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The Power of Innovation: Building a Better, More Equitable Housing System



Tackling Systemic Inequities through Housing Innovation

Today, a stable, affordable home is out of reach for millions of people living in the United States. Due to historic, systemic inequities, homeownership rates among Black, Indigenous, and people of color (BIPOC) and low-income populations lag significantly behind their white, more affluent peers. Simultaneously, there is a critical shortage of affordable rental homes, with demand for affordable housing reaching unprecedented levels in recent years.

Recognizing that the urgency of the U.S. housing crisis demanded a creative and comprehensive approach, the Wells Fargo Foundation collaborated with Enterprise Community Partners to launch the Housing Affordability Breakthrough Challenge in 2019. The Breakthrough Challenge intended to address critical challenges in the housing sector by supporting the development of new, innovative and scalable approaches in the following three focus areas: *housing construction, housing finance and resident services and support*. The Breakthrough Challenge also sought innovative solutions to break down systemic barriers to housing access and affordability.

Nearly 900 organizations submitted proposals to the inaugural Breakthrough Challenge, and six were selected to receive a two-year, unrestricted grant of \$2 million, plus an additional \$500,000 for technical assistance. In addition, the selected innovation teams comprised a peer learning network with access to support from Enterprise and Wells Fargo, as well as opportunities to share their work across the affordable housing field.

The six winning innovations are:

Housing Construction:



Housing Finance:



Underwriting for Good



Health + Housing

Resident Services and Support:



The Homecoming Project



Trauma-Informed Housing

In designing the Breakthrough Challenge, Enterprise and Wells Fargo realized the importance of evaluating the program's impact on the broader housing system. Evaluated through a participatory approach, this report outlines the impact of each individual innovation as well as the Breakthrough Challenge's broader potential impact on the housing sector. The evaluation found that the six innovations are pushing the sector to operate, collaborate and serve differently to:

- **Increase the supply of affordable housing**
- **Expand access to housing for people who are systemically marginalized**
- **Prioritize resident choice and empowerment in affordable housing**
- **Integrate supports that promote health, resilience and economic mobility**

This document provides a summary of the findings discussed in the unabridged evaluation report.



Construction workers build a modular unit at the DreamBuild (formerly named *MiCASITA) farm.

Investment in Participatory Evaluation

The Breakthrough Challenge evaluation used a participatory systems-change approach to determine how the six innovations are expanding access to affordable housing and services to targeted communities in the short term, and their potential to redefine and reshape the housing system *writ large*. The following three questions guided the evaluation:

1. What is the **initial impact** of the Breakthrough Challenge on the field of housing affordability with respect to construction, financing, and resident services and support?
2. What is the **expected long-term impact** of the Breakthrough Challenge innovations, and to what extent can these innovations be scaled or replicated to achieve greater impact?
3. In what ways did the resources and supports provided by the Breakthrough Challenge foster innovations that can **contribute to the field and housing affordability systems change**?

The evaluators had multiple touchpoints with the innovation teams, helping them create and refine theories of change and collecting qualitative and quantitative data through semi-structured interviews, surveys and observation. The complete list of evaluation steps is available in the full [Housing Affordability Breakthrough Challenge Evaluation Report](#).

While only three years have passed since the Breakthrough Challenge winners were selected, the evaluation identified early successes and key themes across the innovation teams' work that are suggestive of a broad, long-term impact on the field. Given more time to evolve and scale, each of the innovations described within this report has the potential to substantially improve the affordable housing sector, making housing and services more accessible and beneficial to people across the country.



A host for The Homecoming Project, which provides housing and supportive services to recently incarcerated individuals to improve reintegration outcomes, speaks with a participant.

Changing How Housing Works

The goals of the Breakthrough Challenge innovations converge on one shared objective:

To address inequitable and exclusionary housing policies and practices that marginalize communities of color and low-to-moderate income families.

Although each innovation is unique, together they contribute to a new way of working centered on empowering marginalized communities and expanding access and choice in the housing sector. The evaluation yielded the following impact themes, which characterize how the innovation teams are disrupting the affordable housing field:

Increasing the supply of affordable housing.

Across the U.S., affordable housing is becoming increasingly inaccessible as housing costs soar while wages stagnate. The ongoing demand for affordable housing continues to surpass the available supply, leading to a rise in homelessness rates. Breakthrough Challenge innovations are expediting the construction of affordable housing through new, climate-friendly construction techniques and incentivizing new capital investment in affordable housing construction.

Expanding access to housing for people who are systemically marginalized. Innovations are making housing, both ownership and rental, more accessible for long-excluded groups, such as communities of color and the formerly incarcerated. They are combating discrimination in the home-lending space, exclusionary rental policies and harmful supply chains so that every step of the housing process brings value.

