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KATHERINE DARNSTADT (PHOTO BY KELLY PELOZA)



How to Become a Social Impact Designer Without Going (Permanently) Broke

This 34-year-old Chicago architect is building a new kind of firm.



STORY BY
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A beta test. That’s how architect Katherine Darnstadt describes Latent Design, the small social impact architecture and design strategy firm she started seven years ago.

“Latent Design started as a plan B,” remembers Darnstadt. New to the field of architecture and only recently licensed, the Chicago designer found herself laid off from her job due to the recession — and pregnant: “I had no job, and no prospects. I had to figure out what to do and how to survive.” She cashed out \$10,000 from her 401(k) and Roth IRA, and started her practice on a shoestring, with nearly all of her savings eaten up by software and startup costs in the first month.

In her first year, Darnstadt made just over \$20,000 dollars. “That first 12 to 18 months, I was honestly sleeping with white knuckles,” she says. “I was fortunate I didn’t have a lot to do besides, like, give birth. I just wandered around, not spending a lot of money.”

Darnstadt is now 34 years old, her own boss and was not long ago listed as one of Crain’s Chicago Business Magazine’s 40 under 40. In the past 12 months, she has collaborated on

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projects with Chicago's Department of Transportation, artist and urban planner [Theaster Gates](#), and a community-based program for teenage girls in Chicago. Most recently, she submitted a proposal to help design a public library that will live inside an affordable housing development.

The baby she was pregnant with when Latent was born is 6 years old. "He's in first grade. He knows all my projects — he was really my first project manager," she says.

The architect can laugh about the early days. "Let's just say I took a direct route," she says.

Direct it may have been. Easy it was not. Yet her story provides a fascinating window into the business of social impact design and how young architects are shaping not only the cities they work in, but also the profession as whole.

Darnstadt started her career working with large firms to develop affordable housing. She appreciated the value of that work, especially at a time when her hometown of Chicago was experiencing new market pressures, but saw disconnects between the work the firm was doing and the ultimate clients — the people who would live in the affordable units she was designing.

"Most of architecture is about being able to synthesize immense amounts of information and distill it into an object that we know as a building," says Darnstadt. "That's a difficult process; [for example] to look at a survey of 100 people and try and translate those wants and needs into something spatial. But it can be even more difficult to say, 'the solution isn't spatial, it's systemic.'"

And in that difficult negotiation between design and systems, Darnstadt found her idea for a business.

FROM PLAN B TO A PAYCHECK

Latent Design's first paid projects weren't the glamorous jobs that bring architects attention. She started with post-construction documents created for clients and developers to correct code violations. These were small projects like porch renovations and interior home renovations that larger firms didn't want to bother with. "There were lots of little projects here and there that would just pop up." Capitalizing on these small projects that she could complete quickly, Darnstadt was able to earn enough in the first year to survive — and to realize that she needed to build a stronger network of like-minded professionals.

The Chicago-region native quickly found herself deeply involved with Chicago's Architecture for Humanity (AFH) chapter. There, she found a home and a proving ground for concepts that would drive the development of Latent. "I was surrounded by people who were in similar situations," she recalls. "Almost everyone on my design team was unemployed or underemployed. [These volunteer projects] were also the first time where I was on teams that were majority female and majority people of color."

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Chicagoans garden for a project called Activate aimed at revamping public spaces. (Credit: Mig Rod / +space)

The design process for AFH projects was also different from her experience in traditional practice, guided not by profit or client-driven goals, but by goals of community participation, social equity and human-centered strategy.

These values helped her emerging firm develop a design process and philosophy of practice rooted in problem *identification*, rather than simply problem *solving*. Maybe most importantly, Darnstadt's involvement in AFH, as a volunteer project manager, board member and director, kept her professionally involved in design despite lack of client work, or as she puts it, "helped me stay mentally active and sane."

One of those projects was called Activate Chicago. Started in 2010 by Darnstadt with a team of other AFH members, the initiative was a design competition focused on transforming vacant city lots in Chicago on tiny budgets of \$1,000 or less.

"We designed [the competition] for exactly the gaps that we perceived in the city," Darnstadt recalls. The group was doing what urbanist and former Curitiba Mayor Jaime Lerner calls "[urban acupuncture](#)" – inserting a small design element into a system exactly in the place where the new energy is needed.

The winning design by Chicago's [MAS Studio](#) was a flexible, modular installation of colorful seats and sprouting planters in the Little Village neighborhood. Though temporary, the DIY architecture inspired the neighborhood to raise over \$100,000 and successfully petition for the legal right to convert the vacant lot into a community garden.

Darnstadt realized she was developing a valuable area of expertise – a specialization in using a systems-thinking approach to identifying critical links between large-scale socioeconomic issues and small-scale, small-budget design projects that could address them. Latent's diminutive dimensions had become an advantage. Without a large staff or the budget to hire consultants, the architect had learned how to work with zoning code and write policies to get projects done. She had learned how to navigate systems.

