

The Housing Affordability Breakthrough Challenge:

Tackling Systemic Issues in the Housing Sector through Investments in Innovation and Participatory Evaluation

July 2023



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Report Addendum: Innovation Updates

This report reflects insights that emerged over the course of the Housing Affordability Breakthrough Challenge (the Breakthrough Challenge) from September 2020 through June 2023. Since completion of the report, two of the six innovations have undergone significant change that is not reflected in the following pages. Such change is to be expected as these initial Breakthrough Challenge teams continue to evolve, adapt, scale and refine their innovations.

In August 2023, Forterra notified Enterprise and Wells Fargo that it intended to step back from its Forest to Home innovation for the foreseeable future. Current market conditions have made it difficult for Forterra to continue its work in this area, including the development of the Darrington Wood Innovation Center and its plans to grow the Forest to Home model and a market for modular cross-laminated timber (CLT).

Forterra's decision to recalibrate the Forest to Home innovation should not detract from its success in achieving what it set out to do with support from the Breakthrough Challenge: create the first CLT multifamily modular prototype in the U.S., known as ModPro. The ModPro prototype will remain in Seattle, Washington, and continue to serve as a model for others interested in modular CLT construction technology.

In another development, the MiCASiTA team led by cdc and buildingcommunityWORKSHOP rebranded their innovation as DreamBuild in 2023, following feedback from clients and partners representing various communities across the US. The new name more accurately captures the ambitious nature of the project and the high-quality homes it makes possible.

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Executive Summary

Introduction

Today, a stable, affordable home is out of reach for many 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 partnered with Enterprise Community Partners to launch the Housing Affordability Breakthrough Challenge in 2019. The Breakthrough Challenge called upon those in the housing sector to offer innovative solutions regarding how they finance, construct, and deliver housing to break down barriers to access and affordability, particularly for those for whom the current system is not working.

Nearly 900 organizations applied for the 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 following innovation teams brought their energy, enthusiasm and creativity to bear on some of the most challenging aspects of the affordable housing sector:

come dream. come build. | buildingcommunityWORKSHOP • Forterra • Center for NYC Neighborhoods
Gulf Coast Housing Partnership • Impact Justice • Preservation of Affordable Housing





Evaluation Approach

In designing the Breakthrough Challenge, Enterprise and Wells Fargo realized the importance of evaluating both its individual and collective impact. The evaluation used a participatory approach, which relied heavily on qualitative data collection and analysis methods.

Participatory evaluation actively engages stakeholders, including program participants, in the evaluation process. By incorporating multiple perspectives and diverse forms of knowledge—ranging from theoretical to lived experience—a more nuanced understanding of a program’s effectiveness is learned.

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, finance, 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. In addition, the evaluators conducted stakeholder interviews to assess more definitively the impact these innovations would have on the broader affordable housing sector, as well as the potential for them to scale.

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.

The Innovations

The current shortage of affordable housing is exacerbated by the complexities associated with its financing and construction. A typical affordable housing development requires multiple funding sources and can take up to seven years to come to fruition. In addition, beneficial services and supports that promote better health, education, and financial outcomes are often funded through a patchwork of philanthropic grants, sometimes causing inconsistent delivery and potential mismatch between the services offered and those needed by residents. The Breakthrough Challenge sought to address each of these challenges 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.

Housing Construction



come dream. come build. and bcWORKSHOP – Texas

MiCASiTA is an environmentally sustainable, disaster-resilient modular homeownership innovation designed for rural and Tribal communities. The off-the-shelf model features an application that enables homebuyers to customize their homes according to their preferences and finances.



Forterra – Washington

At the heart of Forterra's Forest to Home initiative is its idea for the first cross-laminated timber (CLT) modular multifamily home prototype (ModPro) constructed in the United States. ModPro deploys new, sustainable building material that creates an innovative template with the potential to address long-term affordable housing, wealth building, and social equity through homeownership.

Housing Finance



Center for NYC Neighborhoods – New York

Underwriting for Good expands access to credit using a digital platform that draws from alternative credit data including rental payments, utility payments and subscription services, which show sustained payments and cash flow, to demonstrate borrowers' ability to repay a home mortgage. The program looks beyond traditional metrics of creditworthiness, thereby affirmatively addressing racial inequity and reducing the racial wealth gap.



Gulf Coast Housing Partnership – Louisiana and Mississippi

Health + Housing uses investments provided by health care payors, including Medicaid Managed Care Organizations (MCOs), to build healthy, affordable homes paired with health care and social services. The innovation targets funding gaps and health disparities in the Gulf Coast by bringing together housing and health care partners at multiple levels, from capital investment to service provision, and tracking impact through data collection and analysis.

Resident Services and Support

IMPACT/JUSTICE**Impact Justice – California**

The Homecoming Project is a housing model for people returning from lengthy prison sentences. It pairs people leaving prison with welcoming hosts who have a spare room in their homes and a desire to help someone make a fresh start. Community navigators provide reentry coaching and connect participants to local organizations offering wraparound services.

**Preservation of Affordable Housing – Ohio, Massachusetts, and Missouri**

Trauma-informed housing recognizes the likelihood of trauma and is rooted in the science of resilience and healing. The model centers safety and trust, choice and empowerment, community and collaboration, and beauty and joy into all aspects of affordable housing. Trauma-informed housing applies not just to resident services, but to affordable housing design, development, and management. Through collaborative co-design, trauma-informed housing gives residents and frontline staff opportunities to reshape their communities to promote well-being and equity for everyone.

Impact Themes

The goals of the Breakthrough Challenge innovations converge on one shared objective: **to address inequitable and exclusionary housing policies and practices that overlook the priorities of communities of color and low- to moderate-income families.** Although each innovation focuses on different aspects, together they contribute to a new way of doing business that empowers marginalized communities and expands access and choice in the housing sector.

The evaluation yielded the following themes, which characterize how the innovation teams are disrupting the affordable housing field:

- **Increasing the supply of affordable housing.** Innovations are expediting the construction of affordable housing through new, climate-friendly construction techniques and incentivizing new capital investment in affordable housing construction. Over time, this will help grow the housing stock, especially in underserved communities.
- **Opening doors to housing for those who are excluded.** 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 wraparound services that are chosen based on resident priorities.
- **Improving approaches to health, resilience, and economic mobility for residents.** Innovations are integrating health and resilience as a priority in the design and provision of affordable housing, ensuring that affordable housing does not exacerbate health disparities, promotes resilience, and provides an opportunity for wealth building and economic mobility.

While still in the early stages of implementation and scaling, these innovation teams have already inspired other housing actors to think about how they too can prioritize equity and improve resident outcomes.

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 models.

All six teams demonstrated progress on advancing their initial ideas; however, it was not always an easy journey. All the teams had to adapt along the way, and one faced serious challenges that significantly impeded its progress. Despite the setbacks and inevitable challenges of bringing an idea to scale, all remain committed to addressing inequitable and exclusionary housing policies and practices.

The results of the participatory evaluation suggest that the impact of their work 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. While we cannot expect the affordable housing sector to change overnight, the Breakthrough Challenge has made it clear that we must continually recommit ourselves to equity and inclusion and be open to new ways of doing business in support of these goals.

This report contributes to a much larger conversation about innovation in general and, more specifically, the ability to implement innovative solutions in a highly regulated and resource-constrained sector. When reading about the Breakthrough Challenge's innovation teams and their projects, it is important to remember that innovation is not only about what is replicable—it is also about the thinking it shapes, the conversations it drives, and the confidence it builds to change the status quo.

The impact of the Breakthrough Challenge is far-reaching and will continue to change the contours of the housing landscape for years to come, paving the way for a brighter, more equitable future. While quantitative evidence of success may take time to fully emerge, the collective effort and ingenuity of these innovators is a story ready to be told.



Introduction

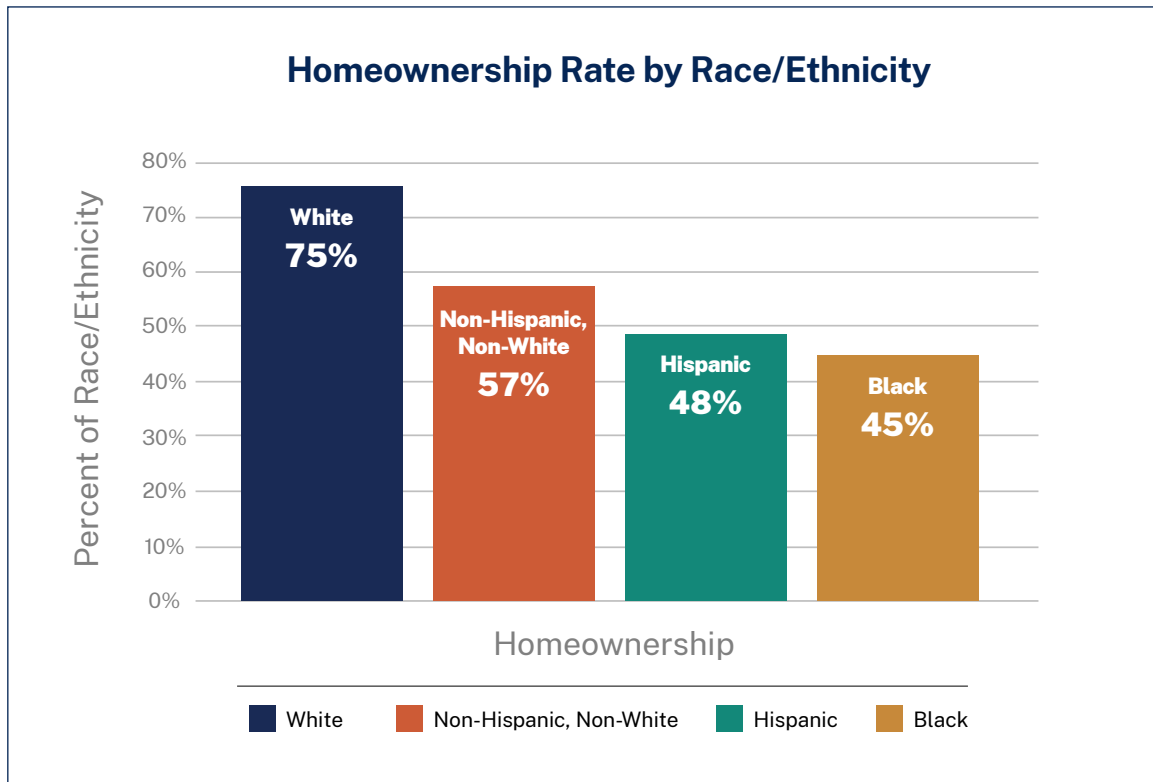
Today, a stable, affordable home is out of reach for many living in the United States. Historically, the housing market has favored wealthier, predominately white people, preventing people of color and those with lower incomes from realizing the benefits of homeownership. This inequity is borne out by the numbers: 75% of white households own a home compared to just 45% of Black households, 48% of Hispanic households, and 57% of non-Hispanic households of any other race.ⁱ Further complicating the issue is the critical shortage of over 7 million affordable rental homes,ⁱⁱ with demand for affordable housing reaching unprecedented levels.

Recognizing that the urgency of the U.S. housing crisis demanded a creative and comprehensive approach, the Wells Fargo Foundation conceived of the idea for an innovation competition and selected Enterprise to

help launch the Housing Affordability Breakthrough Challenge in 2019. The Breakthrough Challenge called upon those in the housing sector to reimagine how we construct, finance, and deliver housing by posing the question:

How can we revolutionize the current system to provide high-quality, affordable homes with the necessary support to everyone who needs one in this country?

This thought-provoking question has inspired organizations nationwide to explore innovative approaches that seek to disrupt key elements of the housing sector to ensure everyone has access to a home they can afford, in a community where they can flourish.



U.S. Department of the Treasury, "Racial Differences in Economic Security: Housing," November 4, 2022.
<https://home.treasury.gov/news/featured-stories/racial-differences-in-economic-security-housing>.

Critical Challenges in the Housing Sector

The current shortage of affordable housing is exacerbated by the complexities associated with its financing and construction. Today, a typical affordable housing development requires multiple funding sources and takes an estimated four to seven years from conception to lease up.ⁱⁱⁱ In addition, residents of affordable housing often benefit from services and supports that promote better health, education, and financial outcomes. These services are typically funded through a patchwork of philanthropic grants,

sometimes causing inconsistent delivery and potential mismatch between the services offered and those prioritized by residents.

The Breakthrough Challenge sought to address each of these unique challenges 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.

Housing construction

How might we lower costs and expedite the design and construction process, so that more people can benefit from housing that is affordable, healthy and climate-resilient?

Ramping up construction of new, affordable homes is one way to meet the overwhelming demand for housing. At the same time, growing concern about the environmental impact of traditional construction practices and the risks posed by a changing climate necessitate alternative approaches to housing construction.

By incentivizing affordable, greener, and faster construction methods utilizing sustainable materials, and embracing technological advancements, the Breakthrough Challenge sought to spark innovations that would expedite construction timelines, increase the supply of affordable housing, and demonstrate new building practices that would reduce the sector's carbon footprint.

Housing finance

How might we improve the way affordable housing is financed, by managing risk differently, increasing efficiency or identifying scalable, below-market sources of financing?

Affordable housing development relies on financing from multiple capital sources. The effort required to assemble these capital stacks is extraordinary, and the traditional funding avenues are competitive and limited. The Breakthrough Challenge called for new funding mechanisms, lending practices, and capital sources, as well as ideas that unlock doors to homeownership by increasing the availability of credit to BIPOC and low-income individuals and families.

Resident services and support

How might we improve housing stability and promote personal agency through resident services and support, so that individuals and families can thrive in their communities?

Affordable housing has always been more than just a place to live; it often serves as platform for delivering services and supports that promote better resident outcomes. The Breakthrough Challenge fostered innovative approaches to meet the needs of vulnerable people and marginalized communities more effectively and sustainably.



