HousingFirst Lab
Theory of Change

Problem Statement

Homelessness in the United States is far from being solved. There are more than 550,000 individuals in America experiencing homelessness, a number that has remained relatively flat for the past 3-4 years. In 2018, at least 5,755 experienced homelessness in the metro Denver area, an 8% increase from the previous year. As increases in rent prices continue to outpace wage growth in major cities, these conditions are likely to persist, if not worsen.

Housing First models have demonstrated significant success in resolving homelessness and increasing housing stability. The Housing First intervention model is based on the principle that having a permanent home makes solving health and social problems possible. Excitingly, the principle is being proven in application. Housing First has now been rolled out to thousands of individuals with 80%+ of participants in most studied programs remaining stably housed at least 1 year after intervention.

Despite these successful models, we have not yet made significant headway in reducing the number of people experiencing homelessness for two reasons:

- **Not enough resources are deployed** to these solutions.
  - There is a **shortage of affordable housing** for those who need it. Affordable housing developers are incentivized to designate most of their units for the higher-earning spectrum of income-qualified renters (e.g. 80-100% of area median income) vs. renters who are previously homeless or ELI earners (extremely low income, earning <30% area median income). In the Denver-Aurora-Lakewood counties, there are 80,000 ELI renters, and only 20,000 affordable and available rental units for this population.
  - **Federal housing subsidies are insufficient and have remained stagnant.** Housing Choice Vouchers subsidize the difference between market-rate rent and what low-income individuals can afford. With current funding levels, Housing Choice Vouchers are only allocated to 1 in 4 eligible households. About half of waitlists for these vouchers are closed to new applicants, and wait times are often at least 1.5 years to receive any assistance.
  - **The private sector is under-involved in giving to homelessness and housing**. As tech companies and other large corporations grow, cost of living of the surrounding area increases, displacing communities and threatening housing stability for the lowest income earners. However, only ~0.1% of the world's billionaires report any giving to housing / shelter causes. Some argue that for many private donors, homelessness is viewed as a 'moral failing', and they would rather give their dollar to education or shelter rather than a permanent housing solution that is viewed as an undeserved handout.
- **Significant barriers to effective implementation exist** for homeless and housing nonprofit agencies.
  - By one estimate, almost 1/3rd of all funds donated to homeless and housing agencies are wasted due to ineffective and inefficient organizational practices
  - Agencies may claim to adopt a "Housing First" approach in order to receive available federal funding, but there is minimal oversight or support to ensure model fidelity
  - Organizations are evaluated based on the proportion of contributions used for direct service, leading to a consistent under-investment in administrative and organizational capabilities
  - Contributions come with significant restrictions: federal funding will only reimburse specific rent or services for certain populations, and most foundations have unique and detailed metrics they require grantees to track. This leaves little room for service providers to innovate or improve on their programs.

The HousingFirst Lab Solution

HousingFirst Lab unites resources, talent, and knowledge across sectors to end homelessness. The Lab identifies the organizational barriers limiting homeless and housing agencies' outcomes, and connects agencies to the best private sector resources available to work together to overcome these barriers. The model generates systems-level change by making best practices a reality within each organization, by collecting and communicating these learnings to a broader set of homeless and housing agencies facing similar challenges, and by bringing in additional private sector resources to the issue of homelessness through direct engagement and fundraising.

- **Population served:** Nonprofit homeless services and housing agencies dedicated to ending homelessness and improving housing stability.
- **Common organizational needs:** we have conducted 60+ interviews with leaders at local and national homelessness and housing agencies. Through these conversations, we have identified several common themes of organizational needs and opportunities for improvement:
  - **Strategic planning** – limited time, space, capacity, and support to think strategically about impact and organization. *Create formal and ongoing opportunities for strategic conversations.*
  - **Process standardization and efficiency** – inconsistent training and experience of front-line workers leads to significant variations within program delivery, making it difficult to analyze program-level outcomes and leading to staff burn-out. *Identify areas of inconsistent or inefficient operations and implement solutions.*
  - **Unlocking the value of data** – data tracking is viewed as a set of complex metrics required by different stakeholders that takes up significant front-line staff time for data entry without demonstrating value to the population served or the organization itself. *Simplify data tracking systems and metrics, introduce new data tools, and develop analytical insights that better communicate impact to funders and inform internal operating decisions about how to best serve clients.*
  - **Program innovation** – scarce time or resources to analyze program performance, and scarce flexible funds to modify program parameters. *Identify and implement opportunities for new programs or program modifications to best serve clients and increase overall impact.*
  - **Simplify fundraising process and access additional funding streams** – restricted funds, intricate grant application processes, and donor-required metrics create financial and operational complexity. *De-duplicate metrics tracked for various stakeholders, allocate restricted funds effectively and compliantly, and identify and pursue untapped funding streams (e.g., Medicaid reimbursement, private sector contributions, revenue-generating / social enterprise models).*
- Most homeless and housing agencies do not have the time, talent, nor resources to undertake many of the above projects alone. **HousingFirst Lab offers multiple options for private sector resources to work together with homeless and housing agencies on these opportunities:**
  - Direct resource collaboration
    - **Professional fellowship program** – short-term placement (4-12 months) of 1-2 experienced business professionals on projects with direct opportunity for increased impact and/or improved systems performance measures
    - **Executive leadership workshops** – annual internal sessions with a management consulting partner to discuss and refine high-level strategy and operations
    - **Innovation partnerships** – team of consultants and direct service providers working together to develop and expand an innovative program model
  - Knowledge sharing
    - **Knowledge sharing platform** – collection of previous engagements and outcomes; published articles, presentations, and peer experience sharing through existing forums when possible (Homeless Hub, conferences, etc.)

- **Skilled volunteer and pro-bono resources network** – extensive network of collaborative private sector organizations in relevant fields (e.g., legal, medical, real estate, etc.)
  - o Financial contribution
    - **Implementation fund** – flexible funds to be allocated to investments with a demonstrated opportunity for improved organizational effectiveness
    - **Affordable housing investment** – direct contributions and low-interest investments from private sector supporters to build more affordable housing in high-cost communities

The HousingFirst Lab advantage

HousingFirst Lab is **uniquely positioned to have an impact** on ending homelessness by connecting private sector resources with existing homeless and housing agencies.

- **Top-tier strategic consulting experience and network:** HousingFirst Lab's founding team has a combined 21+ years of experience with management consulting firm Bain & Company. We have access to a strong network of individuals and executives at top-tier consulting firms and best-in-class companies.
- **Best-in-class training:** Our founding team and future contributors have deep experience in project scoping, effective client collaboration, and performance evaluation. We have been trained in developing deep sector knowledge and effective implementation.
- **Venture capital and technology start-up relationships**: We have a strong network of institutional funds, high-net worth individuals, and business leaders eager to put resources to work in the most effective way to solve this societal challenge.

Theory of Change

Unite resources, talent, and knowledge across sectors to end homelessness

Knowledge sharing

Develop housing / homeless-specific organizational IP. Amplify learnings and best practices.

Direct resource collaboration

Connect housing / homeless agencies to private-sector resources. Educate and engage private sector individuals to become lifelong supporters of homeless housing and services.

Financial investment

Supplement under-investment in organizational effectiveness. Pursue incremental private sector investment for affordable housing.

Improve organizational effectiveness and the social impact value of every dollar donated

Connect additional private sector resources and capital to solving homelessness

Meaningfully reduce the number of individuals experiencing homelessness in America