



MSHDA

MICHIGAN STATE HOUSING
DEVELOPMENT AUTHORITY

STRATEGIC PLAN

Background

Setting the Stage for MSHDA's Priorities:

Recent leadership and organization changes have taken place at the Michigan State Housing Development Authority, elevating the need for new goals and objectives to be discussed, outlined, measured and quantified. MSHDA's mission will be defined and dedicated to three new major goals that will call for specific tangible objectives.

If Michigan's economy and housing market operated perfectly, the market would provide precisely the right number and types of housing units to meet the needs of every individual and family.

Historically, that has not been the case, and the situation has become more problematic over the past decade. Many individuals lack the income required to acquire the housing they need for themselves and their families, and the distribution of affordable housing has not matched the geographical demand. In recent years, lower incomes coupled with mortgage costs and inflated housing prices caused the nation's housing market to collapse. Michigan's foreclosure crisis predated that of the nation, beginning in 2005, and while foreclosure rates have been greatly reduced, they continue to be a lingering problem today.

- **Goal:** MSHDA must first ensure its future through financial solvency in order to take a more active approach in filling the gaps necessary for individuals to acquire affordable housing and social housing-related missions in communities where demands are not being met.

Thousands of Michigan residents remain on a waiting list for housing assistance support. Studies reviewed by MSHDA staff have concluded that homelessness imposes a far greater public financial burden than paying rent for those in need. Homelessness increases demand for emergency health care, social services and other government services. Since ending veteran homelessness is currently a priority at both the federal and state levels, it is believed we can secure the financial and technical resources required to effectively end homelessness for this segment of the population.

- **Goal:** MSHDA will strive to provide a roof for every homeless veteran in Michigan seeking shelter. While homelessness numbers have improved, much work is needed to significantly reduce homelessness in our state.

Just as the housing market changes, so do the needs of our customers. MSHDA is not alone in addressing these daunting challenges. Across the state, statewide and local organizations in both the public and private sectors are actively involved in finding solutions to the needs and challenges. These organizations have substantial resources that can complement MSHDA's work. Private for-profit and nonprofit developers, investors, syndicators, local governments, direct service agencies, and other community-based organizations possess unique perspectives, capabilities, constituencies and resources to help improve MSHDA's delivery of loans, grants and services.

However, MSHDA's customers are not only external stakeholders. The staff that make up MSHDA are valued customers and essential to carrying out its mission.

- **Goal:** MSHDA must continuously improve operational efficiencies for both customers and staff by improving its internal processes, policies and technology.

Each of these goals will be measured through tangible objectives that constitute MSHDA's short and long term priorities.

Need for a MSHDA Strategic Plan

MSHDA is committed to ensuring its investments add value to Michigan residents and communities. To illustrate its dedication to these investments, MSHDA must set forth necessary goals and tangible objectives.

Strategic goals are designed to guide MSHDA's activities for the foreseeable future regardless of changes in executive leadership and administration.

While MSHDA's core mission has remained mostly consistent for 50 years, transient executive leadership, changing department structures and political dynamics over the last decade have hindered the development of long-term planning objectives.

As MSHDA approaches its 50th anniversary, the time is right to build upon its strong foundation with a focus on the future. With new executive leadership focusing on accountability and transparency, the creation of a sound, long-term strategic plan will benefit Michigan residents for years to come. Setting tangible objectives that enable MSHDA to achieve its strategic goals will help staff understand those goals and how they align with MSHDA's mission.

Process of Formulating a Strategic Plan

In developing a MSHDA strategic plan, Executive Director Kevin Elsenheimer first solicited comments and ideas from a group of staff about future Authority goals and objectives.

After spending time understanding MSHDA's unique role and history in assisting Michigan's affordable housing needs and development opportunities, Director Elsenheimer began working with the MSHDA Board to identify policy priorities.

Many of the board members' priorities and staff goals had parallel themes. Similarities were quickly identified and senior managers and executive leadership staff were asked for additional input to identify goals that incorporated these commonalities.

In January of 2016, Director Elsenheimer presented the MSHDA Board with a draft strategic plan that outlined his short and long-term goals and he asked board members for constructive input. Feedback was provided through specific policy comments and questions at the board meeting as well as follow-up suggestions.

