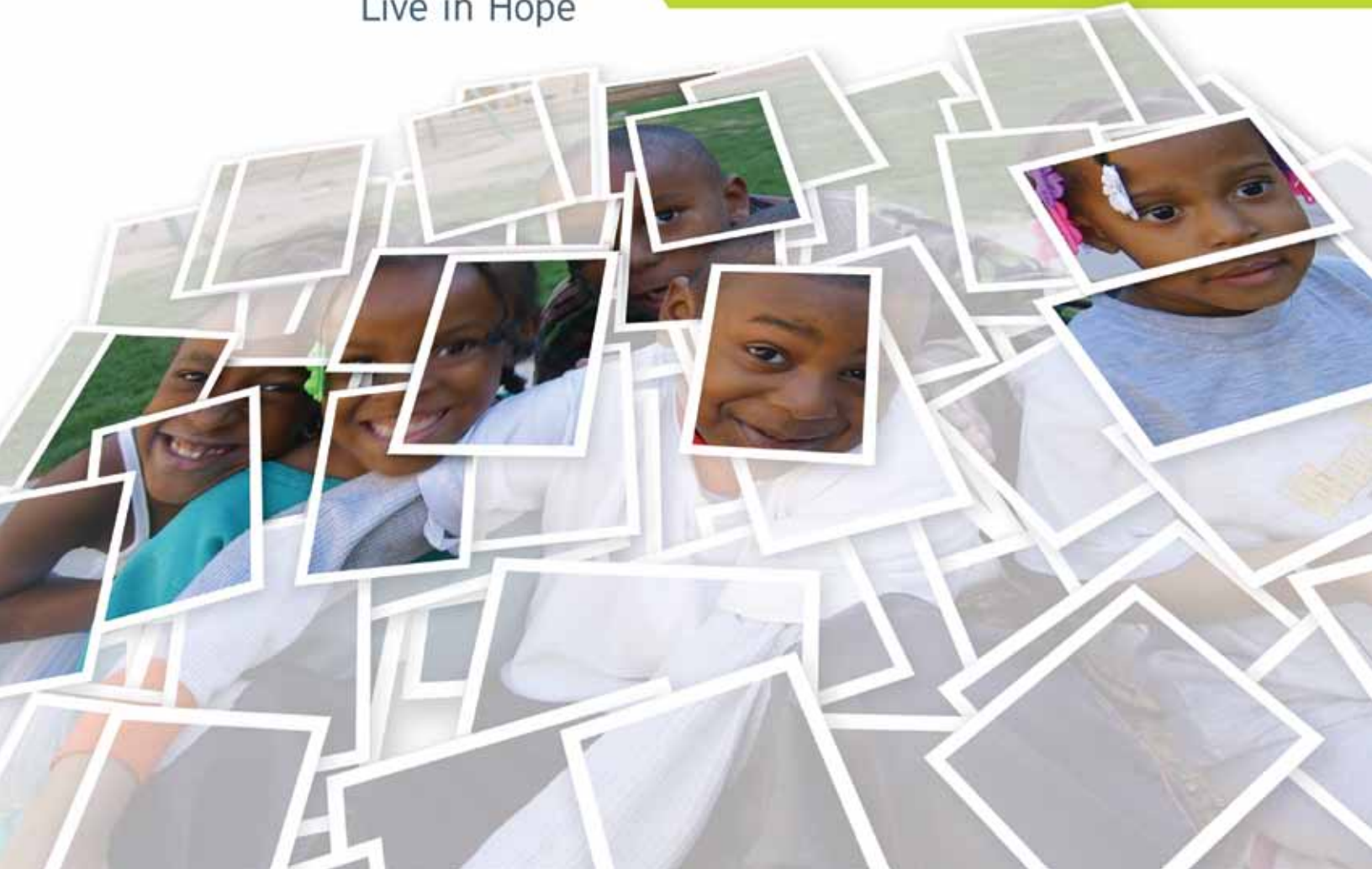




mercy HOUSING
Live in Hope

Strategic Plan 2010-2014



Our Vision

Mercy Housing is working to create a more humane world where poverty is alleviated, communities are healthy and all people can develop their full potential. We believe that affordable housing and supportive programs improve the economic status of residents, transform neighborhoods and stabilize lives.

Our Mission

To create stable, vibrant and healthy communities by developing, financing and operating affordable, program-enriched housing for families, seniors and people with special needs who lack the economic resources to access quality, safe housing opportunities.

Our Values:

Respect: A basic perspective and behavior which is attentive, considerate and shows special regard for the inherent dignity of persons and the sacredness of creation.

