

Inside Philanthropy

Small Grants Yield Big Cash: A Foundation Helped Unlock Millions in Public Funds for Homeless Youth

Wendy Paris | [February 13, 2024](#)



This is not a news flash: Los Angeles is experiencing a massive homelessness crisis. A lesser-known fact: A large percentage of people “sleeping rough” under the freeway overpasses and in city parks were in the foster care system, often not that long ago. More than [a quarter of foster youth become homeless](#) for some period of time; some estimates put that number closer to half. More than [180,000 young people in California experience homelessness](#) in any given

year.

Lucero Noyola, a program officer at the L.A.-based and -focused [Carrie Estelle Doheny Foundation](#), got an idea for how the funder could help. A former foster youth herself, Noyola was familiar with housing insecurity — and the incredible uplift that housing stability provides. Working in partnership with an L.A.-based advocacy group, she spearheaded an effort that allowed Doheny to turn \$100,000 in grant money into more than \$25 million in state and county funding for two of the foundation's grantees — who will use it to create affordable housing units for young adults at risk of homelessness.

This story shows how a small grant, used strategically, can have a big impact. It also underscores the value of having people with lived experience involved in philanthropy. As Noyola put it, “Having navigated through housing insecurity as a foster youth, I understood the transformative power of affordable housing/housing security for young adults. It really gave me the idea that this is what we needed to go after: housing.”

Cracking the code of public funding

Carrie Estelle Doheny established the Doheny Foundation in 1949 to funnel the fortune of her oil magnate husband, Edward, into good works in L.A. It currently gives about 300 grants a year, mostly to long-term grantees focused on social welfare, health and wellness, education and religion. Grants average around \$30,000 or less, with some much larger grants to Catholic charities and schools.

Noyola was looking for a way Doheny could use its small-sized grants to help house homeless youth and those at risk of becoming homeless. “I’d suggested to the board the strategy of trying to put more affordable housing online; I just needed a way to actually do it. I was looking for potential partners,” she said.

Then she attended a webinar hosted by [John Burton Advocates for Youth](#) (JBAY), a major player in the complicated world of foster and homeless youth services in California. JBAY is behind some of the most important legislative victories for foster and homeless youth in the state. Mainly an advocacy organization, JBAY had recently developed a side hustle of sub-granting funds to youth-serving nonprofits and helping them hire consultants to navigate the equally complicated process of applying for public funding.

JBAY hit upon this approach as a way to help nonprofits tap into new public funding that suddenly becomes available, or existing funding that’s not as widely used as it could be.

“It’s not a main strategy of ours. It’s usually a complement to our implementation and technical assistance work,” said Simone Tureck Lee, JBAY’s director of housing and health. “This is one strategy we’ve drawn on to give more power to nonprofits serving foster youth, many of which are small mom-and-pop service agencies that don’t have the staff or grant-writing capacity to do it. We don’t want them to miss access to public funding to continue serving young people.”

During the webinar Noyola attended, JBAY shared a recent example of this approach, and she posted a question in the chat. “I had known JBAY as a former foster youth; I was a former client. I asked JBAY, ‘How could a small foundation like Doheny make the impact we’re looking to make?’”

JBAY staff suggested Doheny follow their lead and give capacity-building/planning grants to help nonprofits go after state funding earmarked for housing for youth at risk of becoming homeless.

Setting one’s sights on state money

As it happened, there was new money available in California for just this purpose through something called Homekey, an initiative out of Gov. Gavin Newsom’s office. Homekey was designed to fast track the building or retrofitting of inexpensive housing units to “help jurisdictions rapidly expand availability of housing for individuals and families experiencing, or at risk of, homelessness,” as [this brief](#) from the California Department of Housing and Community Development explains. The population targeted includes youth, thanks in part to JBAY’s earlier advocacy work.

Sounds good, but it is very hard to apply for Homekey funding. It requires a nonprofit to become a county vendor, partner with a local public entity — in this case, L.A. County — and apply alongside the county to the state. Different bureaucracies must cooperate, and they need to work with a developer or developer type to secure or build housing. The

navigational hurdles and real estate requirements are outside the scope and capacity of most small nonprofits serving youth.

