Community Solutions

Bringing Solutions to Homelessness to Scale

Community Solutions
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"I have directed donors to Common Ground because they are practical visionaries. Common Ground consistently delivers promised results and supporting its work enables donors to make positive change on issues they care about."

Hildy Simmons
Philanthropic Advisor

"We can count on Community Solutions having a huge impact: There is, after all, nothing more powerful than the combination of a proven, ripe, big idea — if it is in the hands of a great social entrepreneur like Roseanne Haggerty."

Bill Drayton
Founder, CEO and Chair
Ashoka: Innovators for the Public

"Robin Hood invests only in high performing nonprofits that meet our rigorous outcomes metrics, and Common Ground has been among the strongest and most innovative groups in our portfolio over many years. We were the first funders of the Brownsville Partnership and their New York acquisition fund."

Michael Weinstein
Senior Vice President
Robin Hood Foundation

"What we found (at Common Ground) will change your perceptions about homelessness. It sure changed ours."

Steve Kroft
60 Minutes

"Common Ground is the best charitable investment we have made"

Peter and Lee Larson
Larson Family Foundation

"This success is even more impressive because Common Ground deliberately seeks out the most difficult cases, including people who have spent years on the street and cycling in and out of jail. Supportive housing costs substantially less than homeless shelters — and many times less than jail cells or hospital rooms."

The New York Times

"The insight that runs through all of Common Ground's work, its buildings and now the Brownsville Partnership, is that taxpayers are spending a fortune to maintain a broken status quo in neighborhoods like Brownsville, and that it is possible to fix these problems with practical investments for no more than what we're spending to maintain them."

Wall Street Journal

Table of Contents
Executive Summary

Executive Summary

Over two million Americans are homeless each year, including the 20% of all homeless who are veterans, many of the over 25,000 young people who age out of foster care annally in the United States, and people who are chronically and mentally ill. There is also growing demand from other vulnerable populations, particularly the elderly and disabled, for the integrated housing and support services we offer.

Common Ground (CG) has created award-winning solutions to homelessness that reduce both homelessness and its costs to communities. We are now bringing our proven methods to scale across high impact communities to assist over 100,000 individuals and families throughout the United States who are homeless or at risk of homelessness by 2015. In particular, we will focus on assisting 10,000 veterans out of homelessness during this period.

Our practical, data-driven work demonstrates that housing linked to health and employment assistance can end homelessness permanently at a lower cost than standard approaches like shelters and other temporary institutional responses.

Using data to identify and prioritize the highest need individuals and families, we create systems that enable their transition from streets, shelters, hospitals and other precarious settings to homes. We get them the help they need to build stable lives in their communities, ending their dependence on expensive emergency services and institutions. Our cost effective model has proven successful in communities throughout the country and internationally.

To expand our services to a wider range of communities and vulnerable populations and to assist ten thousand veterans out of homelessness, Common Ground's national division, Community Solutions, (CS) will become a separate 501 (c) 3 not for profit in 2011. Its original New York City program will continue to focus on established programs in New York City, while CS will provide its services in targeted, "tipping point" communities throughout the country where homelessness is most concentrated, where the numbers of homeless veterans are greatest, and where our successful practices can have maximum impact in reducing homelessness.

CS will be led by Rosanne Haggerty, a MacArthur and AshokaFellow, who founded Common Ground in 1990 and has served as president since its creation.

CS, as a new standalone operation, will draw upon current, experienced staff members who have developed our national and international programs as a division of CG since 2007. While CS will initially rely on donor contributions to support operations, by 2015 we expect to earn 60% of our revenue from real estate development and consulting fees, 20% from government grants and 20% from contributions

To establish CS as an independent entity with sufficient capital and scale, we will

require a capital structure to (1) support growth activities of CS between 2012 and 2015 and, (2) finance real estate pre-development and acquisitions.

Investors and funders can support CS's mission by participating in:

- A $5 million Growth Capital Fund which will expand CS's housing, training, services and network-building programs and unlock future earned revenue,

- A $2 million Real Estate Predevelopment and Acquisition Fund, a revolving loan fund to support housing and related development activities by financing early stage costs such as site control, zoning where successful new practices can have maximum impact.

Before   After

Ed. Housed by Skid Row Housing Trust though Project 50

Donna. Housed by Project HS in Phoenix

Laura. Housed by Common Ground

Section 1. The Pervasiveness of Homelessness

Homelessness is a moral and financial challenge that affects almost every American community. On any given night in the United States, over 640,000 individuals will be homeless, including over 125,000 veterans. Over two million individuals and members of families will experience homelessness in the course of a single year.1

Many who experience homelessness are able to get back on their feet with very little help from government or community agencies. Yet for others, homelessness becomes and entrenched condition. These families and individuals have extreme needs, and end up moving from one emergency to the next – between shelters, hospitals, jails and the streets – at enormous public cost.

Veterans make up almost 20% of this population in the United States. Ten percent of those on the street are over age 60. Young people who have grown up in foster care are particularly at risk as adults. Chronic illness and mental illness coupled with poverty makes individuals vulnerable to homelessness, as does incarceration.

Life on the street and in shelters is uncomfortable and dangerous — and often lethal. Forty-five percent of street homeless report at least one health condition associated with a high mortality risk, and studies have shown that chronically homeless individuals are three to four times more likely to die prematurely than the general population, resulting in an average lifespan 25 years shorter than that of the average American.

Much progress has been made. But far too many communities continue to deal with homelessness by trying to sustain people who are homeless. They are relying on an emergency-based rather than a housing-based approach to homelessness despite clear evidence that housing placement, connected to health, mental health and employment assistance — support that strengthens the ability to stay housed, healthy and productive — is the approach that actually reduces and ends homelessness. Studies throughout the country have documented the savings to taxpayers, particularly in the healthcare system, from this practical, evidence-based approach.