"A Better Way Home" exhibit illustrates the six Breakthrough Challenges at the National Building Museum in Washington, D.C.

Launch of the Housing Affordability Breakthrough Challenge

The Wells Fargo Foundation and Enterprise kicked off round one of the Breakthrough Challenge in January 2020. A call for grant proposals received an overwhelming response, with nearly 900 applications submitted from organizations across the country.

Through a rigorous selection process including written proposals and virtual presentations, the Breakthrough Challenge selected six winners in September 2020 – two from each of the three focus areas. These winners demonstrated exceptional ideas and approaches for solving key challenges in the housing sector.

Each winner received a two-year grant of \$2 million and an additional \$500,000 to be used for technical assistance. In addition to these resources, the Breakthrough Challenge provided the opportunity for innovation teams to engage regularly with one another, as well as with Enterprise and Wells Fargo. This included both virtual and in-person peer learning sessions, site visits and opportunities to share their work with others across the affordable housing field. One convening included a visit to the National Building Museum in Washington, D.C., where the six winning innovations were the subject of a featured exhibition titled, "A Better Way Home."

The Breakthrough Challenge was more than a grant program; it offered comprehensive support to the winners, providing substantial resources, technical expertise, and access to leaders in the affordable housing sector. Not only did the Breakthrough Challenge foster innovation among its six innovation teams, but it also helped animate others in the field to pursue new ways of doing business.

The evaluation in this report shows the breadth and depth of the Breakthrough Challenge. In every possible way, it embodied its mission: to encourage innovation, to disrupt a sector that cannot meet demand, and to improve opportunities for everyone to have a home they can afford.

A Participatory, Systems-change Approach

In designing the Breakthrough Challenge, Enterprise and Wells Fargo realized the importance of evaluating both the individual and collective impact of the Breakthrough Challenge. The evaluation approach used was participatory in nature, relying heavily on qualitative data collection and analysis methods to better understand how the Breakthrough Challenge fostered innovation, accelerated the refinement and implementation of each idea, and spawned disruptive forces within the affordable housing sector.

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 affordable housing sector. Given more time to evolve and scale, each of the innovations described in this report has the potential to substantially improve the housing sector, making housing and services more accessible and beneficial across the country.

The report documents key lessons learned throughout implementation of the Breakthrough Challenge, and highlights expected impacts organized around a set of findings for how the teams are collectively “doing business differently.” It also takes a deeper dive into each innovation team's project, efforts to bring their initial idea to scale, the impact of their work thus far, and the possibilities it holds.

This report is just the beginning of a much larger conversation about innovation in general and, more specifically, the ability to implement innovative solutions in a highly regulated and resource-constrained sector. When reading about the Breakthrough Challenge's innovation teams and their projects, it is important to remember that innovation isn't only about what is replicable—it's also about the thinking it shapes, the conversations it drives, and the confidence it builds to change the status quo.

While quantitative evidence of success may take time to fully emerge, the collective effort and ingenuity of these innovators is a story ready to be told.



A member of CNYCN speaks about her team's innovation at a Breakthrough Challenge cohort convening

Evaluation Approach

Program evaluation has traditionally followed a top-down approach, where external evaluators or experts assess the effectiveness of a program based on predetermined criteria. This approach typically focuses on quantifiable outcomes and relies heavily on quantitative data analysis and statistical methods. While it provides valuable insights, such an approach can overlook less-tangible indicators of a program's success or failure. The perspectives and experiences of the individuals and communities directly affected by a program, as well as the limitations or constraints imposed by the larger system in which a program operates, are key to fully evaluating its potential for achieving sustainable and scalable impact.

As a result, there is growing acknowledgment of the importance of participatory approaches in program evaluation. Participatory evaluation actively engages stakeholders, including program participants, in the evaluation process. By incorporating multiple perspectives and diverse forms of knowledge – ranging from theoretical to lived experience – participatory evaluation results in a more nuanced understanding of a program's effectiveness, including unintentional effects or potential ripple effects and the contextual factors that may influence the observed outcomes.

The evolution of the field has been driven by a growing awareness of the inequitable and generational effects caused by systemic racism and other structural barriers, leading to an increased focus on positioning an evaluation within the context of the larger social system in which it operates.

Evaluations designed with an eye toward systems change assess how past policies and attitudes led to current observed outcomes. Known as *root cause analysis*, it seeks to uncover how current issues or problems came to be in order to craft appropriate solutions.

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 innovation teams were actively involved throughout the evaluation process, including providing input that shaped the overall direction of the evaluation. By doing so, the teams' perspective on the potential impact of their work played a significant role in determining the evaluation's key areas of focus, the methods used to conduct the evaluation, and the interpretation of findings.

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 housing construction, finance, and resident services and support?
2. What is the expected long-term impact of the Breakthrough Challenge innovations, and to what extent can they 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?

Evaluation Methods

To gain a comprehensive understanding of the Breakthrough Challenge’s potential, far-reaching impacts, the evaluation relied on two widely recognized evaluation methods: Ripple Effects Mapping (REM) and Most Significant Change technique. REM is a participatory evaluation method that visually maps out the potential secondary and tertiary impacts of a program. It identifies the primary outcomes of a program and traces the ripple effects of those outcomes in different sectors of society. By doing so, REM provides a comprehensive understanding of how a program can impact different sectors of society beyond its initial target audience.

The Most Significant Change technique recognizes that significant changes are not always predictable and can occur in unexpected ways. This qualitative evaluation approach involves the collection of stories of significant change resulting from the program, as experienced by program participants and stakeholders, providing a more in-depth and nuanced understanding of the program’s impact.

Example of an Impact Map

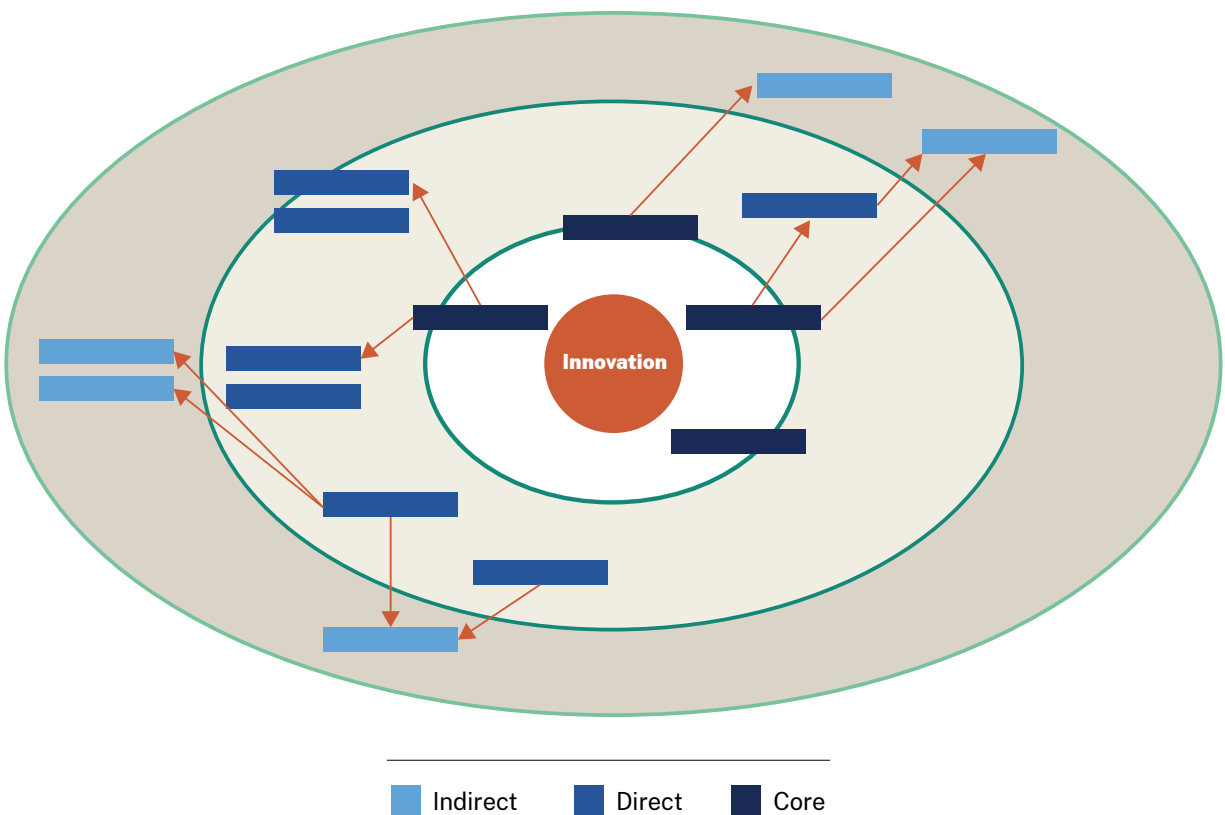


Figure 1: A blank impact map illustrating actors and relationships



Representatives from Wells Fargo, Enterprise, and innovation winners tour the "A Better Way Home" exhibit at the National Building Museum in Washington, D.C.

Incorporating elements of each approach, the evaluation included the following components:

- All six innovation teams created an impact map that identified the people and groups who would most directly benefit from or be influenced by their innovation, other direct beneficiaries, and those who will indirectly benefit. This process helped each team consider their intended impact on those they engage with directly, as well as the broader sectoral impact they hope to achieve.
- Using the impact map as a starting point, the evaluators then worked with each innovation team to create a theory of change. The theory of change articulated the key activities undertaken as part of each innovation, outputs that have or will directly result from the innovation, and anticipated outcomes at the resident, community, and system level.
- The evaluators analyzed the theories of change for all six innovation teams and identified 15 common themes of systemic inequities and potential impact. These common themes structured the seemingly disparate work of the six innovation teams into an organized framework for the evaluation. (See Appendix A for a full list of identified themes.)
- To hone in on the most significant impacts of the Breakthrough Challenge and each innovation, the evaluators worked with the innovation teams to rank the 15 themes by level of impact. Themes were ranked from greatest impact on the broader housing sector to least impact on the broader housing sector. The scope of the evaluation was then narrowed to those themes where innovation teams expected to have the greatest potential impact, thereby creating significant, long-term change in the affordable housing sector.
- The evaluators then conducted semi-structured interviews with various stakeholders that could potentially be indirectly impacted by each innovation. The evaluators crafted a series of interview questions around the innovation and the key ways it could influence the housing sector, specifically focusing on the top themes selected for each innovation in the previous step. The innovation teams furnished the evaluators with a list of system actors including experts, agencies and organizations possessing expertise in their specific innovation, as well as the wider housing sector. Evaluators also used their connections within and outside Enterprise to identify additional interviewees. More than 30 interviews were conducted with industry experts and those knowledgeable of the innovations to gain a clearer understanding of how the innovations would influence the housing sector and limitations or barriers to changing the sector. Interviews were anonymous to encourage candid responses from participants.
- To conclude the data collection, the evaluators administered a brief online survey to the innovation teams. The survey consisted of closed-ended questions about the barriers the teams faced in trying to promote innovation prior to the Breakthrough Challenge, and the individual aspects of the Breakthrough Challenge that were most beneficial in overcoming these barriers.
- After synthesizing the results of the stakeholder interviews and innovation team surveys, the evaluators held final calls with each innovation team to report back the findings from the interviews and the evaluation more broadly. This provided the innovation teams with the opportunity to reflect and provide feedback on the findings of the evaluation before completion of this report.

Considerations

Achieving systemic change requires significant time and unwavering commitment. The Breakthrough Challenge teams have been working on refining their innovations for the past two years. While they have all made substantial progress, as described in the following report sections, there has simply not been enough time for broad, system-level changes to manifest. Nevertheless, the evaluators have assessed the initial progress and engaged stakeholders to identify areas where transformative shifts are beginning to take shape.

This report highlights the direct impact of each innovation, as well as the initial ripples of change that have begun to emerge. However, it must be acknowledged that external factors, such as an economic recession or another pandemic, could disrupt current progress and lead to further inequities in the housing sector – making initiatives like the Breakthrough Challenge that much more important.



A member of GCHP completes an Impact Map on the Health + Housing innovation



Trucks move a MiCASiTA modular home to its final site

Meet the Innovation Teams

This section provides an overview of the six winners of the Housing Affordability Breakthrough Challenge, a geographically diverse group of game-changers with unique approaches and organizational structures. Together, they are driven by a common mission: to revolutionize the affordable housing sector to ensure everyone has access to an affordable home coupled with the supports and services they need.

Housing Construction Focus Area



**come dream. come build. (cdc|bc)|
buildingcommunityWORKSHOP
(bcWORKSHOP) – Texas**

*Systems to be changed: Housing construction,
home-buying experience and financing*

MiCASiTA¹ is an environmentally sustainable, disaster-resilient modular homeownership innovation designed for rural and Tribal communities. Created by cdc|bc and bcWORKSHOP, the off-the-shelf model features an application that gives homebuyers a stake in the design of the home and shows how their design choices affect their cost.

“Most people want a home for the kids – a beautiful home that they’re proud of,” said cdc|bc Director of Homeownership Linda Marín. “If a client is not financially able to get their dream home, we can start with something smaller and work toward getting to the dream.”



Forterra – Washington

*Systems to be changed: Housing construction,
building materials and supply chain*

At the heart of Forterra’s Forest to Home initiative is its idea for is the first cross-laminated timber (CLT) modular multifamily home prototype (ModPro) constructed in the United States. ModPro deploys new, sustainable building material that creates an innovative template with the potential to address long-term affordable housing, wealth building and social equity through homeownership.

“This innovation has been a catalyst to affect much more than a mass-timber supply chain,” said Hillary Wilson, Forterra’s former director of venture philanthropy. “We are trying to achieve both racial equity and environmental sustainability, creating a system that does not take away from community or nature.”

¹ At the time of this report, cdc|bc and bcWORKSHOP were in the process of rebranding MiCASiTA as DreamBuild.



