

ENDING BAY AREA HOMELESSNESS

Finding the Way Home: A Philanthropic Guide to Housing Solutions



Bay Area Foundation Advisory Group to End Homelessness

May 2006



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Finding the Way Home: A Philanthropic Guide to Housing Solutions is the third in a series of publications on the role of philanthropy in ending homelessness in the Bay Area. This publication follows *Ending Bay Area Homelessness: The Philanthropic Role*, published in 2003, and *Ending Bay Area Homelessness: A Pivotal Opportunity for Funders in Child Development and Education*, published in 2004, by the Bay Area Foundation Advisory Group to End Homelessness.

Founded in 2002, this group of local funders shares a concern about the growing problem of homelessness and an interest in expanding philanthropy's role in addressing and resolving the problem in our communities. These publications explore the nexus between homelessness and other funding interests, with the intent of highlighting real solutions to homelessness and exemplary programs with demonstrable results. All publications and more information about the Advisory Group are available online at www.homelessphilanthropy.org.

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Dear Colleagues,

For those of us fortunate enough to take for granted having a place to call home, it is hard to imagine the nightmare of homelessness. Tragically, the nightmare is all too real for a growing number of families with children, the fastest growing segment of those without homes in the Bay Area. Homelessness also affects our family, friends, and neighbors who are unemployed or underemployed; those struggling with mental illness, substance abuse, poor health, and domestic violence; and disconnected youth who are supposed to be cared for in our foster care and other systems. As philanthropic leaders, we believe it is a mistake to permit this to happen to our people and to our neighborhoods.

According to the National Alliance to End Homelessness, “The primary cause of homelessness is a lack of affordable housing.” As poverty and housing costs have increased over the last 20 years and federally funded housing opportunities have been reduced, homelessness has grown to the point that it is all too evident in most areas of the region. The scale of the Bay Area’s housing problem has grown so large that some foundations have shied away from grantmaking in this area, only to find the problem now exacerbates healthcare, education, transportation, the environment, and other issues. Philanthropy is needed now to help lead the way toward solutions to homelessness and housing needs.

In recent years there has been a sea change in the field’s approach to homelessness, which relied on shelter systems and now increasingly utilizes a “housing first” approach to prevent or reduce costly and often traumatic shelter stays. We are optimistic about solving homelessness because of the emergence—in the Bay Area and across the country—of a range of effective housing solutions, including permanent supportive housing for those who have been chronically homeless, as well as proven models for other segments of the homeless population. These innovative policies and providers are changing the equation for the better, making it possible for funders to expect and track higher returns on their social investments.

Foundations of all sorts, including community, corporate, and family foundations, are poised to play an important role in resolving this issue. While foundations will not be able to close the gap in funding needed to meet the housing needs of all homeless residents, they can have significant influence through targeted grantmaking and, as importantly, through advocacy and convenings that bring more public resources to bear on the problem. This guide provides useful information on the kinds of productive, highly leveraged investments that foundations are making in homeless housing solutions in our region. We hope that you will read it and consider how the power of philanthropy can make an even greater difference, and that you will join us in building philanthropic partnerships to invest in housing solutions to create a better future for the Bay Area and all of its residents.

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Introduction: Homelessness, Housing Solutions, and the Critical Role of Philanthropy

THE COMMON ENTRYWAYS TO HOMELESSNESS IN THE BAY AREA

The boundary between people who are very poor and housed and people who are homeless is often very thin. Each year, it is estimated between five and ten percent of poor households move into and out of homelessness¹. Some households fall into homelessness because a sudden loss or reduction in income means they are no longer able to pay their rent. Other households face a family crisis, such as divorce, domestic violence, or child endangerment, and may lose their housing, source of income, and support networks. Still others face a sudden health crisis or have chronic conditions, including mental illness, substance abuse, or a physical disability or illness, that create barriers to employment and self-care.

In some cases, a health or family crisis pushes a household from relative stability into poverty and then into homelessness. In others, such a crisis may provoke yet another entry into homelessness for someone who has experienced homelessness previously. For persons with the greatest barriers to retaining housing, ongoing or repeated homelessness may become a seemingly permanent condition of life.

REVERSING HOMELESSNESS: THE NEED FOR HOUSING SOLUTIONS

Despite the multiple entryways and variations in the duration of home-

Effective exit strategies recognize and address the causes of homelessness facing each individual and family.

lessness, there is only one exit from homelessness: housing! This does not mean that housing alone will resolve the issues that led to the homeless episode in the first place, but without housing no homeless individual or family can become “unhomeless.” New strategies to address homelessness increasingly recognize the centrality of housing to ending homelessness and discard the notion of “housing readiness” that underpins many transitional and shelter-based strategies for a “housing first,” or “rapid re-housing,” approach that focuses on quickly getting homeless people into housing and helping them stay there.

