



HOUSING PARTNERSHIP NETWORK

Social Mission.

Private **Enterprise.**

The Evolution of HPN:

Leaders in social enterprise

The Housing Partnership Network began as an assembly of leaders. These social entrepreneurs not only steered housing partnerships, they worked closely with national foundations, funding intermediaries, banks, and local CDCs. They had connections to local governments and local businesses. They were the nation's most innovative and cutting edge practitioners, dedicated to impacting policy, funding and social systems around housing and community development. Recognizing that even strong independent organizations could do more together than alone, they began a peer-to-peer exchange of practitioners, co-creating a learning and collaborative business network. Individually they grew their organizations into bigger, more scalable nonprofits that harnessed the power of a public-private partnership business model—and together they built a unique association that creates and operates social enterprises, pursuing social missions with private-sector business practices, enabling members to accelerate innovation and scale impact. In short: They built the Housing Partnership Network.



*Peter Redman, Notting Hill Housing Association,
in London with Tom Bledsoe and Bob Whittlesey, 2003*



It starts with a classic partnership formation story

Throughout the 1970s, as city government and private developers focused on rejuvenating the downtown area, Boston's urban low-income and minority neighborhoods were left behind, reeling from decades of disinvestment. In 1982, the Archbishop of Boston convened Boston's civic and corporate leaders for the Goals for Boston Conference, chaired by Bill Edgerly, the CEO of State Street Bank. Bill was active in the Committee for Economic Development, a national group of civic minded CEOs, which issued a report in 1982 calling for the formation of urban public-private partnerships across the U.S. Prompted by this report, Bill



Bill Edgerly

proposed the Boston convening of the city's public, private-sector and community leaders; its purpose was to develop strategies to spur the revitalization of Boston's distressed neighborhoods. Among the recommendations that emerged from the Goals for Boston Conference: the creation of a housing partnership.

The partnership would link city government, Boston-based financial institutions, state agencies, civic leadership and community development corporations around a common strategy, then raise and deploy the necessary resources to make the strategy reality. David Mundel, Director of the Boston Neighborhood Development and Employment Agency, a member of Kevin White's administration, went straight to work on the idea, asking Bill Edgerly to chair the organization. With Bonnie Heudorfer on loan from the Bank of Boston to serve as the initial executive director, the Boston Housing Partnership (BHP) was born. As Bob Whittlesey later noted, "It was felt that this new collaborative organization could harness the resources and experience of all parties involved to develop strategies and programs to combat disinvestment and decay."

A year after BHP's founding, Bill Edgerly was introduced to Bob Whittlesey and immediately hired him as BHP's permanent executive director. With working capital as an immediate goal, Bob's first task was to visit the CEOs of Boston's four major commercial



Bob Whittlesey and Bill Edgerly

banks, establishing lines of credit that enabled him to operate entrepreneurially and execute quickly to address the declining neighborhoods around Boston. "Buying property in distressed neighborhoods is not easy...one needs to make a quick purchase... with my lines of credit with the banks, in one case I put up \$440,000 to purchase several buildings on a 24-hour notice. After years gathering resources for single, federally-assisted housing projects, it was a distinct pleasure working with aggregated resources."

Developing a broader vision

While BHP brought together a wide range of organizations, Bob Whittlesey soon had an even broader vision in mind. In 1984, he attended a conference in England, hosted by Richard Best who was head of the United Kingdom's National Housing Federation. He was impressed by what he saw. "The NatFed was an organization for all the nonprofit housers. They did business. They set up tent programs. They had a management program. And the government saw them as housing funders." Bob went back several times, both attending and speaking at conferences—and the more he saw, the more convinced he was that this was a model for the United States. Recognizing what an umbrella network could accomplish—and convinced that small, independent CDCs could not assemble the needed management capacity, private-sector leadership or capital—Bob brought home the idea of an industry-wide association of larger, partnership-styled nonprofits as the key to scaled impact.