1 Annual Homeless Assessment Report, 2010, US Department of Housing and Development

Section 2. Common Ground's Response

Rosanne Haggerty had the idea to save the dilapidated Times Square Hotel by transforming it into a new type of housing/community redevelopment initiative for the Times Square neighborhood that would provide permanent housing for the substantial number of people who were then homeless and living on the streets. She had lived next to the building while working as a volunteer counselor at a shelter for homeless kids in the early 1980s. The experience convinced her that shelter was the

wrong approach to homelessness, and that the focus should be on reconnecting homeless people with homes.

When the Times Square Hotel went into bankruptcy and was a very public social disaster in the late 1980s/early 1990s, Rosanne was compelled by the belief that the building could become an example of a new way to respond to homelessness. Her initial plan was to build support for the concept and turn it over to an established housing organization to implement. However, she could not find a group willing to take it on because the scale of the project (over 600 studio apartments) and the concepts that homeless people could be good neighbors or that low income people would be willing to live alongside formerly homeless people were judged to be too big, too complicated and too risky. She started Common Ground ("CG") to implement the idea.

This first project was so successful in turning lives around that it became a national model for an approach that not only saves lives but also saves the enormous costs of people moving between hospitals, shelters, jails and the streets. CG has since built or has in the pipeline 3,000 units of supportive housing, and has developed a series of programs that reduce homelessness, beginning in Times Square, where homelessness has declined by 87 percent.

Today, CG is the largest provider of homeless outreach and housing placement services in the United States and one of the country's largest providers of housing for the homeless. We are a leader in creating innovative, data-driven, evidence-based programs and solutions that produce significant and measurable reductions to homelessness — at far less cost than conventional means like shelters, emergency room visits or other temporary institutional responses.

CG's counsel is sought by community, government and healthcare institutions in the United States and internationally looking for practical, scalable, cost effective solutions to homelessness. We help policy makers and service providers align their practices and funding to prevent and end homelessness, not just respond to it. Our approach has been featured on "60 Minutes," in the *New York Times*, the *Wall Street Journal* and in other national and international media, and recognized with the Peter F. Drucker Award for Nonprofit Innovation, the World Habitat Award, and the Rudy Bruner Award for Urban Excellence, among other honors.
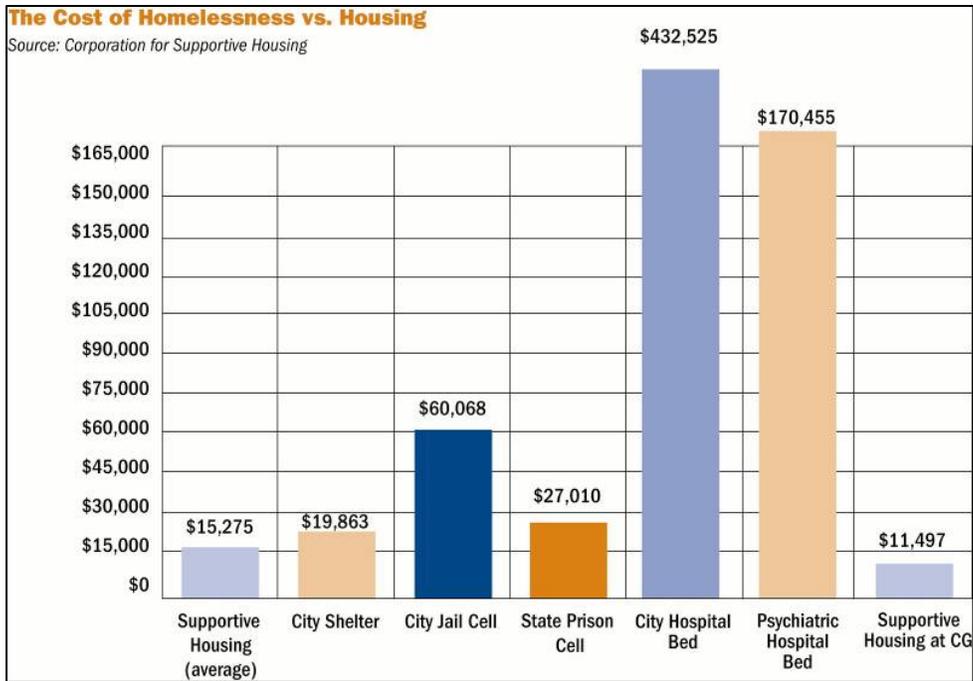
CG helped pioneer the supportive housing movement, creating residences with onsite counseling, medical care, job training and other social services. In addition to a range of "supportive housing" models that link affordable housing with the help vulnerable

people need to live successfully in their community, our trademarked innovations include Street to Home™, a systematic method of identifying, housing and stabilizing those who have been on the streets for years and are at most risk of dying; Hospital to Home™, which assists hospitals in connecting the homeless who are the most frequent and costly users of emergency services to homes and community support, and Shelter to Home™, which stabilizes families who have become homeless repeatedly through lack of health, mental health and parenting support.

CG mobilizes and shares grass roots innovations to end homelessness through its *100,000 Homes Campaign*™ (*www.100khomes.org*). The Campaign is an open source movement of communities and partner organizations throughout the country working collaboratively to house 100,000 vulnerable homeless people within three years. Launched by CG in July 2010, more than 75 communities are now participating and over 7,800 have already been housed.

We are driven by the premise that homelessness can be solved — based on twenty years of transforming lives and neighborhoods with our proven methods. Where Common Ground has operations, we have found:

- Rates of street homelessness have declined from 25% in the first two years to over 90% in five years,
- An eviction rate of less than 1%, achieved by actively assisting our tenants to succeed,
- Over 90% of our formerly homeless tenants remain housed,
- Hospitalizations and their costs are sharply reduced for the vast majority of those who move from the streets and shelters to our housing,
- Jail recidivism decreases once someone has stable housing,
- Income, rates of employment and family connections improve when the homeless move to stable housing through our efforts, and
- Families remain together and children remain in school.

The Cost of Homelessness vs. Housing
Source: Corporation for Supportive Housing

Category	Cost
Supportive Housing (average)	$15,275
City Shelter	$19,863
City Jail Cell	$60,068
State Prison Cell	$27,010
City Hospital Bed	$432,525
Psychiatric Hospital Bed	$170,455
Supportive Housing at CG	$11,497

The Common Ground Theory of Change

Common Ground concentrates on the places where we can have the most impact on homelessness: on the people with the most extreme needs who account for the highest public costs, and on the "tipping point" communities where successful new practices can have a wide effect.