GCHP and its partners break ground H3C in New Orleans, Louisiana, one of GCHP's Health + Housing sites

Housing Financing Focus Area



Center for NYC Neighborhoods (CNYCN) – New York

Systems to be changed: Home mortgage underwriting, credit reporting and scoring

Underwriting for Good expands access to credit using a digital platform that draws from alternative credit data including rental payments, utility payments and subscription services, which show sustained payments and cash flow, to demonstrate borrowers' ability to repay a home mortgage. The program looks beyond traditional metrics of creditworthiness, thereby affirmatively addressing racial inequity and reducing the racial wealth gap.

“Underwriting for Good aims to close the country’s racial homeownership gap by changing the way lenders see Black and Brown borrowers and by ensuring fast access to fair and affordable mortgage terms,” said Christie Peale, CEO and executive director of the Center for NYC Neighborhoods.



Gulf Coast Housing Partnership (GCHP) – Louisiana and Mississippi

Systems to be changed: Home financing and Medicaid-managed healthcare

Health + Housing uses investments provided by health care payors, including Medicaid Managed Care Organizations (MCOs), to build healthy, affordable homes paired with health care and social services. The innovation targets funding gaps and health disparities in the Gulf Coast by bringing together housing and health care partners at multiple levels, from capital investment to service provision, and tracking impact through data collection and analysis.

Kevin Krejci, Gulf Coast Housing Partnership’s chief capital officer, said, “If you are born in Mississippi, Louisiana, or Alabama, you will, on average, live a shorter life than anywhere else in the country. These health disparities are driven by social determinants of health beyond just healthcare. Our innovation aimed to create affordable housing with access to healthcare, whereby we could save money for health insurance companies and transfer that savings into investments in affordable housing.”



POAH speaks with a resident from one of its communities adopting Trauma-informed Housing

Resident Services and Support Focus Area

IMPACT/JUSTICE

Impact Justice – California

Systems to be changed: Re-entry housing, community development and affordable housing preservation

The Homecoming Project is a housing model for people returning home after being sentenced to over 10 years in prison. It pairs people leaving prison with welcoming hosts who have a spare room in their home and a desire to help someone make a fresh start. Community navigators provide re-entry coaching and connect participants to local organizations offering wraparound services.

“We built a re-entry housing program, and along the way discovered we were also building relationships,” said Alex Busansky, president and founder of Impact Justice.



Preservation of Affordable Housing (POAH) – Ohio, Massachusetts and Missouri

Systems to be changed: Affordable housing design, development and management

Trauma-informed housing is a 21st century approach to housing that recognizes the likelihood of trauma and is rooted in the science of resilience and healing. The model centers safety and trust, choice and empowerment, community and collaboration, and beauty and joy. Trauma-informed housing applies not only to resident services, but to affordable housing design, development, and management. Through collaborative co-design, trauma-informed housing gives residents and frontline staff opportunities to reshape their communities to promote well-being and equity for everyone.

Marissa Rogers, a former POAH resident, who helped co-design the innovation, said, “Trauma-informed design is not ‘meet us where we’re at, we’re trying to help you.’ It’s ‘What do you need to be able to live somewhere consistently and stably?’”



Breakthrough Challenge innovation teams pose with their displays at the "A Better Way Home" exhibit in the National Building Museum in Washington, D.C.

Redefining the Housing Sector Through Innovation: Transformative Impact

The goals of the Breakthrough Challenge innovations converge on a shared objective: to address inequitable and exclusionary housing policies and practices that overlook the needs of BIPOC and low-income families. Although each innovation focuses on different aspects, together they contribute to a new way of doing business that empowers marginalized communities and expands access and choice in the housing sector. Through changes in construction methods, financing practices, and resident services, these innovations seek to counteract and prevent the current effects of today's exclusionary housing system. While still in the early stages of implementation and scaling, these innovation teams have already inspired other housing providers to think about how they too can prioritize equity and improve resident outcomes.

The following sections explore the themes that emerged around the ways in which the innovation teams are working to disrupt the affordable housing field. To go beyond the immediate impacts of each innovation, the evaluators interviewed experts in the field to better assess the potential of these innovations to bring about lasting change at the systems, community, and resident levels. These so-called ripple effects are captured for each theme, offering a promising glimpse into a more equitable and sustainable future in which every person has access to a home they can afford, in a community of their choice.



A construction crew builds a MiCASiTA modular home at the farm in Brownsville, Texas

Impact Theme 1 | Increasing the Supply of Affordable Housing

In nearly every state, renters making less than \$15 per hour cannot afford a two-bedroom apartment; minimum-wage workers must work more than 40 hours per week to afford a one-bedroom home.^{iv} The ongoing demand for affordable housing continues to surpass the available supply, leading to a troubling rise in homelessness rates.

Barriers to affordable housing construction complicate the landscape. The cost of construction has significantly increased due to inflation and pandemic-related supply chain disruptions. The price per square foot for home construction more than doubled between 2000 and 2021,^v and the construction of more affordable entry-level/starter homes has steadily declined since the 1970s.^{vi} Additionally, non-construction-related obstacles such as zoning restrictions and the financialization of the housing sector (i.e., the treatment of rental housing as a financial asset to be bought and sold with the intention of making a profit), further compound the crisis.

As illustrated by the examples below, the Breakthrough Challenge innovation teams are working to increase access to affordable housing through improved construction practices and better financing options.

The MiCASiTA model created by cdc and bcWORKSHOP is a game-changer for the single-family home construction industry. The model not only tackles the shortage of affordable homes in rural and Tribal communities, but it also creates more opportunities for low- and moderate-income families to become homeowners.

MiCASiTA uses modular construction, creating homes that are built in sections or “boxes.” Buyers can customize their home by choosing its size and the amenities included, based on their budget and priorities. A home can start with just two boxes that include a living room, kitchen, bathroom, and bedroom; additional boxes can be added as a family expands, financial capacity grows, and priorities change. An added value of this innovation is that the flexibility in size addresses the decline in starter homes construction and creates more affordable entry points for homeownership.

Modular construction also allows MiCASiTA to build homes faster, more efficiently, and locally. This means that homes are more accessible at a lower price point, and they can be constructed by a local workforce in less time and with minimal waste. By using pre-approved designs, MiCASiTA can skip the time-consuming and expensive processes of permitting, designing, and purchasing materials that often slow down traditional home construction. With modular construction, builders can scale up production without compromising quality or time, resulting in a quicker production of homes at a lower cost compared to traditional stick-built single-family homes. As production continues to grow, the cost of producing each box, or modular unit, will gradually decrease, making affordable housing even more accessible.



Forterra showcases the interior of a modular CLT unit through its completed ModPro in Tacoma, WA

Forterra's Forest to Home innovation also taps into the benefits of modular construction –in this case to address the shortage and quality of multi-family units and, at the same time, reduce the carbon footprint and improve sustainability. The use of modular CLT for housing construction is designed to reduce costs, and to improve the sustainability of construction practices and supply chain efficiencies.

Harvested from local forests, CLT relies on more sustainable harvesting practices than traditional clear-cutting practices that support timber construction. The materials are also more sustainable than steel or concrete construction with little loss in durability, making them ideally suited for multi-family home construction.

In the short term, Forest to Home aims to demonstrate the feasibility of modular CLT in affordable housing construction; however, broad-scale implementation of both the MiCASiTA and Forest to Home innovations face barriers around regulations and negative public perceptions of modular construction. Although modular construction is proving to be an important advancement with the potential to address many of the challenges previously described, the affordable housing field has yet to fully embrace it.

Modular construction is just one means of addressing the affordable housing shortage. The **Health + Housing innovation led by GCHP** seeks to increase the availability of affordable housing by mobilizing new, mission-aligned investors from the healthcare sector to increase the capital available for affordable housing construction. In the short term, Health + Housing demonstrates the feasibility of health partnerships and their investment in affordable housing through pilot projects, attracting philanthropic investors and improving access to affordable housing in the region. Long term, Health + Housing aims for widespread sector adoption, integrating health considerations into funding, design, and programming, while leveraging healthcare funding as an untapped resource to accelerate the creation of affordable rental housing.

Anticipated Impacts of Innovations Addressing the Affordable Housing Shortage

Short-term/Intermediate Outcomes

- Increased supply and availability of affordable rental and single-family homes
- Improvement in sustainability of residential construction
- Reduction in residential construction costs and development timeline
- Increased capital available for multi-family affordable housing construction

Long-term Outcomes

- Changes in regulatory environment to facilitate increased housing construction
- Increased demand for and practices using modular construction in housing sector
- Increased homeownership opportunities for low- to moderate-income families
- Improvement in health outcomes of affordable housing residents



A visitor walks through the "A Better Way Home" exhibit at the National Building Museum in Washington, D.C.

Impact Theme 2 | Opening Doors for Those Who Are Oftentimes Excluded

Our country's social and economic policies have a deeply rooted legacy of privileging specific groups while marginalizing others, leaving lasting impacts that persist to this day. Communities of color continue to bear the burden of historical redlining practices, and because more subtle, discriminatory practices in the housing sector remain, inequities and exclusion prevail. For example, traditional approaches to credit score modeling often disadvantage renters by overlooking important data sources, such as on-time rent and utility payments. Such practices restrict credit availability and exacerbate the current wealth gap by limiting access to homeownership and the opportunity to build intergenerational wealth.

The Breakthrough Challenge innovation teams are dedicated to making housing accessible to everyone, whether they are a renter or a homebuyer. These teams are challenging the way we think about risk in housing and are working to break down systemic barriers that contribute to inequality.

Key to purchasing a home is one's ability to secure a mortgage, yet access to this type of credit can vary significantly by different income groups and by race. Those who fit traditional credit worthiness profiles typically have little trouble finding favorable home financing options, but even the slightest deviance from that profile can result in being functionally shut out of the conventional mortgage market. Part of this exclusionary practice stems from the way in which traditional financial services calculate credit scores and determine risk.

Credit scores attempt to predict an individual's creditworthiness by assessing the likelihood of repayment based on past behavior with credit. This assessment is made by pulling data sources to assess payment history, amounts owed, length of credit history, credit mix, and new credit.^{vii} Among U.S. adults, as of 2010, an estimated 11% had no credit report, and an additional 8.3% did not have sufficient recent information in their file to be able to receive a credit score.^{viii} By not including rent payments, utility payments, and other ongoing financial obligations on credit reports, lenders have an incomplete picture of the diverse ways in which people interact with today's multitude of financial systems.



Members of Impact Justice complete an Impact Map for The Homecoming Project

The CNYCN's Underwriting for Good innovation opens the door to homebuying for those with limited credit histories who often do not receive loan approval through traditional automated underwriting approaches. The Center's system includes additional data sources that provide greater accuracy in assessing credit worthiness and accounts for the diverse ways people live their lives, such as proof of on-time rent and utility payments. In the short term, the innovation improves access to home mortgages for BIPOC and low-income applicants, showcasing less-biased outcomes as compared to the finance industry's existing automated underwriting system. The successful documentation of mortgage lending to those historically perceived as "high-risk" borrowers through alternative underwriting suggests the innovation's potential for upending the home financing market and increasing access to those previously excluded. By providing more equitable and inclusive lending opportunities, the innovation addresses long-standing racial disparities in intergenerational wealth through homeownership.

Impact Justice's The Homecoming Project provides the promise of stable housing to a particularly vulnerable group – those returning from prison. Criminal convictions create a myriad of barriers to finding housing, ranging from background checks as part of rental and public housing applications to eviction and housing forfeiture to denial of rental or sale. This leads to a reintegration experience often called a "prison-to-homelessness pipeline." Those with a criminal record are 10 to 13 times

more likely to experience homelessness than those without a criminal record.^{ix} Even a few months after release, most formerly incarcerated individuals report facing housing instability. Given the disproportionate incarceration of people of color due to systemic racism, these barriers perpetuate racial inequity in the housing system.

The Homecoming Project disrupts this cycle by offering access to stable housing for formerly incarcerated individuals, focusing primarily on BIPOC individuals. In the short term, The Homecoming Project provides program participants with secure housing, access to social networks, employment, and vital community services to facilitate their reintegration. In the long term, it aims to foster resilient communities, combat displacement, and enhance reintegration outcomes, ultimately reducing recidivism and promoting racial equity. By leveraging the expertise of staff with lived experience and an understanding of the unique challenges faced by BIPOC individuals, The Homecoming Project empowers participants to reclaim their place in society. The many examples of participants thriving upon release demonstrates how access to stable housing and social services opens a reintegration pathway in the housing market that can lead to a hopeful and positive future. At the same time, The Homecoming Project challenges society's perceptions of and biases against the formerly incarcerated.

Exclusionary practices in the affordable housing sector extend beyond the ability to access stable housing.

Forterra's Forest to Home innovation intends to bring disenfranchised groups into the housing development process – although Forterra faced its own challenges due to serious missteps in its relationship with the Snoqualmie Tribe.² Native American tribes have been subject to formal and informal housing exclusion including the taking of land and resources by white America, as well as spatial segregation. Forest to Home's goal is to forge key partnerships with tribes to support them in regaining control of their historical land and resources including timber forests. To this end, Forterra has expanded a relationship with another tribe to continue the work after its relationship with the Snoqualmie Tribe ended.

Tribal stewardship is important to the long-term health of forests, as those managed by indigenous peoples have better ecological outcomes than nontribal forestlands.^x Tribal stewardship of this land provides control of the harvesting practices of its forests, ensuring that the lumber supply chain for housing does not negatively impact the environment – under-harvesting heightens the risk of forest fires, while over-harvesting can destabilize the local land and contribute to disasters like landslides.^{xi xii}

The ethically sourced lumber then goes to a local production facility to create modular CLT panels, which creates employment opportunities in rural and Tribal communities. This approach simultaneously addresses supply chain challenges, reduces the harm of resource extraction, and widely disperses the benefits of local resources and industry, all in an effort to create clean, high-quality housing in the Cascadia Bioregion of Washington. By prioritizing Native stewardship and local production, Forest to Home seeks to build wealth for homeowners, reduce the carbon footprint of development, and address environmental damage, creating a sustainable and inclusive future.

