



Lutheran Services
in America

LSA Housing Solutions Collaborative

Introducing: 3 New Impact Initiatives to Strengthen Our Shared Work to Advance Housing Security and Health Equity

November 2024

The past year of engagement and collaboration among LSA staff, Housing Solutions Collaborative members, our Housing Leadership Circle, national partners and Abt Global—our strategic planning partner engaged with support from our Housing Leadership Circle—has yielded **powerful insights about the need and opportunity we have, to strengthen housing security and advance health equity**. Among the most vital insights:

- **Our long Lutheran tradition of housing with whole-person services is unique and critically needed**, both as a tool to address the growing crisis in housing insecurity and to address health inequities. We have a unique opportunity as a faith-based network to take advantage of our nationwide footprint and strength, with LSA members stewarding \$29 billion in funding from Medicaid, Medicare and other programs, to reach more people.
- **There is untapped potential to unite our Lutheran ecosystem**, including our 300 social ministries, church bodies and thousands of congregations, Lutheran financial institutions, universities and others. We have expertise and experience, national reach, foundations and endowments, land and relationships to coalesce for impact, innovation and equity.
- **Our Housing Solutions Collaborative is a powerful vehicle to expand our health and housing efforts**, a budding group of 37 LSA members who collectively house over 40,000 people each year and report having 3,750 units in the pipeline of development. The populations we serve reach across the life and health span, from older adults to families in crisis, persons with intellectual and developmental disabilities and New Americans.

As a Collaborative, we have already held a Summit in Washington D.C., advocated with policymakers and openly shared innovations. We are poised to expand our collective impact through **detailed plans for 3 new impact initiatives (see graphic) driven by member interest** that would advance the goals of the Housing Solutions Collaborative:

- Build 5,000 new units of service-enriched affordable housing.
- Significantly strengthen the capacity of the Lutheran ecosystem.
- Advance innovative housing and health solutions.

Housing Solutions Collaborative

1. Peer to Peer Network of Support

2. An LSA Predevelopment Fund

3. An LSA Shared Services Initiative

Impact Initiatives in Detail

1. Peer to Peer Network of Support

Responds to Abt White Paper Recommendation: “Facilitate one or more peer-to-peer networks for cohorts of Housing Solutions Collaborative members early in their housing journey or seeking to scale.”

Summary: Housing Solutions Collaborative members expressed interest in deepening their peer-to-peer connections, creating opportunities for members to share experiences and best practices with one another and accelerate learning on how to effectively implement housing and health solutions.

Options: Three (3) options rose to the top for consideration, which could be implemented at the same time or in phases (the #1 option of interest was Peer Learning Networks):

Peer Learning Networks	• Facilitated learning opportunities and regular meetings between <i>cohorts</i> .
Peer Mentoring	• Sustained connections between members to build capacity.
Housing Help Desk	• Quick turnaround responses from knowledgeable peers.

Impact Examples:

- A Peer Learning Network is created to support the subset of HSC members who house, support and empower families in crisis.
- An HSC leader with deep experience in affordable housing development mentors a less experienced member as they navigate predevelopment for a new property.
- A member brings an urgent opportunity to work with a Lutheran church to develop housing, but they need to quickly negotiate; they are connected to a member with experience.

Key Implementation Steps:

- Ask 5 – 7 members to provide counsel to LSA staff as options are developed.
- Ask members to firmly indicate interest in each networking option.
- Determine which housing and health goals can be best advanced via each option.
- Decide between starting with just a Peer Learning Network, two options or all three.
- Pilot an online collaboration tool that facilitates connection and sharing.

2. An LSA Predevelopment Fund

Responds to Abt White Paper Recommendation: “Establish a flexible fund for predevelopment expenses.”

Summary: Housing development nearly always requires expenditures prior to construction. These can be divided into three main categories: project conception, land acquisition and predevelopment. By establishing an LSA Predevelopment Fund in partnership with an experienced partner (e.g. California Lutheran Homes), we would expand privileged loan access to some of the hardest-to-access funding, with favorable terms, the ability to move quickly and to fund predevelopment for projects that would not be strong candidates for traditional financing. We are also considering a grant component of the Fund, which would fund project conception—a way to build a pipeline of housing and health developments.