BAY AREA HOMELESSNESS ENTRY POINTS

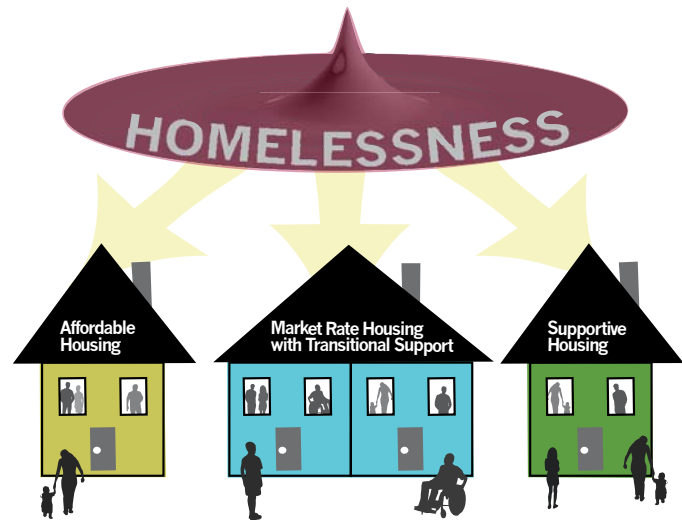




The biggest barrier to obtaining or maintaining stable housing is cost. In the Bay Area, 64% of extremely low-income households pay more than half of their incomes for housing², putting them at high risk of losing their homes, particularly in the event of a family or health crisis. Neither the private market nor most “affordable” housing provide rents that those with the lowest incomes can afford. A significant increase in the supply of deeply affordable housing would go a long way to stem the tide of homelessness.

But strategies to end homelessness cannot ignore the many entry ways that lead to homelessness or the other issues that prolong its duration. The type of housing needed for a formerly homeless person or family to be successful living there depends, in many cases, on their pathway into homelessness. For households whose primary entry way into homelessness is the economic disconnect between incomes and housing costs, access to low-cost housing or housing subsidies can permanently end homelessness. For many households with the potential for earning growth, time-limited subsidies with service support and an emphasis on increasing income is enough to get into housing and remain stable. For persons with significant barriers to housing, such as chronically homeless people with disabilities, ongoing supportive services attached to the housing may be needed to ensure stability and prevent reentry into homelessness.

BAY AREA HOMELESSNESS EXIT STRATEGIES



HOW PHILANTHROPY CAN USE THIS GUIDE

Many foundations have shied away from investing in housing solutions to homelessness, assuming it is primarily a government or market responsibility, or believing that it is simply too expensive for limited philanthropic dollars to have a significant impact. But there are many creative opportunities for foundations of all sizes to get involved in housing as a solution to homelessness.

This guide describes a range of housing-related strategies for ending homelessness, and it features a number of Bay Area programs that exemplify the power of those strategies. Featured strategies include:

- Supportive housing page 6
- Deeply affordable housing page 9
- Program-related investments page 11
- Transitional subsidies page 12
- Preventing homelessness page 14
- Policy and advocacy page 16

The role that foundations can play in supporting these successful strategies for ending homelessness is great, ranging from supporting capacity building, to investing directly in housing or services, to promoting policy changes and the development of new public resources that make more affordable housing creation possible. By investing in housing solutions, foundations can help pave the way for successful housing reentry for those who have become homeless.



Supportive Housing: A Solution to Address Complex Needs

Supportive housing combines permanently affordable rents with supportive services to help formerly homeless people retain their housing and rebuild their lives. This combination works well for people who face the most complex challenges—individuals and families who are not only homeless, but who also have very low incomes and serious, persistent health and disability issues, including substance use, mental illness, and HIV/AIDS.

Supportive housing enables people to effectively use treatment and stabilizing services. On-site supportive services enable people to access and maintain stable housing.³ Despite histories of chronic homelessness, tenants in supportive housing have high rates of stability, with more than 83% remaining housed for greater than one year.⁴

Studies document that supportive housing is a cost-effective strategy because as formerly homeless tenants receive support and stabilize, the costs to serve them in the health, justice, and emergency shelter systems drop dramatically.⁵

There are multiple ways for foundations to assist and encourage the creation of supportive housing. Because of the unique relationship between services

and property management that is critical to supportive housing's success, many nonprofit organizations need capacity building assistance to undertake supportive housing projects. A small investment in planning and technical assistance can pay off significantly in the long run. Supportive housing devel-

opers require funding from multiple public and private sources to make projects work, and foundations can both provide critical capital funds and support capital campaigns that raise flexible private dollars. Finally, ongoing services and operating supports are key to successful supportive housing. Funding the services directly, or through general operating grants to agencies that provide supportive services, is a significant way to ensure that quality support is provided for people with the greatest barriers to getting and remaining housed.



Mercy Housing of California's Derek Silva supportive housing development in San Francisco for adults with disabilities.



INVESTING IN CAPACITY BUILDING: The Belmont Apartments

The Mental Health Association of San Mateo County (MHA) is a nonprofit organization dedicated to providing a range of supportive services and housing to people with mental disabilities and people living with HIV/AIDS. In October 2005 MHA opened its newest and largest housing site, Belmont Apartments, a community that provides permanent housing with supportive services for 24 formerly homeless adults with mental illness. To prepare to operate this new building (and to strengthen its existing housing portfolio) MHA sought assistance to assess its property management capacity and options. With the support of a grant from Peninsula Community Foundation (PCF), the Corporation for Supportive Housing (CSH) was able to assist the organization's property management needs. Ultimately, MHA decided to outsource this function and to focus on building a constructive relationship between supportive services and property management.



