

Foundations for the Future: Strategic Implementation Plan 2025-2028

Vision

A world where everyone has a decent place to live.

Mission Statement

Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities and hope.

Introduction

Lexington Habitat for Humanity (LHFH or Affiliate) is part of a global housing ministry operated on Christian principles that seeks to put God's love into action by building homes, communities and hope. Our history dates back to December of 1986 when a dedicated group of community volunteers incorporated the organization and elected the first Board of Directors. The following year, we broke ground on our first house.

Today, we have served more than 500 homebuyer households with homeownership and more than 100 homeowners with home preservation and repair projects; hundreds of families with neighborhood clean-up activities; thousands with referrals to other services and tens of thousands who buy affordable goods at the ReStore. But there is more work to do.

Over the next decade, we will stabilize, scale and position LHFH to meet the reality of a broken housing market with an audacious vision to build 45+ homes across two neighborhoods over the next four years while simultaneously transforming our operating model to create long-term affordability. We will evolve beyond building and rehabilitating houses to include building neighborhoods, investing in people and promoting generational change.

In doing so, the Affiliate will be recognized as a leading partner in expanding affordable housing opportunities in the region; a committed partner to improve the lives of our neighbors; a collaborator with other organizations in delivering critical wrap-around services to build healthy and thriving neighborhoods; a proven model for other medium-large sized Habitat affiliates to replicate.

On July 22, 2025, the Board of Directors approved the Strategic Priorities presented by CEO Darryl Neher. A detailed outline of those priorities follows.

Strategic Objectives

- **Strategic Objective One – Permanent affordability.** LHFH and the Lexington Community Land Trust (LCLT) are entering into a strategic partnership to maximize the impact of affordable homeownership in the Bluegrass Region (see also Strategic Objective Three – Regionalization). This partnership will create sustainable, permanently affordable housing while leveraging the strengths of both organizations: LHFH's experience in home construction and volunteer mobilization, and LCLT's expertise in long-term land stewardship and shared-equity models.
- **Strategic Objective Two – Funding stabilization.** Nonprofit housing developers are increasingly confronting a paradox: rising demand for affordable housing amid stagnant philanthropic and public funding. LHFH stands at a pivotal juncture. With urgent demand for affordable housing and a capital environment constrained by inflation and rising interest rates, the organization must pursue innovative financial tools to expand impact while balancing the budget.
- **Strategic Objective Three - Regionalization.** LHFH proposes the creation of a regional affiliate that would align with the Greater LEX Regional Partnership to expand our reach beyond Fayette County. The Bluegrass Region faces an aggregated housing deficit of over 38,000 units — including 23,011 rental and 15,596 for-sale homes. Across the region, 6,004 renter households and 504 homeowners are severely cost-burdened, paying more than 50% of their income on housing. Kentucky Housing Corporation (KHC) projects that over 529,000 new housing units will be needed statewide by 2050 to meet economic and demographic growth, particularly in job hubs like Frankfort, Georgetown and Lexington. Lexington-Fayette County alone has a for-sale housing gap of 8,126 units and a rental gap of 14,423 units, making it one of the state's most undersupplied markets. A regional affiliate will enable LHFH to serve more families across county lines, especially in areas currently underserved.
- **Strategic Objective Four – Advocacy and Education.** By launching an Advocacy & Education Committee with clear objectives, cross-sector membership and strategic engagement pathways, LHFH will establish itself as both a builder of homes and a builder of systems change. This committee will ensure LHFH speaks with authority and alignment on the policy changes needed to realize a community where everyone has a decent place to live and where that place can become a lasting home.

Strategic Objective One - LHFH will formally partner with the LCLT to advance long-term affordable homeownership in Davis Park and across our broader service region. This partnership is rooted in shared values and strategic alignment, combining LHFH's capacity to build homes with LCLT's expertise in permanent affordability through the community land trust model.