Options: As noted, we are exploring the feasibility of two options:

- A Predevelopment Loan Fund, and
- Grants or Forgivable Loans for Project Conception

A Predevelopment Loan Fund

Predevelopment costs are often significant—depending on the project, the costs for project conception and predevelopment can range from \$100,000 to over \$1 million. If you add in acquisition costs, the total pre-construction costs can exceed \$2 million or more per project.

We heard that an LSA Predevelopment Fund would be of interest to members in the following ways:

- For members that do *not* have the reserves to self-finance predevelopment expenses:
 - Financing non-standard projects that are not easily financed by other entities
 - Financing standard projects if they work in states whose housing finance agencies do not offer preferential financing options
- For larger member organizations that might be able to self-finance predevelopment expenses from operating capital or reserves:
 - Allows them to move multiple projects forward simultaneously

Grants or Forgivable Loans for Project Conception

To support the entry of additional LSA members into the housing development space, we are considering raising philanthropic funding for grants or forgivable loans for project conception costs. If structured as forgivable loans, these could be recouped if the project moves forward or forgiven if they do not. We would want to develop standards to ensure these loans are funding realistic and not speculative projects

Scale and Impact Examples:

- For a Predevelopment Loan Fund, assuming \$350K to \$400K per loan through a \$3 million fund, LSA could fund 7 to 8 projects at a time. If the funds are outstanding on average for about 24 months, we might be able to make three to four loans a year.
- For grants/forgivable loans for feasibility studies and other preconception costs, assuming \$50,000 amounts across \$500,000 in funding raised, we could consider making 4 awards in each of the first 3 years. In theory, if we get repaid half of the time (through forgivable loans) we could make 18 total awards.

Among examples of potential impact:

- An LSA member new to housing gets a grant for conception for a new transitional housing project with services for 30 families. They then access predevelopment funding from LSA to advance the project.
- An experienced senior housing provider is approached by a Lutheran church for an urgent opportunity to develop on their land, but they want an answer in the next month. They have other projects in development, so their own funds are locked up. The LSA Fund is able to quickly give a greenlight and secure the land opportunity.

Key Implementation Steps

- Present to members and gain more information about use cases and frequency.
- Determine whether to offer grants or forgivable loans for conception.
- Identify a lending partner (e.g. California Lutheran Homes, which has a strong track record of lending in line with the needs of LSA members).
- Develop lending and investment guidelines with partner.
- Raise funding from investors (philanthropy, corporate and LSA members).

3. An LSA Shared Services Initiative

Responds to Abt White Paper Recommendation: “Explore opportunities for shared services to accelerate and bring efficiencies to housing solutions efforts of network members.”

Overview: Providing shared services for LSA members will produce cost savings, introduce administrative efficiencies that reduce member workload, contribute to shared outcomes and serve to unify and strengthen the Collaborative and the Lutheran brand for health and housing.

Options: During multiple group and one-on-one engagements with members of the Collaborative between May and October 2024, members expressed interest in the following shared services:

Service <i>(alphabetical order)</i>	Nature of service
Advocacy	A shared advocacy platform and resources that would include messaging and materials that promote advocacy positions of interest to LSA members, as well as training, leadership development, and potentially shared lobbying efforts.

Data and Case Management Software	Access to a common software to use for collecting and reporting data (for example, to government agencies and health care funders) and/or case management and outcome tracking.
Property insurance	Discount on property insurance rates that can be passed on to LSA members and the properties they own.
Technical expertise	A consultant(s) or firm(s) specializing in nonprofit housing development on retainer to LSA and available to help advise members on projects.

Business Model: To build and sustain the work, LSA and members would engage in discussions to identify necessary start-up costs and a supportive business model. Two options are:

- **Umbrella Model:** Under this model, LSA members purchase a suite of shared services as an add-on to their existing LSA membership dues.
- **Individual Selection Model:** Under this model, LSA members decide independently which shared services to select, each of which may have a slightly different model for generating returns.

