprehensive media campaign that builds respect and support for affordable housing, especially in underserved neighborhoods, thus challenging myths and misconceptions about affordable housing.
- Formalize CEDC's policy and advocacy strategy, including quantifying policy/advocacy cost and time and establishing a corporate-wide division of responsibilities and reporting system for policy work.
- Better understand requirements associated with green building, including measuring the cost/benefit of green resources and adjusting operating budgets accordingly.
- Implement more collaborative inter-agency and interdivision approaches to grant writing.
- Proactively reach out to city councils and planning commissions to build relationships and increase understanding of affordable housing issues so we are prepared when issues arise.
- Continue to engage the Boards of CCL&R and CEDC in furthering the mission and goals of the organization through public speaking, 'opening doors' with key partners and advocacy engagements
- Co-create with residents an energy conservation and education program for families at CEDC properties to include training for staff and residents on how to use the green innovations installed in CEDC developments.
- Conduct a resident evaluation of CEDC services and programs in order to improve and inform areas such as customer service, housing design and amenities.
- Launch revamped corporate website in Spring 2011, with follow-up activities to include the implementation of website complementary services such as employee and vendor Intranets.
- Finalize the rebranding of CCL&R, including website development, a three-year marketing plan and marketing material, by July 2011
- Develop a corporate-wide green strategy by June 2012, including implementation steps that cover through December 2013

Strategic Goal #4: Reach Greater Self-Sufficiency

Reduce and better manage risk, operate at a sufficient surplus to build reserves, and establish a stronger capital base so that the organization can continue to capitalize on new opportunities

During the last five years, the economic environment in which CEDC operates has changed dramatically. In the foreseeable future, CEDC will continue to face a tight credit market and limited local and state-level public subsidies for affordable housing. While both the cost of land and home prices have fallen in the last three years, available land for development is still scarce and home ownership is still out of the reach of many. And while federal funds for foreclosure prevention are dwindling, many families still face the prospect of losing their homes. A primary objective of the Board of Directors and staff is to ensure that CEDC's financial base remains strong and diversified, so that the organization can proactively address housing needs. The goals in this section emphasize this important and necessary strategic area for the organization.

Goals and Measures

1. Build operational reserves from \$600,000 to \$2.3 million (a two- to three-month reserve based on \$666,666/month operating expenses) by 2013 and \$3.678 million by 2015.
2. Raise \$5 million in non-project specific development capital (equity and long-term debt) for CEDC and \$30 million in capital (three years of funding to sustain lending production goals) for CCL&R by December 2013
3. Implement internal procedures to monitor the timing of development and construction fees and expenditures (e.g. fees and salaries) with a goal of achieving breakeven within a 12-month operating cycle.
4. Maintain existing \$3 million in equity lines of credit for CCL&R by December 2013
5. Position and maintain CCL&R as an independent and sustainable enterprise that aligns with the long-term viability and expected growth of CEDC, as measured by an increase of annual CCL&R fee revenue from approximately \$661,500 (46% of the \$1.4 million FY 2011 operating budget) to \$1 million (60% of the anticipated \$1.7 million FY 2013 operating budget), thereby decreasing reliance on grants.

Strategies:

- Develop *grant-fundable* programs for target populations that fill gaps in existing service provision and that focus on enabling CEDC residents to increase skills, leadership and access to resources. This will include studying where existing programs do and do not exist and where CEDC can best partner with others.
- Strategies to address reserves and additional operating needs include:
 - Keep expenses in check, enabling reserve figures to be met assuming revenue targets are met.
 - Actively cultivate lines of credit that can be targeted toward development and construction operating needs, totaling a \$500,000 development line of credit and a \$200,000 construction line of credit, with five-year reserves and line of credit goals as follows:

	CEDC Revenue (000)	CEDC Expenses (000)	Net Revenue (000, used for Operating Reserves)	Cumulative Operating Reserves (000)	# of months of expenses represented by reserves	Development Operating (000, assumes revolving LOC)	Construction Operating (000, assumes revolving LOC)
			\$600		< 1		
2011	\$8,000	\$7,300	\$700	\$1,300	2		
2012	\$8,400	\$7,900	\$500	\$1,800	2	\$250	\$100
2013	\$8,500	\$8,000	\$500	\$2,300	3	\$500	\$200
2014	TBD	TBD	\$650	\$2,950		\$500	\$250
2015	TBD	TBD	\$950	\$3,600		\$500	\$250
Totals			\$3,600			\$500	\$250

- CCL&R: grow budget from \$1.4 million to \$1.7 million over 2011-2013, with 10% net revenues by 2013
- Develop and launch a Community Loan Fund that will service Ventura, Santa Barbara and Los Angeles counties by June 2011.
- Hold a 30th Anniversary event in October 2011 that raises \$500,000 in new capital.
- Determine resource development assets, needs and gaps by September 2011, with a potential strategy to hire a Resource Development Manager/Grants Coordinator by 2012
- Develop a resident engagement program that builds on CEDC’s community building culture, which seeks to know and build trusting partnerships with residents. One outcome of this effort would be to increase resident retention across the portfolio.
- By December 31, 2011, establish and receive Board approval for policies on how financial reserves will be put to use.

- Create policies and procedures for debt management that include sources of repayment
- Create reporting structure that outlines in detail CEDC's debt obligations and guarantees across both the parent organization and all affiliates
- Engage Board, management team, staff and residents to establish policies, agreements and a leadership program package (using the NWA Building Leaders, Building Communities and Learning Circles frameworks) to support/sustain CBNR Division
- Increase the percentage of CBNR's budget derived from fees from CEDC's rental property operating budgets from 13% in 2010 to a minimum of 20% in 2013, representing corresponding services linked to properties. Other interagency sustainability strategies for CBNR include funding from real estate marketing budgets.
- Perfect the predevelopment cash flow projection and reporting system
- By 2013, secure a well-known individual or corporation to support our mission
- By June 2011, change the interaction of committees to be able to work together in managing the sources and uses of funds for development
- Study and evaluate ways in which CEDC can generate additional income through fees
- Develop an individual donor base with a minimum of 30 individuals by December 2011 and grow this donor base by 10% each year through 2013
- Hold an annual fundraising event to increase unrestricted revenue

Process for Implementation and Monitoring

CEDC has several existing mechanisms that will be used to increase understanding of the diverse set of CEDC's goals and activities as well as to monitor progress on the 2011-2013 Strategic Plan. These include:

- Monthly meetings of the Board of Directors and standing Board committees (Executive, Real Estate, Program Services, Finance)
- Annual retreats of the Board of Directors
- Regular individual meetings between staff and managers and within departments
- Monthly senior management team meetings, both as a full group and among subsets of management team members
- Quarterly corporate meetings and annual all-staff evaluation and goal-setting retreats
- Management tools such as Goals and Controls and Vital Factor spreadsheets
- New methods of communication, including a revamped corporate website and use of a new Intranet for sharing documents and progress

Monitoring progress toward the 2011-2013 Strategic Plan will likely take a different approach than in the past. Previous strategic plans were organized by business line. CEDC intentionally deviated from that approach in the current plan and created four goal areas that are organizational in nature. Reaching success will require increased collaboration, communication and teamwork and necessitates business lines working together to accomplish goals. While some goals (particularly in the Excel at the Fundamentals section) more clearly fall under the control of one department and are noted as such, all of the goals require a communal effort in order to be met.