



# Strategic Plan 2025-2028

## Introduction

Addison Housing Works (AHW) is a 501(c)3 nonprofit organization that provides affordable homes for over a thousand residents of Addison County. Originally founded in 1989 as the Addison County Community Trust with a dual focus on housing and conservation, the organization rebranded in 2023 as Addison Housing Works to better reflect its current focus on affordable housing initiatives. These include developing, managing, and stewarding quality affordable apartments, manufactured housing communities, and shared equity houses and condos, as well as providing resident services for families, seniors, and individuals.

### **Mission Statement**

Addison Housing Works strives to enrich the lives of low- and moderate-income people of Addison County by ensuring the development, management and maintenance of safe, quality, affordable homes and related supports for families, seniors and individuals.

As noted in our previous strategic plan, AHW has undergone a period of rapid growth and transition that only accelerated during the Covid-19 pandemic. Since 2015, the organization has doubled its staff to 25 and added 140 homes to its portfolio, bringing total units under management to over 750. In 2021, AHW also launched a new resident services program to better serve vulnerable residents, among other initiatives. As of 2024, the organization conducts the following activities:

- Property management for 354 rental apartments and 340 lots in nine manufactured housing communities (MHCs);

- Stewardship of 76 shared equity single-family homes and condos with permanent affordability covenants as well as downpayment grants for homebuyers to bring new homes into the program;
- Resident services programs including three Support and Services at Home (SASH) sites serving 150 area seniors to help them age safely at home as well as a Family Support Program for households at-risk of eviction or in need of additional support to be successful; and
- Real estate development including construction and renovation of multifamily apartments as well as infrastructure projects for our MHCs.

## Program Overview

 <p><b>Property Management</b></p> <p>353 apartments (and one commercial unit) in about a dozen properties mostly in Middlebury, Bristol, and Vergennes</p> <p>340 lots for owner-occupied mobile homes in nine Manufactured Housing Communities (MHCs)</p>	 <p><b>Shared Equity Homeownership</b></p> <p>76 homes currently in the program – we provide small home improvement grants and facilitate resales to new income-qualified buyers</p> <p>Downpayment grants from VHCB to bring new homes into the program – about 2 per year</p>	 <p><b>Real Estate Development</b></p> <p>New construction of 20 - to 30-unit multifamily apartment buildings funded by the Low -Income Housing Tax Credit (LIHTC) Program</p> <p>Rehab of multifamily properties also through LIHTC (on hold as of 2024 due to lack of funding)</p> <p>MHC infrastructure redevelopment projects</p>	 <p><b>Resident Services</b></p> <p>“Support and Services at Home” (SASH) for residents of senior housing in Vergennes, Bristol, and Shoreham/Orwell as well as the surrounding communities</p> <p>Family Support Program for families and individuals who need services to maintain their housing and well-being, with an emphasis on formerly homeless households.</p>
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Our prior strategic plan focused on four overarching goals:

1. Increase and preserve Addison County’s supply of affordable housing based on community need and opportunity;
2. Address the financial viability of AHW’s manufactured housing portfolio and enhance the quality of the physical environment and overall community for residents of manufactured housing communities;
3. Support all residents to be successful tenants and owners; and
4. Build organizational and financial capacity to support AHW’s mission.

Over the five-year strategic plan period of 2019-2024, AHW has delivered on these goals. During that time, the organization:

- Created 44 permanently affordable apartments and acquired and rehabbed 16 apartments for elderly and disabled residents;
- Stabilized the finances of the manufactured housing communities so that the portfolio is now able to meet maintenance needs while also contributing positively to AHW's bottom line;
- Created a 10-year infrastructure redevelopment plan for the manufactured housing communities and successfully completed a community septic at Lindale, a new water system at Vaughn Court, and preliminary engineering on all of the remaining seven parks, raising over \$5 million in grants to support these projects;
- Funded and launched a resident services program that has served over 100 households since inception with a 96% housing retention rate;
- Launched a fundraising program that has raised over \$1 million since 2015 and increased 23% year over year, supporting approximately 5-10% of our operating budget; and
- Completed other various organizational capacity building activities from implementing new software to improving the workplace environment for staff.