Taking the country's measure

The Ford Foundation had been funding neighborhood-based CDCs—supporting affordable housing development and neighborhood revitalization—since the early 1980s. As housing challenges grew in cities across the country, Ford also became increasingly interested in the work of the larger, partnership-based nonprofits, groups with deep private-sector engagement that operated on a citywide or regional basis. In 1988 the opportunity emerged to learn more about this sector—maybe it could scale up as a housing development system that could complement the work of CDCs? Some of these larger organizations were asking Equitable Real Estate to provide project financing. Aware of the issues, Equitable Vice President Kirsten



Kirsten Moy

Moy called Jan Jaffe and Nancy Andrews of the Ford Foundation and proposed an exploratory trip, touring three of the premier organizations to research best practices—and specifically to understand the partnership model.

They invited four people to join them: Michael Lappin of the Community Preservation Corporation in New York; Mark Willis of the City of New York; Diane Suchman of the Urban Land Institute; and Bob Whittlesey. Together, they visited BRIDGE in San



Francisco, McCormack Baron in St. Louis and BHP in Boston. Then they reconvened at the Ford Foundation in New York to discuss what they'd seen.

What they'd seen was impressive, and they felt that surely there were more such organizations operating around the country. Ford agreed to provide \$25,000 to send Bob on a nationwide exploration, culminating in a national gathering of housing partnerships where they could exchange ideas, share best practices—and perhaps begin to collaborate.

Bob set out alone, visiting 25 cities in the course of six months. He spent three days in each place, meeting with nonprofit housing organizations, city government officials, foundations and banks. People were as eager to learn from Bob as he was from them. Many of the organizations were just a few years old, often, as in Boston, started by civic and business leaders reacting to the cutbacks in federal housing programs and leadership in Washington. Cities needed revitalization and public-private partnerships seemed like a good solution. Most cities only had one such citywide housing organization—and each one was unique.

The leaders convene in Boston

From the start, Bob Whittlesey's intention was to focus on the leaders of the new community-based partnership organizations, but he also engaged national foundations, private financial institutions and funding intermediaries that could support this emerging industry. Throughout his tour, Bob invited everyone he met to join him at a national conference, scheduled for February, 1990. Once home, he sent out 175 invitations; 135 people came.

They gathered at the historic Parker House Hotel in downtown Boston. It was a wide-ranging group: CEOs of housing partnerships; officials from the city, state and federal government; academics and policy makers; CDC directors; the heads of LISC, Enterprise and NeighborWorks; banks and investors, including Fannie Mae and Freddie Mac; and foundations such as MacArthur, Pew, Heinz, Hyams, the Boston Foundation, and of course, Ford. Even the Staff Director for the Senate Housing Subcommittee in Washington took part. "They were the people I could get to come," Bob recalls, "It was a real smorgasbord."

The point of the conference was to learn from each other. Most people were meeting for the first time. As Bob notes, "There had been no real cross-fertilization in the housing industry." Attendees discussed management and financing—and they learned a lot from each other. This peer-to-peer exchange among executive leaders became the hallmark and core operating principle of HPN.

The National Association of Housing Partnerships is born

Much like the civic process that formed BHP, the Boston meeting spurred the formal formation of NAHP. Seeing the enthusiasm—and the potential—for the group, Bill Perkins, Executive Director of



Bill Perkins

Wisconsin Partnership for Housing Development, immediately began talking to Bob Whittlesey about creating an official organization. Bill later succeeded Bob as HPN's board chair, and was a key leader for 20 years. By June 1990, Tom Bledsoe, whose organization had merged with BHP to form the Metropolitan Boston Housing Partnership (MBHP), jumped in to assist Bob, forming a close collaboration and friendship that helped propel NAHP, and later HPN, forward.

Still, it took another two years before a lunch with Lynn Luallen, President of the Housing Partnership of Louisville, spurred Bob to incorporate. "He said we needed to incorporate before someone stole the idea."

Under the name the National Association of Housing Partnerships ("...because that's what we were," Bob recalls) they filed the paperwork with pro-bono assistance from attorneys John Bok and David Feinberg at Foley, Hoag & Eliot. The five directors were Bob, Lynn Luallen, Bill Perkins, Hattie Dorsey of the Atlanta Neighborhood Development Partnership and Patricia Massey of the Baltimore Partnership for Housing Development. The officers were Bob as President, Tom Bledsoe as Treasurer, and John Bok as Clerk.