Anticipated Impacts of Innovations on Inclusion in the Housing Sector

Short-term/Intermediate Outcomes

- Respect for needs of diverse communities integrated throughout housing development process
- Increased access to favorable lending terms for BIPOC and low-to moderate-income borrowers
- Increased housing access and integration opportunities for the formerly incarcerated

Long-term Outcomes

- Every aspect of the housing sector benefits historically excluded communities
- Equitable homeownership opportunities in communities across the U.S.
- Reduced recidivism rates among formerly incarcerated due to improved housing access and stability
- Growth in intergenerational wealth for communities of color through homeownership

² You can read more on the dispute [here](#) and Forterra's responses [here](#).

Impact Theme 3 | Prioritizing Resident Choice and Empowerment in Affordable Housing

Too often those with lower incomes have limited choices when trying to meet their most basic needs. In an effort to make things better, decision-makers often implement paternalistic solutions, frequently stripping from those most affected their ability to participate in key decisions. This is true of the housing sector, which has produced inadequate housing supply, provided insufficient supports and services, and limited the financial profiles of prospective homebuyers. Empowerment theory advocates for individual and collective empowerment to ensure better access to basic needs.^{xiii} Individual empowerment leads to greater financial independence, while collective empowerment has been shown to successfully address societal injustices.

The Breakthrough Challenge innovation teams have prioritized choice and empowerment for low- and moderate-income communities in their work. Centering lived experience in their decision-making led the teams to create scalable solutions to common barriers in the housing sector and do so in a way that respects and amplifies the value of each and every person. By placing individual and collective agency at the forefront, these teams are leading the way towards more inclusive and equitable housing choices and opportunities, serving as a catalyst for change within the sector.

As illustrated by the examples below, the Breakthrough Challenge innovation teams are implementing approaches that aim to break the cycle of poverty by prioritizing improvements to health, resilience, and economic mobility outcomes for affordable housing residents.

POAH's Trauma-informed housing model recognizes that creating and supporting positive outcomes for residents and staff begins with inclusive decision-making practices as early as the acquisition and design stage. Trauma-informed housing emphasizes choice

and collective empowerment in the affordable rental space. These communities center lived experiences and foster authentic and supportive relationships between property management, staff, and residents. This occurs by integrating resident and staff input and needs in property management, resident services, and building design decisions.

POAH's holistic approach to operating affordable housing communities uniquely recognizes that trauma affects not only residents, but also the staff who are critical to a community's day-to-day operations. Trauma-informed housing is a new advancement for the affordable housing field that brings together two frameworks: human-centered design and trauma-informed care. POAH's [Trauma-informed Housing Toolkit](#) inspires and teaches mission-driven organizations how to adopt and adapt this approach across their portfolios.

The trauma-informed housing model has improved satisfaction, engagement, and leadership for residents and staff at POAH properties and creates opportunities for greater housing and job stability. The benefits of integrating choice and empowerment are expected to further manifest in the long term by improving individual and collective outcomes around power, autonomy, and a sense of being valued. POAH's innovative model champions both residents and staff through relationship building, engagement, and inclusion at all stages of the design and operation process.

The MiCASiTA model prioritizes choice and individual empowerment for low to moderate income (LMI) buyers at every step of the homeownership process. Typically, the cost of constructing affordable single-family homes restricts the decisions homebuyers can make in their home's design and size, dictating the size and amenities available based on their budgets. In comparison, the design process for MiCASiTA homes centers on the buyers' needs and desires, giving them agency in the home design prior to construction. Homes start with less square footage than traditional single-family homes, and buyers can assess the trade-offs between adding more square footage or the quality of amenities and appliances included, making these decisions for themselves. A MiCASiTA home can easily grow over time as the homeowner's needs change, preserving the equity that is typically lost when an owner chooses to sell because their home no longer meets their needs.

This approach brings short-term benefits to buyers in the form of a quality, customizable home with relatively lower maintenance and energy costs, flexibility to grow the size of their home on their own timeline, and the ability to build equity at an affordable entry price point. In the long term, home equity provides families with greater choice, including wealth building, the ability to age in place, and access to the resale market. According to several stakeholders working in rural affordable housing, the MiCASiTA model is unique in its centering of choice for homebuyers with lower incomes, offering them power over the current and future design of the home.

Underwriting for Good similarly creates choice and individual empowerment by reducing discrimination in the loan approval process for prospective BIPOC buyers and residents with lower incomes. The widely used automated loan underwriting system assesses the likelihood of repayment based on a narrow model of credit worthiness and risk. As a result, BIPOC home loan applicants are significantly more likely to experience rejection than white borrowers,^{xiv} severely limiting their homeownership opportunities.

The innovation's approach includes additional data sources that provide more accuracy in assessing credit worthiness. Potential homebuyers can confidently enter the homebuying process knowing they are on a level playing field because their full financial picture is being considered. In the short term, this results in improved access to home mortgages and better loan terms, leading to greater financial stability. In the long term, more empowered borrowers lead to higher homeownership rates among historically excluded communities and a decrease in the racial wealth gap. By designing flexible systems that acknowledge diverse ways of living and working, the program is taking a step towards a more inclusive, accommodating, and accurate financial system.

Anticipated Impacts of Innovations on Choice and Empowerment

Short-term/Intermediate Outcomes

- Increased affordable housing options and choice for BIPOC and LMI families
- Improved access to housing types and opportunities to weigh in on services to better support resident success
- Decision-making opportunities in housing are inclusive regardless of income level and race

Long-term Outcomes

- Affordable housing access and choice provides the necessary stability for residents to live the life they choose
- The cycle of poverty is broken as more BIPOC and LMI households build wealth through homeownership
- Increased resident engagement and autonomy to make decisions about housing and service offerings
- Narrowing of the racial wealth gap



"A Better Way Home" exhibit at the National Building Museum in Washington, DC describes the innovative ideas supported by the Breakthrough Challenge

Impact Theme 4 | Improving Approaches to Health, Resilience, and Economic Mobility for Residents

At its core, affordable housing is intended to enhance the health and resilience of residents, serving as a strong foundation for future opportunity by reducing the negative consequences of housing instability. Yet, when affordable housing options limit choice and are poorly constructed, they can adversely affect these very outcomes. The harm from limited availability of quality affordable housing is particularly acute for families with low incomes who are already at greater risk of adverse health effects.^{xv}

Similarly, resilience to disruptions in one's environment and personal life is critical to breaking the cycle of poverty. Events such as climate disasters, job loss, and unexpected expenses can severely impact the lives of residents, setting them back financially, emotionally, and physically. The loss of stable housing, whether through a financial shock or a natural disaster, can upend anyone's life, but especially those with lower incomes. Constructing climate-resilient, affordable housing is critical—equally important is providing the supports and services necessary to help individuals and communities recover.

The Breakthrough Challenge innovations are integrating resilience into housing design, operations, and management, and access to services so that the unforeseen does not undermine the stability of residents and threaten their well-being. To improve the benefits of affordable housing, Breakthrough Challenge innovations are prioritizing improved health and resilience outcomes, fostering greater economic mobility for affordable housing residents, and prompting the housing sector to play a greater role in disrupting the cycle of poverty.

GCHP's Health + Housing innovation addresses four critical pathways connecting health and housing—stability, affordability, safety and quality, and neighborhoods—through the provision of affordable housing and the availability of culturally competent healthcare. Each Health + Housing development is comprised of high-quality, healthy, affordable housing with an onsite clinic in communities experiencing severe housing and healthcare shortages.

GCHP considers resident health in every aspect of design and operation. Their use of Fitwel® healthy housing standards, coupled with an onsite clinic accessible to residents and community members, will promote healthy living and a thriving community. GCHP operates in Louisiana, Mississippi, and Alabama, providing vital services to individuals who experience profound economic adversity and limited access to healthcare. The Health + Housing innovation, piloted in New Orleans, Louisiana, and Jackson, Mississippi, is a scalable model that recognizes the importance of housing as a social determinant of health. The innovation demonstrates how to promote housing development investment from MCOs while simultaneously embedding resident well-being into the design and operation of affordable housing.

POAH's Trauma-informed housing model builds the resilience of affordable housing residents and staff by fostering a supportive environment that centers lived experience and respects individuality. By creating physical design changes intentionally focused on health and resilience, improving resident health and wellness programs, and integrating resident input into management policies and procedures, POAH aims to ensure residents achieve greater satisfaction, well-being, and economic mobility outcomes. The resilience benefits of trauma-informed housing similarly extend to staff. The integration of staff priorities and needs in operational decisions builds their resilience to day-to-day stress and challenges, ultimately mitigating health issues and burnout.

Impact Justice's The Homecoming Project provides stable housing for formerly incarcerated individuals and improves their community reintegration and personal resilience through programmatic services including social networks, self-sufficiencies, employment readiness and opportunities, and mental and physical health resources. The fragile, and often absent, safety net that the formerly incarcerated face upon release leaves little room for errors or opportunities for learning and growth. Tragically, statistics show

that an estimated two-thirds of those who have been previously incarcerated will face rearrest within the first three years of their release.^{xvi} With a recidivism rate of zero percent during the Breakthrough Challenge grant period, the Project ensures that the formerly incarcerated have strong, holistic support and the tools to build a resilient future. This approach leads to short-term outcomes such as stable housing and long-term outcomes such as successful community relationships, stable housing and employment, and improved quality of life.

Anticipated Impacts of Innovations on Health, Resilience, and Economic Mobility Outcomes

Short-term/Intermediate Outcomes

- Improved access to services for affordable housing residents
- Improved health conditions among affordable housing residents and surrounding community
- Improved well-being of property management and resident services staff
- Improved housing stability

Long-term Outcomes

- Improved ability to meet current and future financial emergencies
- Enhanced economic mobility for affordable housing residents
- Improved long-term health, well-being and stability
- Lower staff turnover and greater stability for owners and operators of affordable housing



Construction workers at the MiCASiTA farm in Brownsville, Texas build a modular unit

Innovation Summaries

This section takes a deeper dive into each of the six teams and their innovations – the barriers and issues they are working to overcome and solve for, methods they are using, progress they are making, and the challenges they faced along the way.

Housing Construction Focus Area

MiCASiTA | cdc and bcWORKSHOP

The Problem

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 these regions. The cost to build housing in a rural area is comparable to, or potentially even more expensive, than in urban areas due to material costs, transportation costs, and infrastructure needs, among other challenges. Salaries tend to be lower in rural areas, and mortgage lending options are more limited.

This combination makes homeownership out of reach for many. Over a quarter of rural residents are renters, but rural areas have limited, and often low-quality, rental housing stock. These renters have half the annual income of rural homeowners and are significantly more likely to be severely burdened by the cost of housing, paying more than 50% of their income on housing.^{xvii}

The Solution

MiCASiTA addresses many of the challenges of creating affordable housing in rural areas through its innovative construction model, which begins by establishing a “farm” or local manufacturing facility to develop modular housing in a rural community. This approach provides employment opportunities for local residents and lowers construction costs by using pre-determined materials that can be purchased in bulk, as well as pre-approved housing permits. The time and material cost savings are reflected in a lower price point, making a MiCASiTA home a feasible option for buyers with lower incomes.

In addition to savings realized at the time of construction, MiCASiTA’s modular approach facilitates homeownership through individual choices, enabling buyers to design a home that meets their needs and budgets in terms of size and amenities. By offering a variety of sizes (each home starts with at least two “boxes”) and upgrades (finishes, porch design, etc.), MiCASiTA provides housing options at a wide range of starting prices with opportunities for expansion. This modular construction model allows the home to grow

by adding on additional boxes, such as bedrooms, bathrooms, and living spaces, to accommodate its owner’s evolving needs. This way equity is accumulated faster without burdening the buyer at the time of purchase, thus promoting generational wealth.

To further lower the barrier to homeownership, MiCASiTA also provides home loans and counseling to those with lower credit scores and downpayment resources. These loans will be held by cdcB until the borrower has a sufficient credit profile and their home is “fully grown,” at which time their loan can be sold to the secondary market.

According to one housing sector expert, “MiCASiTA has identified a model that fits a demographic often left out of new-build homeownership because it’s targeting really low-income homebuyers or moderate-income homebuyers that are priced out of the market, that don’t have traditional access to capital. And you know, that’s rarely the target for new construction.”

The Progress

With support from the Breakthrough Challenge, the farm/production site in Brownsville, Texas is now up and running and MiCASiTA sold their first house in December 2022. Production at the farm will continue to ramp up over the coming year with a planned expansion to accommodate additional construction. At its peak, the MiCASiTA team anticipates being able to produce up to 30 homes per year. The lower price per square foot combined with a smaller footprint make a MiCASiTA home accessible to those with incomes as low as 20% of area median income in Brownsville, TX.

An expansion of the MiCASiTA model is currently underway in several communities, including Pine Bluff, Arkansas, through a partnership with Communities Unlimited. Along with another partner, Communities Unlimited is working to open a farm and will be sourcing mortgages through cdcB until they develop the pipeline and capacity to do so themselves.

The Challenges

One of the most significant challenges MiCASiTA has encountered is the skepticism and regulations concerning prefabricated housing. Due to its low cost and the stigma associated with mobile homes, modular construction is perceived to be of lesser quality than stick-built homes. To many, low cost implies lower quality materials or weaker structures unable to withstand weather events like tornadoes and flooding. Despite regulations that ensure the quality of prefabricated homes, people fear that their addition to a neighborhood will lower property values. Concern around prefabricated housing has bled into local zoning and planning ordinances that can discourage its construction.^{xviii} However, the design, construction, and choices offered by the MiCASiTA model, which are typically not available in affordable homeownership, does much to disprove the notion that affordability cannot be achieved without sacrificing quality.

