"THE Network:

A Cross-Sector Approach to Lowering Transit + Housing + Energy Costs in California"

By Heather McLeod Grant, Consultant with Shamus Roller, Executive Director of Housing California

Introduction

Collective impact is all the rage in social change circles these days, so it's not surprising to see practitioners and philanthropists in the affordable housing and community development fields experimenting with this approach. Collective impact is ultimately about cross-sector problem solving. This approach, which aims to change policy and program delivery systems, can take many shapes, but at its core requires the cultivation of networks that enable actors working in disparate spheres to come together to learn how to support and build off one another's work. Here

in California, a new experiment in fostering this type of network has taken shape over the past 18 months. Since mid-2012, Housing California —a statewide nonprofit alliance for affordable housing advocates—has incubated a cross-sector network focused on reducing the overall costs of transit, housing, and energy for low-income residents of California, so that no resident spends more than 50% of their income on these necessities.[1] Appropriately, the emerging network goes by its acronym THE (for Transit + Housing + Energy)—and it has early lessons to teach those seeking ways to achieve greater collective impact.

The experiment grew out of Housing California Executive Director Shamus Roller's interest in replicating in the housing field the systems-changing approach used by the ReAmp network. ReAmp is a network of cross-sector non-profits and funders in the Midwest who worked collectively to create a shared understanding around the problem of Midwestern climate change. The network worked together to create a shared goal to reduce climate emissions 80% by 2050, identify leverage points in the system, and then align the actions of nonprofits and funders to achieve greater impact against this goal.

ReAmp had been an unparalleled success in its first eight years, and Roller was eager to see if a similar multi-stakeholder process could be used in his state, and his field. He approached Heather McLeod Grant, then a consultant at Monitor Institute, who had written a case study of the ReAmp's collective impact process.[2] With the help of Chris Block, CEO of American Leadership Forum, Silicon Valley, and former board chair of Housing California, in assembling industry leaders for an initial brainstorming session, together we embarked on this journey to try something new.

It was a fortuitous timing. The state of California had just eliminated redevelopment funding – the largest state source of affordable housing dollars – the housing bubble and crisis of 2007-2008 had disrupted the entire market, and traditional affordable housing approaches like pursuing tax credits and government subsidies were being called into question. "Those of us in the housing world were really struggling after the winding down of the way we'd funded affordable development in the past," says Roller. "It was a moment of crisis, and a realization that the goals we had for our developments weren't just about houses, but about people's lives. We wanted to think about how we could work differently to reach some of those larger goals."

So over the summer of 2012, Roller, McLeod Grant and their team set out to replicate a collective approach similar to ReAmp but customized to the anomalies of affordable housing developers in the state of California, and to try do it on a much smaller budget. The Garfield Foundation, a foundation that seeks to support collaborative and systems-level solutions to complex environmental and community challenges, had invested around a million dollars over the first few years to catalyze the ReAmp network; Roller had raised just a few hundred thousand dollars to get this network up and running. The initial network formation steps were very similar to those of ReAmp, though over time the process emerged in response to the needs of network participants.

In this respect, rather than being a "cookie-cutter" replication, the creation of THE Network is in fact the story of how an approach used in one field and region loosely inspired action in another. In this article, we describe the formation of THE Network, including the process it followed in its first 18 months, and emerging lessons that might inform the work of others seeking to increase their own community impact.

Forming THE Network: Gathering Leaders, Defining a Shared Goal, and Establishing a Structure

Encouraging shared understanding among those designing a new partnership network is crucial in the early stages of network formation. As a first step in catalyzing this nascent network, Monitor Institute consultants and Housing California project leaders set out to gather more information about the current affordable housing field in order to "map" the system they were operating in. They hired systems analyst Scott Spann, who had also done mapping for ReAmp, and together conducted more than 30 interviews with housing and community development experts statewide. This data was then input into a software program used to create a "systems map"—a dynamic visual representation of the larger affordable housing system, with many interdependent variables mapped out in cause-and-effect relationships. This systems map became a critical input into a series of multi-stakeholder convenings and conversations which followed.