Strategic Initiative One - One – Spurred by our partnership with the LCLT, we will increase our income eligibility guidelines from a maximum of 60% AMI to include potential homebuyers with up to 80% of AMI. This strategic expansion will enable us to meet development goals, respond to shifting housing needs and position LHFH for greater impact and sustainability. As a result, we should see:

- **Alignment with Mixed-Income Development Goals:** The Davis Park project and the LCLT model are built around mixed-income homeownership as a vehicle for equity, inclusion, and neighborhood vitality. By serving households with up to 80% AMI, we help ensure the success of this development while remaining true to our mission of affordability. Income diversity will support long-term neighborhood health, accelerate home sales, and demonstrate the strength of collaborative, community-centered housing models.
- **Enhanced Impact & Financial Stability:** Homebuyers at 60% - 80 % AMI generally require smaller subsidy investments, making it possible for us to stretch philanthropic dollars further and reinvest savings into deeper affordability for lower-income households. This expanded range strengthens our long-term model while ensuring we continue to prioritize those in most need.
- **Increased Program Efficiency:** Households at this income level may be more mortgage-ready, reducing the time and staffing resources needed for preparation and approval. This allows for more efficient closings and greater predictability in our construction-to-sale pipeline.

Strategic Initiative One - Two – Under the terms of the Memorandum of Understanding (MOU), LHFH will construct 21 homes in Davis Park while LCLT retains ownership of the land to ensure these homes remain permanently affordable. Homebuyers will purchase their homes through a shared equity model and enter into a renewable 99-year land lease with LCLT, preserving affordability for future generations and allowing families to build modest equity over time.

- **Action Step A – Partnership & Governance:** Members from both organizations will be appointed to a steering committee to develop and finalize communication channels, reporting templates and decision-making protocols.
- **Action Step B – Infrastructure & Site Preparation:** LCLT will oversee the completion of site infrastructure while reporting progress to the steering committee.
- **Action Step C – Design & Affordability Models:** The steering committee will approve house designs and land lease language that address affordability and equity.
- **Action Step D – Home Construction:** LHFH will construct 13 town homes and 8 detached homes in phases, completing approximately 8-12 homes per year.

Strategic Initiative Three – Once all 21 homes in Davis Park are built, sold and under land leases, LHFH and LCLT will perform an impact review.

- **Action Step A – Perform a joint evaluation of outcomes** including affordability metrics, homeowner satisfaction and neighborhood impact.
- **Action Step B – Publish a case study** of the Davis Park partnership.

Strategic Objective Two - By June 2027, eliminate FY25 budget shortfall and achieve balanced annual budgets through expense control, donor growth and mortgage portfolio reinvestment.

Strategic Initiative Two - One – Forward-thinking nonprofit housing developers are re-evaluating how to responsibly unlock value from their mortgage portfolios. Long considered illiquid assets, these zero- or low-interest mortgages now offer an untapped resource to finance expansion, land acquisition and large-scale development.

- Action Step A – Explore Direct Sale to Mission-Aligned Financial Institutions: In this structure, mortgages are sold at a negotiated discount rate, typically with servicing retained by the nonprofit to ensure homeowner continuity. This model offers immediate liquidity and minimizes operational complexity while aligning with Community Reinvestment Act (CRA) incentives for purchasers.
- Action Step B – Consider a Collateralized Line of Credit (CLOC): Collateralizing a portion of the existing mortgage portfolio to secure a revolving line of credit preserves the nonprofit's ownership of the mortgages, enables flexible drawdowns aligned with construction timelines and offers favorable terms when partnered with mission-driven lenders.
- Action Step C – Explore a partnership with existing housing groups to create a Regional Mortgage Investment Fund (RMIF). Rather than relying on national infrastructure, this fund would allow Lexington Habitat and peer affiliates to pool mortgage assets into a special purpose vehicle (SPV) and issue securities to local impact investors.
- Action Step D – Pursue a Below-Market-Rate Mortgage Product: A mission-aligned mortgage product, developed in partnership with a regional or community bank would allow LHFH homebuyers to access below-market-rate financing (e.g., 1–2.5%) from the partner bank, while LHFH supports creditworthiness through downpayment assistance or guarantees. This strategy enhances homebuyer affordability, transfers servicing and origination responsibilities, and unlocks new avenues of CRA-motivated capital.