Frank Lalle, senior program officer at PCF, explains that, "MHA offered the Foundation multiple investment opportunities. First, CSH used some of our grant funds to strengthen MHA's operating capacity. Then, we were able to work with one of our donors to provide capital support for the project through the Bernard A. Newcomb Foundation." The work that MHA did with CSH to prepare for the Belmont Apartments has made the agency stronger and more prepared to take on projects of this type in the future. Melissa Platte, MHA's executive director, reports, "in addition to helping in the fundraising efforts, PCF staff provided consultation in the development of the project, which was extremely valuable. The funding received through the PCF Donor Designated program provided tremendous leveraging opportunities and was a funding source that had greater flexibility than most others. It also indicated to other potential funders that this development was meeting a community need." www.mhasmc.org

PHILANTHROPY PARTNERS IN SUCCESSFUL CAPITAL CAMPAIGN: The Opportunity Center

When it opens its doors in the fall of 2006, the Opportunity Center of the Midpeninsula will offer permanent housing and a service center for those who are homeless in a beautiful complex in Palo Alto. The Opportunity Center will provide 89 apartments in separate wings for formerly homeless singles and for families with children. On the ground floor, service centers will offer a broad range of services to residents and others in the broader community without a stable place to live. Development of the Opportunity Center is being led by the Community Working Group (CWG), a broad-based coalition representing local businesses, faith-based and community organizations, and service providers. InnVision will operate services and the Housing Authority of Santa Clara County will manage the housing component. The success of the Opportunity Center demonstrates the power of community leaders and foundations work-



ing together to tackle large challenges. The total project cost, including an endowment for operating subsidies, is more than \$28 million. CWG set a \$9 million capital campaign goal, and by the end of 2005, it had raised all but \$50,000. Foundations, including the David and Lucile Packard Foundation, Omidyar Foundation, Peninsula Community Foundation, The William and Flora Hewlett Foundation, and 19 others, played a major role in this success story, by providing investments to the campaign totaling more than \$3.8 million. Susan Packard Orr, honorary co-chair of the capital campaign, says, "Spearheading this campaign has been both challenging and rewarding. The Opportunity Center has inspired a broad community of individual donors and foundations to see that we can work together to end homelessness for people in our community. When we started we didn't know if our ambitious campaign would be achieved, but the response was tremendous. People want to help end this terrible problem in our community." www.opportunitycenter.org



SUPPORTING ON-SITE SERVICES FOR GREATER IMPACT: The Iroquois Residence

The Iroquois Residence in San Francisco is a converted Single Room Occupancy (SRO) hotel owned and operated by Community Housing Partnership (CHP). The Iroquois provides affordable housing and on-site supportive services for ten families and 63 individuals with disabilities who were formerly homeless. Services are designed to assist residents in maintaining their housing, to increase stability and self sufficiency, and to build community among the tenants. The location of key services on-site facilitates residents' access to assistance, including case management, survival skills for women, family support, and services for children and youth. CHP staff also provides tenants with referrals to its Employment and Training Program and other off-site services.

The acquisition and renovation of the Iroquois Residence was supported in part by a program-related investment (PRI) from Local Initiatives Support Corporation (LISC), which lends funds pooled from a number of national and Bay Area foundations. Services and programmatic costs at the Iroquois are supported through general operating grants to CHP from foundations including the Evelyn and Walter Haas, Jr. Fund, The San Francisco Foundation, and Union Bank. Foundation funding allows for innovation in service delivery, consistent with the organization's philosophy of tenant participation and self-determination, which would not be possible if the services were funded solely through government contracts. Because services are often difficult to fund and government contracts severely restrict administrative costs, general support from foundations is critical to the ongoing provision of services at the Iroquois and CHP's other supportive housing sites.



Homeless persons have been involved with CHP at every step of the development and operations process, contributing to the building redesign as well as the menu of services offered.

The powerful combination of housing, services, and resident engagement has been extremely successful: more than 98% of Iroquois tenants remain stably housed at the Iroquois or move into other housing of their choosing. One-third of the households in the building have been there for longer than seven years. www.chp-sf.org

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Deeply Affordable Housing: Making Housing More Available to Homeless Families and Individuals

In the San Francisco Bay Area, housing affordability is a significant problem for many people with low and middle incomes. The vast majority of homeless people, even those without significant disabilities or barriers to employment, are even more challenged because they have extremely low incomes (under 30% of the area median income.) As a result, housing options for the homeless are severely limited by both the tight private housing market and the limited stock of deeply affordable below-market rate housing.

For the majority of homeless households, most “affordable housing” that has been subsidized during its development is still out of reach without additional subsidies, particularly during the first year after

homelessness when incomes tend to still be extremely low. Strategies that create set-asides of lower-cost units scattered in larger affordable developments are an excellent way to make these housing resources more available to homeless individuals and families.

For the vast majority of those who are homeless, most “affordable” housing is out of reach.

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Foundations can encourage and facilitate nonprofit developers to set aside units for homeless households by providing predevelopment funds and program-related investments (PRIs) and through up front capital investments or grants for rental assistance that makes the units more affordable. In addition, foundations can support programmatic costs or services to assist formerly homeless households in retaining their housing, and in growing their earning potential to help make the transition to paying higher rents over time feasible.



Pickering Place in Fremont includes a set-aside of deeply affordable apartments.



MAXIMIZING HOUSING ACCESS FOR FAMILIES: Fremont Housing Scholarship Program

Imagine you are a homeless single parent struggling to keep your children safe in a shelter while you complete job training. Now imagine that someone recognizes your efforts to build a better life for your family and offers you a “housing scholarship” so that your family can move into high quality housing. Participants in the Fremont Housing Scholarship Program get just that—the opportunity to live in deeply



affordable housing while they complete vocational training and obtain employment that will support their families.