At the same time, Shamus Roller and the consulting team designed an initial convening where the systems map would serve as a key catalyst for group dialogue and strategizing. It was important to invite the right players, so they reached out to a cross section of funders, activists, for-profit and nonprofit developers, organizers, and a few representatives from adjacent fields such as transportation, workforce development, and environmental sustainability. They made a special effort to include leaders who had influence in the field, and people who tended to be innovative or even disruptive thinkers.

This group of over thirty-five people met for the first time over two days in October 2012. The agenda for the first convening focused on creating a shared understanding of the larger problem using the systems map, and on building relationships and trust among participants. While no "answers" were generated at this first convening, participants left feeling a heightened sense of possibility, a greater understanding of the complexity of the larger system, and with new relationships to build upon in their work.

One of the main objectives of the next phase of work was to have this core group of participants move from a shared understanding of the larger system to setting an over-arching goal that they could agree upon. This didn't happen all at once—it took two full gatherings to wrestle with the complexity of the issue and to clarify the group's aspirations. In January of 2013, the group reconvened, this time focusing on incorporating all the interests in the network in setting its goal, starting to understand where

new approaches might be possible, and continuing to deepen their relationships.

As a result of the process of combining systems mapping and diverse participants, the overarching network goal became much broader—it shifted from being just about affordable housing production to a more comprehensive aim to lower overall costs for transportation, housing, and energy use (T+H+E) for lower-income families. This necessitated keeping the network diverse and continuing to include participants from adjacent fields. It is important to note that this process of deciding where to set the boundaries of the network—what is within scope and beyond scope—is a very important part of this stage of the work. Go too broad and it becomes difficult to get your arms around an issue; but go too narrow, and you risk regressing into a more narrow programmatic approach, rather than working at the systems level.

The next phase of network formation – innovation, collaboration and, importantly, moving from theory to real aligned action – took shape during a two-day convening of the network in October 2013.It was at this stage that participants started to feel some urgency to transition from merely talking and strategizing to actually designing an action plan before group patience began to wear thin. At this convening, participants built upon their shared understanding of the larger system, and the leverage points they had identified, to hone in on a few particular "opportunity spaces" where new approaches might be feasible. These included: innovating around the basic unit of housing to lower production costs, seeking more transit-oriented development, communicating more effectively to build public support for affordability, and developing more innovative funding mechanisms.

In a half-day innovation lab led by consultant Dave Viotti of Smallify they were able to rapidly prototype some new solutions to be tested out over the next year. The energy of the group shifted from grappling with complex issues at a higher level to drilling down on specific areas where participants might begin doing real work together and experimenting with new approaches on the ground. Additionally, participants spent some time as a group talking about the emerging network structure and governance, and how they would continue to organize themselves and communicate between larger convenings.

At this critical inflection point in the network's evolution, it was then important to set up a network structure that would enable parallel activities while also maintaining connectivity and communication. The group used other networks including ReAmp and FSG Collective Impact case studies as models, and formed a Steering Committee (a representative group to govern the network) and working groups focused on key areas where people wanted to drive collective action. Much of the network's activity could then happen in these "Action Teams" while the backbone orga-

nization, Housing California, would serve as the connective hub, under the guidance of the group's Steering Committee.

At this point in the winter of 2013-2014, the Action Teams began to meet separately and form their own strategic plans, without having to wait for the entire network to come together to get things done. Action Teams were set up around the following areas: Research and Measurement; Communications and Engagement; Policy Change/ Funding; and Community Solutions and Innovation. In its backbone organization role, Housing California would continue to focus on network fundraising, convening, communications, and providing back office support.

Once the structure had been established and the Action Teams were hard at work on their own plans, it was important to keep momentum going around the larger initiative. This "divide and conquer" part of network formation is critical, because it's what enables people to move into smaller clusters and collaborate around shared interests, rather than forcing everyone into a monolithic collaboration. It's also important to balance planning and action. Overdo the planning and people will be frustrated with process, but if there is too much action with little planning, the network risks not being strategic or creating necessary alignment.

At the time of this writing, the next whole network convening won't be until June of 2014; however, the Action Teams are continuing to advance the work of the network in between larger sessions. As Roller says, it seems that the teams have actually gotten a lot done despite the magnitude of the challenges they are tackling: "We've done three full convenings in one year: at times it felt like three years! That process of getting people to work differently–getting me to work differently–was so dynamic. The amount we have had to change is pretty amazing."