Strategic Initiative Two - Two – LHFH operating as a Pass-Through Entity for \$10MM in development funds appropriated to the Transformation Housing Affordability Project by the Commonwealth of Kentucky recovers costs towards the development and funds future capacity-building through an administrative fee.

- Action Step A – Create a wholly owned LLC to serve as the contracting authority, segregating project account activities and legal liability from the Affiliate.
- Action Step B – Execute comprehensive MOUs with development partners to include not-to-exceed clauses and cost-sharing policies that will protect the Affiliate from cost overruns.
- Action Step C – Once pad-ready lots are delivered to the LLC by the general contractor, the LLC will transfer no-cost lots to the Affiliate.

Strategic Initiative Two - Three – LHFH's inaugural More Than Houses Luncheon will serve as the organization's signature fundraising and awareness event, inspiring \$250,000+ in financial gifts over the next three years. This annual fall gathering will unite 300+ community leaders, partners, and supporters to celebrate the transformational power of affordable homeownership and to mobilize support for bold new strategies to address Lexington's housing crisis.

- Action Step A – Free to attend and by invitation only, we aim to host 40 tables, each seating 10 guests including a Table Captain. Attendees will be inspired to give

generously and share our mission within their personal and professional networks.

- Action Step B – Pledge cards will be distributed offering recognition for multiple levels of giving; donors may join the More Than Houses Society with a pledge or gift of \$3000 or more to be given over the next three years.
- Action Step C – Pledges will be recorded in the CRM and Development staff will follow up on outstanding donor commitments.

Strategic Initiative Two - Four – Collaborating with mission-aligned organizations unlocks new funding opportunities and joint grant applications.

- Action Step A – LHFH working with LCLT (Strategic Initiative One – One) as a designated Community Housing Development Organization (CHDO) improves eligibility and scoring on federal, state, and local grant applications, such as Federal Home Loan Bank (FHLB), Housing and Urban Development (HUD) programs including HOME Investment Partnership Program (HOME) allocations which can also be used for capacity building.
- Action Step B – A regional affiliate (Objective Three) will enhance fundraising capacity by attracting institutional and corporate donors interested in high-leverage investments, improving access to state and federal funds such as FHLB, HOME, and Kentucky Housing Corporation (KHC) grants.

Strategic Objective Three - Through the Greater LEX Bluegrass Regional Partnership, local governments in nine counties have publicly committed to shared regional development strategies. A regional affiliate encompassing multiple counties within this area would address the severe and growing housing crisis in Central Kentucky, enabling Habitat to scale its mission, increase operational efficiency, unlock new funding opportunities, and align more effectively with regional planning and advocacy coalitions.

Strategic Initiative Three - One - LHFH proposes the creation of Habitat for Humanity of the Greater Bluegrass Region, a regional affiliate encompassing Fayette, Franklin, Scott, Bourbon, Madison, Clark, and Jessamine Counties.

- Action Step A – Discovery & Alignment: Board discussions, affiliate engagement, regional scoping.
- Action Step B – Due Diligence: Legal and financial analysis, stakeholder meetings, community feedback.
- Action Step C – Integration Planning: Governance structure, operational modeling, staffing alignment
- Action Step D – Launch & Transition: Legal filings, branding rollout, public relations, onboarding.

Strategic Initiative Three - Two – Expand the service area of the ReStore (pickup donations and deconstruction activities) to include one or more surrounding counties.