The City of Fremont Housing Scholarship Program now offers 34 units set aside in affordable housing developments for eligible parents with children on welfare enrolled in vocational training. Approximately 98% of the scholarship recipients are single mothers and more than half are homeless or at risk of becoming homeless. When they enter the program, many are living out of their cars or moving to a different residence each night to sleep on the floor.

To make the program work, when the City invests in new affordable housing developments it provides additional development funds to include some scholarship units at deeply affordable rents. Mid-Peninsula Housing Coalition, devel-

oper of several of the properties, has worked closely with the City to create a stair-stepped rent structure that enables graduates of the program, once they are employed, to continue as tenants at below-market rents.

The Tri-City Homeless Coalition (TCHC), a shelter and housing services provider, offers case management to the homeless families that enter

the program. With the support of the Sobrato, Y & H Soda, San Francisco, and Cisco Foundations, TCHC helps families apply for the program, maintain their academic standing, and pursue their self-determined career and family goals. When their vocational training has been completed, recipients have three months to seek full-time employment. Once working, they have five additional months on the scholarship rent in order to prepare for the rent increase. The next vacant unit in the development is then designated as a housing scholarship unit for another family in the program.

More than 300 families have graduated from the Fremont Housing Scholarship Program and over 95% have completed training, secured employment in their field, and remain stably housed. www.ci.fremont.ca.us/community/housing/housingscholarshipprogramforstudents.htm

PREDEVELOPMENT INVESTMENT MAKES DEEPER TARGETING FEASIBLE: The Lakeside Apartments

The Lakeside Apartments, 124 units in eight buildings located on the banks of a small lake in Concord, was built originally in 1961. The buildings and surrounding landscape had deteriorated significantly by 2003 when Resources for Community Development (RCD) acquired it. RCD is renovating all of the units for comfort and safety, lowering all rents to be permanently below market, and setting aside 12 deeply affordable units for homeless individuals and families and 17 units for persons with disabilities.



When the units reopen, supportive services will be available to all the residents, with additional specialized services for persons with histories of homelessness and disabilities. By including units for homeless people in a larger project, RCD was more competitive in applying for state and federal funds, while serving a broader range of households in need. For the formerly homeless households that will live there, being in mixed-income housing means they will be integrated into the broader community, benefiting from the same access to services and amenities as everyone else.

The S.H. Cowell Foundation played a key role in making this project a reality. Inspired by its interest in helping low-income families, in 2003 Cowell made a PRI in the form of a recoverable grant to RCD for \$146,000 for predevelopment expenses, including some of the design, engineering, environmental, and other preconstruction costs. These funds allowed RCD to proceed with the work needed to secure the construction financing for the full renovation.

The amount of the Cowell loan has since been reimbursed to the project by the construction lender and is due back to Cowell at the end of 2006. The Foundation and RCD have an agreement that the loan may be forgiven if RCD can demonstrate that the funds are needed to support the predevelopment working capital costs of its other affordable housing projects. Thus the funds have the potential to be reinvested to create more housing in the future. www.rcdev.org



Program-related Investments: A Closer Look at Foundation Lending

Foundations are successfully using program-related investments (PRIs) to fund affordable housing and supportive housing developments. PRIs are low- or no-interest loans, equity investments, or loan guarantees made

by foundations to further their charitable goals. They are made by foundations of all sizes and types, as well as non-foundation charities associated with businesses and religious institutions. PRIs are distinct from grants because they are structured to recover the foundation's investment. Ultimately, PRIs allow foundations to utilize a greater portion of their assets to further their social missions by recycling additional funds from the endowment's asset base.

In a recent report to The San Francisco Foundation, the Bridgespan Group, a national nonprofit consultant, recommends the establishment of a collaborative investment approach for foundations in the Bay Area region; the goal: to pool PRIs to make rental housing affordable for those most at risk of homelessness. It suggests that foundations in the Bay Area consider replicating a pooled approach to philanthropic investments in low-cost housing underway in Massachusetts. Founded in 2003, Home Funders was created by a unique group of private and public funders who have elected to align their PRIs to support the development of 1,000 units of housing in Massachusetts that are affordable for extremely low-income residents, including the formerly homeless or those at high risk of homelessness.

Bridgespan reports that what is most needed in the Bay Area are direct loans of 15-20 years at extremely low rates for developers building deeply affordable housing. By pooling PRIs and using an experienced intermediary investor who can both underwrite and provide support for project financing, foundations can help streamline and simplify the financing process. For foundations without in-house expertise to make such loans, several expert intermediaries in the region are available to facilitate the process. (See Resources on page 19.)

Investing in Housing for Those in Need: The Sobrato Affordable Housing Fund

With a gift of \$10 million in 2001, the Sobrato Foundation launched a revolving loan fund aimed at assisting a pre-approved list of local nonprofit housing developers in creating affordable multi-family rental properties, homeless/transitional housing, and below-market rate single-family/homeownership developments in Silicon Valley. The Foundation provides risk tolerant, interest-free loans as recoverable grants for pre-development and land acquisition costs. Its Affordable Housing Fund was originally designed to strategically leverage the resources of the Housing Trust Fund of Santa Clara County and now leverages financing from loan pools through Lenders for Community Development, a nonprofit lending institution.