Our approach is grounded in research and the use of data. When we work with a community, we use a public health approach to create a person- specific registry of who is homeless and document each person's age, health conditions, and other specifics such as whether an individual is a veteran. Our survey instrument, called the Vulnerability Index (VI), was created in collaboration with physicians and allows us to prioritize those with the most urgent health needs. These individuals are likely to be frequent users of hospitals and emergency services who are treated then discharged to the street or shelters, never getting well. The VI makes it clear that homelessness is a costly public health issue and that for some, moving to stable housing is a matter of life and death. The tool puts a human face to the need, and galvanizes neighbors to take action. Having person-specific information also opens the door to housing options, such as buildings for seniors or rental subsidies for veterans.

In all of our areas of work, our attention to data allows us to focus our efforts on the people and situations that can have the greatest impact, produce the most transformative results, and use limited resources most effectively. In operating our buildings, for example, our Management Index tracks rental arrears and other problem signs, and helps us to focus on those tenants who require additional
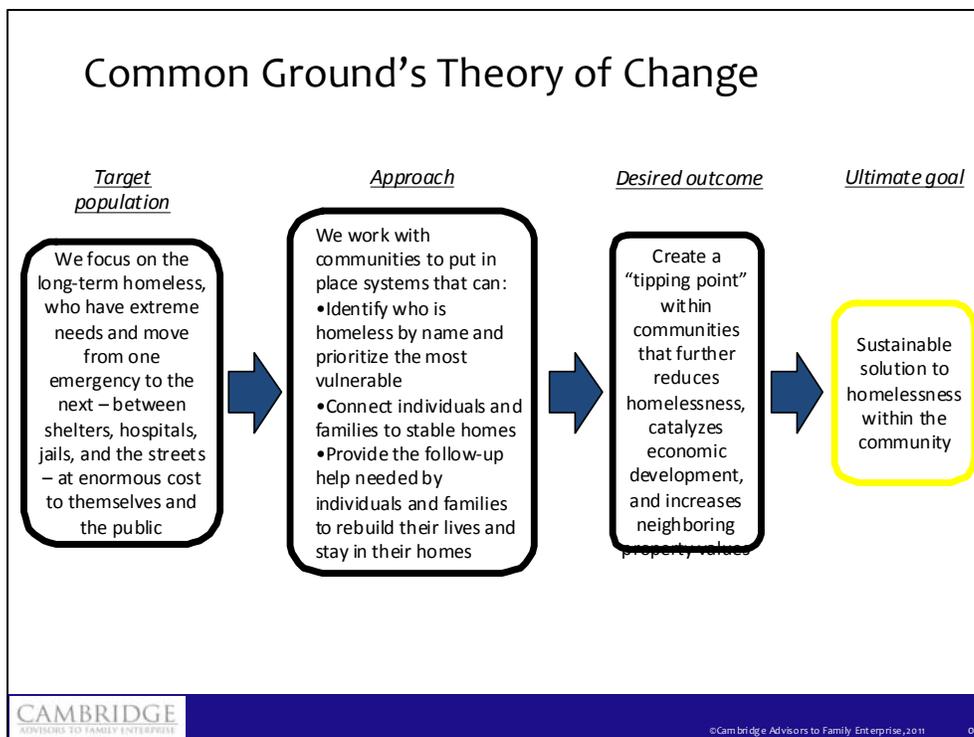
assistance.

What we have found at every level is that a relatively small percentage of people create disproportionate instability within a community. In the Times Square area, for instance, when we housed a small cohort of long time homeless individuals who were a near permanent presence, homelessness in Times Square virtually disappeared. In our buildings, a steady three percent of tenants require the vast majority of management time. The same pattern operates at the neighborhood level, with a relatively small group of distressed households having a disproportionate effect on the rest of the community.

We organize our work around documenting this pattern, focusing our attention on the high impact people and situations that we uncover, and connecting these individuals with the housing, health, mental health and other assistance that will resolve their problems and reduce the negative impact they are having on the community.

We have seen that regardless of a community's size, location or any other factor, ending homelessness and strengthening communities are one and the same project. It comes down to having a local system that can consistently:

- Identify who is homeless by name and prioritize those in the most vulnerable health for assistance,
- Connect individuals and families to stable homes, and
- Provide the follow-up help needed by individuals and families to rebuild their lives and stay in their homes.

Common Ground's Theory of Change

Target population	Approach	Desired outcome	Ultimate goal
We focus on the long-term homeless, who have extreme needs and move from one emergency to the next – between shelters, hospitals, jails, and the streets – at enormous cost to themselves and the public	We work with communities to put in place systems that can: •Identify who is homeless by name and prioritize the most vulnerable •Connect individuals and families to stable homes •Provide the follow-up help needed by individuals and families to rebuild their lives and stay in their homes	Create a "tipping point" within communities that further reduces homelessness, catalyzes economic development, and increases neighboring property values	Sustainable solution to homelessness within the community

**SECTION 3. LAUNCHING COMMUNITY SOLUTIONS**

Our Strategy for Impact

CS will catalyze and support the efforts of communities and partners across the country to end homelessness, particularly among veterans. We are known as mission oriented and disruptive – in the sense of not defending existing models or institutions but instead focusing on the problem and what will be required to solve it. We have the largest network of relationships with leading practitioners of any organization working in homelessness anywhere in the world. The reputation of CS, operating for the past four years as the national division of CG, is as a leading innovation group within the field and a nimble cross-sector integrator, able to partner with a range of organizations and stakeholders to overcome barriers to housing homeless people. CS has close relationships with private sector developers, banks, hospitals and others whom we draw into the work of solving homelessness. We are known as a group that starts with the problem, and is willing to get its hands dirty figuring out a solution.