After the webinar, Noyola followed up with JBAY's Tureck Lee, and working together, they came up with a plan: Doheny would give \$20,000 capacity-building grants to four of its existing youth-focused nonprofits to enable them to go after Homekey funding. A fifth grant of \$20,000 would go to JBAY to pay for Tureck Lee to help the nonprofits hire consultants and navigate the many challenges of applying for and preparing to use a Homekey grant, should they get one.

Noyola said this approach made sense because many of Doheny's grantees have no government funding, and the high cost of expanding the housing supply requires it.

"We tend to partner with organizations that heavily depend on foundation support. When it comes to housing, we figured that there was no way to give our partners the millions and millions it costs to build a few units. We only give out a few million a year. That's why we thought having them access the millions awarded through the government was better and would make the impact we wanted."

"It helped immensely"

[Covenant House California](#), one of the four Doheny grantees, focuses on preventing young people from becoming homeless in the state. The nonprofit is larger than some other Doheny grantees, and has grant writers, but pursuing a Homekey award also required applicants to possess some pretty sophisticated real estate development knowledge — and a piece of real estate.

"To even apply, you have to show site control, meaning you own the building. You have to have a down payment to hold the building and pay for predevelopment costs," said Heather Flynn, senior vice president of Covenant House California. "We're an agency full of social workers. Our expertise is working with young people. We're not real estate developers. Having a partner who did that was invaluable."

Covenant House CA put the grant toward a deposit on a hotel near its office that it hoped to buy and convert into housing. The grant also allowed it to hire a property development consultant well versed in California's real estate laws and predevelopment work such as permitting and land assessment. The consultant worked with the landlord on an escrow agreement that safeguarded Covenant House in case it didn't get the grant, preventing it from being stuck with the hotel.

Doheny's investment was instrumental, said Flynn. The \$20,000 did not cover all the costs but it "helped immensely. We would not even have been able to fill out the paperwork without the consultant's help."

In addition to the grant, Doheny and JBAY facilitated something of a practice group among the four nonprofit grantees, which created community and helped Covenant House avoid mistakes other groups had made.

The result? Welcome home! (Well, next year.)

In November, Gov. Newsom [announced \\$156.4 million](#) to fund 12 projects in six California counties to create 556 new affordable homes. Among the 12 are two of Doheny's four initial grantees. Covenant House California, working with L.A. County, got nearly \$9.8 million from Homekey and an additional \$5.5 million in matching funds from the county to acquire and rehabilitate the Hollywood Downtowner motel into 30 interim studio apartments for people experiencing homelessness, including youth and young people at risk of homelessness. Doheny grantee [Wellnest](#), also partnering with L.A. County, got nearly \$7.7 million from Homekey and an additional \$2.8 million from the county for a new modular construction project that will create 24 interim housing units for youth experiencing homelessness, and a manager unit.

The money is due to arrive from the state in April 2024, said Flynn. "We think it will be a 12-month timeline once the money drops. We are doing architectural drawings and plans and permitting. Our main campus, where our supportive services are, is less than a mile away, so they'll have access to all that."

I find this an inspiring story of a smart strategy that foundations could consider using for other causes; consider the historic federal climate funding that is beginning to flow from the passage of the Inflation Reduction Act, Infrastructure Investment and Jobs Act, and the CHIPS and Science Act, and the [private funders committed](#) to getting that cash to folks on the ground.

Another area where that approach might work? Mental health, said Noyola. "There is a lot of money coming down from the government on the mental health side; they just need to know how to go after it."

Of her experience with the process, Noyola said, "This exemplifies how a foundation, even with a modest budget, can drive innovation and empower its grantees by providing support for capacity-building. It also demonstrates the impact of helping organizations build another skill — in this case, navigating governmental processes effectively. Strategic partnerships and a nuanced understanding of government and business language can lead to significant positive change for nonprofits, and funders can be a springboard for that."