

Housing Affordability Breakthrough Challenge

What We're Learning

One year after Enterprise and Wells Fargo launched a national three-round competition seeking innovations targeting the housing affordability crisis, we've not only announced \$2.5 million awards to six housing innovators, we also gained new, important insights about our sector and its capacity for bold ideas and approaches.

To dig in more deeply, Enterprise analyzed the 885 applications received prior to the start of the pandemic in February 2019 across three focus areas: Construction, Finance, and Resident Services and Support. We sought to glean key needs addressed in the applications and better understand the people and entities behind the nation's housing and service innovation landscape. Here are highlights of what we discovered.

Housing Innovations Emerged from Every Corner of the Country, and Across Different Market Dynamics.

- 49 states, plus Washington, D.C., and Puerto Rico
- Tribal, rural, suburban and urban areas
- Varying geographic scopes, including neighborhoods, cities, counties, regions, states and the entire nation
- Specific market conditions like high-opportunity or disinvested areas, food deserts and disaster-impacted areas

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With almost 900 organizations applying, we saw so many examples of commitment and willingness to reframe our challenges and solutions.

EILEEN FITZGERALD
Wells Fargo Head of
Housing Affordability Philanthropy

How Did Applicants Seek to Break Through the Affordability Challenge?

Applicants focused on serving residents who earn the least.

Nearly 70% of innovations were designed to serve residents with 0-30% of Area Median Income (AMI); 85% centered on residents earning 30-60% AMI.

Innovations generally solved for at least one of three types of needs:

- Resident needs/needs among certain population groups
- Needs of specific geographies or market conditions
- Needs of stakeholders in the housing delivery system

Innovations sought to address those needs through a range of approaches:

- Community Building
- Construction Approaches & Technology
- Service Design & Delivery
- Sustainability & Health
- Ownership & Living Models
- Financial Support & Tools
- Building Type & Design

A Breadth of People, Issues and Services

The applications generated a range of topics.

- 78%** focused on people and communities of color
- 72%** proposed more environmentally resilient building and operations
- 51%** featured tools to reduce costs and funding gaps
- 43%** supported people who are homeless
- 25%** addressed housing discrimination
- 12%** targeted eviction prevention

Who is Breaking Through the Affordability Challenge?

Smaller organizations play a big role. More than half of all Finance applicants had 15 or fewer employees. Construction applicants had five or fewer. Resident Services and Support applicants were larger, given service delivery staffing needs. But the majority had 50 or fewer employees.

The public sector is key to enabling innovation. Nearly half the applications identified at least one public sector partner as part of their innovation team. Partners included state and local governments, school districts, public housing authorities and tribal governing bodies.



Innovation Benefits from Bringing New Partners to the Table

- Health care and education-sector organizations were the most common non-housing partner referenced across applications, especially in Resident Services applications
- Other non-housing partners ranged from faith-based institutions, private companies, credit unions, the military and police

A Sector Ripe for Innovation

The range of ideas spanning the 885 applications shows that innovation is critical to all aspects of the housing market. Although most of the housing needs discussed pertained to renters (406 vs. 282 applications), innovations across all three categories – Construction, Finance and Resident Services – were applicable to renters and homeowners alike. Also noteworthy: Applications discussed single- and multifamily development with equal frequency and approaches covered a variety of scales. Applicants also proposed innovations in preservation/rehabilitation and new construction activities.

What Else Can We Learn from the Breakthrough Challenge?

As our analysis continues, we hope to answer these and other key questions.

- How do innovations differ across states/markets?
- Why do some environments enable and help scale innovation? How do some hinder it?
- What approaches were proposed to address frequently referenced issues like racial equity and sustainability?
- Why did some approaches seem more promising than others to reviewers?

For more learnings about the Housing Affordability Breakthrough Challenge and updates on the grantees' innovations subscribe today at HousingBreakthrough.org/sign-up