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"By being small, we have different relationship to understanding the possibilities in city," Darnstadt says. "We can be dexterous and have the thinking that complements these big firms that may have built cities but haven't had to think about things the way we have."

In 2013, as the recession began to ease up and more opportunities for work in architecture came up, Darnstadt began to reflect on the nature of her work and what it meant for her as an architect to take certain projects and turn down others.

what it meant for her as an architect to take certain projects and turn down others. “I was questioning a lot of things. Like, maybe I’ve gone too far away from the profession Is what I’m doing architecture, is it even design?” She deeply believed that her work *was* architecture, and that her nontraditional portfolio represented a progressive approach to practice that focused on addressing social issues rather than client needs.

That year she applied for an AIA Young Architects Award and was forced to clarify what exactly her work was defined by, an exercise that she credits as the moment she realized what her firm’s mission and position truly was. In 2013, she won not only the Young Architects Award, but also won a contract for an RFP from the Chicago Department of Transportation to work on a [five-year public placemaking project](#) on 10 sites throughout the city. This not only catapulted her firm forward financially, but also helped legitimize her unique approach to design focused on small-scale interventions aimed at large-scale socioeconomic impact, proving it could serve as a viable model of practice.

At last, Darnstadt was able to fully replace her previous salary with her own self-led practice. Her fledgling firm was no longer a “plan B” and she decided to go all in, committing herself fully to building a socially conscious design practice. Soon after, she incorporated Latent Design as a Benefit Corporation to legally cement her firm’s values in social impact.

In September, Latent’s first CDOT plaza installation opened for business. Called Boombox, it is a 200-square-foot refurbished shipping container built to be a pop-up retail space for creative entrepreneurs. The rent ranges from \$250 a week to \$1,000 a month, depending on the season and length of the tenant’s stay. So far, Boombox has hosted a furniture designer, an artist and a pop-up library run by a community media nonprofit organization called Read/Write Library.

The project has already won multiple awards and proven to have a real impact on socioeconomic vibrancy in its neighborhood, increasing pedestrian traffic, eyes-on-the-street, and revenue for small local businesses, among other outcomes. Maybe more importantly, the project provided a precedent for how new types of structures and systems could create a positive impact on the urban fabric of Chicago, which have since been replicated in other cities.

“Even though we are only talking about a 200-square-foot space, the project has already shifted the entire thinking of Chicago,” Darnstadt says.

RESPONDING TO LOCAL NEEDS

Latent Design has positioned and repositioned strategically throughout its first five years, serving for-profit as well as nonprofit clients. Often, Darnstadt’s role is more one of partner, working outside the scope of architectural services to help the client think through all their needs and identify the most effective means to address them.

For example, when Latent Design began working with [Demoiselle 2 Femme](#), the community-based program for teenage girls in Chicago, on the design for a new community center, Darnstadt began by working closely with the organization to deeply understand the full scope of their needs before starting the design process, analyzing how those needs connected to the organization’s mission and future goals. This shifted the designer-client relationship from a single project that Darnstadt had agreed to do low-bono (somewhere between fee-for-service and pro bono), to a multiyear collaboration in which Latent Design provided a range of fee-for-service activities, including programming and massing studies, technical

assistance in navigating codes and requirements, and co-writing grant proposals for portions of the project.

“We want to look at the entire system and make recommendations beyond a single project. People are coming to us because we have that particular point of view and we have design priorities that integrate arts, culture, transportation, health and wellness.”

Darnstadt believes that in particular, co-writing grant proposals with Demoiselle 2 Femme was critical because it enhanced Latent’s understanding of the organization and helped Darnstadt more accurately identify systemic needs that might be more effectively addressed outside the scope of architecture. For example, Darnstadt saw an opportunity to help develop a new [Science, Technology Engineering and Math \(STEM\) design-build curriculum for teenage girls](#). This unexpected addition to the scope of work resulted in a project that not only won awards, but also expanded the organization’s offerings and led to new funding partners and audiences, ultimately helping the organization become more sustainable. The work with Demoiselle 2 Femme also built connections for Darnstadt, resulting in Latent Design securing new projects to design makerspaces and STEM-oriented youth spaces for other clients, such as a local YMCA.

Darnstadt’s willingness to confront the challenges and opportunities of a project, even if they are outside of the typical skill set of architects, has also led the firm to identify gaps in the market and develop new offerings to fill them. For example, Darnstadt recognized that many of her nonprofit clients’ projects were small, with construction budgets under \$200,000, too small to interest most contractors in submitting bids. Recognizing a gap in the market that her firm could capitalize on, she applied for a general contractor license, and now offers design-build services.

Despite what most people think, “[becoming a general contractor] was shockingly simple,” she says. “Fill out an application, get insurance, write a check and mail it to the city. Two weeks later a GC license was mailed back. That was it.”