As we look to the next three years, we will continue to focus on our core mission while finding ways to overcome new headwinds, most notably:

- Drastically increased construction costs;
- Withdrawal of federal pandemic resources and increasingly limited funding availability more generally;
- High housing costs driving homelessness and exacerbating need for affordable housing; and
- Heightened mental, physical, and behavior health needs among many of our residents, a significant share of whom have a history of homelessness and live at or below the poverty line.

These headwinds have eroded AHW's ability to meet our mission sustainably while maintaining the quality of our housing and services. Our plan focuses on the next three years due to the increasingly challenging and unpredictable nature of our operating environment, as well as a need to retool our business model within the timeframe supported by our reserve funds.

## Environmental Scan

As part of our strategic planning process, AHW conducted an environmental scan during the spring of 2024. The environmental scan consisted of:

- Publicly available housing and demographic data;
- Internal programmatic and performance data;
- Resident feedback forms;
- A community partner survey;
- Interviews with key stakeholders including funders and partners; and
- Results from several years of annual staff surveys.

### **High Need for Affordable Housing**

The data scan revealed that Addison County continues to suffer from an extremely tight housing market characterized by high housing costs, a low rental vacancy rate, and persistent homelessness. Rents increased 40% between 2010 and 2022, while median renter income increased just 10% over that same period. While the affordability gap for homeownership has continued to widen, renters continue to face higher rates of housing cost burden, with 47% paying more than 30% of their income (the typical threshold considered affordable) and over a quarter paying more than half of their income in rent.

Homelessness spiked in 2020 but has fallen back to pre-pandemic levels at about 80 unhoused families and individuals on any given night in Addison County based on the annual “Point in Time Count.” Meanwhile, AHW maintains a waitlist of approximately 200 households in need of an affordable apartments. Apartments become available at a rate of about 30 to 50 per year, meaning it could take four to six years for someone to become housed from the waitlist.

### **High Need for Supportive Services among Residents**

In addition to meeting high demand, AHW must also strive to serve an increasingly vulnerable population. Since 2018, the share of our apartment residents with a history of homelessness has increased from 16% to 22%, and in 2023 alone, 36% of apartments that became vacant were filled by formerly unhoused families and individuals. Additionally, 37% of residents are elderly, 32% have a disability, and half earn less than 30% of Area Median Income

(AMI), meaning they are surviving on poverty-level incomes. In dollar terms, the median income of an AHW renter is just over \$21,000, an amount at which monthly rent of just \$525 would be considered affordable. Meanwhile, median rent in Addison County is closer to \$1,200 per month.

### **AHW Performs Well Operationally and Financially**

The environmental scan included internal performance data to help identify organizational issues affecting AHW's ability to deliver its programs effectively. Data focused on property management operations and financial performance. AHW consistently outperformed industry benchmarks for occupancy (i.e. filling units quickly) and collections, ensuring solid financial performance of both the housing portfolio and the organization. For example in 2023, AHW maintained a 3.4% vacancy rate and a "unit turn time" of under 60 days. For the most recent reporting period, AHW had the highest collections rate of peer organizations at 98.7% compared with an average of 95.1%.

### **Financial Clouds on the Horizon**

While recent financial performance has been strong, projections show significant challenges ahead. Specifically, fees from real estate development projects have historically contributed about 15% of AHW's revenue, but recent rises in construction costs, the lack of availability of funding for rehabilitation and new construction projects, scarcity of suitable development sites, and new competition from for-profit developers have all conspired to create a significant hurdle for AHW to overcome. If AHW does not bring in new development projects, the organization will face a shortfall of approximately \$300,000 - \$400,000 annually. Current reserves will allow the organization to sustain deficit spending through 2027, but ultimately, new sources of revenue and/or a new business model need to be identified.

### **Major Donor Feasibility Study**

During the strategic planning process, AHW's Board of Directors identified a need to better understand the organization's fundraising potential and whether this revenue source could be capable of supplanting the decline in developer fees. In September, AHW contracted with local philanthropy consultant Amy Mason to conduct a major donor feasibility study. During September and October, Amy and AHW staff and Board conducted interviews

with approximately 25 community members including active donors, prospective major donors, and others with particular knowledge of the community and/or housing development.

