

# JUSTINE PETERSEN HOUSING & REINVESTMENT CORPORATION & SUBSIDIARY ORGANIZATIONS

## STRATEGIC PLAN 2023-2025

### OUR MISSION

Connect institutional resources with the needs of low- to moderate-income families and individuals in order to build assets and create enduring change.

### OUR VISION

People-centered financing breaks barriers and economic divides by building equity, wealth and financial freedom for diverse families and neighborhoods.

### OUR VALUES

- We are people and community focused.
- We are outcome-oriented.
- We are proactive and responsive to the needs of the community and the people we serve.
- We have high expectations of ourselves, our partners, and the people we serve.
- We are innovative and willing to take risks to improve the quality of life for the people we serve and the community.
- We believe that our staff and the people we serve are trustworthy and will take personal responsibility for their actions.
- We strive to develop and maintain strong partnerships to maximize impact and propel our mission.
- We are trustworthy stewards of the financial resources entrusted to our mission.

## ORGANIZATION HISTORY

Justine Petersen Housing & Reinvestment Corporation (Justine PETERSEN) provides asset building solutions in disinvested neighborhoods. Justine PETERSEN's story starts with the late Justine M. Petersen, a pioneering woman who helped hundreds of families in St. Louis shut out of homeownership opportunities due to income and location by working with banks to develop affordable, safe mortgages.

Justine PETERSEN is a U.S. Treasury certified Community Development Financial Institution, U.S. Small Business Administration Micro-Loan intermediary and Community Advantage lender, U.S. Department of Agriculture Intermediary Relender, and a HUD Certified Housing Counseling Agency and Community Housing Development Organization.

Since we began in 1997, Justine PETERSEN has:

- Counseled individually 39,250 families on credit building strategies
- Assisted over 6,000 to purchase homes, accessing \$540 million in safe, affordable mortgage loans
- Originated nearly \$200 million in business loans to 11,384 small and micro-enterprises and supported over 25,000 jobs
- Originated over \$7 million in small dollar loans to nearly 10,000 individuals for short-term emergencies, credit building/enhancement, and housing support.

Today, Justine PETERSEN is a growing, innovative company with both local community trust and a national leadership role. JP combines effective response to demand with a business model where revenues are earned and largely outcome-based. We carry out our mission through our products and services:

- credit building and financial education,
- homeownership preparation and retention
- micro-enterprise lending and technical assistance
- property development and management

**To accomplish our work, JP has established several subsidiary companies including:**

**Great Rivers Community Capital (GRCC)**, our wholly owned for-profit Community Development Financial Institution (CDFI), certified by the U.S. Department of Treasury began lending in 2002. GRCC holds several consumer loan licenses and originates our Save2Build product in 23 states through our innovative platform, Credit Building Nation.

**Twenty First Homes** was created in 2007 to construct, own and manage 20 single-family homes in Granite City, IL to provide affordable rental housing to low-income families with a pathway to homeownership.

**JP Emerging Markets Fund** was established in 2016 to attract capital contributions through equity investments. This has resulted in a \$1MM investment from a religious fund, \$500k from First Bank, \$200k from the William A. Kerr Foundation, FCB Banks invested \$300k, First Mid \$250k and Associated Bank \$250k.

**JP Covid-19 Response Fund** was established in 2020 in response to the global pandemic. The fund offered the opportunity for banks and others to invest low-cost capital to assist businesses to adapt to our changing environment. Investors included First Bank \$250K, Carrollton Bank \$250K, FCB Banks \$400K, Dieterich Bank \$250K, Bank of Springfield \$250K, and INB \$250K.

**Justine Petersen Properties, LLC** was established in 2021 to separate the rental real estate of the JP companies into a single entity to improve management efficiencies.

**This strategic plan builds on our significant growth and achievements of the last three years.**

Due to the COVID19 pandemic, JP attracted extraordinary grant support from corporate funders as well as federal agencies. JP responded to these historical and new barriers to capital by not only continuing our credit building products and financial education, but also through providing nearly \$20MM in Paycheck Protection Program (PPP) loans and providing essential technical assistance services to small businesses.

Prior to the pandemic, JP was originating \$14-\$15MM annually. In 2020 and 2021, JP originated over \$25MM and in 2022, we originated \$35MM. To adjust for this growth, our staff increased from 32 in 2018 to 49 in 2022.