www.sobrato.com/foundation/housinginitiative.htm

Bundling PRIs for Pooled Investments in Affordable Housing: Bay Area LISC

The Bay Area branch of the Local Initiatives Support Corporation (LISC), a national community development financial intermediary, has extensive experience using foundation funds for loans to create affordable and supportive housing. Over the years, a number of foundations have provided PRIs to Bay Area LISC, including the William and Flora Hewlett Foundation, the James Irvine Foundation, and Catholic Healthcare West Foundation. Examples of Bay Area nonprofit housing serving the homeless and those at-risk of homelessness assisted by LISC include:

- The Rosa Parks House in Oakland was acquired and rehabilitated by Building Opportunities for Self Sufficiency (BOSS) to provide transitional housing for 22 homeless persons living with mental disabilities or HIV/AIDS.
- Resources for Community Development received a loan for the rehabilitation of Terrace Glen, 32 units of family housing acquired in Antioch to serve extremely low- and low-income families.
- EPA CAN DO acquired and renovated the Clarke Street Apartments, 15 rental units in a distressed neighborhood of East Palo Alto.

www.bayarealisc.org



Transitional Subsidies: Preparing People for Permanent Housing

For most homeless people without significant disabilities or chronic barriers to independence, the goal is to reintegrate into the community and achieve economic self-sufficiency. Given the limited supply of subsidized housing (only one-third of poor households eligible for any kind of housing subsidy in the United States actually receives one⁶), for most this means facing the significant challenge of acquiring and retaining housing without an ongoing subsidy. For many homeless households, even the assisted below-market rate housing in their community may be priced out of reach. Transitional or interim support programs for homeless people are focused on preparing households for that reality. Such programs often utilize a time-limited approach to subsidies for housing in the community, with linkages to support services.

Unlike traditional transitional housing programs that require individuals or families to move out of the housing after their time in the program is up (usually 24 months), interim support approaches work to help households move quickly into their own permanent housing and then assist their efforts to prepare themselves to afford to continue living there at the end of the subsidy period. The services and subsidies offered are “transitional” and may decrease or be withdrawn over time. These programs prepare participants for assuming payment of the full rent while assisting them to increase their incomes and save money during the program’s duration. Foundations can support these programs by providing grants for rental subsidies, deposits and other housing and move-in costs, supportive services, and the promotion and replication of these models.

RAPID RE-HOUSING OF HOMELESS FAMILIES: THE SANTA CLARA HOUSING FIRST COLLABORATIVE

Homeless families, who in the past might have spent considerable time in shelters, are moving directly into their own apartments through the innovative Housing First program in Santa Clara County. Operated collaboratively by EHC LifeBuilders and InnVision, Housing First assists homeless families who have or can gain employment to quickly find an apartment and offers limited financial assistance to help them pay rent during the first 12 months.



County Housing Authority initially provided Section 8 certificates to the first 100 families, but currently the program operates without ongoing subsidies and has been redesigned to ensure that families can afford their housing when the subsidy period ends. The Housing First program has had great success in building relationships with landlords who are willing to accept its clients as renters, despite histories of eviction or poor credit. Funds from the Housing Industry Foundation pay for move-in costs and security deposits.

Unlike programs that work intensively with families in shelters or transitional housing before they move into permanent housing, this program gets them re-housed first, then assists them through home-based case management in addressing their income and service needs in order to retain their housing.⁷

The Charles and Helen Schwab Foundation, which initiated the pilot program, was the key funder for the project’s first three years, along with the Sobrato Foundation. The Santa Clara

Debbie Wade of the Housing Industry Foundation says, “The Housing First model is attractive to our Board and our members. They see the program as preferable for families who don’t have to keep dealing with the trauma of moving, and it is preferable for society because it is more cost-effective. It fits with our mission of making sure everyone has a decent place to live.”

www.ehclifebuilders.org/programs/families



SUPPORTING THE TRANSITION TO INDEPENDENT ADULTHOOD: First Place Fund For Youth

Nearly half of former foster youth in California experience homelessness within a year to 18 months of discharge from the care system.⁸ Instead of receiving support and guidance during this critical transition, emancipated foster youth too often find themselves at age 18 without housing, a source of income, adult encouragement, or community support.

To address this crisis, First Place Fund for Youth developed its Supported Housing Program, which provides former foster youth with the opportunity to develop critically needed life skills while living in their own apartments in the community. The program provides youth who age out of care with a variety of services, including personal advocacy, education support and career planning, and a rental subsidy and loan for the security deposit in shared apartments it master-leases from private market and non-profit landlords. Over time, the subsidy amount gradually declines while the portion paid by the youth increases, preparing the young people to either fully assume the lease or to obtain their own housing (having established a rental and credit history) once the subsidy is over and the loan is repaid.

In 2001, the California Legislature established the \$1.4 million Transitional Housing for Foster Youth Fund (THP+) to support similar programs. Accessing these funds, however, is a challenge for providers because it requires counties to provide 60% of the project costs with the State matching the other 40%. With their discretionary budgets shrinking, counties couldn't figure out how to opt-in. First Place partnered with The Walter S. Johnson Foundation and with Alameda County's Social Services Agency



to devise a creative public/private financing strategy to draw down the State funds.