- Action Step A – Enter into a memorandum of understanding (MOU) with Scott/Bourbon Counties Habitat for Humanity allowing LHFH, for a fee, to acquire donated material from businesses and residential donors and complete residential deconstruction activities within their geographical service area.
- Action Step B – Enter into a MOU with Madison/Clark County Habitat for Humanity allowing

LHFH, for a fee, to acquire donated material from businesses and residential donors and complete residential deconstruction activities within their geographical service area.

Strategic Initiative Three – Three – Explore ways in which the partnership with LCLT (Strategic Initiative One - One) and other organizations within the region could increase opportunities for future land development outside of Fayette County.

- Action Step A – Discuss ways to scale the partnership model with LCLT to other counties in the Bluegrass Region to address affordable homeownership and rental needs on a regional level.
- Action Step B – A LHFH and LCLT CHDO (Strategic Initiative Two - Four) is well-positioned to partner with other housing-focused developments to coordinate large-scale affordable housing projects, share expertise and expand housing developments across multiple counties.

Strategic Objective Four – LHFH will strengthen its impact beyond the build site through strategic advocacy. The Advocacy & Education Committee will serve as a guiding body that mobilizes LHFH’s voice, relationships and grassroots base to influence policies that expand access to affordable homeownership and housing stability in Lexington, the Commonwealth of Kentucky and nationally. Rooted in HFHI’s “Cost of Home” campaign framework, this committee will build organizational capacity for public policy engagement, empower supporters to take collective action and position LHFH as a key stakeholder in housing justice initiatives.

Strategic Initiative Four - One – Implement core objectives of the Advocacy & Education Committee, including:

- Action Step A – Policy Monitoring & Analysis: Establish a system to track local, state, and federal legislation, budget decisions and regulatory developments impacting affordable homeownership, land use, infrastructure, zoning, tax credits and housing finance; develop quarterly briefs summarizing relevant policy shifts and opportunities for engagement, leveraging tools and alerts from HFHI, Kentucky Habitat for Humanity (KyHFH), and housing coalitions.
- Action Step B – Local Policy Engagement: Collaborate with the Lexington-Fayette Urban County Government (LFUCG) on initiatives such as zoning reform, affordable housing trust fund allocations and equitable land use policies; develop relationships with city council members, planning staff and relevant LFUCG committees to provide testimony, recommendations and data-driven insights from LHFH projects; advocate for permanent affordability tools, including community land trusts and shared equity housing models.
- Action Step C – Statewide Legislative Influence: Partner with KyHFH to advance statewide priorities such as increased funding for the Affordable Housing Trust Fund (AHTF) and the Rural Housing Trust Fund; cultivate key relationships with law makers and committee members in Frankfort.
- Action Step D – Alignment with HFHI’s Federal Priorities: Support full funding for HUD, USDA housing programs, passage of the Neighborhood Homes Reinvestment Act, and other policies that reduce barriers to homeownership while mobilizing our base through action alerts, sign-on letters and National Housing Week of Action.

Strategic Initiative Four - Two – Define the Advocacy & Education Committee’s outreach strategy.

- Action Step A – Supporter Advocacy Activation: Send quarterly calls to action to an advocacy contact list curated from LHFH’s information resources; implement an “Advocacy Corner” in communications across platforms.
- Action Step B – Grassroots Advocacy Toolkit: Create and distribute simple how-to advocacy guide with talking points, updates, impact and stories.
- Action Step C – Events & Mobilization: Host two “Habitat Advocacy Days” per year and include training in employee and volunteer onboarding.

Conclusion

Our vision of a world where everyone has a decent place to live begins at home. With over 23,000 units of unmet rental need and more than 15,000 homes missing from the for-sale housing market across this region, the call to action is clear. Our answer is forward-thinking and bold. Partnering with mission-aligned organizations to increase permanent affordability for more households while innovating unique ways to increase revenue, spread awareness and change policies will build the strong foundation needed to support the Affiliate and the people we serve for years to come.