Our Strategic Plan 2023-2025, speaks to our plans to continue to invest in our most important assets, our associates, and the operating systems and infrastructure to support them in their work. To continue to meet the extraordinary demand for our products and services, we will accelerate our fundraising, capitalization and revenue generating activities. To dive deeper into our communities and more fully reach disenfranchised populations, we will build and strengthen relationships and collaborations. Finally, we will expand our community development reach as we innovate on how we can more holistically build the wealth of the people we serve.

## **STRATEGIC PLANNING PROCESS 2022**

This strategic plan was developed as a collaboration between JP's senior leadership, staff and board of directors. All JP staff and board members had multiple opportunities to participate in seven strategic sessions to develop and refine the goals, success measures and initiatives. We are grateful for the support and contributions of all who made the process both inclusive and strategic.

The implementation of this strategic plan will require a consistent commitment. To support implementation, JP will:

- Use this plan as our guiding framework for key strategic issues through 2025
- Annually develop action plans with specific initiatives, assignments, budgets and other resource requirements needed to facilitate plan implementation.

## STRATEGIC GOALS, SUCCESS MEASURES AND INITIATIVES

**Goal 1:** Invest in our human resources, operating systems and infrastructure to sustain a most healthy workplace and support our growing team to consistently provide creative, people-centered services both internally and externally.

### 3- year Success Measures

- 1) High (90%) workforce satisfaction and engagement on annual employee survey
- 2) High (90%) customer satisfaction for consistent and flexible customer service
- 3) High (90%) staff agree that JP has a culture of open dialog about race, equity, inclusion and justice
- 4) High (90%) staff agree that JP has a culture of shared responsibility and ownership where middle management substantially participates in oversight of day-to-day operations in all departments
- 5) JP team members have a high average organization credit score (over 650)
- 6) JP incorporates environmental sustainability into its facilities and programming
- 7) JP leverages enhanced processes and technology to streamline operations to improve customer experience and measure program impact to inform people-centered programming and decision making.

### 3-year Initiatives

- 1.1 Reimagine a sustainable organizational structure with the resources needed to grow. Focus on intentional hiring and employee retention, onboarding and collaborative work environment that includes a strong middle management team
- 1.2 Promote a culture of cross training, professional development and transfer of institutional knowledge to enhance interdepartmental collaboration and understanding through weekly conversations and quarterly staff assessment reaching for multiple staff are proficient in each department task.
- 1.3 Develop a leadership program to guide staff development and succession planning. To train and coach a minimum of five new leaders that demographically represent the people that we serve that builds staff capacity to fully implement their role in carrying out JP's vision and mission.
- 1.4 Engage a consultant to develop and evaluate a DEI strategy to diversity, engage, grow and retain diverse staff and to address racial inequalities.
- 1.5 Enhance staff and management communication, collaboration, interdepartmental sharing and cohesiveness.
- 1.6 Maintain an active DEI committee that leads quarterly staff engagements with high (90%) participation.
- 1.7 Track staff diversity at all levels of the organization to improve transparency and guide hiring practices.

- 1.8 Increase energy efficiency through enhanced lighting and other facilities improvements at JP offices and redevelopment projects.
- 1.9 Continue investment in technology and focused attention on process improvement.

**Goal 2:** Strengthen the financial position and long-term sustainability of our core business to expand opportunities for underserved individuals, families and businesses.

### **3-year Success Measures**

- 1) Deploy over \$30 million in new loans annually
- 2) Maintain charge-off and default rates under 8%
- 3) Maintain earned income from lending at over \$5 million annually
- 4) Track individual donations and investments to increase giving
- 5) Develop a clear graduation to mainstream financial services path for small business borrowers (\$50K+).

### **3-year Initiatives**

- 2.1 Develop and implement a capitalization plan to raise \$17 million in new loan capital with at least \$5 million in equity.
- 2.2 Originate 500 small business loans over \$50k and 350 contractor loans to diversify our lending, complement our strong microloan portfolio, increase revenue per loan, and grow with the needs of our clients and their businesses.
- 2.3 Consistently review and refresh loan policies and procedures with multilevel staff engagement to align with internal default rate goals and external market changes.
- 2.4 Build a donor engagement program to establish giving and investments from individuals
- 2.5 Provide comprehensive post-loan business assistance and connection to professionals for bookkeeping/ accounting and legal assistance to borrowers with loans over \$50k
- 2.6 Pilot a Line of Credit Program paired with enhanced business assistance to prepare Small and Minority Contractors to access mainstream financial services.
- 2.7 Develop clear graduation path to for business borrowers through collaborations with small business assistance groups and mainstream bankers to effectively transition small business borrowers to mainstream financing.