The Walter S. Johnson Foundation provided a two-year, \$100,000 grant and worked closely with First Place and Alameda County to overcome the administrative barriers. Other foundation contributors to the match include the United Way, Friedman Family Foundation, Koret Foundation, Heffernan Group, and van Löben Sels/RembeRock Foundation. Not only did the foundation grants cover the required local match, allowing Alameda County to draw nearly \$200,000 from State THP+ funds, the approach set an example for other counties and helped to save the State program, which was in danger of cancellation. In fact, in 2005 the Legislature re-allocated monies to the Fund, and additional counties

have begun to draw down funds using their own public/private collaborations. An effort is now underway by advocates to lower the match requirement for THP+ so that more counties can opt in and serve youth in need across the state.

www.firstplacefund.org



Preventing Homelessness: Ensuring a Household Crisis is Not an Entry to Homelessness

By far the best way to end homelessness is to prevent it from occurring in the first place. While this is not always possible, it is often true that a small investment when a household is in danger of losing their housing may save them from falling into the traumatic and costly experience of homelessness. Although the importance of preventing homelessness is often acknowledged, real investments in prevention strategies have historically been tiny relative to the investment in sheltering and housing families once they become homeless. Today, however, more communities and organizations are looking again to prevention as a key component of a successful strategy to end homelessness. Foundations can encourage this trend by supporting existing prevention programs and working with organizations providing homeless or other services to develop targeted prevention components.

HELP WHEN IT IS NEEDED: Society of St. Vincent de Paul Home Visiting Program

The volunteers and staff of the Society of St. Vincent de Paul (SVdP) of San Mateo County know that it's far better to help a family to stay in their home than shelter them once they become homeless. They know this because they do both. SVdP provides a range of services to persons in need, including home visits, food, utility and rental assistance to those at risk of losing their housing, and motel vouchers, meals, and support services to homeless individuals and families.

The SVdP home visiting program combines material or financial assistance with person-to-person outreach. Using volunteers from throughout the county, the program sends neighbors out to meet neighbors in need and provide them with vital assistance. The help may include food, funds for car repairs, paying utility bills, or help with overdue rent. In 2005, SVdP reached more than 9,000 households and provided rental assistance to more than 700 of them. Research has shown that preventing a household from becoming homeless saves many times the cost in services that would be needed if they become homeless. More

importantly, it prevents the destructive life experiences that so often result in job loss, family separation, declines in school performance, health crises, and other traumas.

While most of SVdP's funding comes from individual donors and from its network of thrift shops, foundations supply critical support. "In the fall of 2005 donations were down in the wake of Hurricane Katrina," says Margi Jung, development director. "New grants from the Morris Stulsaft Foundation, Hitachi Foundation, and the Junior League of Palo Alto helped us get through October and November without having to cut services. Our foundation supporters allow us to bridge gaps and to plan, validating to donors



what we do in the community." Foundations including The San Francisco Foundation, the Sobrato Foundation, Adobe Action Grants, Wells Fargo Foundation, and Peninsula Community Foundation support the rental assistance component that keeps vulnerable households in their homes. www.svdp.org/sanmateo



PREVENTING FAMILIES FROM RETURNING TO HOMELESSNESS: Hamilton Family Center

The Hamilton Family Center is San Francisco's largest provider of emergency shelter and support services to homeless families. For years the Center has received families who have lost their housing for lack of income and their inability to pay rent. They also witnessed how many families who had stayed in their shelters, often for many months, finally left for housing only to return to the shelters later because they were unable to sustain their housing.

Hamilton Family Center was one of nine Bay Area organizations selected to participate in the Charles and Helen Schwab Foundation's three-year Shifting Gears Initiative, which offered an invitation to shift from an approach that centers on emergency shelter to one that focuses on the rapid rehousing of homeless families. Hamilton Family Center decided to focus not only on moving families quickly and permanently out of the shelters, but also on ensuring that the families who are at risk of homelessness stay housed and that formerly homeless families do not slip back into homelessness. Its Housing and Aftercare Program identifies those families that are in imminent danger of losing their housing due to an extremely high rent burden and works with them to prevent their entry into homelessness.

Hamilton Family Center's unique approach to prevention, while still in its infancy, utilizes a creative mix of strategies to do 'whatever it takes' to keep families out



of the shelters. Most currently available prevention funding is restricted to a once-in-a-lifetime one month's rental assistance or move-in assistance per family. Hamilton Family Center has found that in the high-cost Bay Area that is often not enough to prevent homelessness. It works on a case-by-case basis to determine what a family needs to stay housed. For example, if a family owes back rent and is threatened with eviction, it may offer a loan to pay the landlord if the family agrees to accept money management (payee) services. The payee ensures that future rent is paid in a timely manner and makes small payments on the loan on the family's behalf. But if the family remains in payee services and makes progress, Hamilton Family Center will forgive a portion of the loan. In other cases it provides temporary housing subsidies with home-based case management to families at risk of returning to homelessness.

"Shelter beds are very expensive in general, and it can cost up to \$3,000-\$4,000 a month per family," reports Salvador Menjivar, Hamilton Family Center's executive director. "Our prevention programs cost a quarter of that. If we can reach enough families before they get to our doors, we will save local resources and prevent families and children from living the trauma of homelessness." As the Shifting Gears Initiative winds down, Hamilton Family Center is seeking public and private support to maintain its prevention pilot and to reach out to more at-risk families before they ever enter the shelter system. www.hamiltonfamilycenter.org



Policy and Advocacy: Winning Hearts and Minds to Increase Affordable Housing Development

Money, land, and community approvals are the three greatest barriers to increased affordable housing production. Philanthropy can play a key role in helping to overcome these challenges by supporting organizations that advance policy development and systems change at the local, state, and federal levels. Advocacy and education efforts can help the public understand affordable housing needs and solutions, increase and better target the flow of critical public dollars, and build community support for specific projects.

