

**Return on investment: The dollars and cents of a nonprofit program's worth**  
July 15, 2008, Wilder Foundation

**Breakout session – Housing: Current ROI evidence, challenges and issues**

Panelists: Dr. Michael Stegman, MacArthur Foundation  
Commissioner Tim Marx, Minnesota Housing  
Jim Frey, The Frey Foundation of Minnesota  
Eric Grumdahl, Hearth Connection  
Facilitator: Dr. Craig Helmstetter, Wilder Research

**Discussion summary**

**Dr. Michael Stegman**

Michael Stegman talked about the MacArthur Foundation's recently-announced \$35 Million [Power of Measuring Social Benefits initiative](#). The initiative will fund rigorous ROI research across a variety of social programming. Among other things, MacArthur will fund research which examines the mechanisms through which decent, affordable housing can provide long term and direct benefits to families, children, and communities.

Stegman mentioned other areas of MacArthur's grantmaking, which more directly address distress in the current housing market, including major funding to help address foreclosures in the Chicago area. However, he spoke about the position of MacArthur and other foundations as being uniquely able to take a longer-term approach to the problem and invest in research even in the midst of a crisis. Government and most non-profits have to be more responsive to immediate crises. Stegman stressed the need for comprehensive evaluations of housing programs that can attribute program participants' outcomes to the program and not to other factors; such evaluations have to be a precursor to any ROI analysis.

In question and answer Stegman spoke to a need to document the impact of housing on children. He noted that some of the best sources of such information were actually clinicians who treat children. He also noted that the National Children's Study may be a rich source of information on the impact of housing on children's health and success. He also noted promising developments in using governmental administrative data to look at cost-savings that may accrue to taxpayers across a variety of public programs when people are stabilized in housing.

**Commissioner Tim Marx**

Commissioner Marx said we need public officials who are willing to lead, be courageous, and take action for results in the area of supportive housing. He noted that shortly after he became housing commissioner he began to see an opportunity to move forward on ending long-term homelessness, due to the combination of proven research, advocacy, and

interest. This led to the development of a detailed, research-driven business plan to end long-term homelessness that stressed attention to execution. Marx contrasted the situation with the current foreclosure crisis, where there is a will to act, but which lacks a solid evidence base for action. For example, is there a tipping point where some number of foreclosures will rapidly lead to neighborhood deterioration? Marx noted that the supportive housing community has been uniquely willing to test and prove its model. He remarked that ROI provides a template which shows policymakers what we can ultimately do with the resources they provide. Marx pointed out that public momentum is important in fueling private investment, and the need for those in housing to become better at telling their story, and for research that shows the interconnection between housing and other facets of life which can improve the quality of life. He said that while facts lead to conclusions emotions lead to action.

### **Jim Frey**

Jim Frey said that his foundation, after exploring a variety of avenues, settled upon stable, affordable housing as the best way to attach a spectrum of issues. While his foundation's decision to invest in what is now called "Heading Home Minnesota" – an initiative he chairs with Carleen Rhodes of the Saint Paul Foundation – was informed by research, it was also informed by the anecdotal evidence from the programs that had approached the foundation. The Frey Foundation saw an opportunity to play an important role in the efforts to end homelessness, and in so doing serve as a lever for other funding, including public funding. He saw them as able to do some things which the state may not be able to, especially in the area of supportive housing.

Frey noted that the philanthropic community now is in a position of needing more hard numbers on the impacts that the efforts can have. He sought to arrive at a representative cost benefit figure for affordable housing as well as a figure describing what is saved.

### **Eric Grumdahl**

Eric Grumdahl spoke about his organization's involvement in a major local evaluation of supportive housing. The Hearth Connection grew out of legislation that established the Minnesota supportive housing pilot program – a precursor to the state's current investment in supportive housing for the homeless. Hearth insisted on rigorous evaluation as a part of the pilot, and they have partnered with the National Center on Family Homelessness to do a series of evaluations, including the cost study that he detailed in the session.

Grumdahl noted some key lessons learned from his organization's evaluation:

- Getting data is only the start and requires the cooperation of a variety of organizations: you must take time to do data cleaning and may have to return to the organizations from which you received the data to get more variables.
- How do services get monetized? Different organizations will monetize their costs differently in the data.
- What perspective do you analyze from? The taxpayer's perspective, the state's, society's or some other viewpoint?
- He stressed that when performing ROI studies you leverage other data resources which were not made for cost research; this requires that you try to plan to ensure there will be no wrenches in the data.
- Remember your audience. Focus on the audiences and stakeholders you need to satisfy and adjust your analysis plan accordingly.
- Some individuals and stakeholders do not respond to ROI or quantitative figures. Remember to include information which will be useful to a variety of audiences.
- And when all is said and done...throw a big party.