Emerging Network Outcomes

This initiative is only 18 months old and this kind of work takes time, so it is somewhat early on to be looking for network outcomes. Additionally, no formal network evaluation has been conducted. Still, there are some important "quick wins" and concrete things that have already resulted directly from the network, according to leaders who we interviewed for this article. These gains include the following:

• **Greater understanding of the interconnectedness of issues.** If nothing else, the systems map succeeded in helping participants in this network view themselves and their organizations as part of a much larger ecosystem. It also helped them to see the forest, not the trees. As a consequence, a number of network participants are now looking at the interconnection of issues such as transit-oriented development and affordable housing, or the link between workforce development and housing. They have begun to understand that if

they focus too narrowly on their own issue-based "silo" or just on housing production, they are less likely to succeed with their larger missions. This initiative has helped shift participants' thinking from a program and organizational mindset to a systems and network view. Accordingly, some participants say that the "process is the product" in this kind of work.

- **Stronger relationships, leading to more collaboration.** The fact that leaders in the network have been able to spend time building relationships and trust has helped them to find points of intersection across their work, and to initiate other organic collaborations beyond the scope of this network. In addition to work being taken on by the Action Teams, there are a few examples of smaller collaborations which have helped build additional collaborative capacity in the field. For example, two groups from different sectors ended up submitting a collaborative research grant to the MacArthur Foundation following one convening. These smaller "micro-collaborations" have not been documented but anecdotal evidence suggests they are happening at a greater rate than before the network formed.

- **Improved policy outcomes and state funding.** Recently this network was instrumental in helping get $100 million passed in the California state budget for transit-oriented development and sustainability initiatives related to cap-and-trade legislation and emissions reduction goals. As Roller puts it, "the relationships and shared understanding we built through this network have really strengthened our work around Sustainable Communities for All (cap and trade), which is technically a separate coalition. We were just awarded $100 million in the governor's annual state budget. That's a major victory that THE network can take some credit for." As seen with some other collective impact approaches, there has been an impressive return on investment; funding a network for under $200,000 which then helped leverage $100 million in government funding is a great outcome for the funders who supported this work.

- **Collective funding for research and innovation.** According to Roller, the network has also given practitioners a foot in the door for ongoing funding to support collaboration among network participants. The Research Action Team has already received $100,000 in additional funding from the Ford Foundation to fund critical research on the greenhouse gas implications of locating affordable homes near transit stops. Other Action Teams will work on proposals to seek funding to support their collaborations as well. The Innovation Action Team has begun developing ideas for a state-wide innovation prize that would recognize the best

inventions (or interventions) designed to lower the overall cost of living for low-income families.

Early Lessons Learned

As noted above in regard to outcomes, it's hard to pull out definitive lessons learned given that the network is less than two years old and a work-in-progress. However, as the principal architects of this collective impact initiative, we believe there are some emerging lessons that might be of use to others seeking to emulate our approach in their communities or fields. Several of these closely parallel what FSG calls the three pre-conditions for network success: leadership, funding, and a sense of urgency.[3]

- **Leadership matters.** In networks, leadership must be shared, distributed, and facilitative in style, rather than hierarchical, but that doesn't make it any less important. If anything, having the right leadership at the right stages of network evolution is fundamental to network success. Without this leadership, networks can get lost in complexity and group dynamics. Early on, there was a core "design team" of leaders who helped craft, catalyze, and then steer THE network's emergence; they took a facilitative approach, allowing for group input along the way. In addition to leadership provided by Shamus Roller and Housing California as the "backbone/ host" organization and Heather McLeod Grant as facilitator, there was leadership provided by other external consultants and advisors at various points. These leaders included Scott Spann on systems mapping, Dave Viotti on innovation, and Chris Block, who helped with group process design. The seed funder of this network, Ann Sewill of the California Community Foundation, also played a critical role in getting this initiative up and running by taking a leap of faith and trusting the process. Several network leaders emerged among the participants as well who helped design the second and third convenings, and stepped up to chair working groups. Just a year into the initiative, a Steering Committee of network participants was starting to take shape to provide more network ownership and leadership of the process.