MiCASiTA is working with local and state agencies to change regulations around prefabricated housing to make it easier to construct. Revisions to these policies will help remove barriers to similar efficient construction approaches, making prefabricated housing easier to accomplish in the Rio Grande Valley of Texas. MiCASiTA is also sharing lessons learned and tools from this process with others so that they are equipped to address local regulatory barriers.

Misperceptions about prefabricated housing are also found in the housing financing market. Buyers of these homes may be unable to obtain traditional mortgages and be forced to identify alternative financing options such as pre-construction loans. Such financing often comes with higher interest rates than conventional mortgages, reducing the affordability and accessibility of modular construction as well as its desirability.

MiCASiTA is also taking on the finance industry's approach to prefabricated housing. The limited loan options for prefabricated housing, particularly for those with lower incomes, discourages the adoption of this construction approach. To solve this, cdcB is sourcing its own loans specifically targeted at those with lower credit scores and incomes. Moreover, the required downpayment is 3%, which is generally accessible solely through traditional lenders and reserved for individuals with exceptional credit scores. By redefining the industry's definition of "high-risk," cdcB and its MiCASiTA model will increase the opportunity for homeownership and wealth-building in historically excluded communities, increase the potential for scaling the model, and provide housing and financial security to hundreds of families in the coming years.

Feedback on the MiCASiTA model suggest that it may only be implemented by organizations with capabilities similar to cdcB, which are rare in rural areas. cdcB is a high-capacity community housing development corporation that has experience in developing and operating housing programs, as well as mortgage lending. cdcB's high capacity has been key to MiCASiTA's early success, and the lack of capacity of similar organizations in rural areas may limit the model's scalability.

cdcB is responding to this capacity challenge by serving as a lender for other adopters until a local solution becomes viable. They are currently fulfilling this role for Communities Unlimited in Pine Bluff, Arkansas. Smaller organizations interested in the model have discussed building their capacity by using a cooperative approach and partnering with a variety of local groups to implement the model. By adopting a cooperative approach, the strengths of each partner can be harnessed, allowing for the successful implementation of the model with partial support from cdcB to facilitate mortgage lending.

The Impact

The benefits offered by the MiCASiTA model are profound and multilayered. At the systems level, MiCASiTA's innovative construction practices offer an alternative to traditional stick-built homes that is more environmentally sustainable, flexible, and affordable to a broader range of homebuyers. The growing prevalence of MiCASiTA homes, and others like it, can recalibrate the property appraisal system which has typically undervalued rural properties and prefabricated homes. And cdbc's lending standards could redefine the notion of high-risk borrowers in the housing finance industry, lowering the barriers to homeownership for those currently excluded from the market.

MiCASiTA is grounded in resident choice, local production and community ownership. Local community organizations will own and operate the housing production process through MiCASiTA, an approach that will bring new jobs and a stronger economy to rural communities. It will also minimize disruptions due to supply chain issues and demonstrate the many benefits of modular construction, thereby fueling a small corner of the sector with huge potential to address the nation's housing crisis.

The MiCASiTA model's emphasis on choice and agency is a key aspect of its overall sustainability. By empowering LMI buyers, who are often disempowered and offered limited or no choice in the housing market, MiCASiTA is creating a new entry point for homeownership. MiCASiTA homeowners enjoy the advantages of quality, energy-efficient construction, and easy adaptability to their changing needs. The lower starting price points and choice in home size allows a family to build equity faster, and MiCASiTA's flexibility to grow a home means that they will never lose that equity because they have outgrown their home. Furthermore, this benefit is generational – home equity is often the largest source of generational wealth.

MiCASiTA believes that, if done well, prefabricated modular housing is a desirable and affordable alternative to traditional stick-built houses, with a similar potential for appreciation. This thesis, when demonstrated over time, can reshape the system by influencing existing attitudes about modular construction and prefabrication housing, revitalizing rural communities, and revolutionizing the housing sector.



Construction workers build a MiCASiTA modular unit at the Farm in Brownsville, Texas



Construction workers build the first modular cross-laminated timber unit in the US, Forterra's ModPro

Housing Construction Focus Area

Forest to Home | Forterra

The Problem

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. Currently, an estimated 40% of carbon emissions come from residential construction and operations.^{xix} Three construction materials alone make

up almost a quarter of carbon emissions: concrete, steel, and aluminum. To achieve our greenhouse gas emissions reduction goals, new housing construction must adopt innovative approaches to minimize carbon emissions and effectively sequester existing carbon.

The Solution

Forterra is addressing this seemingly intractable problem through its Forest to Home innovation. Forest to Home seeks to lower the carbon footprint of residential construction and operation, enhance carbon sequestration potential, and improve supply chain practices. Critical to the innovation's success is the use of modular CLT for housing construction. Modular CLT requires smaller and more varying timber sizes than traditional lumber due to its cross-lamination. This enables a more discerning approach to timber harvesting, emphasizing selectivity rather than the conventional lumber industry practice of clearcutting. Clearcutting is detrimental to the forest ecosystem, resulting in the loss of carbon sequestration capacity and destabilizing the land, which increases the risk of mudslides and other harmful incidents.

A local factory turns the harvested timber into modular CLT panels that can be used for multi-family construction. Due to its construction from timber, modular CLT both 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 through pre-planned sizes, set materials and rapid assembly. The more a modular unit can be constructed offsite in a warehouse, the greater efficiencies it will create, requiring minimal assembly onsite.

The Progress

Modular construction and construction using CLT currently exists separately, with successful development examples across the U.S. Forterra's innovation combines modular practice and CLT material for the construction of multi-story affordable housing developments. Forterra's Forest to Home work, including production of the first all-modular CLT unit in the U.S., helped raise market awareness of modular CLT and its benefits for construction.

The construction industry and trades sectors still have uncertainty around modular CLT due to the newness of the technology and lack of expertise in the U.S. market. Forterra will play an important role in ongoing industry education regarding modular CLT, clarifying its benefits and practical implications for day-to-day operation. By doing so, Forterra will contribute to moving the construction industry further towards widespread adoption of modular CLT.

Forterra is partnering with the city of Darrington to build the Darrington Wood Innovation Center in Washington, which will include a factory that specializes in the construction of modular CLT panels and responsibly harvested timber processing. By making CLT panels more accessible in the Pacific Northwest, Forterra is enabling market growth as developers are more readily able to explore and adopt the technology.

Considering the substantial environmental consequences associated with residential construction, government regulations on carbon emissions within the construction industry also have the potential to significantly increase the adoption of modular CLT. This is one of Forterra's primary goals: to deliver quality, affordable housing using sustainable timber and improving environmental conditions.

To further promote the benefits and value of CLT, Forterra conducted research on and fire-code testing of modular CLT. Next, they plan to launch a pilot development project to further prove out the model and help grow the demand for modular CLT.



Forterra builds the ModPro unit in Washington



The completed ModPro opens for public tours in Tacoma, WA

The Challenges

Forest to Home faces some of the same challenges as MiCASiTA in overcoming the stigma of modular construction. Despite Forterra's CLT modular prototype, which offers people the opportunity to see firsthand the quality of the home, misconceptions continue to exist. This is especially true in the multi-family modular space, where modular construction may not be eligible for the same funding sources as traditional on-site construction methods, creating a barrier to its broader adoption.

The greatest barrier to Forest to Home's success is the cost of construction. Modular CLT has not yet reached scale, and Forterra is the first organization to attempt this construction approach in the U.S. CLT, and the use of mass timber generally, is gaining traction in the U.S. market, but the use of CLT for modular construction is nascent.

Expanding the market for any product is a challenge; but what could help the market for modular CLT grow is the product's versatility. While Forterra plans to construct multi-family units entirely from modular CLT, builders have the flexibility to blend modular CLT in with traditional construction materials, such as using it to frame elevator or stair shafts. Additionally, its light weight empowers builders to stack modular CLT units on top of other construction materials, such as concrete, enabling the creation of greater density without the need for extensive foundational reinforcement.

While a fully modular CLT development would maximize environmental impacts, these flexible applications pave the way for a reduction in the industry's carbon footprint, thus driving market demand. The price of modular CLT panels remains a barrier for its use in affordable housing, but as the use of modular CLT increases, the cost to produce will decrease making full-scale modular CLT construction a more financially viable method of development without the need for subsidies or other financial support.

Forterra also faced serious organizational challenges that threatened its ability to realize the vision and performance timeline for its Forest to Home innovation. As a result of an incident with a Tribal partner, which occurred outside the scope of the Breakthrough Challenge, Forterra's priorities shifted to include an audit of internal processes and partner relationships and changes in staff directly associated with ModPro, causing progress to halt. At the time of this report, Forterra has issued a formal apology for its actions, replaced key staff, redesigned internal processes, expanded a partnership with another Tribal nation, and is moving forward with the design and construction of the Darrington Wood Innovation Center.

The Impact

At the systems level, the Forest to Home innovation reimagines a harmful and extractive construction industry as one that brings value to disenfranchised communities at every step in the process. This begins with Native stewardship of forests where lumber harvesting occurs. Tribal nations have a longstanding legacy as responsible custodians of land, implementing harvesting practices that exhibit far less environmental disruption compared to other methods.^{xx}

At the community level, the new Darrington Wood Innovation Center will bring well-paid factory jobs and economic development back to a rural community. The Forest to Home approach incorporates respect for the climate and environment at every stage of production, while the units themselves provide healthy, environmentally beneficial, and beautiful homes.

One of the unexpected potential impacts of Forterra's Forest to Home innovation is its evolved approach to multi-unit home construction. In traditional development and construction of multi-units, projects take seven years on average from pre-development to lease up. Every project is unique because it brings together different funding sources, partners, and design, limiting the ability to streamline any part of the process. In contrast, modular CLT uses the same design and construction for every project, which means it has the potential to reduce the pre-development legwork, thereby creating efficiencies and lowering costs. For the individual homebuyer or renter, this can translate into a quality home at an affordable price.



The interior of the ModPro shows the potential and quality of modular cross-laminated timber housing



Members of CNYCN discuss their Underwriting for Good innovation at their office in New York City

Housing Finance Focus Area

Underwriting for Good | Center for NYC Neighborhoods

The Problem

Studies show that BIPOC mortgage loan applicants experience a significantly higher rate of rejection by automated loan underwriting systems than white applicants, primarily as a result of the system's reliance on credit scores.^{xxi} Credit scores assess the likelihood that a borrower will repay or default on a loan based on debt-to-income ratio, length of credit history and existing credit lines, among other components – with lower credit scores equating to higher risk.

Credit scores particularly favor those with an established credit history and lower credit utilization ratios. The result is that BIPOC mortgage applicants tend to be at a disadvantage when assessed solely on their credit scores rather than their demonstrated ability to consistently pay bills. Despite the intention to mitigate bias, automated loan underwriting systems inadvertently reinforce bias by relying on selective historical financial information rather than considering an applicant's current financial standing. Furthermore, these systems often overlook relevant data, such as on-time rent and utility payments, which could potentially enhance credit scores.^{xxii}

The Solution

CNYCN's Underwriting for Good seeks to eliminate bias in the loan underwriting system by integrating 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 the traditional credit score model. This approach ensures a fairer lending landscape, leveling the playing field for BIPOC borrowers and promoting equitable access to credit.

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 is shown to an unbiased, reliable indicator of risk. CNYCN's underwriting platform will better reflect a borrower's true ability to pay and ensure that underbanked households, or who are not scoreable, or have "thin credit files" have a pathway to homeownership.

According to one interviewee, Underwriting for Good addressing biases in the mortgage sector is important because "Homeownership is such a safety net. The extra safety net that comes from being a homeowner is so huge that we don't want to limit someone just because they don't want to have credit cards or they don't drive [have a car loan]."



A man waters plants in his urban garden in New York City

The Progress

At the conclusion of the Breakthrough Challenge, CNYCN developed the user interface for Underwriting for Good and proceeded to engage in discussions with interested stakeholders to validate the platform's potential as a seamless integration or plug-in for existing automated loan underwriting software. CNYCN has actively engaged with community development financial institutions (CDFIs) to conduct in-depth discussions concerning CDFI loan underwriting procedures and processes. The goal of these interactions is to explore how their platform can effectively enhance and optimize these existing practices. Using CNYCN's platform in secondary reviews of initially rejected mortgage applications was seen as a key opportunity. CNYCN has also met with housing counselors to determine how the platform can support clients who are navigating the loan application process.

To date, all testing conducted of the platform has demonstrated consistently equitable outcomes in the assessment of borrowers' creditworthiness, irrespective of their race or ethnicity. CNYCN maintains an ongoing

evaluation of the data sources integrated into the platform, meticulously verifying alignment with the tool's core objective of eliminating bias in underwriting decisions. CNYCN is evaluating each data set it incorporates into the system to understand how it affects underwriting results; vetting data to yield unbiased application reviews is a slow but crucial process. At the same time, CNYCN is also involved in conversations to advance the use of positive-only rent reporting across the housing sector, which would allow tenants to report on-time rental payments to the credit bureaus.

An important next step for CNYCN is to receive buy-in from the State of New York Mortgage Agency (SONYMA). They initiated discussions with SONYMA to explore the adoption of the platform, actively working towards aligning its functionality and interface to meet SONYMA's requirements. While conversations are still ongoing, it has been instrumental in enabling CNYCN to refine the user experience and bolstering the chances of SONYMA adopting the platform.

The Challenges

The greatest challenge the CNYCN team faces is convincing those in the housing finance industry to adopt a new software platform. CNYCN originally envisioned their platform being a standalone tool that underwriters would adopt, but pivoted when they realized this proved more challenging than initially expected. CNYCN then reimaged it as an add-on extension to the existing automated underwriting system to encourage broader adoption.

While adoption of the Underwriting for Good platform by SONYMA would accelerate its use in the state of New York, larger, national actors in the housing finance system (e.g., Fannie Mae and Freddie Mac, secondary loan markets) would have to be willing to change their approach before it could truly take off nationally. Efforts made by CNYCN have effectively raised awareness regarding the inherent biases present in the loan approval process, while also providing a practical tool to address these biases. In light of this progress, CNYCN remains committed to ongoing conversations, steadily gaining momentum and garnering increased support.