Impact Examples:

- Ten (10) LSA members join forces to customize a data tool to track resident outcomes and secure \$3 million more in funding from their states to advance health related social needs through affordable housing.
- Five (5) LSA members in the next calendar year work with an on-call nonprofit developer vetted by the Collaborative with a specialty in public finance for housing. The partnership accelerates the timeline to break ground by 20%.
- A shared lobbyist in Washington D.C. helps LSA and coalition members advance regulatory changes that reduce barriers to housing development in partnership with faith partners, unlocking three (3) member projects that were stuck in limbo.

Key Implementation Steps

- Determine the current member profile (scale, costs, etc.) in the four shared services areas with potential.
- Determine the costs and benefits of alignment through a shared services initiative.
- Develop an aligned business model that would be attractive to members and sustain the work through LSA and partners.
- Secure a partner to launch the top shared service and support actualization of others.

Timing

With sufficient member interest, partnership and buy-in, **it is feasible to launch elements of all new impact initiatives within one (1) year**, as follows:

	Now - March	Spring	Fall	Winter
<i>Peer to Peer Networks</i>	Refine scope/scale/structure	Launch online collaboration platform and at least 1 networking option	Roll out additional networking option(s)	
<i>An LSA Predevelopment Fund</i>	Refine scope/scale/structure		Secure investors/funders	Make first loan and/or grants
<i>An LSA Shared Services Initiative</i>	Refine scope/scale/structure	Launch first shared service w/national partner		Launch full business model and fuller suite of services

Keys to Success: Collaboration + Collective Action

Actualizing these impact initiatives will require a strong partnership between LSA, members and partners. Some keys to success include:

- **Peer Advisors:** In the upcoming period of refining the scope/scale/structure of the 3 impact initiatives, we will need members of the Collaborative to formally advise and guide implementation. LSA will lead member engagement, but each member of the Collaborative is expected to advise at least one (1) of the new initiatives.
- **Business Models:** There are clear opportunities to build and sustain this work through a combination of both philanthropy, investment and fees. Both the Predevelopment Fund and Shared Serves Initiative will be grounded in solid business modeling. We will work diligently to define models that offer a high ROI for members.
- **Data and Project Information:** One of our greatest currencies is information and data about the work you already do, today. Figures on people housed, projects in the pipeline and the like, are critical to shaping and making the case for funding for these impact initiatives. It is one reason we are investing in an online collaboration platform.
- **Supportive Structures and Organization:** as we launch new initiatives, we will likely need to formalize coordination and explore new organizational structures. A Predevelopment Fund may necessitate a new legal structure. A Shared Services Initiative will likely require formal contracts and agreements. The more we can unite structurally for impact, the greater potential we have to engage more partners, gain more funding for our shared work and get results.

Next Steps for Collaborative Members

The Winter and Spring will be an active period of collaboration between LSA and members to refine the scope, scale and structure of these shared impact initiatives.

The immediate next steps for members are to:

- **Opt-in to advise at least 1 of the new impact initiatives.** Advisors are agreeing to contribute their time and advice over the next 6-month period to ensure the success of at least one impact initiative.
- **Review your organization's roster of participants in this Collaborative and please consider expanding it.** As you are considering the refined strategic direction of this Collaborative and the advisory work ahead, who else from your organization should be added to the Collaborative roster?
- **Keep information updated.** As your organization explores new opportunities, let us know if you have new projects that expand your health and housing reach.

Thank you for your invaluable contributions to the planning of these three impact initiatives, for your membership in LSA and for all you will do in the months ahead to advance our shared work to strengthen housing security and improve health equity.

LSA Contacts

Kent Mitchell, VP of Strategy and Innovation, LSA (kmitchell@lutherservices.org) is the lead on:

- LSA Predevelopment Fund
- LSA Shared Services Initiative
- National partnerships in housing
- LSA's Housing Leadership Circle, exploring faith-based partnerships and other efforts to strengthen the Lutheran ecosystem

Susan Newton, Senior Director of Strategic Initiatives, LSA (snewton@lutherservices.org) leads:

- LSA's Housing Solutions Collaborative (overall leadership, member engagement and bimonthly meetings)
- The Peer-to-Peer Network of Support
- Piloting of an online collaboration tool for the Housing Solutions Collaborative