Hattie Dorsey

The full board comprised a cross-section of member representatives—directors, former chairs and existing board members of local housing partnerships. Then they got down to business.

Achieving national recognition

One of NAHP's first victories came in 1992, when it convinced the Fannie Mae Foundation to create the Partnership Enrichment Program. Announced at the 1993 annual conference, Fannie Mae awarded NAHP and 13 housing partnerships a total of \$1.5 million to scale up their activities. Fannie Mae was the first foundation or financial institution to specifically identify and fund the emerging housing partnerships—putting NAHP and its members on the radar and providing valuable resources for growth.

In 1994, Amy Anthony and Tom Bledsoe saw a fresh opportunity. Amy, a former Secretary of the Massachusetts Executive Office of Communities and Development, had played a catalytic role in the formation of both BHP and Metropolitan Housing. Now she was a consultant, and with support from the Surdna



Foundation, Tom engaged her to help NAHP expand its programs and member resources.

The US Department of Housing and Urban Development (HUD) had a new initiative that seemed ideal.

HUD wanted to administer a portion of its home ownership counseling program through national intermediaries. Tom and Amy knew that home ownership counseling was already a key business line for many of NAHP's member organizations.



Amy Anthony

Although these organizations needed resources to expand, they couldn't access the HUD funds; as regional entities they were ineligible. The solution was clear. Tom and Amy collaborated with members to get NAHP approved as a national intermediary, which submitted a single federal application for counseling funds on behalf of its members. The plan succeeded.

In 1995 NAHP became the first HUD-certified national counseling intermediary, with an initial grant of \$800,000. Today, HPN still plays that role, having distributed \$25 million to members over the last 20 years, enabling members to counsel over 500,000 people in homeownership.

This marked the start of a new era for NAHP, the most tangible demonstration yet of its power as a platform for collaborative business development, and for creating pooled structures to raise capital together that members couldn't access on their own. Today, such collaboration is a hallmark of HPN; it is simply the way business is done.

A shift in governance

These opportunities for collaboration among the members, while exciting, highlighted a weakness in the NAHP leadership structure: To be a vehicle for business collaboration—to take on projects like serving as a home ownership counseling intermediary—the board needed to be able to set strategy and make binding decisions on behalf of its members. Yet, composed as it was of people with various relationships to the member organizations, the board didn't have that true authority.

In 1997 NAHP shifted its board composition exclusively to CEOs of the member organizations, creating a stronger cooperative ownership and an ability to drive collective action. Bob Whittlesey became chair of the board, and Tom Bledsoe the board president.

As Bob notes, "Bledsoe had a keen sense of how an organization might be built from the bottom up. The board, now composed of the chief executive officers of the strongest public/private partnership members, would be the driver of an entrepreneurial and innovating organization."

Highs and lows on the national stage

Now better positioned for collective action, NAHP immediately weighed in on a critical federal policy issue: the heated FHA single-family foreclosure debate. HUD proposed eliminating the nonprofit purchase provision, thereby selling foreclosed homes in bulk to for-profit investors. Kate Monter Durban of the Cleveland Housing Network, working closely with the NHS of Chicago, asked NAHP to rally its members to stop HUD's policy shift. NAHP agreed, spearheading a campaign that persuaded HUD and Congress to pass the Asset Control Area legislation, which enabled bulk acquisition of FHA

properties by nonprofits in targeted areas. It was a major victory.

Subsequently, NAHP proposed an even more ambitious solution: a portfolio risk-sharing venture between HUD and NAHP that would enable its nonprofit members to more efficiently acquire and rehabilitate FHA



Kate Monter Durban

homes. NAHP met with HUD officials in Washington to discuss the proposal. While lauding NAHP's goals, the department did not support the joint venture plan. NAHP had come leagues in demonstrating member capacity, but the system wasn't ready to fully embrace the social enterprise model. Ironically, Matt Franklin, the special assistant for single family policy, was the point person for HUD in the discussions. Years later, he became CEO of Mid Pen Housing in San Francisco, and joined the HPN board of directors.