By supporting organizations working on policy analysis, development, and education, philanthropy can build understanding and momentum

Advocacy and education efforts help the public understand the community benefits of affordable housing.

for the adoption of policies that are more responsive to affordable housing needs. This work is often strengthened through collaborations with environmentalists, civic organizations, civil rights groups, faith-based coalitions, labor unions, transportation organizations, healthcare and social service providers, teacher and parent organizations, business associations, housing industry groups, and other stakeholders interested in creating vibrant, diverse, and economically sustainable communities.



In 2002 over 1,000 people met with public officials to create a housing trust fund in San Mateo County.

FUNDING ADVOCACY TO GAIN COMMUNITY ACCEPTANCE FOR AFFORDABLE HOUSING

Few affordable housing developments are built without having to grapple with community concerns and sometimes outright opposition. Generating greater understanding and appreciation for affordable housing is key to addressing the housing crisis in the Bay Area. Without community support, elected officials may not undertake the necessary, yet sometimes politically controversial, steps to increase affordable housing. Public education efforts are essential to counter misconceptions about affordable housing and encourage the development of economically diverse communities.



Advocates in San Francisco rallied for a housing bond measure on the 2004 ballot.

The Non-Profit Housing Association of Northern California (NPH) and several Bay Area advocacy coalitions have made progress in their campaigns to educate communities about the quality and positive community benefits of new affordable housing. With foundation funding, NPH developed the Tool Box for Community Acceptance that offers practical technical assistance to grassroots housing advocates on how to organize tours of affordable housing and make effective presentations, and to offer videos and other materials promoting the features of quality affordable housing.



PROMOTING HOUSING FRIENDLY LAND USE POLICIES

A collaborative of nine foundations, initiated by the Charles and Helen Schwab Foundation, and now led by The San Francisco and Fannie Mae Foundations, has formed to support the Inclusionary Housing Initiative organized by the Non-Profit Housing Association of Northern California with the engagement of many local and regional housing advocates.^A

This campaign promotes the use of inclusionary housing as a zoning policy to increase the supply of affordable housing and to create more mixed-income neighborhoods. Inclusionary housing is an increasingly common land use practice that helps ensure that a community’s remaining underutilized and vacant land is developed in a manner that contributes to meeting a broader range of housing needs in the community. Of the top 40 Bay Area local governments, 72% have adopted inclusionary housing measures requiring developers to set

If the top 40 Bay Area jurisdictions adopted ordinances requiring that 20% of new units be priced at below-market rates (BMR), in the next five years over 14,000 new BMR homes and apartments could be built.

aside affordable homes in an otherwise market-driven development for occupancy by low- and moderate-income households.

Inclusionary housing policies have broad appeal to local governments because these policies help address affordable housing needs with little extra cost to governments. Inclusionary housing policies, which stipulate both the income level targets and the percentage of units to be sold or

rented at designated below-market prices, often complement other affordable housing programs, like bond financing, rent and development subsidy programs, and tax credits. While most housing produced by inclusionary housing ordinances is not affordable enough for those at greatest risk of homelessness, foundations can support local efforts to “buy down” the rents of these units further to make them affordable for those with extremely low incomes.

Affordable housing overlay zoning is a promising new land use tool supported by many housing advocates that specifies sites on which residential densities will be increased if a given level of affordability is achieved. This map of sites is then “overlaid” on the existing zoning map. The Town of Corte Madera recently adopted a particularly effective use of overlay zoning creating an “exclusive affordable housing zone” requiring the development of a substantial percentage of affordable units on affected sites in exchange for greater density.

CREATING HOUSING TRUST FUNDS

Dedicated funding for affordable housing, especially for households with extremely low incomes, is essential to increasing the supply of affordable homes in the Bay Area for those most at risk of homelessness. One of the key ways to secure a dedicated revenue stream is to help establish Housing Trust Funds that can receive public revenues from a variety of funding sources (taxes, fees, etc.) to support investment in a broad range of housing activities, including construction, rehabilitation, and rental assistance. According to the Center for Community Change, which provides technical assistance for the develop-



Baker Park, an award winning affordable housing development serves families in San Jose.

A: Additional funders of the initiative include Peninsula Community Foundation, Evelyn and Walter Haas, Jr. Fund, S.H. Cowell Foundation, Butler Family Fund, Marin Community Foundation, and the Enterprise Foundation.



ment of housing trust funds across the country, there are now more than 350 housing trust funds in cities, counties, and states. In the Bay Area several counties now operate or are developing such trust funds, including the Housing Trust of Santa Clara County that began distributing funds in 2001, and the San Mateo Housing Endowment and Regional Trust (HEART) that awarded its first funds in 2005. Community leaders are launching a housing trust fund in Contra Costa County and have plans to seek voter approval for a county-wide real estate document recording fee to provide a dedicated revenue source to fund the trust.

To help establish housing trust funds, foundations can support efforts to:

- convene nonprofit developers, housing advocates, public officials, and other potential allies to form a core organizing committee;
- document community housing costs, resources, and affordability needs and educate policymakers and the public about the need for affordable housing;
- fund local and statewide coalitions working to establish trust funds, including media and public education campaigns to publicize community benefits; and
- sustain the core organizing committee of community leaders as it works to establish a housing trust fund, and also the group designated to administer and monitor how trust fund monies are spent.