- **Seed funding is a catalyst.** To borrow a phrase from the women's movement, "early money is like yeast:"it has a catalytic effect on network development. Seed funding at the early stage of network emergence is critical, because it literally allows for the initial group of participants to find time, space, facilitation, and other support needed to wrestle with complex systemic issues while building trust and relationships. Without the time and space to step back and reflect collectively, participants would just keep doing business as usual and getting the same results they have always gotten. And while many funders are still hesitant to invest in "process," as they are more accustomed to investing in clearly bounded and defined programs, early in-

vestment is perhaps the most important ingredient for success in concert along with effective leadership. In this case, the California Community Foundation took a risk and supported the process of collective capacity development. If anything, this network's biggest challenge is not having raised enough money up front; they are instead raising money as they go.

- *Focus on relationships.* In any kind of complex collaborative work, including collective impact, networks, and human systems, it's ultimately all about human relationships. In fact, all of the early wins of THE network have been driven as much by relationships as by the formal structure of the network. This wasn't by chance: the initial leadership and design team made a commitment to allocate significant time at the convenings to developing relationships among network participants, not all of whom knew one another coming in. This included long personal introductions, discussions of shared values, and building in interactive, peer-learning exercises. Additionally, between larger convenings, Roller pulled together small group dinners in Fresno, San Francisco and Los Angeles to nurture some of those interpersonal relationships at the heart of the network. In sum, "going slow to go fast" really matters in this work.

- *Manage for "flexible structure."* The art of network weaving is all about providing some structure while still allowing some flexibility and emergence to happen, and in this respect it's something of a paradox. The group needs a strong "container" for trust to be built and to grapple with complex issues—but they also need this container to be flexible enough that it can adapt to emerging issues that come up in the group. This is very different from a more highly structured, linear process where goals are set and everyone falls in line, as seen in organizational planning, or a more top-down process. This flexible structure approach also applies to network membership and participation. The network should have somewhat porous boundaries, while being lead by a tighter, committed core. "Understand that some people are going to leave the network along the way and that's okay," says Roller. "We needed a process that allows people to walk away and allows new people to come in."

- *Neutral facilitation is critical.* At the early stages of this kind of process, it's very important to have objective and neutral facilitation to help manage power, politics, and group dynamics and assuage any concerns about one organization's agenda overly dominating the process. The facilitators and network hosts can "hold the container" for the group's work to emerge and trust to be built. And while Housing California played a strong role in the formation of the network as a catalyst and host, it was critical that the network set up its own governance and direction as it evolved. The network's activity continues to be shaped by outside facilitation support and led by a diverse and representative Steering Committee.

Conclusion

The emergence of THE network hasn't been without its challenges. From the beginning, this network included people from both policy advocacy organizations and housing developers who come to the work with very different mindsets, cultures, and approaches. The housing development community has traditionally operated off of a linear production model with a singular goal: build more homes. Developers tend to be practical, concrete, and focused on action and results. This mental model doesn't always lend itself to big-picture thinking, or to investing in "touch-feely" process—so there was some initial skepticism about this approach. On the flip side, housing advocacy organizations tend to be enamored of big ideas, and sometimes abstract solutions. While they may have more tolerance for process, they aren't always as adept at innovating on the ground.

To be successful both sides had to come together, learn from one another, and begin to see that their differences were in fact strengths in the network. As Roller put it, "The practitioners in the room are people who are very much focused on concrete things, so the challenge is getting them to see the big picture. Basically you have big thinkers versus people who like to see things get built, and get done. Ultimately you need both."

Like all networks, this group has also had to grapple with some of the tensions outlined above including the tension between structure and emergence and the tension between focusing on "process" (relationship-building, group dynamics, planning) and "content" (problem-solving and getting things done). As in any human system, there also have been power dynamics and egos to manage along the way.

Despite these challenges, THE network is proving that this approach can work in the affordable housing and community development fields; it holds promise for producing even greater social impact. It will take at least a few more years to decide whether this network has become an ongoing success and has in fact achieved lasting outcomes. Until then, other practitioners and funders in this field can consider the above lessons as provocative food for thought.

Whether or not THE network endures, it is already revealing that there are different ways to approach this kind of work. Roller had to overcome much initial skepticism that a collective impact approach could work in the historically-siloed housing field. "There were so many people who initially told us this couldn't be done," he says with a smile. **CI**