A member of CNYCN speaks with a New York City resident

The Impact

CNYCN set out to change the housing finance system with its platform. It has proven to be a persuasive voice in and respected contributor to a sector-wide conversation around racism and discrimination. While such discussions are not new to the industry, and rent reporting to credit bureaus is becoming increasingly popular, CNYCN has moved the needle further with this platform.

CNYCN identified new and reliable data sources that more accurately reflect a borrower's risk level. The integration of these new data sources into the platform, as well as the methodical approach that CNYCN is taking to avoid unintentional bias, will bring more flexibility and accuracy to automated underwriting systems.

CNYCN's work to spur Underwriting for Good's adoption and its willingness to adapt to the current state of the industry bolsters the chances that it will meet its ultimate goal. Experts believe the platform could serve as a hybrid between manual and automated underwriting, increasing the number of loan applications reviewed and approved. Existing automated underwriting systems would continue to be used for applicants with traditional credit profiles, while the CNYCN platform could be used to evaluate less traditional applicants. Manual underwriting, which is costly and time consuming, could then be reserved for the most complicated loan applications. Underwriting for Good could also be used as a second-look program to re-review denied loan applications in order to limit bias and streamline what is usually a manual process.

Underwriting for Good offers a more comprehensive approach to loan underwriting that will unlock a path to homeownership for BIPOC borrowers typically excluded by current processes. As national lending institutions adopt CNYCN's approach, system biases will be mitigated against, more accurate underwriting will occur, and affordable mortgage lending to BIPOC communities will increase. This is a transformative step toward addressing the intentional and unintentional biases in the housing finance industry that have denied BIPOC communities the same wealth-building opportunities available to white communities. Today, white families have median wealth of \$188,000 compared to \$24,000 for Black families and \$36,000 for Hispanic families.^{xxiii} With widespread adoption of Underwriting for Good and similar tools, we can begin to reduce this wealth gap.



GCHP and its partners break ground on The Pearl in Jackson, Mississippi, one of GCHP's Health + Housing sites

Housing Finance Focus Area

Health + Housing | Gulf Coast Housing Partnership

The Problem

Where you live affects how long you'll live and the quality of your life. On average, individuals with lower incomes experience worse health outcomes and have shorter life expectancies than those who are wealthier.^{xxiv} In addition, communities with concentrated poverty tend to have fewer healthcare providers than more affluent areas,^{xxv} further limiting healthcare access for low-income individuals and families. The quality and affordability of housing can also have a direct impact on an individual's health and well-being. Those who are considered housing-cost burdened (i.e., spending more than 30% of their income on housing) are less likely to consistently access healthcare.^{xxvi} Further, poor housing quality has been shown to exacerbate respiratory diseases, such as asthma, or cause elevated blood lead levels in children.^{xxvii}

Given the link between housing and health, an opportunity exists for health insurers to lower their costs and reduce health disparities through upstream, direct investments in affordable housing. Such investment has occurred on a very limited basis, in part due to the complexities of the affordable housing finance system and the reluctance of health insurers to invest directly in low-income housing tax credits (LIHTC) due to the 15-year compliance period. Widespread investment could benefit the housing and health sectors, improve health outcomes for those with lower incomes, and advance health equity.

The Solution

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 through all stages of the housing development process. To realize its first goal, GCHP created a financing model to tackle the barriers to and streamline healthcare investment in affordable housing. As part of this effort, GCHP formed partnerships with two MCOs – entities responsible for managing healthcare services for Medicaid beneficiaries – to pilot the model with investments in two affordable housing developments in Louisiana and Mississippi.

To address its second goal, these two projects incorporate Fitwel® certification and an onsite federally qualified health center (FQHC). The Fitwel® certification guarantees that building designs prioritize health by considering aspects such as materials used, and the placement of amenities such as sidewalks, to foster a

conducive environment for healthy living. Meanwhile, having an FQHC onsite in the housing developments makes healthcare more accessible for residents and members of the surrounding community.

Rounding out the Health + Housing model is a commitment to implementing plans and systems monitoring to record and understand the advantages derived from the integration of affordable housing and healthcare access.

On the future of the Health + Housing model, one interviewee noted, “[GCHP is] not just trying to get the one deal through. They’re recognizing that if we really want to unlock this capital, we have to make it easier, and we have to make sure it doesn’t take as long ... If everybody can start thinking that way, hopefully we will see more capital from healthcare in this space.”

The Progress

As of summer 2023, construction is underway at GCHP's two Health + Housing pilot sites. After securing investment from Aetna/CVS Health, GCHP broke ground on H3C in New Orleans, Louisiana, in March 2022. This development will provide 192 housing units, with some set aside for individuals who are 55 years or older, and an onsite FQHC.

In November 2022, GCHP broke ground on its second Health + Housing development, The Pearl in Jackson, Mississippi, with a \$3 million investment from UnitedHealthCare Community Plan of Mississippi. The Pearl will provide 75 units of affordable housing for people 55 years or older, along with a fitness center, community amenities and an onsite FQHC. Both developments will be the first Fitwel®-certified housing in Louisiana and Mississippi.

Upon their completion, these two housing developments should deliver immediate benefits to residents and their communities through improved housing conditions and enhanced access to healthcare services. As residents of H3C or The Pearl, people with lower incomes will have access to an affordable, healthy living environment and will benefit from culturally competent healthcare services that are sensitive to their needs and cultural backgrounds. Over time, the combination of housing stability, improved health, and financial stability will create greater opportunities for residents to break out of the cycle of poverty and create wealth.

The Challenges

The scalability of GCHP's Health + Housing model depends on both its success in streamlining housing investments and the willingness of other healthcare insurers to invest directly in affordable housing development. GCHP's current partners had already trialed investments in the housing space, though not in a systematic way, and see the benefits of their investment in this important social determinant of health. Other insurers can learn from the example set by these two MCOs, but the road ahead remains challenging. The real success will be Health + Housing's ability to convince new health investors to enter the housing space.

Shifting from so-called "one-off" investments to a state in which the healthcare sector routinely invests in and forms partnerships with affordable housing providers may require legislative and regulatory incentives. However, models such as GCHP's Health + Housing can provide a definitive evidence base, as well as a replicable approach, to drive such action.

The Impact

The Health + Housing model has the potential to impact both the healthcare system, by driving investments in upstream interventions, and the housing system, by pairing affordable homes with healthcare and social services to support better resident and community outcomes. Some consider Health + Housing the most robust model for aligning these two sectors to date. Through its two pilot projects, GCHP can demonstrate that affordable housing represents a safe and feasible investment with dividends accruing in both sectors, as well as for the residents living in these communities.

The routine investment of MCOs and other health insurers in future Health + Housing projects, and those like it, has the potential to address the growing health disparities between income levels dramatically and systematically. Recognizing the significance of validating this model, the GCHP innovation team had the vision to include a data sharing component to gather healthcare usage and outcomes among property residents and surrounding community members who utilize FQHC services. This arrangement sets the Health + Housing model apart from other healthcare investments in affordable housing and will enable a more definitive understanding of the benefits of safe, healthy, and affordable housing on resident health.

While the focus of the Breakthrough Challenge was on the affordable housing sector, we cannot overstate the value of the Health + Housing model in bringing an FQHC into communities that otherwise have limited access to critical primary care services. To emphasize this point, a recent study found that areas with a greater number of FQHCs had lower mortality rates from COVID-19. Coupling affordable housing with an FQHC is an innovative approach to bolstering two essential components to our social safety net. Health + Housing offers a financing model that, if scaled, has the potential to not only address the affordable housing shortage but simultaneously improve the health of millions of people across the country.



A host speaks with a participant from The Homecoming Project

Resident Services and Support Focus Area

The Homecoming Project | Impact Justice

The Problem

In the U.S., approximately 70 million people have criminal records, with a disproportionate number of them being people of color due to systemic racism in the carceral system.^{xxix} The effects of incarceration extend beyond the time spent in prison or jail, particularly for those released after serving sentences of 10 years or more as they often reintegrate into an unfamiliar world. Displacement and gentrification may have changed the character of their communities, and technological advancements can complicate daily routines. Navigating life post-incarceration presents its own set of challenges, and common approaches to reintegration do not always provide individuals with the necessary tools and support for long-term success.

Many formerly incarcerated individuals face limited employment and housing opportunities, as well as a lack of support and services, which drastically increases the likelihood of recidivism. Background checks are a significant barrier for job applicants with criminal records, and an estimated 60% of those formerly incarcerated will be unemployed four years after release.^{xxx} The housing sector similarly has an

estimated 1,300 federal, state, and local barriers that prevent the formerly incarcerated from accessing housing.^{xxxi} As a result, studies show up to 50% of people on parole in large urban areas will experience homelessness.^{xxxii} Further exacerbating the problem is the limited availability of supportive services. According to interviewees, supportive services for the formerly incarcerated are most easily accessible through the shelter system, and many can find themselves excluded from key assistance programs such as Temporary Assistance for Needy Families (TANF) due to a criminal record.^{xxxiii}

The combination of these factors ultimately creates a harmful prison-to-homelessness cycle where the formerly incarcerated are an estimated 10 times more likely to experience homelessness than the general public.^{xxxiv} Further compounding the problem and reinforcing the cycle is the growing criminalization of homelessness in the U.S.,^{xxxv} making it even more likely that the formerly incarcerated will come into contact with the carceral system again.

The Solution

The Homecoming Project seeks to break the prison-to-homelessness cycle through a combined housing and supportive services approach that will improve reintegration outcomes and change misperceptions around the formerly incarcerated. Using a housing-first approach, The Homecoming Project taps into the sharing economy³ and matches participants with hosts who receive a monthly stipend from the program for housing a participant for six months. The matching process seeks to find the best fit for both the host and participant to create a healthy living environment and promote successful outcomes for all. Hosts have the chance to review participants' applications and select the best fit based on participants' goals, lifestyle habits, personal activities, and personality type. In some instances, members of the participants' families have been able to serve as hosts, reuniting the family without creating an additional financial burden. The living situation is flexible and does not include the standard requirements of other transitional housing like curfews, giving participants the opportunity to build independence.

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 supportive services ensure that participants can access necessities many take for granted including obtaining birth certificates or a cell phone, cooking classes, clothes for job interviews, job application support, and more. All are necessary to build a life that includes stable housing and employment.

The Homecoming Project adapts the intensity and types of services provided to appropriately meet participant needs. At the end of the six-month program, participants should have the appropriate resources to secure long-term employment and housing.

**The Homecoming Project has had
ZERO RECIDIVISM
to date**

The Progress

The Homecoming Project is already demonstrating its success in facilitating reintegration for the formerly incarcerated and ultimately breaking the prison-to-homelessness cycle. The program hosted 86 participants through the end of 2022. There has been zero recidivism among participants to date, and 90% of program participants secured employment during the six-month program. Participants and hosts have developed strong relationships through the process, with several hosts signing up to host more participants in the future, and some hosts and participants agreeing to extend their contract past the six-month program duration.

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. Impact Justice has secured both private and government funding to support the model and its expansion, including a \$15 million earmark from the California Legislature to support the program's expansion as well as other Impact Justice work. During the Breakthrough Challenge grant period, Impact Justice also developed a toolkit on how to implement The Homecoming Project, creating the opportunity for other organizations to replicate the model in their communities.

³ "The sharing economy is an economic model defined as a peer-to-peer based activity of acquiring, providing, or sharing access to goods and services that is often facilitated by a community-based online platform." Scott, Gordon. (2020, October 3). Sharing Economy. *Investopedia*. <https://www.investopedia.com/terms/s/sharing-economy.asp>

The Challenges

One of the greatest challenges in shifting attitudes and supports for the formerly incarcerated has been the perception of risk. The formerly incarcerated are often perceived as risky individuals primarily due to their background and the potential for recidivism. Many see the antidote to this as control over lifestyle and habits. In contrast, Impact Justice sees the antidote to risk as support in accessing basic needs, building autonomy, and learning from missteps along the way. Changing this understanding of risk is an ongoing challenge for the program and will require continual efforts to address biases toward the formerly incarcerated.

Another challenge Impact Justice is actively addressing is the sustainability of The Homecoming Project. The program has secured over \$6.5 million in additional financing following the Breakthrough Challenge. However, continually scaling and replicating the model will require a steady investment that may be elusive in the existing grant landscape. One potential solution is a government subsidy, and Impact Justice has been successful in securing resources through the California Department of Corrections and Rehabilitation. Another possible strategy to promote sustainability would be to lower program costs, which could be accomplished if participants were able to use housing vouchers for their rent in lieu of having the host's stipend provided by Impact Justice.

The Impact

At the resident level, a housing-first approach has been shown to improve housing opportunity and stability, as well as uptake of supportive services for vulnerable populations.^{xxxvi} This is particularly true for the formerly incarcerated who face significant barriers to accessing housing including background checks, costly security deposits, lack of job history, and the high price of rent itself, especially in larger cities. As a result, individuals coming out of prison often face difficulty finding a place to live outside of transitional housing programs. However, even when available, transitional housing can impose significant burdens on some residents that may affect their ability to meet parole requirements and begin the process of rebuilding their lives. For example, curfews in transitional housing preclude residents from taking on late-night jobs. By comparison, The Homecoming Project embeds flexibility and trust into its model, giving participants more power over their schedules, which increases their employment opportunities and reinforces a sense of autonomy and self-worth.

The Homecoming Project augments the housing-first approach by simultaneously guaranteeing access to holistic supportive services. One study found that those with disabilities exiting prison into supportive housing were 61% less likely to recidivate within a year.^{xxxvii} Services are individualized to a participant's needs, are trauma-informed, and focus on empowerment.