CS is still to be defined as a separate "brand" from CG, but our 100,000 Homes Campaign has extended awareness of our work very broadly as a group that can work at scale using non-traditional networks to advance its work. We are known as a creative, data-driven, design-oriented, collaborative team of practitioners focused on creating value for homeless people and communities through the efficient organization and targeting of resources. Our goal is to manifest these same qualities as a separate organization and be positioned as the go-to organization for which no problem is too tough.

CS creates efficient and lasting solutions to homelessness by connecting the disparate efforts and resources that exist in communities and linking these efforts to actual data and a system for driving and sustaining reductions in homelessness. Many other practitioners in the field are direct service providers, building or operating their own programs and not thinking about the problem in broad systems terms. Most strong policy leaders do not also work on actual on-the-ground programs or as part of a project team. CS's unique approach and authority comes from solving the problem of homelessness through engagement in actual projects, assisting actual people, and generating the evidence and energy that change practice, policy and, eventually, public attitudes and behaviors in response to homelessness.

CS's platform for catalyzing change will be based on three core capabilities to support communities in ending homelessness: Direct Development, Community Consulting, and Change Agent Network

The Community Solutions Strategy for Impact
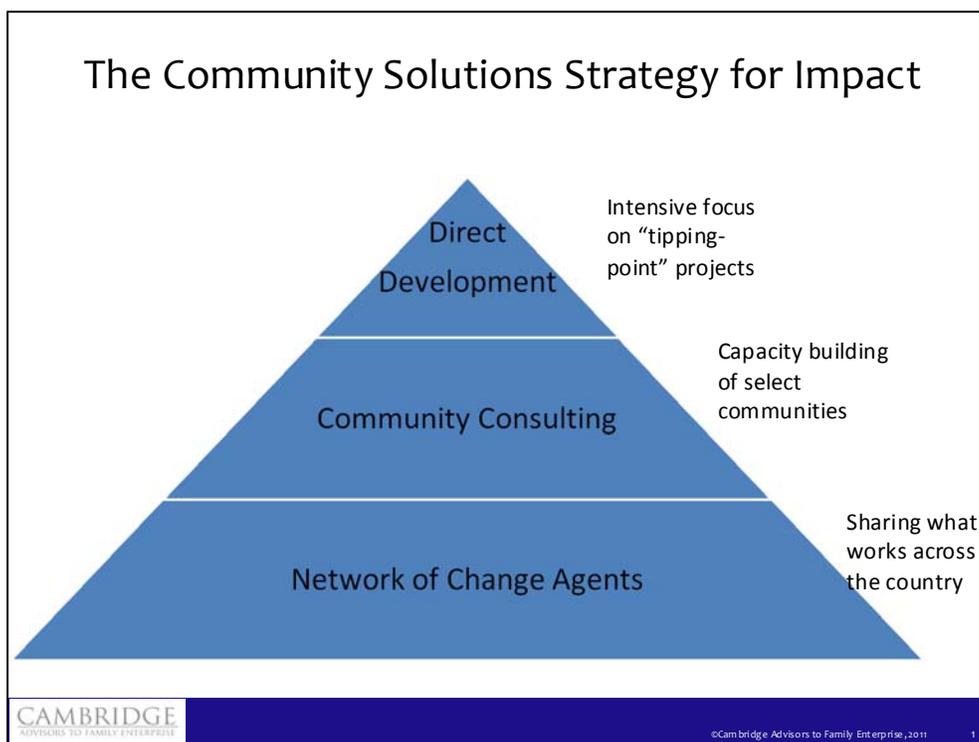
1. Direct Development

We provide this service by directly developing our own housing projects or through consulting arrangements with other not for profits, property owners and developers and government agencies.

Based on the principle that safe and affordable housing is the foundation of a healthy life and a healthy community, CS creates a wide range of mixed income, sustainable housing options that are designed to meet the needs of those not served by mainstream housing arrangements. CS's properties frequently include retail and community amenities and are catalysts for economic and community development.

CS's real estate activities directly build on twenty years of development of major supportive housing projects, including the Times Square, Prince George and Christopher in mid-town Manhattan, the Andrews and the Lee on Manhattan's Lower East Side, the Brook in the Bronx, Schermerhorn and the Domenech in Brooklyn, the Montrose Veterans Residence in Westchester County, NY and the Hollander in Hartford, Connecticut.

Our national expansion strategy is to focus on what we call "tipping point" communities and projects, which like our iconic Times Square Hotel project, have the ability to inspire others to replicate them elsewhere, for broad impact locally and nationally.

In our pipeline of "tipping point" projects, we have:

- The first mixed income supportive housing project in Washington, D.C., where there is great need — and where policy makers can see a cost effective solution to homelessness in action,
- The first affordable supportive housing projects in post-Katrina/Rita New Orleans, to help the city end homelessness and rebuild,
- Projects in Connecticut and Upstate New York, in communities that reflect the challenges of post-industrial cities across the country in need of economic revitalization, and
- Housing for homeless and recently returned veterans in need of affordable housing.

2. Community Consulting

In addition to directly developing key properties, CS will grow the capacity of communities to end homelessness. In this way, CS will move beyond the CG business of directly developing and operating permanent supportive housing and also expand the capacity of other communities to respond effectively to the challenge of ending homelessness.

Evidence shows that in each community, a) a relatively small percentage of vulnerable people struggle with multiple needs and b) each system of care and support is complex and not designed to meet those needs. Through focused attention on the highest-impact people and situations and connecting those individuals with integrated housing, health, mental health and other assistance, we have demonstrated that vulnerable people can successfully reintegrate into community life, which strengthens the social fabric of the community itself.

To help communities grow their capacity to end homelessness, CS works where we are invited to partner with key community stakeholders to create homes for the most vulnerable individuals and families; help connect locally available resources and supportive networks; and share cost effective solutions that strengthen communities and end homelessness. In each community, we focus particularly on identifying homeless veterans, connecting them to housing, and linking them to the health, income support and other benefits that are due to them as veterans.