The move to become a certified general contractor not only enables Latent to serve small nonprofits that would otherwise struggle to find the help they need, but also provides added value for her firm, since acting as GC means Latent oversees all aspects of a project from initial plans to completion of the construction. This allows for higher levels of quality control and opportunities for building experiential knowledge and skill sets that benefit the firm’s work on other projects.

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This holistic approach and commitment to knowing projects from the ground up typifies the Latent approach. The firm, Darnstadt says, holds community engagement meetings, conducts neighborhood research and distributes surveys as

part of many projects. These activities often differentiate Latent from its peers. In one recent community-oriented project RFP, “we were the only firm that came down to see them and see the neighborhood,” she says. She believes the visit contributed to Latent securing the contract, and validated her belief that community-based approaches simply lead to better work.

Yet there is a reason why most firms don’t take this approach: It is exhausting.

Take, for instance, the Boombox project. After winning the DOT contract, Latent Design once again found itself in a new and multifaceted role, serving as not only the designer, strategist and general contractor, but also as the retail developer, vendor manager and event promoter. Staffing became a challenge.



Chicago entrepreneurs celebrate the opening of Boombox. (Credit: Latent Design)

To add to the sleepless nights, the project came with a nontraditional payment structure. Instead of being paid a fee for design work, Latent Design has a revenue-sharing agreement in place with the city of Chicago. In effect, the firm had to raise the capital to build out and administer the site before any revenue would flow back. The small firm also needed to draw on its own bank account to finance legal and marketing fees. While the firm has a multiyear exclusive contract with the city for the revenues, Darnstadt is finding it difficult to raise the capital she needs. Her proposal is so non-traditional that banks and credit unions don’t want to lend her money without collateral.

“I’m not only the principal,” she says. “I’m also the production manager, I redline the drawing, and I draft and write contracts.”

Darnstadt wishes that she had brought in a partner in the early days of her practice who could work at the same level as her — helping to lead the firm and also taking on some of the risk of owning a practice, something that she notes is much harder to do in an already established firm.

“If I knew Latent Design would have been viable, I would have never started it myself. I don’t think any architectural firm can start without a co-founder. ... Even though I have employees and I have great team and I have great mentors, it’s not quite the same skin in the game as a co-founder.”

LOOKING AHEAD

Darnstadt is nothing if not pragmatic about the future of the firm she has built. Coming off a year that yielded great achievements (Boombox among them) and major challenges, including a \$100,000 project with the state that was put on indefinite hold by the governor, she knows that she can't afford to gloss over the hard parts of her work. "This has been the most difficult year. ... I wish I was broke and pregnant again, honestly," she jokes.

Beyond the financial challenges, the architect is now confronting questions that she admits are fairly existential in nature.



Katherine Darnstadt works at her desk in her office.
(Credit: Latent Design)

Latent's portfolio blurs the line between art, urban design, architecture and interiors, making it unclear what their future might hold. "The difficulty is understanding what our 'market' is in a traditional business sense," she says. "In the early years of the firm we were leading a market that became known as placemaking or tactical urbanism. Now placemaking is well known." So what does this mean for the road forward? Darnstadt sees two possible paths.

First, Latent could continue to grow as an architecture and urban design practice. The firm is already getting invited to larger and more prestigious projects, and currently exploring the potential of having a real estate development arm. Larger and more lucrative projects would help provide a financial cushion for the firm to grow its staff and capacity and scale up. This would in turn enable Latent to go after larger public-sector projects in Chicago that have pre-qualification requirements that the firm does not yet meet. Darnstadt believes that some of the most interesting projects in Chicago right now, such as affordable housing, libraries and public spaces, are coming out of the public sector, and she would like Latent to pursue them.

The second option, which Darnstadt had no hesitation in suggesting, is Latent being bought out by a larger firm. Likely this would result in Latent becoming an in-house community-based studio within that firm. This would relieve the financial pressures of running Latent, while also addressing the organizational capacity issues. However, this would come along with questions about autonomy, influence and recognition for the work, which may be difficult to navigate.

Darnstadt made it clear however, she wants option one. "I want Latent to be around for at least 15, 20 years. After that maybe we shut down the organization. Why not? I'd still be relatively young. Then I could go work for IDEO, or I could go get a Loeb fellowship. Or maybe I realize that architecture isn't the right medium to do the type of community-engaged work I want to do. If I shut down Latent even after just 10 years, that would mean I'd still only be 38; that's very early on for the career of a design professional. There's so much more I could do."

This reflects a progressive approach, sometimes referred to as "sunsetting" an organization. Darnstadt elaborated on why this might be a productive strategy to consider: "Everyone and everything has a useful lifespan,

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including the work that Latent is doing. So at some point there needs to be a critical decision about if and how we shift the firm. People will catch up to us and make our work less relevant, and that's ok. Honestly, we could close tomorrow and I would know I did a really great fucking job and I'd be proud of it."

This article is an adaptation from a series of case studies published by [Proactive Practices](#).

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Gilad Meron and Mia Scharphie are part of Proactive Practices, a collective of researchers focused on understanding the business of social impact design.



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