Building a member-driven network

Throughout this time, MBHP, under Tom Bledsoe's direction and with dedicated assistance from Manuel Muelle, had continued to provide logistical support to Bob Whittlesey and NAHP for both business development and its annual meetings. NAHP held these peer-based leadership conferences around the nation, co-hosted by local members. The meetings played a powerful role in strengthening the peer-to-peer network, building trust and deepening ties among the CEOs of member organizations.

The annual meetings also helped NAHP grow its membership among the strongest nonprofits in the industry. Members relished this unique opportunity to work with other innovative and entrepreneurial leaders, collaborating on policy development, sharing best business practices, seeking opportunities.

But there was one important holdout—and to Bob it was the gold standard organization: BRIDGE Housing in San Francisco, whose model had inspired the original national tour. BRIDGE CEO Carol Galante was a nationally regarded leader who built BRIDGE into a powerhouse after Don Turner, the founding CEO, died shockingly in a plane crash while on a goodwill tour in the Baltics with the US Commerce Secretary.



NAHP is member driven and fittingly it was a member who took action. Veronica White, the CEO of the New York Housing Partnership and NAHP board member, took a day-trip to San Francisco to personally urge Carol to join. Veronica was persuasive. BRIDGE joined—and Carol was inspired. “Being around people who are energetic, enthusiastic and passionate about the work rejuvenates me as an individual, as it does the others at BRIDGE. It’s palpable. You don’t want to miss the peer-to-peer sessions. You want to be part of it.”



Carol Galante

Carol became a core “part of it,” serving on the NAHP board for 10 years and bringing BRIDGE in as key partner and investor in HPN’s captive insurance company. Later, Carol joined the Obama Administration, serving as the FHA Commissioner, where she worked in collaboration with HPN and its members to advance their shared policy agenda.

And Bob was thrilled. “When we got BRIDGE, I knew we had arrived.”

Professional staffing: The path to sustained innovation

With the strong commitment of its growing membership, Tom Bledsoe and the NAHP board were convinced the time was right to take the organization to a new level. NAHP had demonstrated the collective power of its members to both impact policy and pursue business innovation. Given the right opportunity, they could do much more. But finding that opportunity would require dedicated leadership.

As Tom Bledsoe recounts, “There was so much energy and excitement when you got the leaders together at the annual meetings. We really felt we could do something. But then you just went back to your day jobs and the energy dissipated. We realized that for the organization to really grow, it needed to get serious.”

Converting this energy to action would require someone to marshal and follow up on the innovative ideas that always emerged from the CEO meetings—such as a big opportunity that was brewing for a second business venture with HUD. NAHP needed full-time leadership to take this next step. Tom offered to become NAHP’s first CEO, effective January 1998. The board agreed.

Mark to Market: Growing to scale

The opportunity around which Tom Bledsoe and NAHP hoped to build the future turned out to be short lived. Or so it seemed. HUD was launching a new project focused on preserving Section 8 housing: the Mark to Market Demonstration Program (M2M). Tom heard about it from Amy Anthony and Nancy Andrews, who were helping HUD design the program’s innovative joint-venture

structure. M2M presented a chance for NAHP members to learn about how nonprofits could acquire Section 8 assisted housing while actually earning fees to restructure their project financing and conduct needed repairs.

NAHP put together a unique partnership that combined its network of on-the-ground nonprofits with for-profit lender Recapitalization Advisor’s national restructuring expertise. Together they submitted a bid in collaboration with MBHP, which had a stronger balance sheet and track record. NAHP was now competing in the big leagues; the other qualified bidders were Enterprise, LISC and the Community Preservation Corporation (CPC). Unfortunately, the big leagues won. In late 1997, NAHP’s hopes—and it would seem Tom’s new job—were dashed when CPC won the bid led by then project manager and future HUD Secretary Shaun Donovan.

Despite the disappointing news, Tom and NAHP forged ahead with their transition plan—albeit facing an uncertain future with no clear funding support. The risk, however, turned out to be well worth taking, as the power of the NAHP model soon became clear. NAHP bid and won the next three Mark to Market portfolios, becoming the largest restructuring entity of HUD properties in the country. Together they have revitalized 5,000 affordable apartments that are home to more than 10,000 low income people.