CS's consulting role is that of catalyst, convener and coordinator. We create and share knowledge about what works to end homelessness and support communities in putting these approaches into practice. Specifically, we assemble diverse

stakeholders who represent different sectors of the community and share a commitment to change; guide them in establishing a common agenda; help them implement proven practices that produce measurable results; support the process through coordination, technology and communications, data collection and sharing, and maintain quality assurance and improvement processes throughout the term of our engagement.

Depending on the capacity and the goals of the specific community, the mix of services we offer will vary. For example, helping a community to develop a quick and effective process to identify the most vulnerable individuals experiencing homelessness and move them into permanent housing is a process that includes a high level of engagement over a short period of time followed by a longer-term support and maintenance phase. This type of engagement can be implemented largely with groups of committed volunteers. In other cases, creating revitalized or new housing requires a long-term, steady level of engagement with occasional periods of intense activity at critical junctures in the development cycle.   This assistance also requires the extensive involvement of licensed professionals and a strong organizational capacity on the part of local partners to be positioned to address issues related to liability, financing, contracting and long-term management and leadership.

CS has significant capability to share knowledge and good practices with partners through its core team members who are experienced practitioners. CS must further develop its capacity to package that knowledge to most effectively share it with partner communities and networks as well as to identify key trends and areas where we should refine existing and develop new knowledge.

3. Change Agent Network

CG's national team, now Community Solutions, launched the 100,000 Homes Campaign (*www.100khomes.org*) in July 2010. It is designed as a public health campaign to mobilize grassroots innovation, share practices and create a community of problem solvers to identify and collectively house 100,000 vulnerable homeless people throughout the country within three years. This ambitious undertaking, a national expansion of CG's "Street to Home" method, uses social networking and social technology to create a network of change agents through which to spread practices that result in reduced homelessness.

Working with us to forge innovations and systems changes, local leaders have achieved phenomenal results. While participation is open to any community, we are specifically recruiting the 55 communities where over 65% of the nation's homeless

are located, and on the communities with the greatest concentrations of homeless veterans. More than 75 communities have enrolled, including New York City, Chicago, Los Angeles, New Orleans, Phoenix, Denver and Washington, D.C. We view the Campaign as equally a civic movement and as a strategy for reducing homelessness, and have created the Campaign network to be a reusable distribution channel for future innovations in ending and preventing homelessness and ongoing, crowd-sourced civic problem solving.

CS has proven the scalability of our approach through the Campaign. Through a pilot phase we tested our approach to realigning community resources in 19 communities and created local systems to connect the homeless with homes. Through the first eight months of the Campaign, we have enlisted 76 communities who have collectively housed over 7,800 formerly homeless individuals and families. In comparison, the results of CG's first 20 years of work directly building and operating housing has resulted in roughly 4,500 people housed. Going forward, CS's participation in creating housing will follow the footprint of the Campaign and the network of relationships established with change agents and leaders from many sectors in Campaign communities, including the Department of Veterans Affairs (VA). We will concentrate on helping key national partners leverage their property assets to strengthen communities and end homelessness. We have had initial experience testing this approach, and are working currently on projects with the YMCA, the VA and Catholic Charities. In addition, we are in discussions with potential partners such as Fannie Mae and the Methodist Church. All of these organizations operate within a footprint that is both regional and national and which could leverage significant capacity to advance the goal of ending homelessness.

We will initially concentrate on the strategic expansion of our established programs and housing models. We will maintain our investment in ongoing innovation with a particular focus on key questions facing the field including the development of replicable approaches to homelessness prevention. The platform we have created-our direct development projects, consulting services, and the network of change agents-will enable us to bring to scale these and other innovations once they have been field-tested and demonstrated.

CS delivers services to those at risk of becoming or returning to homelessness, including those with histories of extensive hospitalizations. We connect vulnerable people to health, mental health and addiction services, training and jobs, and services that help them meet the responsibilities of tenancy, including bill paying and assistance, when necessary, in maintaining a clean and orderly home. These basic supports enable vulnerable people to remain in their homes and out of institutions. These services, which cost a fraction of what is currently spent to assist people when they enter government-funded institutional systems, are typically funded by
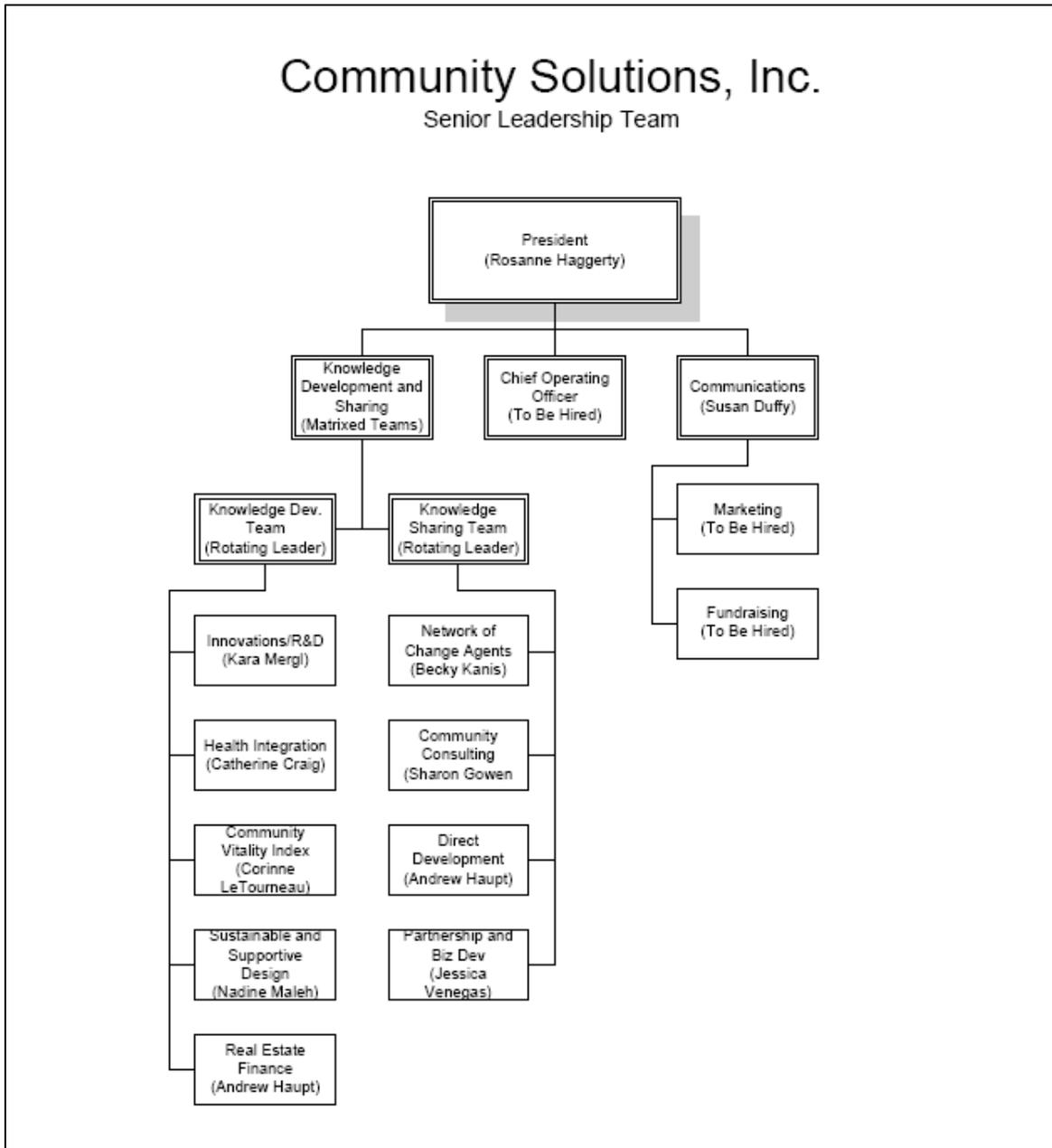
government contracts.