In addition to gauging appetite for investment in a major capital campaign or fund drive, the interviews also touched on the prospect of a merger with another regional housing organization and how local philanthropy might be impacted if a merger were to occur. The study encountered both openness and reservations regarding the idea of merger. It confirmed housing as an important issue to local philanthropy, especially as it pertains to 1) the homelessness crisis and 2) the lack of workforce housing and starter homes for families. Ultimately, however, the study concluded that raising enough additional support to fully compensate for the organization's projected budget shortfall would be extremely challenging, suggesting that merger may therefore be a more feasible path forward.

## Overarching Strategic Goals

We have identified six overarching strategic priorities for the next three years:

1. Continue to address the county's shortage of affordable housing by pursuing and maximizing all available resources.
2. Expand our capacity to provide the services to help our residents thrive and to enhance the health and well-being of the communities we serve.
3. Commit to the quality and sustainability of the permanently affordable homes we produce through sound stewardship and strategic investments.
4. Ensure AHW has the resources to support long-term sustainability and reliable delivery of mission-critical programs and services.
5. Be the voice for the people we serve by advocating for lasting community-led affordable housing solutions.
6. Maintain and expand internal capacity to support all of the above.

*Continue to address the county's shortage of affordable housing by pursuing and maximizing all available resources:* As the primary nonprofit housing developer serving Addison County, AHW should continue to seek real estate development opportunities to alleviate the shortage of homes driving high rents, high rates of housing cost burden, and homelessness. This includes the

traditional Low-Income Housing Tax Credit (LIHTC) projects we have historically pursued and which have and may continue to generate an important source of revenue, though this funding may be more limited going forward. As such, AHW should seek to diversify its real estate development activities, for example by exploring the potential to develop new MHCs and various kinds of purpose-built housing targeted to underserved populations like people in recovery.

*Expand our capacity to provide the services to help our residents thrive and to enhance the health and well-being of the communities we serve:* AHW serves a vulnerable population with complex service needs, and persistent high rates of homelessness point to ongoing need for these services. Likewise, AHW has experienced considerable success in working with residents to support their housing stability, and should build on this strength.

*Commit to the quality and sustainability of the permanently affordable homes we produce through sound stewardship and strategic investments:* The current environment of high costs and funding scarcity also extends to a lack of resources for reinvestment in our existing permanently affordable housing portfolio. Ensuring that deferred maintenance and capital disinvestment don't jeopardize the quality, availability, and affordability of our existing housing stock will be a key challenge in the years to come. This is especially salient for our MHCs with aging water and wastewater infrastructure.

*Ensure AHW has the resources to support long-term sustainability and reliable delivery of mission-critical programs and services:* Real estate development fees that have traditionally supported AHW's operating budget have declined significantly, and property management fees have not kept pace with costs. AHW must seek other strategies such as merger and fundraising development to diversify revenue and ensure sustainable mission delivery.

*Be the voice for the people we serve by advocating for lasting community-led affordable housing solutions:* Many of the challenges we face are systemic and require systemic solutions. Strong advocacy will be essential for achieving the necessary investment in capital needs, resident services, and organizational capacity.

*Maintain and expand internal capacity to support all of the above:* AHW has made significant strides in increasing our organizational and financial capacity, but some gaps remain. The organization will need to build on our success even further in order to thrive in our increasingly complex and resource-constrained operating environment.

## Strategies and Objectives

### **Goal I: Continue to address the county’s shortage of affordable housing by pursuing and maximizing all available resources**

- A. Continue to seek new multi-family development opportunities to add permanently affordable rental units to Addison County’s housing stock, including units that are targeted for people experiencing houselessness
- B. Explore opportunities to address the needs of marginalized and underserved populations, including those with mental health and substance use disorders, the disabled and BIPOC people.
- C. Explore manufactured housing and the creation of a new mobile home community, as an avenue to create more affordable, cost-effective housing development.
- D. Provide shared-equity downpayment grants for low -and moderate-income homebuyers to expand access to homeownership that remains permanently affordable.
- E. Build climate resilient and energy efficient homes, when possible.