According to one interviewee, “It’s [appropriate] that they had the slogan The Homecoming Project, because that’s what they’re doing. They’re welcoming you with open arms, and they’re letting you know, ‘Look, we care about you. We want you to succeed. And we’re going to do everything possible to make sure that becomes a reality for you. And we’re going to also provide you, if you are interested, with the options of additional services ... that will increase your probability for success in employment, housing, and your overall quality of life.’”

³ “The sharing economy is an economic model defined as a peer-to-peer based activity of acquiring, providing, or sharing access to goods and services that is often facilitated by a community-based online platform.” Scott, Gordon. (2020, October 3). Sharing Economy. Investopedia. <https://www.investopedia.com/terms/s/sharing-economy.asp>

In addition to the benefits to participants, The Homecoming Project's use of the sharing economy model also improves housing stability for hosts who may face displacement pressures due to rising housing costs. The monthly housing stipends the program provides helps hosts adjust to these costs, helping them avoid the need to sacrifice or face pressures to sell. This ultimately provides the opportunity to preserve their household wealth and the fabric of their neighborhood.

At the systems level, The Homecoming Project's success contributes to a growing body of evidence on the benefits of the housing-first approach, and it takes it a step further by demonstrating the advantages of including holistic supportive services that create additional stability and opportunities for success for vulnerable populations. Findings from this work are broadly applicable to other vulnerable populations who suffer from higher rates of housing instability, such as those experiencing homelessness, veterans, and the disabled, among others. The Homecoming Project also provides an innovative application of the sharing economy model to benefit both the participant and the host, leveraging existing housing stock and maintaining neighborhood integrity and stability.

Further, The Homecoming Project has much to teach us about how the housing sector approaches service provision and collaboration. Impact Justice developed a network of organizations specializing in key supportive services that work together to address participants' needs, rather than competing for scarce resources. The partnership model enables organizations to specialize in the services they are best equipped to provide and tap into the expertise of their peers to ensure clients receive comprehensive supports and services that are aligned with their individual needs.

The Homecoming Project has raised awareness of the harmful bias and exclusion routinely experienced by the formerly incarcerated, particularly within the housing sector. Both participants and hosts have benefited from the experience, which has deeply humanized the process of re-entering society after an extended prison sentence. As a result, perceptions have changed, outcomes have improved, and the success of a highly individualized, trust-based re-entry model has been demonstrated.



Participants and hosts from The Homecoming Project pose together in Oakland, California



A member of POAH's innovation team speaks with a resident about the Trauma-informed Housing project

Resident Services and Support Focus Area

Trauma-informed Housing | Preservation of Affordable Housing

The Problem

Trauma can negatively affect affordable housing residents, staff and communities. Residents may have endured or continue to experience various forms of trauma, stemming from situational factors (e.g., a sudden illness or loss of income), as well as systemic factors (e.g., poverty and racial discrimination). Staff members can also be impacted by trauma, either their own experiences or by witnessing the trauma of the residents they serve.

Additionally, resident services often face insufficient funding, leading to stretched resources as staff attempt to address a range of needs. Despite the best intentions of affordable housing owners and operators, the housing sector's numerous and complex rules and regulations often mean prioritizing regulatory compliance over the well-being of both residents and staff.

The Solution

Housing conditions can either ameliorate or exacerbate trauma in both implicit and explicit ways. For example, housing rules and policies may be demeaning and disempowering, limiting residents' sense of agency. Conversely, the provision of effective resident services and the presence of a supportive staff can empower residents, fostering a sense of power and autonomy that can improve their outcomes.

POAH's trauma-informed housing model combines the principles of human-centered design (a strategy for solving problems) with trauma-informed care (an approach to working with humans). Human-centered design focuses on empathy, encourages creativity, embraces failure as a learning tool, and values curiosity. Trauma-informed care begins at the very earliest design decisions and continues through the day-to-day operations of a property.

Once a building is designed with trauma-informed places and spaces, a trauma-informed organization remains committed to understanding and viewing every aspect of its work through a trauma-informed lens. POAH's [Trauma-informed Housing Toolkit](#) describes a number of steps to becoming a trauma-informed organization centered around effective teamwork, active listening and trust building, and creating and testing new approaches property design, property management, and supportive services based on the collective input of staff and residents.

One interviewee noted that POAH is walking the walk instead of just talking the talk. "Using a language is really different than doing the work ... That is part of what POAH is trying to do, and I think it is significant, and it is a shift because it's not just saying, 'we're going listen to residents.' It's 'we're going to try to figure out ways to share power in decision-making.' And that's really different."

The Progress

POAH developed an online toolkit to share its learnings with others in the field. These learnings come from interviews with over 100 residents and staff across the innovation's four pilot sites, as well as housing partners from across the U.S. They also led a human-centered design process to recreate a 750-unit property's office and community space using a trauma-informed approach.

Through rigorous self-evaluation, POAH identified the following five categories that could benefit from a more intentional, trauma-informed approach:

- **Policies:** Rules, regulations and policies that govern housing
- **Programs:** Resident services, programs, and activities for residents
- **Procedures:** Standard operating practices and communication techniques
- **People:** Organizational investments in staff well-being
- **Places & Spaces:** Design of physical spaces, including dwellings, common areas, offices, and community amenities

Facilitated and intentional brainstorming among staff and residents resulted in over 100 ideas across these five areas. One of the key takeaways was that residents have a desire to lead their communities, but property managers rarely give them the opportunity to do so in a meaningful way. To address this, POAH launched a local policy effort to advocate more directly for resident priorities in their communities, as well as a national Resident Advisory Board that will advise on POAH's internal operations, such as the annual lease renewal process.

The Challenges

The greatest challenges to implementing the trauma-informed housing model are time and money. Funding for resident services and community engagement is frequently inadequate and lacks consistency, as grants tend to come and go. As mentioned above, affordable housing owners and operators face substantial compliance requirements and may lack the time and staff necessary to adopt a trauma-informed housing model. Moreover, the benefits of adopting a trauma-

informed approach (e.g., improved staff retention and resident well-being) may not be apparent immediately. However, the evidence gathered through POAH's pilot work, and the information shared through its toolkit should help persuade others to invest the time and resources needed to embrace trauma-informed practices.

The Impact

While trauma-informed care and human-centered design are not new concepts in the affordable housing sector, defining and implementing trauma-informed practices remains inconsistent, according to both research and practitioners.^{xxxviii} POAH's trauma-informed housing model operationalizes these concepts in a way that can be readily understood and applied by both housing providers and resident services staff at scale.

Trauma-informed housing aims to improve outcomes and foster positive relationships between residents and staff. Despite challenging conditions and long hours, staff have input in organizational decisions that directly affect and can enhance their quality of life in the trauma-informed housing model. Working together, staff and management can create a supportive work environment that balances personal and professional needs, mitigates the risk of burnout, and improves job satisfaction and performance.

Similarly, residents are empowered to voice their opinions, and their life experiences are respected and valued. The model adheres to the principle of "nothing about us without us," recognizing the autonomy of residents and transforming the relationship between residents, staff, and property management. This shift ensures that the services offered have a greater likelihood of meeting residents' needs compared to a more top-down approach.

The trauma-informed housing model has the potential to change the ways in which affordable housing is designed and managed and how services are delivered across the sector. With its emphasis on healing, it stands to reason that organizations that embrace the model will see better staff and resident outcomes than those who do not. Better outcomes are likely to translate into better property performance (e.g., cost savings through lower turnover, fewer evictions) making the adoption of the model that much more desirable.

POAH has taken an important first step by going through a time-intensive process and difficult self-evaluation and sharing the lessons it learned in a comprehensive toolkit. This toolkit provides valuable guidance to other organizations wishing to become trauma informed and represents a major advancement in the field.



Otis Rolley, the President of Wells Fargo Foundation, introduces a panel on housing innovation with Breakthrough Challenge winners at the National Building Museum in Washington, D.C.

Piloting for Progress: The Importance of Expanding Innovation

In sectors such as housing, which 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. The day-to-day demands inherent in the affordable housing sector leave little time for conceptualizing new ideas, testing new strategies, and implementing new business practices. Consequently, the current system fails to adequately address the pressing housing crisis, highlighting the need for innovation to ensure that millions of families without homes or access to services can find a place to call their own and receive support that improves their opportunity to thrive.

The Breakthrough Challenge provided a pathway for six innovations to grow and develop by providing the necessary time, space, and resources to test and implement the ideas. A common refrain among innovation teams is that, without the Breakthrough Challenge, they likely would not have been able to operationalize their models. The Breakthrough Challenge also elevated the stature of the innovation teams and their ideas, conferring additional legitimacy given the commitment made by the Wells Fargo Foundation and Enterprise to advancing each project.

Funding

One of the primary inhibitors to innovation in the affordable housing sector is the availability of flexible funding to incubate and develop new ideas. Funders typically prefer established models that have demonstrated successful outcomes or expect immediate positive impacts from their investments. This preference can limit the funding available for nonprofit organizations to develop new programs, products, and services.

Nearly all of the innovation teams described challenges in securing funding that matched the scale, duration, and flexibility required to grow their innovative ideas prior to the Breakthrough Challenge. Some teams even chose not to pursue funding opportunities due to the extensive grant requirements involved. Restrictive funding and onerous reporting requirements, which are common in the housing sector, can create barriers and disincentivize the development and implementation of innovative housing solutions.

As one innovation team described it, the Breakthrough Challenge funding was a “game changer.” The Breakthrough Challenge provided each innovation team with \$2 million in flexible financing to use over a two-year period. The ability to hire staff, contract with professional consultants, and invest project capital was critical to turning each team’s innovative idea into reality.

Time is another scarce resource within the housing sector, and the Breakthrough Challenge helped alleviate this constraint by providing a longer grant period. This extended timeframe allowed the innovation teams to concentrate on converting their ideas into comprehensive plans and, subsequently, their plans into tangible products and services. In some instances, the innovation teams expressed the desire for the grant period to extend another year or two so they could further refine their innovations.

Technical Assistance

Innovation is an endeavor that requires continuous adaptation and evolution to establish a disruptive model capable of transforming the housing system. 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. Recognizing this need, Breakthrough Challenge winners also received an additional \$500,000 in technical assistance funding to ensure they could access the necessary expertise to further advance their innovations.

The technical assistance dollars were flexible and allowed innovation teams to access expertise either directly from Enterprise or through contracted consultants. All innovation teams reported that the technical assistance was a significantly important resource and very helpful in advancing their innovations. Nearly all of the teams were satisfied with the level of technical assistance support provided, and some even suggested the inclusion of additional technical assistance in future iterations of the program.



Members of the public tour “A Better Way Home” at the National Building Museum in Washington, D.C.



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

Innovation Community of Practice

One of the unexpected strengths of the Breakthrough Challenge was the community of innovators it identified and convened. Most innovation teams noted that lack of access to the right networks was an obstacle to pursuing innovation in the housing sector. Innovation can be difficult and isolating and, with limited funding opportunities and supports, it can often feel impossible. The Breakthrough Challenge's identification of innovators across the country and regular convenings of these thought leaders provided the opportunity to coalesce, coordinate, and share. Innovation teams had the opportunity to exchange their shared challenges in making the housing sector more inclusive despite pressures to maintain the status quo. Furthermore, teams gained insights from each other's innovations and identified opportunities to integrate aspects from other innovations to further enhance their own.

To effectively tackle the multitude of challenges and systemic inequities in the housing sector, substantial innovation is required on a broad scale. Establishing support mechanisms that aid innovators in addressing policy, finance, regulatory, and supply chains that reinforce the status quo and impede innovative efforts is essential. The Breakthrough Challenge has fostered a thriving network of innovators who are eager to sustain their collaboration within the community and to welcome new innovators, facilitating future growth and impact.

Public Exposure

The Breakthrough Challenge provided the innovation teams with an intangible, yet highly invaluable benefit: the prestige and heightened status that goes along with being selected as one of six winners in a high-profile national competition, which was amplified by the sponsorship of Wells Fargo and Enterprise. The innovation teams represented diverse profiles within the housing sector, ranging from well-established national organizations to regional entities. All innovation teams acknowledged that the associated prestige of being a Breakthrough Challenge winner played a pivotal role in advancing their respective innovations.

Through the development and execution of an extensive communications plan, Enterprise leveraged its national networks within the housing sector and beyond to raise awareness about the innovations, and the specific challenges they aimed to address. The Breakthrough Challenge notably amplified the awareness of the innovations through the “A Better Way Home” exhibit at the National Building Museum in Washington, D.C. The exhibit debuted in September 2022, shining a spotlight on the transformative efforts of the six innovation teams and their contributions in moving the housing sector towards a more inclusive and equitable way of doing business.

With the “A Better Way Home” exhibit serving as an inspiring backdrop, the museum hosted a Housing Affordability Summit, which included panel discussions and expert presentations on the importance of innovation in addressing the national affordable housing crisis. Over 17,000 people have toured the exhibit since its opening last fall. All innovation teams reported that the exhibit expanded their audience to a national scale, furthering the advancement of their innovation.

Leveraged Investment

The lasting value of the Breakthrough Challenge itself lies in creating an evidence base for doing business differently within the housing sector. While ideas can be easily dismissed, proven models carry weight, and the Breakthrough Challenge provided the opportunity for six innovation teams to turn good ideas into replicable programs. All innovation teams emphasized that, without Breakthrough Challenge support, their innovations would have remained mere ideas.

Wells Fargo’s influential national profile and robust support in activating the potential of these innovative ideas bolstered investment from more risk-averse institutions. Throughout the Breakthrough Challenge, innovation teams were able to leverage the grant to secure \$153 million in additional funding, which supported both initial piloting and program expansion.

Breakthrough Challenge funding allowed innovation teams to leverage an additional \$153 million to further their innovations.