Future Opportunities

Though developed and operated by CS as a way to move individuals and families permanently out of homelessness, these same services are needed by an ever growing segment of the population: the elderly and chronically ill. In addition, disabled adults who are now dependent on costly institutions would benefit from community- and home-based options.

The federal Affordable Care legislation ("health reform") creates incentives for states to develop enhanced home- and community-based service options and reduce dependence on hospitals and nursing homes. In our targeted communities, CS intends to extend our services to provide community-based support for vulnerable populations in addition to the homeless, including those in nursing homes, hospitals or other institutions who could live in communities with home-based support similar to CS's offerings. The need for these services will become more acute along with the increasing numbers of baby boomers reaching age 65, placing new demands on the health care system and family supports in coming years.

- We will pilot these services in our housing programs and community consulting initiatives.

SECTION 4. MANAGEMENT AND GOVERNANCE

Community Solutions, Inc.
Senior Leadership Team

President
(Rosanne Haggerty)

Knowledge Development and Sharing (Matrixed Teams)

Chief Operating Officer (To Be Hired)

Communications (Susan Duffy)

Knowledge Dev. Team (Rotating Leader)

Knowledge Sharing Team (Rotating Leader)

Marketing (To Be Hired)

Fundraising (To Be Hired)

Innovations/R&D (Kara Mergl)

Network of Change Agents (Becky Kanis)

Health Integration (Catherine Craig)

Community Consulting (Sharon Gowen)

Community Vitality Index (Corinne LeTourneau)

Direct Development (Andrew Haupt)

Sustainable and Supportive Design (Nadine Maleh)

Partnership and Biz Dev (Jessica Venegas)

Real Estate Finance (Andrew Haupt)

Organizational Structure

CS is governed by a volunteer board of directors and organized around a leadership team comprised of President Rosanne Haggerty and the directors of its operating divisions: Operations; Communications and Fundraising: Knowledge Development and Knowledge Sharing.

In conjunction with our launch as a separate organization, CS will establish the

position of Chief Operating Officer; will expand our fundraising and communications staff with three additional professionals and will expand our research and evaluation office with a senior position to create a new data analytics capability. The Chief Operating Officer and heads of the expanded divisions are part of the leadership team.

<u>Knowledge Development</u>

Andrew Haupt, Sharon Gowen and Nadine Maleh lead a team of professionals in our Direct Development work in "tipping point" communities. CS projects are principally mixed income, mixed use, environmentally sustainable developments that meet a range of community needs and serve as catalysts for broader development efforts. We work with top architects to create outstanding properties that inspire imitation, and maintain our properties to the highest industry standards. This real estate-focused team has expertise in design services, project management, real estate finance, risk assessment, building operations and property management. Other functional positions are handled on a contract or consulting basis to leverage resources and access particular expertise.

Catherine Craig and Corinne LeTourneau lead a team that oversees our Community Consulting work to develop models for coordinating and connecting local services for homeless and other vulnerable groups. The team has expertise in healthcare, public health, case management, housing placement, rent subsidy programs and working with local and county governments to realign spending, as well as in program design and the use of social media tools.

<u>Knowledge Sharing</u>

Becky Kanis and Jessica Venegas lead our Change Agent Network team that directs the 100,000 Homes Campaign and connects CS with local partners. These relationships are the foundation for many of our Knowledge Sharing opportunities as we align our Direct Development and Community Consulting work with tipping point communities that are the focus of the Campaign. This team also manages an on-line network of change agents who are implementing the Campaign in their communities; our learning programs for others in the field including visits to our programs, and training collaboratives to spread the implementation of efficient housing placement systems for the homeless and other vulnerable individuals.

<u>Operations</u>

A newly created Chief Operating Officer position will oversee the business functions of CS, including finance, asset management, investment management, legal, quality assurance, information technology and human resources.

<u>Fundraising and Communications</u>

A new director of Fundraising will work with Senior Advisor Susan Duffy to oversee a

staff of four as well as external communications consultants. The group will be responsible for communications, marketing and managing and supporting annual fundraising activities and raising the capital required for our growth. This division will continue to coordinate our relationships with national partners and sponsors; will oversee investor communications; will manage our website, and be responsible for the implementation of a broad communications plan to raise awareness both of CS and our solutions to homelessness.