Justice: The fair and impartial treatment of others.

Mercy: The ability to see need and respond with compassion.



I am pleased to present you the 2010-2014 Mercy Housing Strategic Plan. The plan was created through a year-long process involving more than 100 internal staff, Board of Directors and external partners and friends.

Our intention was to develop an ambitious agenda to take us through the next five years as we work to reduce the gap between the need for affordable housing and the supply of affordable homes. We feel this plan achieves that goal.

The mission of Mercy Housing is as relevant today as it was when the organization was founded in 1981. Guided by a legacy of visionary leadership, we remain steadfast in our abilities to accomplish our goals and passionate about our vision to create a more humane world. But it is critical that Mercy Housing have an integrated strategic approach to guide us as we make important decisions that will shape the future of Mercy Housing and the communities we serve.

With a sluggish economy and a national unemployment rate averaging around 8 percent, millions who consider themselves middle class continue to lose their homes to foreclosure and fall through the safety nets.

While the thought of losing a home, living in substandard housing, or

Introduction

living on the street is unimaginable, it is a reality for an increasing number of individuals and families in our country.

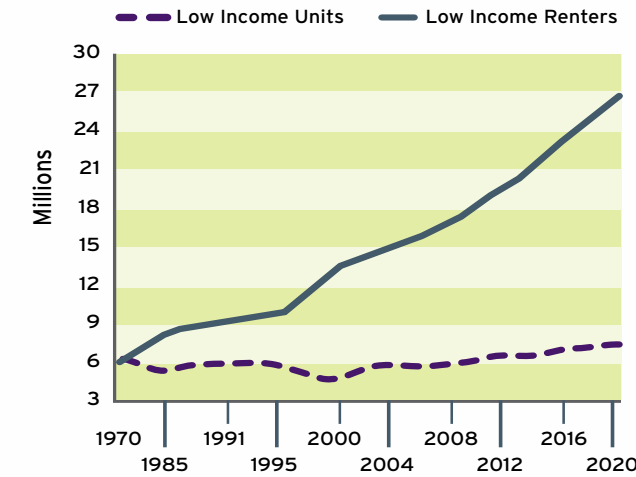
This plan charts a course to success, while acknowledging the importance of collaboration with our business partners, investors, Strategic Health Care Partners, philanthropic and government supporters, our individual donors, and many more.

Closing the Gap

There is an affordable housing crisis in this country especially for those most vulnerable, low- and very-low-income persons. The gap between the supply and demand for this housing is rapidly growing and we need to dramatically increase efforts to preserve and develop new homes for this population. In response to this growing need Mercy Housing will aggressively increase our efforts to develop, preserve and/or finance additional affordable, service enriched multifamily rental homes serving lower and moderate income persons (those at 0% to 120% of area median income), while preserving and enhancing the properties in our inventory and continuing to emphasize our homes as platforms for resident success. Through this plan, and with your partnership, we're creating vibrant communities and enriching the lives of families, seniors and individuals through affordable, program-enriched housing. Live in Hope,

Sister Lillian Murphy, RSM
CEO, Mercy Housing

The Growing Affordable Housing Shortage



Sources: U.S. Census Bureau, U.S. Department of Housing and Urban Development

Projections by Mercy Housing based on information gathered from the following sources: National Low Income Housing Coalition, Center for Housing Policy, Joint Center for Housing Studies of Harvard University, U.S. Census Bureau, U.S. Department of Housing and Urban Development

Operating Excellence and Long Term Stability

Mercy Housing will continue to focus on the community impact (social, environmental and economic) of our work and on business fundamentals that ensure long term financial stability. We will acquire and expand financial, human and technology capital to support our growth and enhance our existing portfolio. We will build a compelling brand and a durable platform of excellence from which to execute our mission.



Deliverables:

- Implement a talent management strategy to develop the next generation of leadership and provide support and opportunities for staff at all levels.
- Implement a Mercy Housing community impact measurement system that tracks the social, environmental and economic impact of our products and programs; delivers a compelling and simple message about the effectiveness of the work and attracts new investment.
- Implement an information technology and business improvement strategy to enable a data driven culture.
- Create an enterprise-wide risk profile and a process to implement and monitor company-wide.
- Establish business improvement strategies and processes.
- Develop benchmarks and reporting models to closely monitor progress in achieving the goals.
- Implement a capital development plan to expand and diversify revenue and capital resources to support all aspects of our growth.
- Implement a compelling new brand platform.