### **Goal II. Expand our capacity to provide the services to help our residents thrive and to enhance the health and well-being of the communities we serve by:**

- A. Building strong partnerships with key social service partners.
- B. Seeking sustainable funding for Resident Service Coordinators embedded in Addison Housing Works housing through the Family Support Program.
- C. Expanding the Family Support Program using the “Sash for All” model, if funding becomes available.



**Goal III. Ensure the quality, sustainability, and climate resilience of the permanently affordable homes we produce through sound stewardship and strategic investments.**

- A. Work with partners and funders to identify and grow potential funding sources/ models for reinvestment in existing multi-family properties.
- B. Continue to implement AHW's Manufactured Housing Community redevelopment plan and focus housing development capacity on infrastructure projects.
- C. Continue to assist park residents in upgrading their mobile homes with Zero Energy-Ready Homes (ZERH's), where feasible, and with new and existing state resources such as the Manufactured Housing Improvement and Repair (MHIR) Program, Weatherization, etc.

**Goal IV: Ensure AHW has the resources to support long-term sustainability and reliable delivery of mission-critical programs and services by:**

- A. Explore the possibility of merging or forming a collaboration strategy with a sister housing organization, to ensure the long-term health of Addison Housing Works' mission, by expanding organizational capacity and scale.
- B. Continuing to seek funding for housing development and redevelopment projects that generate fee revenue for AHW.
- C. Substantially grow Addison Housing Works' fund development capacity by:
  - i. Implementing recommendations from the feasibility study to increase the number of major donors and bolster annual giving for years to come.
  - ii. Invest in the organization's capacity to conduct that campaign, if it is judged feasible.
  - iii. Develop the outreach and communications capacity to expand awareness and support through Addison County regarding Addison Housing Works' programs and mission.

**Goal V: Be a voice for the people we serve by advocating for lasting community-led affordable housing solutions.**

- A. Advocate for critical capital investments emphasizing the following priorities:
  - i. Funding for the recapitalization of the permanently affordable portfolio as needed, to ensure the state does not withdraw its commitment to permanent affordability.
  - ii. Flexible funding for VHCB and other agencies to support the existing and innovative funding models identified in Goal I.
- B. Leverage Family Support Program data and success stories to strengthen the case for ongoing state investment in resident services embedded with housing providers.
- C. Create and support opportunities for resident advocacy at the local, state and federal level.

**Goal VI: maintain and expand internal capacity to support all of the above.**

- A. Support strong staff culture and effectiveness by:
  - i. Fostering a positive and inclusive work environment;
  - ii. Enhancing training and professional development; and
  - iii. Strengthening communications systems.
- B. Shore up governance capacity by:
  - i. Strengthening board recruitment, onboarding, and retention efforts.
  - ii. Aligning committee structures with organizational priorities and expanding capacity through non-board member participants.
  - iii. Increasing board advocacy and fundraising capacity through training, tools, and resources to confidently engage in outreach and donor cultivation.
- C. Undertake succession planning for key leadership positions, including the Executive Director and board leadership roles, to ensure continuity and stability.

## Board Performance Indicators

Recognizing that the Board's role is to set strategic priorities at a high level, staff will develop an operational year-by-year work plan with in-depth tactics, targets, and metrics to keep us accountable and moving toward success. The Board will use the following high-level indicators to stay abreast of environmental trends, make mid-course corrections if necessary, and gauge progress towards implementing the plan as a whole:

### Environmental Trends:

- Percentage of people paying more than 30% of their income for housing costs in Addison County
- County-wide vacancy rates
- County-wide income levels
- Job growth
- Median rents
- County point-in-time homeless rate
- Demographic and population trends

### Programmatic Trends (AHW performance data)

- # units
- # renters
- # homeowners
- Internal vacancy rate
- Resident income levels
- # applications received/% accepted, reasons for non-acceptance
- # homeless families getting housed at AHW/% of rental units
- Eviction rate over all and for formerly unhoused residents
- Resident satisfaction

### Organizational Capacity Trends

- Staff turnover rate
- Staff survey results compared to previous years

### Financial Dashboard

- Three-year cash flow projection
- Days of cash on hand

- Quarterly financial statements (income statement, budget comparison report, balance sheet)
- Accounts receivable (trend and per unit)
- Unpaid management fees