Forging a new business model

NAHP, in a very real sense, was forged through the Mark to Market experience. In the process, the organization invented a social enterprise business model that HPN continues to use: creating a joint venture owned by HPN and its nonprofit members, finding a private sector partner with best-in-class business knowledge and complementary skills, raising capital from the members and financial institutions, earning management fees to operate the enterprise, and distributing earned revenues back to the nonprofit owners based on equity investment and performance. NAHP also became the leading national expert in policies facilitating non-profit acquisition of HUD-assisted multi-family property—even advising Congress on how to design the program to increase the transfer of these apartments to nonprofits. Fittingly, NAHP’s member ACTION Housing became one of the first nonprofits nationally to purchase a Section 8 property under the new rules. Today, Larry Swanson, CEO of ACTION Housing, is the chair of HPN’s Board.

A new CDFI. A new name. Lasting attributes.

With M2M, not only did NAHP really hit its stride, it now had capital to leverage for new ventures.

For instance, NAHP wanted to create a new CDFI to make predevelopment and acquisition loans to its members; FHA Commissioner Bill Apgar of HUD authorized NAHP to invest \$2 million of its surplus M2M earnings as the CDFI’s seed capital. Debra Schwartz from the MacArthur Foundation, impressed



by NAHP's M2M expertise, provided a \$2.5 million Program Related Investment to capitalize the new affiliate. Leveraging its own earned revenues from the M2M joint venture, and the catalytic investment from MacArthur, NAHP then worked with its members to convince a bank consortium to provide an additional \$30 million to fuel their affordable housing development.

The syndicated bank line, which took more than a year to negotiate, connected NAHP to the nation's largest financial institutions, and started a new stage in the network's evolution as a social enterprise. In 2000 NAHP launched its CDFI, the Housing Partnership Fund, and in 2001 changed its name to the Housing Partnership Network, better reflecting its role as a collaborative network conducting entrepreneurial business activity, rather than a trade association. The commitment to the social enterprise model was now formalized.

Today HPN is distinguished by four key attributes that emerged from its early NAHP experience: its peer-driven leadership structure; its membership composition—a select group of entrepreneurial high-capacity nonprofits with public-private DNA; its ability to collaborate in building social enterprises that can achieve collective impact and drive innovation; and its ability to aggregate capital and resources, including leveraging private capital, critically important given the capital-intensive nature of affordable housing and community development.

A leadership network of social entrepreneurs

Throughout its history, HPN has been guided by mission-driven business people drawn to its hybrid public-private business model. Many of them began at financial institutions, government agencies or foundations that worked within the sector, then later transitioned to leadership positions within HPN member organizations. This makes sense; HPN is as much a leadership network of social entrepreneurs as a membership organization. In fact, what is so striking about its history is the number of key leaders who helped launch NAHP—then reemerged to play critical roles in HPN's development.

Consider, for example, Becky Regan, a commercial real estate lender at Boston's Fleet Bank, Kim Latimer Nelligan from Citibank, and Michael Solomon from Merrill Lynch; they were the community development bankers who collaborated to fund HPN's CDFI.

After leaving Fleet to help run HPN member Boston Community Capital for 6 years, Becky now leads capital markets for HPN. Kim also joined the CDFI industry as deputy director under Nancy Andrews at LIIF and currently chairs the network's CDFI collaborative, the Charter School Financing Partnership. Michael Solomon, who later led the capitalization of HPN's insurance company while at Merrill, recently closed a \$10 million investment from Schwab in HPN's REIT. He now serves as an outside member of HPN's Investment and Asset Management Committee.

Amy Anthony, who provided crucial partnership support to BHP and NAHP as a state leader and then a consultant, later built

and ran HPN member Preservation of Affordable Housing, which became a member and co-owner of HPN's insurance company and group buying enterprise.

Nancy Andrews, who provided vital support from the Ford Foundation for Bob Whittlesey's original tour and then as a HUD consultant to the M2M demo, later served as HPN's Treasurer while running its member the Low Income Investment Fund.