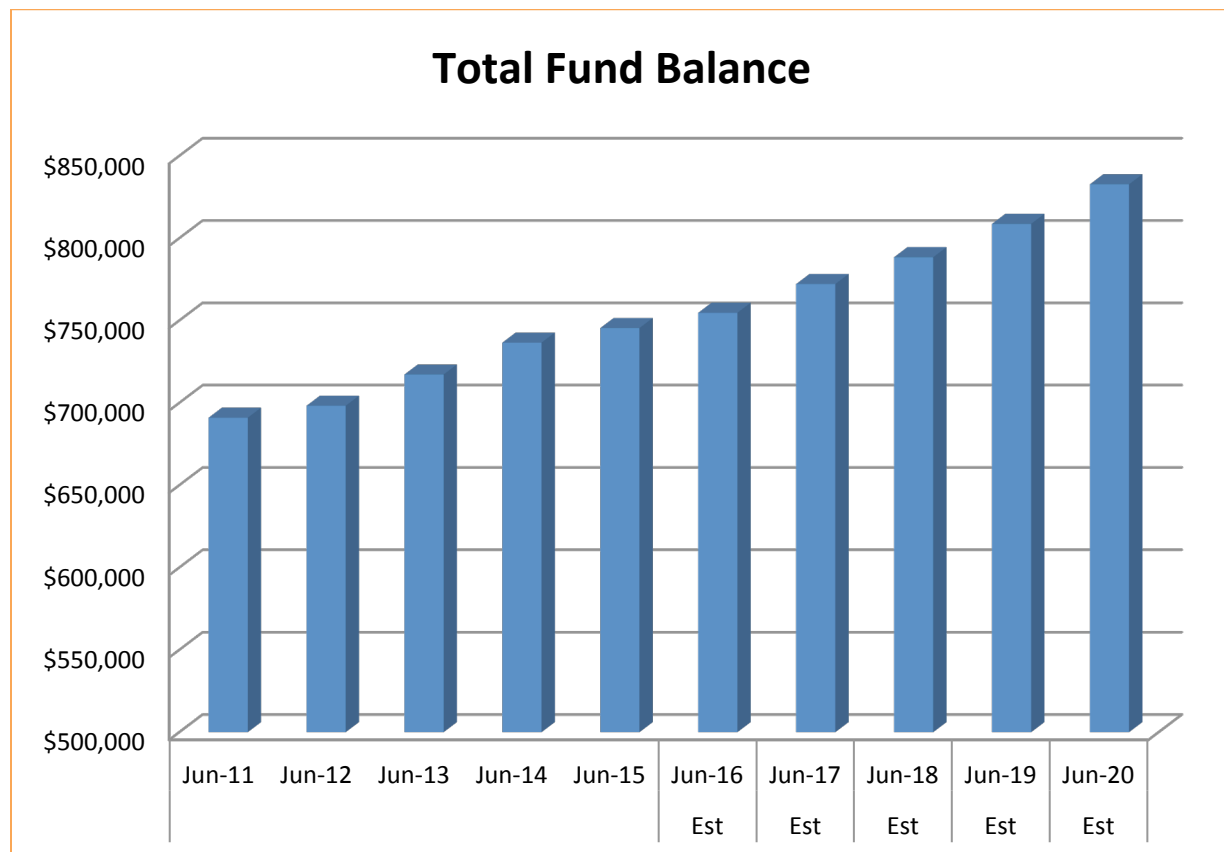
In February, the strategic plan was presented to MSHDA's Employee Engagement Committee (EEC), which is made up of a diverse set of staff from each division of MSHDA. Comments and suggestions from the EEC helped Kevin further revise the strategic plan.

The strategic plan knits together creative approaches to strengthening Michigan's housing market using MSHDA resources to advance our mission and improve customer experiences. At its core, this plan is focused on helping develop and preserve affordable housing in Michigan.

Goal #1: Building Financial Solvency to Advance Mission

Planning for growth is a fundamental element of any successful organization, but not traditionally a practice common within governmental agencies. Most state agencies are highly dependent on legislative appropriations for year-to-year programmatic operational revenues. MSHDA's revenues are not dependent on state legislative approval. MSHDA has been called unique among divisions of state government because of its proven track record of making wise investments that have generated operating revenue that helps support its social mission.

MSHDA's current fund balance stands at \$722 million. Interest earned on this fund balance helps provide operational and grant revenue for MSHDA's core programs and other mission-related expenditures.



Planned, sustained growth in MSHDA's fund balance over the next five years will generate additional potential grant dollars allowing MSHDA to fulfill many of the goals in this strategic plan, such as ending veteran homelessness and expanding operational efficiencies.

- MSHDA must steadily increase its fund balance to provide increased support for its social missions of affordable housing development and homeless prevention.