Prioritizing resident choice and empowerment in affordable housing. Innovations are centering individual choice and empowerment through resident leadership in property management decisions, buyer-driven decision-making in home design and amenities, and access to and choice in homeownership.

Integrating supports that promote health, resilience and economic mobility. Innovations are integrating health and resilience as a priority in the design and provision of affordable housing, ensuring that homes do not exacerbate health disparities and instead promote resilience and provide opportunities for wealth building and economic mobility.

Flexible Support Fosters Innovation

In sectors that operate under tight financial margins, limited funding options and constant time pressures, it can be difficult to implement untested strategies, even if they have the potential to improve outcomes for marginalized communities. Consequently, the current housing system fails to adequately address the pressing housing crisis, highlighting the need for innovation to ensure that millions of families can achieve housing security and receive support that improves their opportunity to thrive.

Six innovation teams set out to tackle systemic issues that prevent people from having a home they can afford in a community of their choice. The Breakthrough Challenge provided the necessary time, space, and resources for the teams to test, refine and implement their ideas. A common refrain among the teams is that, without the Breakthrough Challenge, they likely would not have been able to operationalize their innovations.

Nearly all of the innovation teams experienced challenges in securing funding that matched the scale, duration and flexibility required to grow their innovative ideas prior to the Breakthrough Challenge. The unrestricted grant dollars gave each team the ability to hire staff, contract with professional consultants and invest project capital – all key to turning innovative ideas into reality.

Though Breakthrough Challenge winners brought forth the original innovative ideas, refining these innovations into successful models with maximum impact required tapping into expertise from across the housing sector. The technical assistance support from the Breakthrough Challenge was flexible and allowed innovation teams to access expertise either directly from Enterprise or through contracted consultants. All teams reported that the technical assistance was an important resource and significantly helped advance their innovations.

Breakthrough Challenge support served as a launchpad for the innovations, allowing them to test and refine their ideas and ultimately secure more support. Throughout the Breakthrough Challenge, innovation teams were able to leverage the grant to secure **\$153 million in additional funding** towards the refinement and expansion of their innovations

Support Provided by the Breakthrough Challenge included:

\$12 Million
Grant Funding

\$3 Million
Technical Assistance

Innovator Cohort
Convenings and Peer Learning

Strategic Communications
Storytelling and Public Awareness



Representatives from each Breakthrough Challenge team, Wells Fargo and Enterprise speak about the challenges and opportunities for housing innovation at the National Building Museum in Washington, D.C.

A Better Way Home

THE HOUSING AFFORDABILITY BREAKTHROUGH CHALLENGE

BREAKTHROUGH

breakthrough | ˈbrɛk.əˈθruː |
 a sudden advance especially in knowledge or technique
 an act or instance of moving through or beyond an obstacle

Home and community matter most. Yet, in so many neighborhoods across the country affordable homes are out of reach. How can we break through barriers to ensure everyone has access to an affordable home where they can thrive?

Here are six bold solutions that challenge how we confront housing affordability in the US.



Members of the Trauma-Informed Housing innovation team pose at "A Better Way Home" exhibit.

One of the defining characteristics of the Breakthrough Challenge is flexibility to try something that's never been done before — to take risks, knowing that the outcome is uncertain. Ideally, successful innovations will find a path toward replication and scalability; however, there are myriad factors that determine the feasibility of widespread implementation. For example, after successfully developing the first multifamily modular CLT prototype, Forterra made the decision to ultimately step away from its Forest to Home vision in 2023 due to the challenges of the current economic environment and construction market. This example underscores the importance of the Breakthrough Challenge in investing in new ideas that show promise for generating meaningful change in an increasingly restrictive and resource-constrained sector. The lessons learned about modular CLT construction from this work are valuable for the field of practice and have potential to shape future innovation in the sector. Without opportunities to test new ideas, practices, or products, housing construction, financing, and supportive services will likely never evolve to meet the needs and aspirations of people and communities across the country.

One of the unexpected strengths of the Breakthrough Challenge was the community of innovators it brought together. Innovation can be difficult and isolating, and with limited funding opportunities and supports, innovative work often can feel impossible. The Breakthrough Challenge identified innovators across the country and held regular convenings of thought leaders, which provided the opportunity to coalesce, coordinate, and share both triumphs and setbacks.

The Breakthrough Challenge notably amplified the awareness of the innovations through "A Better Way Home: The Housing Affordability Breakthrough Challenge," an exhibit at the National Building Museum in Washington, D.C. Debuting in September 2022, the exhibit shined a spotlight on the six innovation teams and their contributions in moving the housing sector toward a more inclusive and equitable way of operating, collaborating and serving. During the 16-month long exhibition, **over 23,000 museum visitors** engaged with the housing innovations.

