

HIGHLIGHTS

PROGRAM RELATED INVESTMENTS FOR SUSTAINED IMPACT

CONRAD N.



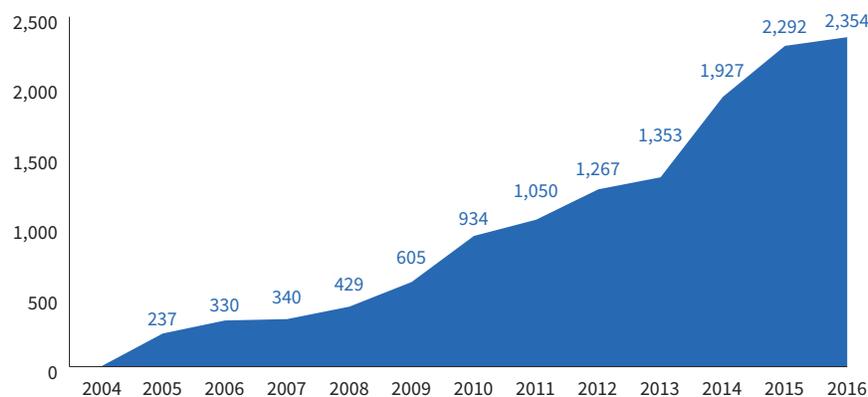
Lessons Learned from a Decade of Permanent Supportive Housing Lending in Los Angeles

This is a summary of the In Practice paper.

For more than 25 years, the Conrad N. Hilton Foundation has been supporting solutions to homelessness in the U.S. Since the very beginning, the Hilton Foundation has provided support to the **Corporation for Supportive Housing (CSH)**. In addition to traditional grant dollars, the Foundation's support includes a number of **Program Related Investments (PRIs)** made between **2004-2016**.

PRIs can be a powerful complement to a foundation's grantmaking—enabling mission-driven organizations to expand their impact and influence. The PRIs provided to CSH have contributed to the creation and growth of a robust pipeline of Permanent Supportive Housing (PSH)—affordable homes paired with comprehensive support services. A wide body of research shows that PSH is the best, most cost-effective solution to chronic homelessness.

PSH Units Initiated with Hilton Foundation-Supported Loans



Source: CSH data. Includes both completed PSH projects and those in the pipeline.

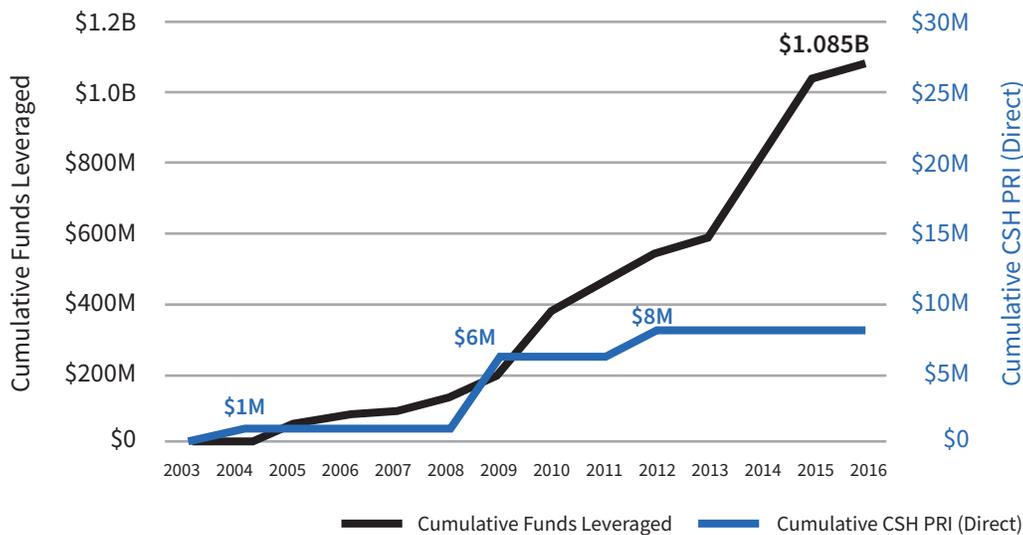
More than a decade after providing an initial \$1 million PRI to seed CSH's entry into the Los Angeles market, the Hilton Foundation's PRIs to CSH have expanded to a total of \$8 million, \$6 million of which is targeted to Los Angeles County. In its capacity as a Community Development Financial Institution (CDFI) lender, CSH has deployed the Hilton Foundation PRI funds in a series of loan pools to help PSH developers acquire land and pay the initial costs involved in getting a project ready to close on long-term financing (see graph in next page).

KEY FINDINGS

1. Long-term investments produce sustained outcomes.
2. Organizations learn and improve impact through shared risk and shared experience.
3. Flexible and patient capital fosters new product development and innovation.
4. PRIs bring resources to the table, supporting the institutionalization of relationships and practices within the community.

► **Program Related Investments (PRIs)** are loans made by foundations to support charitable activities that involve the potential return of capital within an established timeframe. PRIs include financing methods commonly associated with banks or other private investors, such as loans, loan guarantees, linked deposits and even equity investments in charitable organizations or in commercial ventures for charitable purposes.

Cumulative Funds Leveraged vs. Cumulative CSH PRI (Direct)



Source: CSH data. Includes both completed and pipeline projects. Note that the \$2 million provided in 2012 was part of a national fund deployed all over the U.S., including but not limited to Los Angeles. Only the funds leveraged within Los Angeles are represented in this visual.

These PRIs have been recycled and re-programmed several times over the past 13 years to meet the needs of an evolving environment. The results are clear and measurable: Across this timespan, CSH leveraged **\$8 million in Hilton Foundation PRI funds into over \$1 billion in permanent capital** for PSH development. This collaborative effort facilitated the production of **2,354 units of supportive housing plus an additional 1,014 units of conventional affordable housing from 2004-2016**. With the 2017 renewal of a \$4 million Hilton Foundation PRI that will extend it for another 10 years, the impact of these funds is poised to expand further still.

The Foundation's PRIs provided a multiplier effect to the grants also provided to CSH over the length of the partnership. Through technical assistance and operating support subgranted to local developers as well as its lending and underwriting activities, CSH developed an intimate knowledge of local needs and conditions. This enabled the organization to take on a distinctive capacity-building and resource-leveraging role within the Los Angeles PSH community.

ELEMENTS OF SUCCESS

Several themes have emerged from the Hilton Foundation PRI strategy:

- **A willingness to absorb real financial risk** by the Hilton Foundation has enhanced CSH's ability to leverage other capital, innovate and respond to changes in the environment.
- **The long-term commitment** of the Hilton Foundation to CSH has helped CSH plan and operate efficiently, facilitating its ability to make deep investments to build the capacity of developers in Los Angeles.
- **Strong and durable relationships** have formed the basis for effective deployment and leveraging of loan funds and expertise, maximizing their impact.

The Hilton Foundation's partnership with CSH provides important insights as to how PRIs can enable private lenders, foundations and governments across the U.S. to partner with mission-oriented lenders and advance shared goals. The Hilton Foundation's strategy can also inform other foundations seeking to shape their own PRI activities to advance sustainable social change.

[Read the full report at hiltonfoundation.org](http://hiltonfoundation.org)