Enhancing MSHDA's fund balance will have positive impacts on bond ratings and spending decisions. To achieve a greater fund balance, spending will have to be restrained. Managers will need to ask: Are spending proposals necessary and will program decisions move us toward the goal of a higher fund balance? Do the benefits to our customers outweigh the expense?

- MSHDA's discretionary spending for travel, sponsorships and memberships will not exceed inflationary increases.

MSHDA processes roughly 1,800 single family home loans a year. Promoting our single family product and enhancing programmatic improvements to reduce loan processing times for lenders will help increase our annual production by some 1,200 loans by the end of 2020. As our interest rates become more competitive and we work to incentivize and attract lenders to originate MSHDA's single family mortgages, we can attain this goal. Currently, the state of Minnesota processes over 3,000 home loans each year. Michigan has nearly twice the population and customer base to work from, so MSHDA should be able to surpass neighboring states in promoting and providing more affordable housing options for Michigan residents. By developing better relationships with vendors and improving loan processing times, MSHDA will better compare with Minnesota and other states.

- MSHDA will increase its single family mortgage annual production to 3,000 loans by 2020.

In order to increase our single family production, MSHDA must promote, raise awareness and solicit potential new customers through creative marketing and advertisement.

- MSHDA's unique down payment assistance program will be more aggressively promoted for qualified home buyers in the market.
- A refreshed MSHDA website and portal will attract customers to our single family homeownership product lines.

This improved marketing campaign will involve the branding of MSHDA's new logo to attract new lenders, customers and stakeholders and help raise awareness about our growing services, products and offerings.

Aggressively finding new partnerships and opportunities to market MSHDA products to customers will widen its reach to expand affordable housing options for years to come.

- MSHDA will explore other homeownership products that provide property owners with new opportunities to finance repairs or creative ways to buy down principal to create equity in their homes.

In addition to expanding our footprint in the traditional homeownership market, MSHDA must begin exploring innovative ideas and ways to provide new lending investment strategies for historic preservation as well as our multifamily production. Examples include:

- Developing partnerships to create a revolving fund approach to advance historic preservation development.
- Using soft funding streams such as the federal Housing Trust Fund and the Community Housing Development Organization set-aside to add new multifamily production in conjunction with existing bond products.
- Increasing efficiency and lower costs by streamlining multifamily underwriting and closing processes, thereby cutting time from application to initial disbursement.
- Exploring new housing financing products that will generate fees and revenue.
- Designing new multifamily loan products with a goal of reducing lending interest rates.

Soliciting input from local communities about housing needs and products must complement our portfolio of services. MSHDA, like any successful company, can become complacent and reactionary, rather than proactive. The time to research and determine housing needs in local communities is now. We must do it strategically by researching market demand and asking for input from community leaders through housing assessments.

- MSHDA will proactively conduct outreach with local units of government and analyze third party data to make recommendations to MSHDA leadership on gaps in housing products available and/or the increased or targeted marketing of existing housing products.

All hands must be on deck and no stone left unturned in order to grow our fund balance, so MSHDA can continue allocating financial resources to its core mission in the future.

Goal #2: A Roof for Every Homeless Veteran

In 2015, just over 4,400 veterans experienced homelessness, a 21% reduction from the previous year. During this time about 2,800 (64%) of these veterans were placed in permanent housing while another 400 veterans were housed in transitional housing.

These numbers mean that 3,200 of Michigan's homeless veterans had a place to call home. While that's a good start, it is not good enough.

MSHDA believes that 1,200 homeless veterans were unable to receive housing last year. We must find better ways to partner with the Michigan Veterans Affairs Agency (MVAA) as well as the Department of Health and Human Services (DHHS) and the State Interagency Council on Homelessness.

- MSHDA will work with our partners at HUD and the VA to push for more federal VASH vouchers that can provide supportive housing for veterans.
- MSHDA will maximize program revenues and grant resources to supplement other state and federal revenue sources in an effort to end veteran homelessness.

Virginia was the first state to meet the federal definition of effectively ending homelessness among military veterans. Other state and local governments around the country have followed suit. Michigan may not have been the first to identify this goal, but we certainly won't be the last and should position ourselves to be next.

Goal #3: Improving the Customer Experience

MSHDA's customers are stakeholders, contractors, program participants, Michigan residents and the 341 staff that provide services on behalf of the Authority. Too many times, an organization will only see its customers as external. Without improving satisfaction from within, though, repeated failures and shortcomings will continue to be projected externally.

In a recent survey and subsequent MSHDA-wide employee engagement action plan, advancements in IT were called for to improve customer experience.