Stewardship of Existing Property Portfolio

Mercy Housing will be a market leader in delivering high quality affordable rental homes by preserving, supporting and sustaining our properties through effective and environmentally sustainable property and asset management practices that serve all of our stakeholders.

Deliverables:

- Develop a more integrated team approach between asset management, property management, development and resident services teams designed to deliver high quality, cost effective products and services.
- Recapitalize the portfolio as appropriate to ensure financial stability, effective ownership and maximum use of our capital.
- Implement an environmental program which will articulate and measure our commitment to environmental sustainability.

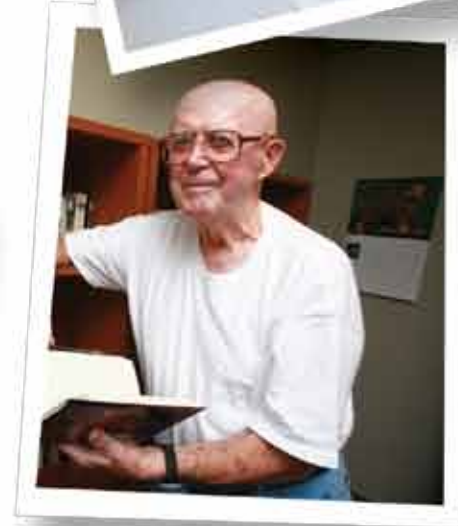


Resident Services

Mercy Housing will provide results-oriented, cost-effective resident services that provide a platform for success for our residents. We will collaborate with service groups in the community so as not to duplicate what already exists. We will document measurable and replicable results that reflect the impact and social return on investment in these programs and services.

Deliverables:

- Implement a system to collect and share best practices in resident programming across the organization resulting in the replication of resident programs that are linked to and produce desired outcomes.
- Implement a measurement program to assess the social impact of resident programs, articulate a compelling, relevant and simple message that illustrates the effectiveness of our programs and attracts new social investments.



Growth

Mercy Housing will develop, preserve and/or finance 60,000 affordable multifamily rental homes through strategic, focused, disciplined and environmentally sustainable growth in our core business activities in order to narrow the gap between the supply and demand for affordable rental housing for lower and moderate income persons and challenge the industry to find ways to dramatically increase capacity and production.

Deliverables:

- Allocate financial, programmatic and human capital to leverage our strengths and generate the greatest impact in accelerating growth.
- Identify additional sources of risk capital and new investment opportunities to accelerate growth.
- Prepare and adopt business plans for every business and support center that specifically identify innovations in programs, investments and processes that will accelerate growth and roll up to measure goals and benchmarks.

Health Care and Housing Linkages

Mercy Housing will engage with our Strategic Health Care Partners to leverage our strengths to pursue healthy communities, healthy buildings and healthy Residents. We will demonstrate new models for linking health care and housing that will increase access to care and lower costs.

Deliverables:

- Develop an affordable enhanced service delivery model that can be replicated and supports frail seniors in an unlicensed residential environment.
- Catalogue, refine and replicate health care programs delivered by our Partners to the Residents in Mercy Housing properties aimed at providing health care access to under and un-insured Residents.



Public Policy Education and Advocacy

Mercy Housing will engage every level of the organization to use our experience and practice to develop and promote national, state and local policies aimed at narrowing the housing affordability gap of multifamily rental homes for lower and moderate income persons.

Deliverables:

The five main public policy priorities are:

- Support tax incentives for investments in affordable housing and community development.
- Advocate for regulatory and legislative changes to HUD's multifamily affordable housing and community development programs.
- Expand environmental sustainability in affordable housing production and preservation.
- Explore linkages and resources needed between health care and housing, especially for seniors.
- Stabilize communities severely impacted by the foreclosure crisis.

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Operating Commitments:

Mercy Housing's commitment to creating a more humane world is at the core of our culture. It is evident in how we conduct an ethical, transparent business and in how we interact with our network of residents, communities, board, co-sponsors, volunteers, investors, partners and each other.

We are Ethical: We maintain high ethical standards in the conduct of business.

We are Accountable: We are accountable for the quality of our job performance, the responsible stewardship of the resources entrusted to us and for exemplifying our core values of respect, justice and mercy.

We are Advocates: We advocate on behalf of the economically poor and support programs, policies and like-minded groups that create opportunities for them to make positive change in their lives.

We are Diverse: We create an environment that supports and encourages diversity throughout the extended Mercy Housing community.

We are Collaborative: We work collaboratively, seeking the input of those who are affected by our work, internally and externally, and partner with like-minded groups to achieve our mission.





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