**Goal 3** Focus all of our lending on intentional economic justice and expand the geographic reach throughout our core lending footprint (Missouri, Illinois, and Eastern Kansas)

**3-Year Success Measures:**

- 1) Increase loans originated to People of Color from \$62MM (2,529 loans) to \$75MM (3,000 loans)
- 2) Maintain lending North of Delmar in St. Louis at \$40M (1560 loans)
- 3) Increase Able Loan Products originated from \$660K (36 loans) to \$3MM (60 loans)
- 4) Increase loans originated to Justice Involved from \$6M (286 loans) to \$7.5M (357 loans)
- 5) Increase loans originated to Veterans from \$5.6MM (186 loans) to \$7MM (233 loans)
- 6) Deploy \$175,000 in 70 loans through a new product, WeatherUP, a racial equity financial product to reduce the energy efficiency burden
- 7) Increase lending outside of St. Louis (St. Louis City, St. Louis County, Jefferson, Franklin, Lincoln, Warren) and KC (Cass, Clay, Jackson, Platte) from 11% to at least 15% of total Missouri lending
- 8) Increase loans originated in Missouri outside of St. Louis and KC from \$8MM (431 loans) to \$10MM (475 loans)
- 9) Increase loans originated in Illinois outside of St. Louis MSA (Madison and St. Clair) from \$9.1MM (616 loans) to \$12MM (800 loans)

**3-Year Initiatives:**

- 3.1 Develop and implement a multi-state strategy to expand geographic reach outside of urban cores and build and strengthen strategic referral networks and capital partners.
- 3.2 Build relationships with local municipalities and regional governmental entities to raise capital and market products and services.
- 3.3 Increase physical outreach and partnerships to continue strong lending volume to People of Color and businesses located in distressed census tracts, such as North of Delmar in St. Louis.
- 3.4 Cross train JP staff on all services to provide informed outreach, build focus on client needs/ education, and effectively communicate loan terms
- 3.5 Strengthen visibility of our Able Loan Products and outreach within communities of People with Disabilities
- 3.6 Expand partnerships with organizations servicing the Justice Involved and Veterans
- 3.7 Build relationships with Consumers Council of Missouri, Renew Missouri, Ameren and others that can propel the deployment of our new energy efficiency product.

**Goal 4** Heighten our holistic people-centered asset building approach to make a visible difference in the intergenerational wealth of the people that we serve.

**3-Year Success Measures:**

- 1) Originate 600 credit building products through strong Credit Building Nation partners
- 2) Increase the engagement of the JP Young Friends to build awareness of JP mission, products and services through at least 10 JPYF attendance at each quarterly event and 10 as direct volunteers
- 3) Increase the credit score by 50 points of over 65% of JP Save2Build and Consumer loan borrowers.
- 4) Originate over 100 DRIVE loans, improving each family savings by an average of \$1,300 per year
- 5) Connect 100 Black first-time homebuyers to safe, affordable mortgages.
- 6) Pilot an insurance or risk management intervention with 25 participants
- 7) Connect 80% of clients to at least one other JP products and/ or the products of other community organizations
- 8) All JP real estate holdings have a clear development plan and a process is in place to guide future acquisition and development

**3-Year Initiatives:**

- 4.1 Leverage existing financial capability organizations and community partners to reach credit invisible individuals with JP's safe and affordable credit building locally and nationally.
- 4.2 Ignite the JP Young Friends through meaningful quarterly engagements and volunteer opportunities.
- 4.3 Leverage technology to measure the impact of JP credit building on the credit profiles of all Save2Build and consumer loan borrowers.
- 4.4 Expand our DRIVE loan through partner organizations to assist families to reduce high-cost car payments and improve household budget.
- 4.5 Strengthen connection between JP Credit Building and Pre-Purchase Homeownership Counseling to prepare first-time homebuyers to purchase homes.
- 4.6 Build relationships with mortgage lenders and real estate brokers to increase opportunities for first-time homebuyers.
- 4.7 Obtain Missouri and Illinois Mortgage Lender Licenses
- 4.8 Explore insurance and risk management products used in low-income communities to build wealth. Design and implement a pilot product.
- 4.9 Develop a clear development plan for all JP real estate holdings, including the Riverfront Properties, and a development process to guide future real estate acquisition and development.