- MSHDA will seek to improve internal operations by updating technology to industry standards using proven, off-the-shelf-products where possible to the benefit of its customers.

The agency is not adequately using technology that is strategic to its needs. Leveraging the use of IT systems in a broader capacity to improve business processes, rather than focusing on maintaining existing systems, should assist in improving customer satisfaction.

- MSHDA will strive for greater collaboration among divisions by offering new ideas, different approaches and new mechanisms to accomplish business planning through technology sharing.

There is more to serving customers than just advancing technology. A re-evaluation of policies to improve timeliness and administrative processing is necessary. MSHDA provides many of its services under a competitive lending environment. Therefore, we have to improve or eliminate self-imposed processes that cause unnecessary bureaucratic hurdles for customers.

- MSHDA will actively train staff in process improvement methodologies and implement at least two major programmatic process improvements per year to improve customer satisfaction.
- Earlier this year, MSHDA implemented a new toll-free number for customers. Evaluating additional customer-friendly simple improvements to enhance the customers experience should be done periodically.
- MSHDA will find customer service satisfaction technology that will aid in providing constructive and helpful feedback about experiences and interactions.

Lastly, MSHDA leadership and managers must begin improving communications and develop goal strategies outlined in this plan by better communicating with staff at each work location to help carry out objectives. To do so, MSHDA leadership is dedicated to all of the following:

- Finding ways to improve staff collaborations and communications at work locations,
- Improving manager visibility and accessibility at all work locations, and
- Welcoming MSHDA's State Historic Preservation Office to the downtown Lansing office.

Organizing for Effective Implementation

To ensure that this strategic plan is translated into strategic action that generates positive, measurable results, MSHDA will assemble a team to lead the implementation of each goal and objective (bulleted items).

These teams will be responsible for crafting action plans to carry out each strategy within their assigned goal or objective. The groups will engage staff throughout MSHDA, as appropriate, to solicit input regarding the actions and how they should be implemented.

Implementation of Overarching Goals

For each of the three overarching goals, one leader will be responsible for overseeing progress. This role includes detailing the progress toward the goal by tracking the status for each tangible objective and reporting to the senior managers group and the Executive Office. It also includes connecting with other MSHDA leaders who are responsible for programs that can be expected to influence the goal to determine whether ongoing levels of activity can be realistically expected to yield the desired changes in the outcome. Each team leader will assemble a small team that represents the relevant divisions and classifications within MSHDA to assist in this work.

Goal #1: Building Financial Solvency to Advance MSHDA's Mission

- *Action Team Lead:* Jeff Sykes

Goal #2: A Roof for Every Homeless Veteran

- *Action Team Lead:* Kelly Rose

Goal #3: Improving the Customer Experience

- *Action Team Lead:* Brian Mills

Sequence of Activities for Implementation of Objectives

1. Assemble Action Teams for Each Objective

Team leaders may be assisted by others appointed by the Executive Director who bring the right perspectives, experience and skills needed for the work. Action Teams will report their progress to the senior managers group and the Executive Director on a regular basis. The Executive Director will provide regular updates to the MSHDA Board and staff.

2. Develop Action Plans

As soon as they are assembled, the Action Teams will develop concrete action plans and develop tracking tools to measure progress toward objective. They also will gather input from partners and other stakeholders.

3. Refine and Implement Action Plans

Action Teams will refine the action plans as necessary, and the divisions will immediately begin implementation. Throughout this process, the teams will continue to meet regularly to provide oversight to and collect feedback from the divisions. They also will continue to provide regular progress updates to the Executive Director.

Conclusion

The Michigan State Housing Development Authority leads the state's efforts to ensure that every Michigan citizen enjoys the benefits of the American dream of having decent, safe affordable housing. Recognizing that many face challenges in achieving this dream, MSHDA supports homeownership, stimulates development of affordable rental housing, works to end homelessness, and invests in creating great and historically significant places in which to live and work.

Through this strategic plan, MSHDA has crafted a set of objectives to increase its ability to achieve its goals. By carefully monitoring the objectives that attach to each goal, MSHDA will know how much progress it makes and where opportunities to improve its efforts may lie.

Every action MSHDA takes is aimed at improving the lives of individuals and the economy of the state. By collaborating with its customers, it aligns a powerful array of resources to support this common purpose.

Into the foreseeable future, this strategic plan will serve as a roadmap that will allow every member of the MSHDA team to follow the same path toward our shared goals. Together, this team of dedicated professionals is committed to delivering the strongest possible results to the people it serves.