In addition to housing trust funds, foundations can support organizing and education efforts for the development of other local and state revenue measures dedicated to affordable housing such as housing bond campaigns. Housing California, a statewide nonprofit, coordinated the education and advocacy efforts of local and regional groups to lead the campaign for California's Proposition 46, which secured voter approval in November 2002 for general obligation bonds to invest \$2.1 billion in affordable housing production.

GREATER LEVERAGE FOR AFFORDABLE HOUSING: Housing Trust of Santa Clara County

In 1999, representatives of the Community Foundation of Silicon Valley, Silicon Valley Manufacturing Group, the County Collaborative on Housing and Homelessness, and the County of Santa Clara met to create the Housing Trust of Santa Clara County. The Trust was designed to serve as a rapid-response investment tool to assist new affordable housing developments and to help first-time homeowners buy affordable homes. An ambitious \$20 million endowment was targeted and in the most successful fundraising campaign in local history, that goal was met in less than two years. Contributions from foundations, private citizens, employers, employer foundations, county government, and all 15 Santa Clara County towns and cities established the Trust as a major funder of affordable housing.

As of March 2006, the Housing Trust of Santa Clara County has invested \$5.15 million to address homelessness, leveraging another \$130 million by providing 32 loans and grants for 745 units of housing and shelter. It has also provided 14 emergency homeless prevention grants assisting 1,840 individuals. Another \$6.1 million has been invested in affordable multifamily rental developments creating 1,275 units of new rental housing throughout the county, valued at more than \$341 million.



The Housing Trust invested \$400,000 in the Oak Court Apartments, which the Palo Alto Housing Corporation opened in 2005 with 53 units of affordable family housing, including 19 units affordable to extremely low-income families. It offers a computer learning center and community room on site. The development also received a \$132,500 program-related investment in the form of a predevelopment loan from the Sobrato Foundation. www.housingtrustscc.org



RESOURCES

For more information on the strategies, foundations, and nonprofit organizations presented in the case studies in this guidebook, please contact:

Bay Area Foundation Advisory Group to End Homelessness

c/o Carol Lamont, Program Officer
 The San Francisco Foundation
 415-733-8500
 cjl@sff.org
 www.sff.org
 www.homelessphilanthropy.org

The following organizations can provide information and research, updates on current public policy issues, contacts for local organizations, and technical or financial assistance in addressing homelessness and affordable housing issues:

Center for Community Change

661-245-0318
 www.communitychange.org

Corporation for Supportive Housing

510-251-1910
 www.csh.org

Bay Area Local Initiatives Support Corporation

415-397-7322
 www.bayarealisc.org

HomeBase

415-788-7961
 www.homebaseccc.org

Housing California

916-447-0503
 www.housingca.org

KnowledgePlex

c/o The Fannie Mae Foundation
 877-363-PLEX
 www.knowledgeplex.org

Lenders for Community Development

408-297-0204
 www.l4cd.com

Low Income Investment Fund

510-893-3811
 www.liifund.org

National Alliance to End Homelessness

202-638-1526
 www.endhomelessness.org

Non-Profit Housing Association of Northern California

415-989-8160
 www.nonprofithousing.org

Northern California Community Loan Fund

415-392-8215
 www.nccclf.org

ENDNOTES

¹ Burt, Martha R., "What Will it Take to End Homelessness?" Urban Institute, September 2001.

² Calculated from data available at socds.huduser.org/chas/CHAS_java.oddb. Extremely-low income refers to households with income at or below 30% of area median. Based on HUD's special tabulation of 2000 U.S. Census data for Alameda, Contra Costa, Marin, San Francisco, San Mateo, and Santa Clara Counties.

³ Corporation for Supportive Housing, "MHSA and Housing!" Powerpoint presentation, July 31, 2005.

⁴ Barrow, Susan, Rodriguez, Gloria Soto, and Cordova, Pilar, "Closer to Home: Final Report on the Evaluation of the Closer to Home Initiative," Corporation for Supportive Housing, 2004.

⁵ Culhane, Dennis, Metraux, Stephen, and Hadley, Trevor, "Public Services Reductions Association with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing," Housing Policy Debate, vol. 13, Issue 1, Fannie Mae Foundation, 2002.

⁶ Joint Center for Housing Studies at Harvard University, "America's Rental Housing: Homes for a Diverse Nation," President and Fellow of Harvard College, 2006.

⁷ Courtney, Mark E. and Piliavin, Irving, "Foster Youth Transitions to Adulthood: Outcomes 12 to 18 Months after Leaving Out-of-Home Care," University of Wisconsin, Madison, 1998.

⁸ LaFrance Associates, "Santa Clara County Housing First Initiative: Year Two Evaluation Report," 2006. The first results of an ongoing evaluation of the program by LaFrance Associates shows that the average family went from homelessness to housing in 25 days (as compared to the six to 24 months typical of shelter and transitional housing.) Nearly 90 percent of the families served were able to retain their housing independently three to six months after the assistance ended.

NEW LEAF PAPER
environmental benefits statement

The Bay Area Foundation Advisory Group to End Homelessness saved the following resources by using New Leaf Reincarnation Matte made with 100% recycled fiber, 50% post-consumer waste, and processed chlorine free.

trees	water	energy	solid waste	greenhouse gases
1 fully grown	253 gallons	1 million BTUs	55 pounds	94 pounds

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www.homelessphilanthropy.org