Housing Construction

**DreamBuild¹ – come dream. come build. | bcWORKSHOP**

While the entire nation grapples with an affordable housing crisis, rural America is uniquely burdened due to the scale, cost and accessibility obstacles involved in addressing housing needs within remote areas. DreamBuild addresses these challenges through its modular construction homeownership model, which begins by establishing a local manufacturing facility. By offering a variety of sizes (each home starts with at least two modular boxes) and upgrades, DreamBuild centers individual choice by providing housing options for low- to moderate-income buyers at a wide range of starting prices and amenities. Buyers can grow their homes over time by adding on new boxes. Recognizing that financing is another barrier to rural homeownership, DreamBuild provides favorable home loans, counseling and down-payment resources to buyers with lower credit scores and incomes. DreamBuild sold their first house in December 2022 and anticipates being able to produce up to 30 homes per year with prices accessible to people with incomes as low as 20% of area median income in Brownsville, Texas. An expansion of the model through franchise opportunities is currently underway in several communities, including Pine Bluff, Arkansas, Chattanooga, TN and Morehead, KY.

**Forest to Home – Forterra**

The significant shortage of affordable housing in the U.S., compounded by the urgency of climate change, demands solutions that effectively tackle both crises in tandem. In response, Forterra created Forest to Home which aimed to simultaneously lower the carbon footprint of residential construction, enhance carbon sequestration and improve supply chain practices. The model sought to use modular cross-laminated timber (CLT) for more sustainable timber harvesting and multifamily housing construction, as well as create a better supply chain that builds rural economies through local timber harvesting and production of modular CLT panels. Through the Breakthrough Challenge, Forterra successfully produced the first all-modular multifamily CLT unit in the U.S. Modular CLT emits carbon at a much lower rate compared to traditional construction materials and simultaneously sequesters carbon through its life cycle as housing. The modular construction approach also creates construction efficiencies in terms of time, materials and cost. While Forterra has since decided to step away from the Forest to Home model due to market and feasibility challenges, the initiative raised awareness of less extractive and more climate-friendly supply chain and construction practices.

¹ At the time of this report, cdc and bcWORKSHOP had rebranded MiCASITA as DreamBuild

Housing Finance



Underwriting for Good – Center for New York City Neighborhoods (CNYCN)

Systemic inequities in our housing finance industry have resulted in BIPOC individuals facing disproportionate denials of home loans compared to white applicants. Despite the intention to mitigate these barriers, automated loan underwriting systems inadvertently reinforce this inequity by relying on selective historical financial information rather than considering an applicant’s current financial standing. Designed as an add-on to existing automated loan underwriting software, CNYCN’s Underwriting for Good integrates new data while maintaining the efficiencies of automated loan underwriting. The inclusion of new data, including rent and utility payment history, offers a more accurate evaluation of an applicant’s ability to pay monthly loan installments than traditional credit score models. While the current automated loan underwriting system functionally excludes applicants with no or low credit scores, CNYCN’s approach accounts for the diverse ways people interact with today’s financial systems and more accurately reflects how people live and work. The data sources included in CNYCN’s model have the potential to evolve over time as more data are shown to be an unbiased, reliable indicator of risk and better reflect a borrower’s true ability to pay. This will ensure that underbanked households and people who are not scoreable or have “thin credit files” gain a pathway to homeownership and, over time, help address the racial wealth gap.



Health + Housing – Gulf Coast Housing Partnership (GCHP)

Where you live affects how long you will live and the quality of your life. Given the link between housing and quality of health, an opportunity exists for health insurers to address social determinants of health through upstream, direct investments in affordable housing. Such investment currently occurs on a very limited basis, in part due to the complexities of the affordable housing finance system and its misalignment with the health finance system. GCHP’s Health + Housing innovation seeks to improve both housing and health outcomes in disinvested communities in two ways: (1) facilitating greater investment in affordable housing by the healthcare industry, and (2) embedding health considerations throughout the housing development process, including the construction of an onsite health facility. Rounding out the Health + Housing model is a unique data sharing plan to understand the advantages derived from the integration of affordable housing and healthcare access. GCHP’s two Health + Housing pilot sites in Jackson, Mississippi, and New Orleans, Louisiana, feature investment from Aetna/CVS Health and UnitedHealthcare, respectively. The pilots aim to simultaneously demonstrate positive health outcomes for residents and feasible investments with dividends accruing in both the health and housing sectors.

