

GUIDE TO GIVING Ending Chronic Homelessness



ECONOMIC EMPOWERMENT

STEP 1 Understand the Recommended Approach for Ending Chronic Homelessness

HOW TO USE THIS GUIDE

Are you interested in ending chronic homelessness? This guide will help you assess the effectiveness of the nonprofits that you are considering supporting. It is based on Social Impact Research's (SIR) methodology for analyzing nonprofits based on research that identifies the best approaches for addressing the targeted social issue. For more information, read SIR's social issue and state reports on ending chronic homelessness.

An effective nonprofit should incorporate all three components of the recommended approach—or have a partnership with another organization to cover the full range of services represented by these components. In addition, effective nonprofits should collect data to measure the outcomes and impact of their programs.

- A. Effective Outreach and Intake
- B. Consumer-driven Mindset
- C. Optional Support Services
- D. Outcomes and Impact

SIR recommends that donors interested in ending chronic homelessness support the housing first approach. This approach is based on consumer choice, provides housing before treatment, and removes all barriers to housing. Housing first consists of three components: effective outreach and intake, consumer-driven mindset, and support services (see below).

DEFINITION

Chronically homeless individuals are homeless persons with a disability, such as mental illness, drug dependency, or a physical impairment, who have been living in a place unsuitable for habitation or a homeless shelter for one continuous year, or have had four episodes of homelessness within three years.

COMPONENTS OF THE RECOMMENDED APPROACH

Housing first programs vary widely, but SIR has found that high-quality programs have the following components:

- Effective outreach and intake, to find and treat the most vulnerable subset of the homeless population and provide them with permanent housing
- Consumer-driven mindset, in which consumers are treated with dignity and respect, and housing and support services are elective
- Support services necessary to ensure housing stability, promote mental and physical well-being, and successful transition into new communities

See our social issue report for more information on housing first.

STEP 2 Evaluate the Program's Effectiveness through the Lens of the Recommended Approach

A. Evaluate the effectiveness of outreach and intake

Outreach and intake have low barriers and search for housing begins immediately

EFFECTIVE IMPLEMENTATION

- ✓ Temporary housing facilities do not require sobriety or treatment participation; triage is focused on finding suitable housing to fit consumers' needs
- ✓ Individuals are housed in a personal room, with shared living spaces
- ✓ Individuals who qualify begin applications immediately for housing and those who do not are referred to other programs for which they do qualify
- ✓ Outreach workers do not obligate individuals to follow a plan, but a plan is encouraged and created based on the individual's interests

INEFFECTIVE IMPLEMENTATION

- ✗ Individuals are housed in facilities that require sobriety or participation in treatment; Triage is focused on beginning treatment
- ✗ Individuals are housed in a shared sleeping space
- ✗ Individuals who qualify begin applications and those who do not qualify are not provided other options
- ✗ A plan is the first step of outreach; it is created by a staff member, and treatment begins immediately, regardless of the interests of the individual



Examples of EXCEPTIONAL IMPLEMENTATION

The program is successful in finding appropriate permanent housing in one month or less

Triage takes place in or near the neighborhood in which the individual prefers to be housed

B. Evaluate the quality of the organization's consumer-driven mindset

A consumer-driven mindset provides choice in treatment and housing



Examples of

EXCEPTIONAL IMPLEMENTATION

Individuals are responsible for their own leases.

Consumer satisfaction surveys influence practice.

Individuals have the opportunity to move if they are uncomfortable in their first, second, or third housing option.

EFFECTIVE IMPLEMENTATION

- ✓ Individuals have several housing options and choose their neighborhood, housing type, and living arrangements.
- ✓ Individuals are provided housing regardless of sobriety or criminal history, and are encouraged but not required to undergo treatment. Treatment is strongly encouraged.
- ✓ Individuals are held accountable to their landlords as tenants. They must pay rent on time and follow apartment guidelines, as any other tenant does.

INEFFECTIVE IMPLEMENTATION

- ✗ Organization offers communal housing and individuals have no choice in housing type or location.
- ✗ Organization requires individuals to maintain sobriety or follow treatment plans. Failure to do so results in loss of housing.
- ✗ Individuals are held accountable to the nonprofit's rules and guidelines, and are required to demonstrate that they are ready to have a permanent home through compliance with a treatment.

C. Evaluate the quality of the optional support services

Support services are optional and intensive



Examples of

EXCEPTIONAL IMPLEMENTATION

Case workers actively involve themselves in the lives of the individuals, meeting them as often as possible.

Individuals are integrated into their new communities through involvement in community programs.