Nancy Andrews

Many others are active in the industry, shifting roles but remaining important catalytic partners for HPN—often reappearing at key times to fuel its innovation and growth. Sometimes unexpectedly.

Kirsten Moy, for example.

In 2004, Kirsten, then at the Aspen Institute, wrote a paper, funded by the MacArthur, Heron and Fannie Mae Foundations, on strategies to bring the community development finance sector to scale. Her thesis: emulate the private sector, which often uses networks to help specific industries create the necessary product innovation, standardization and infrastructure for scaled execution. In the paper, she noted that nonprofits are remarkably poor at executing on those principles.

Then she visited HPN. She was impressed. In fact, she said, "You're the example I've been looking for." Of course, her next question was, "How did HPN start?" The answer: on the trip she instigated 15 years earlier.

Epilogue: The International Housing Partnership

In April 2003, Bob Whittlesey returned to London to reconnect with the leaders of the British housing associations. But this time he didn't travel alone; he brought a delegation of 20 nonprofit housing



(l to r) **Jon Zimmer** of ACTION Housing attended the Boston convening, and later joined **Richard Best**, **Bob Whittlesey** and **Ken Walker** in London in 2003.



heads from across the country, hosted by HPN and co-sponsored by the MacArthur Foundation. They had come to learn about the system that Bob had touted for years – although many did not know it had been the original inspiration for HPN.

They met again with Richard Best, now a member of the House of Lords, and Jim Coulter who now headed the National Housing Federation. They engaged in a robust peer exchange with British nonprofit leaders, comparing the systems, policies, and business practices of the two countries. And they kept talking.

Indeed, HPN kept the discussions going with follow up leadership exchanges in Washington and London. Canadian groups joined the collaboration, and then Australians. The nonprofits shared more than a common language. They were innovators in using social enterprise to solve a growing – and increasingly similar – affordable housing crisis. By 2011, under the banner of the new International Housing Partnership (IHP), each country had replicated HPN’s network model and formed Housing Partnership UK, Housing Partnership Canada and PowerHousing Australia. In October 2001 HPN invited all the groups and leaders to a major policy and practitioner summit in Washington, DC. HUD – now a strong proponent – co-sponsored the event.



Shaun Donovan

Shaun Donovan, who first worked with NAHP as a friendly competitor in the M2M demonstration, and was now the distinguished Secretary of HUD, addressed the HPN and IHP members gathered at an Australian Embassy reception. He surprised the British and American nonprofit leaders by revealing an unknown but apt bit of personal history: he was actually a dual US and UK citizen. Then he hailed the groups progress, but issued a prescient note of frustration.

“We are re-crafting our policy to recognize the importance of the work that you have all done in your countries,” he noted. *“The irony is that at the very time that the work that you’ve done*

should be ascendant – the emergence of the third sector in housing and community development that is the meeting point between the public and private sectors—instead we’re having a stale debate about the public sector versus the private sector.” Donovan exhorted the IHP leaders to continue their innovative efforts. They did, holding annual multilateral exchanges with meetings not only among the nonprofit leaders but with the top policy makers in each country.



Tom Bledsoe testifies before Congress. Shannon Ross and Kris Siglin of HPN observe.

Five years later, in February 2016, HPN published and submitted to Congress a policy paper on the lessons learned from its experience sponsoring the International Housing Partnership. Although there are profound differences in government roles, the paper concludes there are growing convergences between the two systems that should be embraced by U.S. policy makers. British practices of portfolio management and financing that bolster the social enterprise model could be adapted, while maintaining America’s strong asset-based focus and private-sector partnership strategies.

Two months later, searching for new directions in U.S. policy on the 50th anniversary of HUD, the Housing Subcommittee of the U.S. Congress convened a special hearing on the HPN paper. Tom Bledsoe testified, explaining what the US can learn from the UK social housing experience and arguing for an integrated approach that combines the strengths of both models and builds on our mutual commitment to social enterprise. This can enable nonprofits in the United States to significantly scale their impact, particularly in preserving naturally occurring affordable housing and in helping to revitalize public housing. His message: there is quite a bit to learn from one another, as illustrated by the evolution of HPN and Bob Whittlesey’s journey from Boston to Britain and back.