Leadership Team

Rosanne Haggerty
Rosanne Haggerty is the Founder of Common Ground an international leader in developing innovative strategies to end homelessness and strengthen communities. She is a MacArthur Foundation Fellow, an Ashoka Senior Fellow and Hunt Alternative Fund Prime Mover.

Andrew Haupt
Andrew Haupt has 18 years experience in the development of public interest real estate including supportive and affordable housing, public parks and urban open space projects. He has particular expertise in constructing effective development partnerships and building teams to implement startup initiatives.

Sharon Gowen
Sharon Gowen brings more than 40 years of experience working in real estate finance, operations and community development. She has particular expertise in the development of products, partnerships and initiatives to respond to the housing needs of communities.

Catherine Craig
Catherine Craig has 13 years of experience in psychiatric social work, mental health research, and systems improvement. Her expertise includes an ability to communicate with diverse stakeholders to develop systems improvements, facilitate change processes and distill innovations in ways that enable scale-up of successful initiatives.

Becky Kanis
Becky Kanis has seven years of experience in the development and management of cutting edge programs that reduce and end homelessness. Prior to leading the 100,000 Homes Campaign, she launched several new lines of business for Common Ground, including the creation of the Street to Home program. Her background is as a Special Operations officer in the US Army.

Jessica Venegas
Jessica Venegas has over 15 years of community development and program management experience. Her expertise includes policy development, government affairs and relationship management.

Nadine Maleh
Nadine Maleh joined Common Ground Community in early 2002 as an architectural designer. Her expertise includes green design, the development of building programs based on special needs populations, and the integration of health concerns into building design. In the last nine years, she has been responsible for the planning, design and construction supervision on 14 supportive and affordable housing residences with over 1300 units.

Corinne LeTourneau
Corinne LeTourneau oversees planning efforts with community partners. Prior to joining Common Ground, Corinne served as Director of Special Projects at the New York City Department of Transportation working with the Commissioner and First Deputy Commissioner on various operational and policy issues including the agency-wide strategic plan.

Susan Duffy
Susan Duffy, Senior Communications Advisor, is a professional communicator who has practiced corporate communications for the past 20 years, and prior to that worked as a business journalist. Her expertise includes strategic positioning, media relations, crisis communications, investor relations, public affairs and advocacy, speechwriting and internal communications.

Financial and Legal Advisors

To support the Leadership Team, we have engaged a team of skilled advisors:

Legal:

Cannon Heyman & Weiss
Cannon Heyman & Weiss, LLP (Real Estate Counsel) is a boutique law firm located in Albany, NY and Buffalo, NY with substantial experience in public and private financing transactions, including municipal finance and tax credit syndication transactions. Prior to and since forming CHW, members of the firm have provided counsel to clients in the areas of affordable housing and community development law, including the syndication of various federal and state tax credits, other tax incentives, and a variety of securitized debt instruments such as tax-exempt bond financing.

Weil, Gotshal & Manges
Weil, Gotshal & Manges (Pro Bono Corporate Counsel) are a 1,200 member worldwide firm headquartered in New York City. Their main departments are Corporate, Litigation/Regulatory, Business Finance and Restructuring, Tax and Trusts & Estates. They are widely recognized for their extensive pro bono practice.

Financial:

Godeke Consulting

Steven Godeke is an independent financial advisor who works with foundations, corporations, and non-profit organizations to integrate their investment and philanthropic goals. He advises organizations and individuals on the creation and execution of impact investment strategies across asset classes and program areas.

<u>Organizational Process</u>

To refine and continuously innovate our work processes, we have engaged a skilled advisor:

Valerie Casey
Valerie Casey is a globally recognized designer and innovator. She was named a "Guru" of the year by Fortune magazine, and a "Master of Design" by Fast Company. Casey is the founder of the Designers Accord, a global design coalition of designers, educators, and business leaders focused on creating positive social and environmental impact. Casey founded the non-profit in 2007 Casey advises start-ups, governments, and companies throughout the world on innovation challenges ranging from creating new products and services, to transforming organizational processes and behaviors.

<u>Governance</u>

Board of Directors:

Jill Ker Conway, Chair
Jill Ker Conway is an Australian-American author and corporate leader with extensive board governance and leadership experience at such companies as Nike, Colgate Palmolive and Lend Lease. Well known for her autobiographies, in particular her first memoir*, The Road from Coorain,* she was also Smith College's first woman president, from 1975–1985, and now serves as a Visiting Professor at the Massachusetts Institute of Technology.

Kenneth W. Banta
Ken Banta is the head of Corporate Strategic Affairs at Bausch+Lomb, the global eye health company. Previously he held the same roles at Pharmacia Corporation and then Schering-Plough Corporation, where he played key roles in the transformations of those companies from organizations under stress into high performance competitors. Earlier, Ken served as a senior counselor with the global public affairs consultancy, Burson-Marsteller. Ken began his career as a writer and foreign correspondent with *Time Magazine*.

Kenneth Dircks
Ken Dircks is Founder and President on OnShore, a back office outsourcing company in New York City. Previously he was Executive Director of Accenture's NYC Health and Public Service Practice. In that role, Ken developed and executed technology and business process solutions for government clients. Ken has led the delivery of large, complex projects for New York City government including NYC 311, the City's

groundbreaking single point of contact for government access.

Peter Larson
Peter Larson is the retired Chairman and CEO of Brunswick Corporation and formerly a member of the Board of Directors of CIGNA, COMPAQ, Johnson and Johnson and the New York Stock Exchange. He and his wife Lee have been major contributors and advisors to Common Ground and many other not for profit organizations including the Atlanta Ballet and Symphony, BENS, Seton Hall Law School and the U.S. Olympic Committee.

Eileen O. Ruby
Eileen Ruby is a retired banker with over 25 years on Wall Street. She specialized in client relationships and highly structured financings at JP Morgan Chase, then as a Managing Director, ran the U.S. arm of Citibank's Global Chemicals and Pharmaceuticals group.