IMPACT/JUSTICE**The Homecoming Project – Impact Justice**

Upon release from prison, many formerly incarcerated individuals face limited employment and housing opportunities, as well as a lack of support and services. This combination of factors drastically increases the likelihood of recidivism and ultimately creates a harmful prison-to-homelessness cycle. The Homecoming Project seeks to break this cycle through a housing and supportive services approach to improve reintegration outcomes and change misperceptions of people returning to the community. Using a housing-first approach, The Homecoming Project taps into the sharing economy and matches participants with hosts who have a spare room in their home. Hosts receive a monthly stipend from the program for housing a participant for six months. While living in the home, participants gain access to a comprehensive range of supportive wraparound services, facilitated by a community navigator who works for The Homecoming Project. The program hosted 86 participants through the end of 2022 with zero recidivism to date. Ninety percent of participants secured employment by the end of the six months. Following the success of the program in Alameda and Contra Costa Counties in California, Impact Justice is expanding The Homecoming Project to Los Angeles County. The Homecoming Project's success contributes to growing evidence of the benefits of the housing-first approach and demonstrates the value of holistic supportive services that create additional stability and opportunities for success.

**Trauma-Informed Housing – Preservation of Affordable Housing (POAH)**

Trauma can negatively affect all of us, including affordable housing residents, staff and communities. Residents can endure various forms of trauma, stemming from situational factors such as a sudden illness or loss of income, as well as systemic factors like poverty or racial discrimination. Staff members can also be impacted by trauma, either their own experiences or by witnessing the trauma of the residents they serve. POAH's trauma-informed housing model combines the principles of human-centered design (a problem-solving strategy) with trauma-informed care to address the way housing conditions can either ameliorate or exacerbate trauma. For example, housing rules and policies can limit residents' sense of agency, or, conversely, they can foster a sense of power and autonomy. Trauma-Informed Housing begins at the earliest design decisions and continues through the day-to-day operations. In piloting Trauma-Informed Housing at its own properties, POAH developed an online toolkit to share its learnings with others in the field. The national toolkit operationalizes the concept of Trauma-Informed Housing in a way that can be readily understood and applied by both housing providers and resident services staff at scale. Over time, POAH anticipates that organizations that embrace the model will see better staff and resident outcomes that will carry the added benefit of better property performance, like cost savings through lower turnover and fewer evictions.

The Path Forward

The results of the participatory evaluation suggest that the impact of the Breakthrough Challenge is being felt at the individual, community and systems levels, offering hope that these innovations will result in lasting change that benefits millions of individuals and families across the country. The Breakthrough Challenge has made it clear that we must continually recommit ourselves to equity and inclusion and be open to new ways of working across the housing sector.

By turning their transformative ideas into reality, the Breakthrough Challenge winners showed that we can transform the housing sector. At the same time, all the innovation teams continue to face barriers as they seek to bring their models to scale nationally. As one team put it: “Even an inch of movement in the sector is very difficult because people are unwilling to do things differently. This is the nature of risk.” Thus securing flexible and supportive funding to further refine and expand their innovations remains a priority for these organizations.

The six Breakthrough Challenge winners have inspired us, challenged us and pushed us out of our comfort zone. Collectively, they established a path forward and created the tools necessary to advance the housing sector and, more importantly, improve outcomes for individuals and families with low and moderate incomes. They questioned traditional approaches and successfully demonstrated new ways of operating, collaborating and serving.

They elevated critical issues and animated national conversations around racism and equity in housing policy. They represent the future of the housing sector and are committed to making it more flexible, more equitable and more inclusive. They challenged us all to do better and, because of their example, we will.

Early Achievements from the Challenge

- **DreamBuild:** Modular housing designs to expedite housing permits, a local production site for modular homes, and processes to amend local regulations related to modular homes.
- **Forest to Home:** Construction of the first multifamily modular CLT prototype home in the U.S.
- **Underwriting for Good:** Automated loan underwriting extension integrated with existing underwriting software.
- **Health + Housing:** Risk-sharing capital pool for additional health investment in housing, and legal and structural templates for other developers to create a risk-sharing capital pool.
- **The Homecoming Project:** National toolkit for organizations and agencies to implement the model in their respective communities.
- **Trauma-Informed Housing:** National toolkit to implement trauma-informed approaches at affordable housing properties.



Representatives from Wells Fargo and Enterprise gather with Breakthrough Challenge winners at “A Better Way Home” exhibit in Washington, D.C.



About Enterprise Community Partners

Enterprise is a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since 1982, we have invested \$64 billion and created 951,000 homes across all 50 states, the District of Columbia, Puerto Rico and the U.S. Virgin Islands – all to make home and community places of pride, power and belonging. Join us at [enterprisecommunity.org](https://www.enterprisecommunity.org).