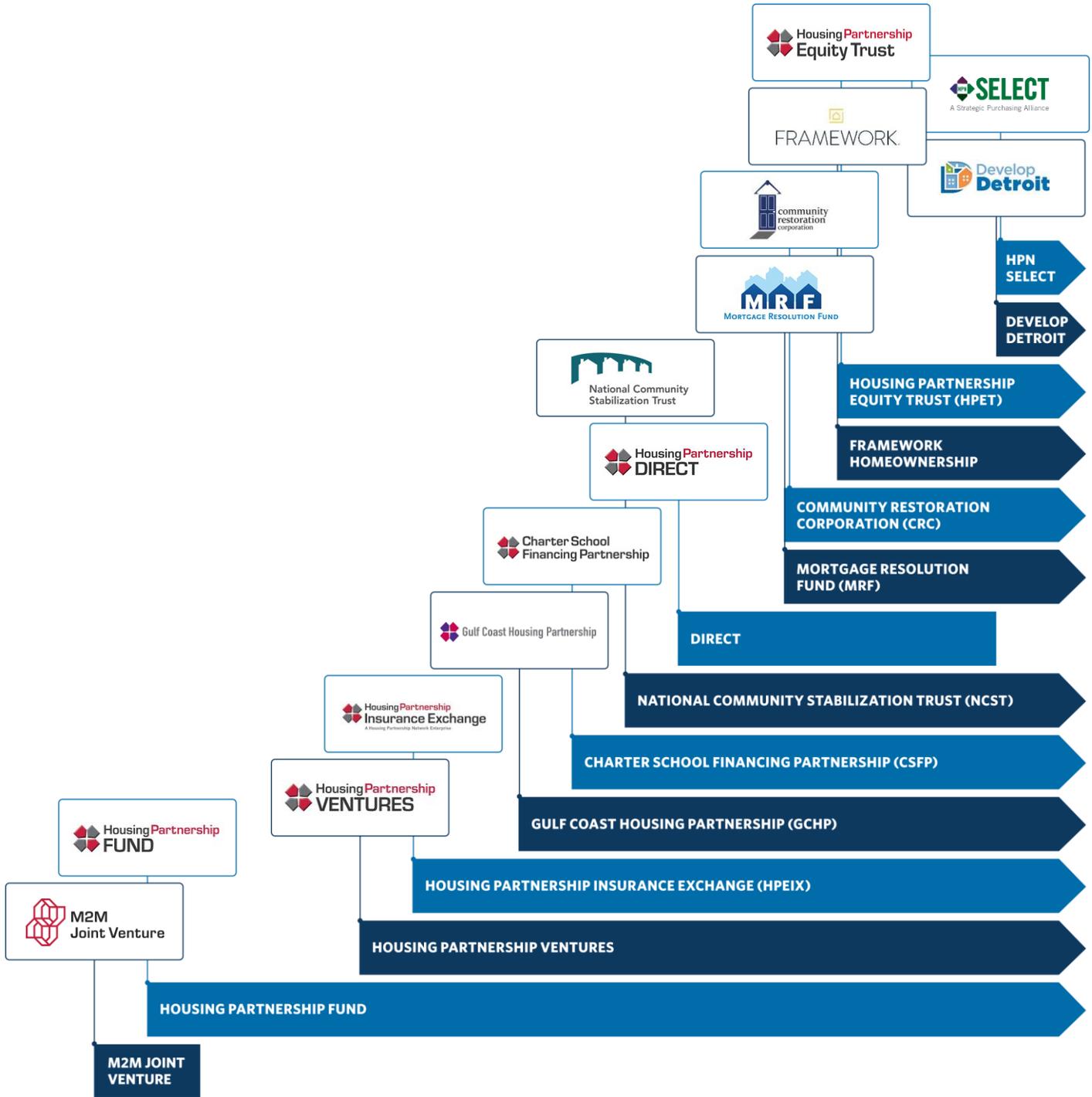
The HPN delegation, with Dutch and British peers, at the Rowtree Foundation in London in April 2003





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