Ongoing Challenges

Turning these innovative ideas into reality marks a critical initial step towards remaking the housing sector, but Breakthrough Challenge winners still face an uphill battle as they strive to scale their models across the nation. 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, an ongoing hurdle for innovation teams is securing flexible and supportive funding to further refine and expand their innovations. While certain models may have the potential to become self-sustaining by generating revenue through service payments, this approach may not be feasible for every innovation. The teams are actively pursuing additional funding support to build upon the progress achieved through the Breakthrough Challenge and facilitate broader adoption of their innovations across the housing sector.

Three innovations, MiCASiTA, Health + Housing, and The Homecoming Project, have started to scale beyond the initial pilots funded by the Breakthrough Challenge. In these instances, the bold and creative ideas are gaining traction and reaching more people in new communities. However, not all innovation teams started at the same place – some ideas were further along in their development than others. Certain innovations were at the brink of scaling, and the Breakthrough Challenge proved to be the necessary catalyst. For others, the Challenge provided the runway to ready an idea to scale by enabling teams to identify and adapt to challenges, further sharpening and refining their ideas. Given where they started and the differences in their objectives, it is not surprising that some innovations are scaling at a faster pace than others.

An important lesson from the Breakthrough Challenge is that bringing an innovative idea to scale takes time, unveils unexpected challenges, and requires a diverse set of partners. The challenges experienced may mean that the impact of the innovation may not be quantifiable within a defined timeframe.

On the challenge of pursuing innovation and systems change in the housing sector, one interviewee noted, “There’s a more comprehensive support mechanism that needs to be built around these construction industry startups because when you think about all their commercialization challenges; policy, finance, regulatory, supply chain, market resistance, startups need expertise and guidance in a wide range of disciplines. Too many startups over index on their technology/solution ... saying ‘we got this technology (hard or soft tech) that we’re trying to perfect’... but if you just create a great technology and you haven’t thought about tangential issues described above, then their new technology/solution may never see the light of day. The construction industry has so many pitfalls and we don’t do a good enough job with broader support for new entrants ... most startups do not have the wherewithal to tackle [them] alone.”

Despite these limitations, the Wells Fargo Foundation remains committed to fostering innovation in the housing sector and is partnering again with Enterprise, with the promise of another \$20 million investment to fund a second cycle of the Breakthrough Challenge. Based on learnings from the first Breakthrough Challenge, the second cycle is soliciting ideas for which the grant will propel the expansion and scaling of field-tested concepts.



Christi Smith, Director, Programs at Enterprise, introduces the exhibit at the National Building Museum in Washington, D.C.

Enterprise Amplifies Breakthrough Innovations

Enterprise was honored to be selected by the Wells Fargo Foundation to co-lead and administer the Breakthrough Challenge. Given Enterprise's 40-year history in the affordable housing field, as well as its extensive networks across the sector, staff were excited by the ways in which they could help the innovation teams build out their ideas, and how Enterprise's own efforts could be shaped by the innovations.

To amplify and accelerate the impact of the six innovation teams, the Wells Fargo Foundation provided Enterprise with the resources needed to launch complementary projects, programs, and studies. Enterprise staff worked alongside the innovation teams, and the interaction between the two groups catalyzed their respective efforts and provided a national platform on which to highlight the success of each innovation. In retrospect, Enterprise did not fully realize the extent to which the innovations would represent fresh ideas and spark new ways of thinking across its three divisions.

Housing Construction

**cdcb and bcWORKSHOP: MiCASiTA**

To successfully adopt and implement the MiCASiTA model, a community-based organization (CBO) must have substantial capacity in both housing construction and financing similar to that of cdcb. Based on its knowledge of the community development field, Enterprise realized that many CBOs, especially those serving rural communities, might lack the necessary capacity to fully adopt the MiCASiTA model. This lack of capacity could not only limit MiCASiTA's scalability, but also deprive communities of a much-needed source of affordable housing and a pathway to homeownership.

To solve this issue, Enterprise identified a cohort of 14 rural organizations and Tribal nations as possible adopters of the MiCASiTA model. Enterprise worked with each organization to build the skills and knowledge necessary to adopt the model in the future. The organizations met regularly with cdcb and bcWORKSHOP who shared lessons learned as the model was put into practice.

At least one cohort member is actively exploring the adoption of the MiCASiTA model at the time of this report, and others have brought the idea back to their board for discussion and exploration. Through this experience, Enterprise is now aware of the capacity and resources needed to adopt the MiCASiTA model and can identify new candidates for scaling the model and provide technical assistance as needed.

**Forterra: Forest to Home**

Since the launch of its Green Communities Criteria in 2005, Enterprise has been a national leader in resilience, green building, and climate change response. Coupled with its commitment to racial equity, Enterprise immediately saw the alignment of Forterra's Forest to Home initiative and its own sustainability and equity goals. To further Forterra's work, Enterprise conducted an assessment to determine the feasibility of expanding Forterra's model or similar modular CLT approaches, either in whole or in part, to the East Coast.

The assessment, which focused on Baltimore, Maryland, concluded that an opportunity exists to combine modular CLT with more traditional materials to reduce the time and environmental impacts of housing construction. However, it will take time to grow the production of and market for CLT on the East Coast. In the interim, the study noted the possibility for last-mile production. In this scenario, CLT panels are shipped to locally owned micro factories in urban communities for off-site assembly of homes. This last-mile production model would create jobs in urban communities and address the need for affordable housing through expedited production.

Housing Finance

**CNYCN: Underwriting for Good**

While Enterprise does not directly finance home mortgage loans, CNYCN's work around credit scores, loan risk, and rent reporting inspired Enterprise to take a greater leadership role in addressing exclusionary lending practices and promoting the value of rent reporting. To this end, Enterprise conducted a [national landscape analysis](#) of current rent reporting practices that reviewed several rent reporting pilots and their different design options. Enterprise also created and hosted the Rent Reporting for Credit Building Summit Series to discuss developments in, and the policy implications of, rent reporting.

This work resulted in Enterprise's Community Development (affordable housing operation) and Capital (financing) divisions evaluating how they could spur greater adoption of rent reporting across the housing sector. The Community Development Division subsequently adopted a rent reporting pilot at some of its properties that allowed tenants to opt into rent reporting when applying for financing. The Capital Division developed and is now piloting the [Renter Wealth Creation Fund](#); residents of affordable housing properties financed through the Fund may opt into on-time rent reporting, as well as participate in other wealth-building opportunities.

**Gulf Coast Housing Partnership: Health + Housing**

Capital for affordable housing can be hard to come by, and Enterprise is always looking for new investors. Given the connection between health and housing, Enterprise has partnered with the healthcare sector to finance the construction or rehabilitation of affordable housing. Like GCHP, Enterprise is also interested in seeing these two sectors collaborate more routinely in the future.

To build the evidence base for GCHP's Health + Housing innovation, Enterprise examined the opportunities and benefits of aligning the healthcare and housing sectors, particularly in the wake of the coronavirus pandemic. This analysis resulted in the publication of a [series of issue briefs](#) detailing ways in which affordable housing can be used to strengthen America's public health infrastructure. These briefs discuss how resident services can support health equity goals, the potential for partnerships between affordable housing providers and Medicaid insurers, and possible policy synergies between the Medicaid and the Affordable Housing Tax Credit programs. Together these briefs highlight a mutual understanding of the benefits of cross-sector collaboration, but note the need for greater incentives to encourage widespread investment in affordable housing by MCOs and the healthcare sector more generally.

Access and Resident Support

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

The collaboration with Impact Justice and The Homecoming Project caused Enterprise to reflect on and recognize its own gaps in addressing the housing needs of the formerly incarcerated, as well as the biases towards the formerly incarcerated in the broader housing sector. As a result, Enterprise launched its Housing as a Pathway to Justice (H2J) initiative to address housing barriers for the formerly incarcerated.

The H2J team conducted a landscape analysis of the barriers and opportunities in housing the formerly incarcerated; established an external community of practice for those interested in supporting the formerly incarcerated; held training academies for housing developers, managers, and service providers on housing the formerly incarcerated; and identified opportunities to serve the formerly incarcerated through Enterprise's work.

Enterprise's Community Development Division was a key thought partner in this work. As an affordable housing owner-operator, Enterprise Community Development reviewed its own practices regarding the formerly incarcerated and considered ways in which it could make affordable housing more inclusive. Enterprise continues to hold bi-monthly H2J community of practice meetings, has prioritized H2J-aligned projects in Enterprise grant programs, and will disseminate the initiative's results to the broader housing sector.

**POAH: Trauma-informed Housing**

Enterprise's role as a thought leader, technical assistance provider, and owner-operator in the housing sector uniquely positioned it to support the adoption and expansion of trauma-informed housing across the sector. Enterprise Community Development's property management team served as a thought partner and sounding board for POAH as it developed the Trauma-informed Housing Toolkit. This experience encouraged Enterprise Community Development to consider how it integrates trauma-informed care into its own processes.

As a result, Enterprise used the lessons from these conversations to conduct relevant trainings with staff working at its affordable housing properties, instituted new programs to increase resident engagement and feedback, and began a new resident services delivery model across its departments to embed the principles of trauma-informed care. Enterprise has recently formed an internal, cross-divisional working group to determine how it can lift up the lessons learned through a variety of resident service initiatives, including those inspired by the Breakthrough Challenge, to the affordable housing field.

Like the innovations supported by the Breakthrough Challenge, the Enterprise initiatives described above will continue to evolve and develop. Enterprise will leverage its position in the affordable housing field to amplify further the work done by the innovation teams, as well as the internal initiatives, programs and approaches they inspired. The Challenge provided a unique opportunity for Enterprise staff to learn from and with innovators in the field by providing the time and space necessary to think big and dream even bigger.



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

Conclusion

The experience of the last three years has been synergistic, catalytic, and at times, humbling. The shortage of affordable housing is an urgent challenge that requires innovative solutions. As we have learned, this challenge cannot be met with more housing alone; it is a direct by-product of racist housing policies, both past and present, and requires a more comprehensive solution that addresses all aspects of the affordable housing ecosystem.

The strength of the Housing Affordability Breakthrough Challenge was not in the individual innovations, but in the ways in which the innovations collectively pushed against the status quo. Together, they revealed how the housing sector has and is continuing to fail marginalized groups and demonstrated ways in which we can right past wrongs. More specifically, the Breakthrough Challenge innovations propose new ways to:

- **Increase the supply of affordable housing.** Innovations are expediting the construction of affordable housing through new climate-friendly construction techniques and incentivizing new capital investment in affordable housing construction. Over time, this will help grow the housing stock, especially in underserved communities.
- **Open doors for those who are excluded.** Innovations are making housing, both ownership and rental, more accessible for long-excluded groups including communities of color and the formerly incarcerated. They are combating discrimination in the home-

lending space, rental policies, and supply chains so that every step of the housing development process brings value.

- **Prioritize resident choice and empowerment in affordable housing.** Innovations are centering individual choice and empowerment through resident leadership in property management decisions, buyer-driven choice and decision-making in home design and amenities, and access to wrap-around services that are chosen based on residents' needs.
- **Improve approaches to health, resilience, and economic mobility for residents.** Innovations are integrating health and resilience as a priority in the design and provision of affordable housing, ensuring that affordable housing does not exacerbate health disparities, promotes resilience, and provides an opportunity for wealth building and economic mobility.

The 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. Despite the early stage of scaling the innovations, the results of the participatory evaluation suggest that the impact of their work is being felt at the individual, community, and systems levels, offering hope that these innovations will result in lasting change that benefits millions across the country in the future.



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

Even then, the affordable housing sector is complex and cannot be expected to change overnight. The Breakthrough Challenge made it clear that we must continually recommit ourselves to equity and inclusion and be open to new ways of doing business in support of these goals. For Enterprise, this means applying the lessons we learned from the innovation teams to our own business practices and sharing those lessons with our colleagues in the field. For Wells Fargo, this means continuing to bolster innovation through a second cycle of the Housing Affordability Breakthrough Challenge and leveraging its own networks to promote change.

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 sector and, more importantly, improve outcomes for the most vulnerable among us. They questioned traditional approaches and successfully demonstrated new ways of doing business. 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 than it is today. They challenged us all to do better and, because of their example, we will.

Early Achievements from the Challenge

- **MiCASiTA:** 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:** Testing of modular CLT panels to meet fire and other building regulations prior to construction.
- **Underwriting for Good:** Automated loan underwriting extension to integrate 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:** Toolkit for organizations and agencies to implement the model in their respective communities.
- **Trauma-informed housing:** Toolkit to implement trauma-informed housing approach at affordable housing properties.

Appendix

Appendix A | Additional Impact Themes

The participatory evaluation process resulted in 15 themes where Breakthrough Challenge innovations were influencing the housing sector. Innovation teams had the opportunity to review these themes and select the top five on which their innovation would have the greatest impact. Innovations spanned many more themes than just those selected here, but the ranking of themes allowed the evaluators to narrow the focus of the evaluation to most-significant impacts. Please note that all six innovations are grounded in the concept of racial equity regardless of whether it was identified in the chart below.

	Theme	Housing Construction		Housing Finance		Resident Services and Support	
		MiCASiTA	Forest to Home	Underwriting for Good	Health + Housing	The Homecoming Project	Trauma-informed Housing
Resident-level	Prioritize Resident Choice and Empowerment	X				X	X
	Improve Homeownership Opportunities			X			
	Create Opportunities to Build Wealth	X	X	X			
	Improve Financial Stability				X	X	
	Improve Approaches to Health, Resilience, and Economic Mobility for Residents				X	X	X
Community-level	Promote Racial Equity	X		X			
	Improve Stability in Low-to-Moderate Income Communities		X			X	
	Open Doors to Housing for Those Who Are Excluded		X	X			X
	Increase the Competitiveness of Local Lenders						
Sector-level	Address the Affordable Housing Shortage	X			X	X	
	Improve the Environmental Sustainability of Construction		X				
	Improve Construction and Design Techniques						X
	Leverage New Funding Sources for Housing		X		X		
	Pilot Model for Expansion	X		X			X
	Integrate Other Sectors into Affordable Housing				X		

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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.