EFFECTIVE IMPLEMENTATION

- ✓ Individuals are able to find and access services (e.g., workforce development) and treatment (e.g., substance abuse treatment) that they desire.
- ✓ Case managers serve no more than 10 individuals and are available 24 hours a day, 7 days a week. Staff work in teams and are familiar with and able to serve all clients.
- ✓ Support continues as long as needed. Case managers adjust care and treatment to the needs of individuals.
- ✓ Individuals are offered a wide array of services and are advised which services may be appropriate. Individuals select the services in which they participate.

INEFFECTIVE IMPLEMENTATION

- ✗ Individuals are only connected to physical and mental health treatment; other services are not readily available.
- ✗ Case managers serve more than 10 individuals and are unavailable outside normal business hours. Staff work independently and are not familiar with other staff's clients.
- ✗ Supportive care is prescribed for one year, after which it is no longer available.
- ✗ Services are pre-determined and individuals do not influence the types of services provided.

Collecting outcome data enables organizations to know whether or not their programs are effectively improving the lives of their participants over the long term. High-performing organizations collect and analyze a wide variety of data to measure the effectiveness of their programs and the health of their organizations. Organizations use this data to build upon their successes and improve upon their weaknesses.

D. Evaluate outcomes and impact

Organizations collect data to measure outcomes

Key indicators that housing first organizations should be tracking, as well as their expected outcomes, are listed in the table below.

Indicator	Expected Outcome Rate
Percent of individuals who remain in their homes two years after initial placement	80%
Percent of individuals satisfied with their homes and supportive services	rate varies*
Percent of individuals who receive all the public funds** for which they are qualified	100%

*Satisfaction rates vary depending on the methods of data collection and scale of results. It is important that feedback from the individuals is solicited either through interviews or surveys.

**Public funds include several national and local programs including, Supplemental Security Income and Medicaid.

STEP 3 Evaluate the Organization's Health and Stability

Evaluating an organization's health and stability will provide insight into the organization's structure, capacity, and ability to carry out its mission. It is important to consider at least two factors:

- A. Financial Sustainability**, which describes an organization's ability to conduct its work in a fiscally responsible manner
- B. Management and Governance**, which describes the leadership and oversight of the organization

A. Evaluate financial sustainability

Financial sustainability describes an organization's ability to conduct its work in a fiscally responsible manner. The information below can be found on the organization's 990, an IRS form required of most nonprofits. It is best to review financial information over three to five years.

FINANCIALLY SUSTAINABLE

- ✓ Organization's debt to equity ratio is less than 1.5, meaning its debt is manageable given its assets
- ✓ Organization's current ratio is equal to or greater than one, meaning its assets are greater than its short-term debt
- ✓ Organization maintains three to six months in cash reserves, so it can withstand brief financial downturns
- ✓ Funding comes from a variety of sources, including government, philanthropic, and earned income; Housing first programs typically receive about 85% of their funding from the government, 10% from philanthropic sources that is typically used to fund support services, and 5% from housing payments (individuals pay 30% of their income towards housing)

FINANCIALLY UNSUSTAINABLE

- ✗ Organization's debt to equity ratio is greater than 1.5; substantial amount of assets are directed to paying off debt
- ✗ Current ratio is less than one; the organization will continue to accumulate short-term debt as its assets are not enough to cover debt payments
- ✗ Organization maintains fewer than three months in cash reserves, leaving it susceptible to economic shocks
- ✗ Funding is dominated by one or two sources or types of funders; For housing first programs, if the funding comes entirely from government, the programs may not be able to provide high-quality support services as these services are not covered by government funds

B. Evaluate management and governance

Management and governance indicators describe the capacity of staff and board teams to deliver on the mission, grow the organization, and hold themselves accountable.

EFFECTIVE IMPLEMENTATION

- ✓ CEO has significant experience; management team has a good relationship; staff are actively involved in the field of homelessness and in the community
- ✓ Board has at least seven members with diverse experience including legal, management, financial, marketing, and fundraising, and experts on homelessness; meets at least three times per year
- ✓ Planning shows evidence of measurable goals toward ending chronic homelessness and organizational improvement

INEFFECTIVE IMPLEMENTATION

- ✗ Management team members lack relevant degrees or experience in the field of homelessness, or have limited leadership experience
- ✗ Board is comprised of individuals with similar skills and experience; meetings are rare; members play little or no role in fundraising, oversight, or planning
- ✗ Planning occurs ad hoc, for example, in an annual meeting where possible changes are discussed informally



Examples of

EXCEPTIONAL IMPLEMENTATION

A 360-degree review is conducted annually on the CEO, including a review by the board

CEO is active leader in the field

Three- to five-year plans are created with stakeholder input and tangible goals and milestones are explicitly laid out

Board includes formerly homeless persons

STEP 4 Evaluate the Organization's Ability to Create Systemic Impact

There are many ways in which an organization can influence the field of chronic homelessness. Activities include conducting impact and outcome research, providing consulting and training to other programs, and publicly advocating for chronically homeless persons. SIR recommends considering three categories of activities:

- A. Growth plans**, which describe the organization's plans for the next three to five years
- B. Community partnerships**, which demonstrate the organization's ability to work collaboratively
- C. Field-building activities**, which show whether the organization is influencing the field

A. Evaluate growth plans

Evaluate growth plans to understand the organization's capacity to further its mission and reach more people:

- Organization has a realistic growth plan with funding and measurable goals to increase the number and type of housing units available for individuals
- Organization continuously seeks to connect individuals to better support services

B. Evaluate community partnerships

Evaluate community partnerships to understand the organization's ability to collaborate and drive greater change:

- Organization creates partnerships with nonprofits to cover gaps in services, and partners with landlords to find housing units
- Organization participates in alliances with other housing first, homeless advocacy, and governmental organizations to create a comprehensive and collaborative policy to end chronic homelessness

C. Evaluate field-building activities

Evaluate field-building activities to understand the organization's role in driving systemic change:

- Organization understands how housing first creates change and designs its plans accordingly
- Organization shares lessons learned with other practitioners by making data and research publicly available
- Organization provides assistance to others working to resolve chronic homelessness
- Organization participates in training activities offered by other nonprofits working on chronic homelessness

STEP 5 Interpret your Evaluation and Determine How to Provide Support

The preceding four steps helped you gain a holistic understanding of an organization and its work to end chronic homelessness. To make a decision about the best way to provide support, determine where your organization fits among the following three categories:

- A. High-performing organizations** meet the majority of the criteria outlined above
- B. Developing organizations** meet some, but not all, of the criteria outlined above
- C. Low-performing organizations** meet few to none of the criteria outlined above

A. High-performing organizations

These organizations are using housing first to stabilize chronically homeless individuals. They are financially sound with excellent management and governance structures. They have realistic growth plans and are engaging in field-building activities to some degree. You can feel confident that an investment in a high-performing organization will be effectively used.

Risk / Reward	Low risk / high reward
Recommended level of involvement	Low
Example investment opportunities	Continue running high-quality programs, implement growth plans, expand housing and service options, conduct research to build the field and provide evidence to funding entities, provide training to other organizations

B. Developing organizations

These organizations may be doing some things well and need improvement in other areas. Often these are young organizations, but they can also be established organizations that are undergoing a transition. Developing organizations are often making the paradigm shift from treatment first models to housing first. Investment in developing organizations can be challenging yet exciting for donors who are interested in helping organizations improve.

Risk / Reward	Moderate risk / high reward
Recommended level of involvement	Medium to High
Example investment opportunities	Train staff, support research, improve programs, expand services that work, expand housing options (in quantity and variety), hire staff to fill gaps in capacity, improve data collection and reporting systems

C. Low-performing organizations

These organizations have room for improvement in all areas. Investment in a low-performing organization that has a good management team dedicated to improving the organization and its programs can be exciting for a donor who wants to be deeply involved in helping an organization. These organizations may be in the beginning stages of the transition to housing first. Investment in a low-performing organization that is not dedicated to improvement is not recommended.

Risk / Reward	High risk / Reward varies based on organization's desire to improve
Recommended level of involvement	High—if the organization is strategically working to improve
Example investment opportunities	Strategic or business planning, needs assessments, research to determine ways to improve program, technical assistance from high performing organizations

ACKNOWLEDGEMENTS

SIR thanks the organizations that have made invaluable contributions to this report:

Colorado Coalition for the Homeless

DENVER, CO

Massachusetts Housing and Shelter Alliance

BOSTON, MA

Pathways to Housing

NEW YORK CITY, NY

Somerville Homeless Coalition

SOMERVILLE, MA

Supporting Emerging Social Innovations

HIGH RISK WITH THE POTENTIAL OF HIGH REWARD

Donors may also wish to consider organizations that are testing innovative approaches that could eventually lead to breakthroughs in addressing the targeted social issues. Such organizations should be able to articulate why they are diverging from the proven approach, and how they see themselves improving upon that approach. Housing first, itself, started as this type of innovation, and has transformed the homelessness field over the last ten years.

Social Impact Research (SIR) is the independent research department of Root Cause, a research and consulting firm dedicated to mobilizing the nonprofit, public, and business sectors to work together in a new social impact market. SIR aggregates, analyzes, and disseminates information to help donors identify and support the most effective, efficient, and sustainable organizations working to solve social problems. Modeled after private sector equity research firms, SIR produces research reports, analyzes philanthropic portfolios, and provides educational services for advisors to help their clients make effective and rigorous philanthropic decisions.



SOCIAL IMPACT RESEARCH

Actionable Information for the Social Impact Investor

One Canal Park, 3rd Floor, Cambridge, MA 02141 **PHONE:** 617.492.2310 **WEB:** socialimpactresearch.org