SECTION 5: OPERATING MODEL AND FINANCING

CS provides its services directly, on a consulting basis, or through the open source sharing of innovations. To build a stable and self-sustaining organization and operate with the greatest degree of financial flexibility, CS will seek the majority of our revenue from fee-based services. We anticipate that our work will continue to be funded by the following combination of revenue sources:

- Development and consulting fees related to the development and operation of new supportive and mixed-income housing,
- Consulting fees from training communities in the use of our systems for identifying and prioritizing vulnerable people for housing,
- Government fee for service contracts, and
- Contributions from foundation, corporate and individual donors.

CS's fee for service revenue will be primarily driven by real estate development related activities where fees are earned for direct development and for consulting services related to development and property operations.

While not all our endeavors will generate earned income, we believe that the ability to produce fee-based income is an important signal that our programs and services are scalable, sustainable and create economic value. The income from the revenue generating segments of our work is expected to be sufficient to gradually decrease CS's reliance on contributions.

By the end of year five, we anticipate that 60% of CS's total revenue will be generated through earned income from real estate development and consulting fees; 20% from

consulting to government and not for profit groups, and 20% from corporate, foundation and individual contributions.

Statement of Operations

Revenues	2012	2013	2014	2015
Donations	2,500,000	2,180,000	1,441,200	882,000
Earned Income-Fee for Service	800,000	1,200,000	2,041,200	2,645,400
Government Grants	200,000	400,000	600,000	882,000
Total	3,500,000	3,780,000	4,082,400	4,409,400
Expenses Personnel (Including Benefits)	2,100,000	2,205,000	2,315,250	2,431,013
Other Operating Expenses	1,400,000	1,470,000	1,543,500	1,620,675
Total Expenses	3,500,000	3,675,000	3,858,750	4,051,688
Net Operating Surplus/(Deficit)	-	105,000	223,650	357,712

Operating Business Model

CGC will directly develop housing and related programs in select U.S. markets. Consulting services will be provided more broadly, including internationally. While the geographic market in which we will operate is large, the organization will be structured and focused on a core portfolio of services in three primary areas:

- Direct Development
- Community Consulting
- Change Agent Network

Direct Development

The activities of the Direct Development group will be funded by earned income streams including development fees and consulting fees. As a developer of mixed income housing working with partners in key markets, CS will earn development fees on completed projects for the effort and value associated with the development activities. These fees are generally based on a percentage of the overall project development budget. An average fee would typically be equal to ten percent of a project's development budget. These fees, which would be shared with our local partner, are customarily paid at various milestones in the life of a development project, with generally three to four progress payments, starting at the financial closing and ending at the time of completion of construction and repayment of construction financing.

Based on our current development pipeline, we have projected CS's expected earned income stream over the initial five year period. Our financial projections assume a pipeline of two fee generating projects in construction each year.

Community Consulting

CS's community consulting practice is presently supported by technical assistance contracts and foundation grants. In the roles of catalyst, convener or coordinator, we assist local partners in putting evidence based approaches to ending homelessness into practice. We anticipate significant growth in this area through government fee for services contracts and expanded technical assistance revenue, particularly in advising communities and healthcare systems on the management of vulnerable populations with housing needs.

Change Agent Network

The 100,000 Homes Campaign is funded by foundation, corporate and individual gifts, and through payments made by participating communities to reimburse the time and expenses of Community Solutions staff that provide direct technical assistance to participating communities.

Capital Requirements to Achieve Business Plan

Community Solutions has, to date, been internally operated as a division within Common Ground. As a division, it has been able to use the capital and resources of an established organization. Going forward as an independent organization, we will require capital sufficient to fund our growth during the start-up years and fund predevelopment and acquisition costs for real estate development.

To support this five-year growth strategy, CS is building a hybrid capital structure with two tiers of capital to fit a specific capital need and investor profile. We seek to

raise a total of $7 million comprised of:

- $5 million Growth Capital Fund,
- $2 million Real Estate Predevelopment and Acquisition Fund.

Growth Capital Fund

The Growth Capital Fund will enable CS to develop our organizational infrastructure by hiring key positions in operations, fundraising, communications and data analytics. It will also support the expansion of our Community Consulting program. Based on our projected staffing plan and expense base, it is estimated that the initial capitalization needed to support these activities and CS's organizational investments is approximately $5 million. This will support the growth of the organization over an initial five-year period as we implement this plan and build fee for service revenues to the point of sustainability. It is assumed that this equity capital will be in the form of charitable contributions available to fund initial operations, start-up losses and serve as a liquidity cushion over the initial five years. Based on CS's pro forma financials, we will use $2 million of Growth Capital Equity in 2012, $2 million in 2013 and $1 million in 2014.

The financial model also assumes on-going annual fundraising of $2 million during the initial five years in addition to the $5 million Growth Capital Fund. Common Ground and Community Solutions' president, Rosanne Haggerty, has a strong track record of attracting philanthropic support from foundation, corporate and individual investors. An expanded fundraising staff will support our outreach to foundations and high net worth individuals and family offices. Senior staff will play key roles in generating, developing and sustaining investor relationships.

Real Estate Acquisition/Predevelopment Fund

In the life cycle of the development of affordable housing, it is necessary for the developer to incur costs for site control, zoning analysis, architectural design and permitting costs prior to the financial closing of a project. These costs vary depending on the nature of the project and the structure through which site control is obtained. These expenditures are typically recouped at the financial closing to replenish the fund. It is customary, and in these projections, assumed that the costs associated with project predevelopment will be funded through loans to be secured by the assets of CS and its development partners. The target lenders could include national and regional CRA banks as well as foundations.

Business Operations and Staffing Plan

CS will be established as an entity independent from the existing Common Ground organization in 2011. The revenues and expenses for this forecast are based on the current cost structure of the Common Ground National division, key staff required to

support the separate organization, and costs associated with the development of fee for service activities that are anticipated in the business plan.

Headcount by Business Segment

	2012	2013	2014	2015
Business Operations	9	9	9	9
Real Estate Development	6	6	6	6
Community Consulting	4	5	8	10
Change Agent Network	7	9	7	7
	26	28	30	32