



## **PROJECT WELCOME HOME FREQUENTLY ASKED QUESTIONS**

### **Project Overview**

The County of Santa Clara is launching Project Welcome Home, the first Pay for Success project launched in the State of California. In partnership with Abode Services, a national leader in innovative housing services, the County of Santa Clara intends to serve 150-200 chronically homeless individuals that are also frequent users of the County's emergency rooms, acute mental health facilities, and jail.

The primary goals of the project are to measurably improve the lives of chronically homeless individuals in the County by connecting them to permanent supportive housing, and to reduce the degree to which they receive services from acute psychiatric facilities, jails, and other institutions that provide only short-term relief.

In partnership with the County's Office of Supportive Housing and Behavioral Health Services Department, Abode will provide chronically homeless individuals with access to community-based clinical services and permanent supportive housing using evidence-based Assertive Community Treatment (ACT) and a Housing First approach. These services are designed to end the participants' homelessness, increase income, and provide increased access to ongoing physical and behavioral health services.

Chronically homeless individuals often experience significant barriers to housing due to serious medical and behavioral health issues, financial instability, and lack of support networks. In conjunction with the high cost of housing, these individuals have historically been unable to achieve housing stability without direct and significant outreach and assistance. Extended periods of housing instability can result in poor health and social outcomes that lead both to tremendous suffering and higher costs for the County in the form of emergency services and incarceration.

### **What is Pay for Success?**

Pay for Success (PFS) is an innovative funding model that drives government resources toward social programs that prove effective at providing positive results to the people who need them most. PFS tracks the effectiveness of programs over time and requires governments to pay for those services only if and when they succeed in measurably improving the lives of people most in need.

PFS also enables governments to tap private investments to cover the upfront costs of the programs. If the program is successful in improving the lives of the people it is meant to serve, then government repays those who made the original investment. If, and only if, the program exceeds the pre-determined outcomes, the government pays a small return on the investment. If the program does not achieve its target results, the government does not fully repay those who made the original investment. This model ensures that taxpayer dollars are being spent only on programs that actually work.

### **How does government benefit from PFS?**

Across the country, local, state and federal government agencies provide funding to service providers, such as local nonprofits and charities that implement programming to help people in need. Governments at all levels face tough budget constraints, and as a result, governments are forced to make difficult funding decisions, often without the benefit of a clear understanding of which programs are most effective.

PFS gives governments the ability to support high-impact service providers, drive new resources toward effective programs, and track outcomes for individuals and communities, without risking taxpayer dollars if those programs do not deliver measureable results. Through PFS, governments can deliver better

services to people in need at a large scale, without further straining their budgets or putting taxpayer money at risk.

### **Why did the County pursue a PFS project in the area of chronic homelessness?**

On any given night there are over 6,500 homeless individuals in the County, of which approximately 2,200 are classified as chronically homeless.<sup>1</sup> The significant barriers to housing faced by these individuals often manifest in poor wellness outcomes that lead to high costs for the County in the form of emergency services and incarceration. The County expects this PFS project to work in tandem with ongoing efforts as the community employs multiple strategies to reduce homelessness. Through rigorous evaluation of the program, the County will also measure the extent to which permanent supportive housing costs create cost savings, cost-avoidance, and/or improved service efficiency for the County.

### **Why was Abode chosen as the service provider?**

Abode Services (Abode) has over 25 years of experience operating large-scale programs and is a national leader in evidence-based services for homeless persons including Assertive Community Treatment and Housing First. Abode currently operates over 30 supportive housing programs that serve close to 1,200 households on any given night throughout the Bay Area, including 100 owned-and-operated units and more than 300 rented scattered-site units in the County of Santa Clara. The organization plays a central role in a number of large, multi-agency collaborations in the Bay Area.

The County selected Abode as the service provider for the project following a competitive procurement process in 2014. Abode will be responsible for achieving the desired social outcomes of the project, including directly delivering services to the chronically homeless population. The County selected Abode as the lead service provider due to its long track record in delivering highly effective services to chronically homeless individuals, its ability to identify and secure affordable housing notwithstanding the very difficult housing market, its strong fiscal position, and its capacity to partner with the County in constructing a complicated and highly-contingent project with private funders.

Abode was recently awarded a top four-star rating for the tenth year in a row by nonprofit evaluator Charity Navigator. The award is based on criteria of fiscal health and commitment to accountability and transparency.

### **What is the target population for this project?**

This project will target 150-200 chronically homeless individuals in the County of Santa Clara. "Chronically homeless" is defined by the United States Department of Housing and Urban Development (HUD) as an adult with a disabling condition<sup>2</sup> such as substance abuse or mental illness or a family with at least one adult member with a disabling condition who has been continuously homeless for one year or more and/or has experienced four or more episodes of homelessness within the past three years.<sup>3</sup> The project will be further limited to adults who have been identified as high-cost users of County services (e.g., emergency services, crisis response, and public safety systems). Participants will be referred to the project using a predictive screening tool that assesses historical utilization data to identify individuals anticipated to be future frequent users of County services. By using this data-driven screening tool, the County can more efficiently allocate limited services and resources to high-need populations.

### **How will Abode help chronically homeless individuals?**

Abode will use an evidence-based, modified Assertive Community Treatment (ACT) team model that includes community-based clinical services integrated with a flexible array of housing options, to provide

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<sup>1</sup> Source: Applied Survey Research. (2015). Santa Clara County Homeless Census. San José, CA

<sup>2</sup> <http://ochmis.org/documents/DisablingCondition%20Flowchart.pdf>

<sup>3</sup> <https://www.hudexchange.info/resources/documents/DefiningChronicHomeless.pdf>

permanent housing and supportive services for the most vulnerable members of the chronically homeless population. These services are designed to end the participants' homelessness, increase income, and provide increased access to ongoing physical and behavioral health services.

As part of the permanent supportive housing service model, Abode will offer a range of supportive services to participants, including, but not limited to:

- Housing placement and retention services
- Specialty mental health services
- Substance abuse services
- Medication support and education
- Social and community living skills
- Case management/housing skills
- Educational/vocational support
- Money management
- Leisure/spiritual opportunities
- Connection to primary care
- Management of complex health issues
- Daily living skills

#### **How will the project be funded?**

A partnership among private funders, philanthropic organizations and Abode's own investment will provide a total of \$6.9 million in funding for the project. By utilizing this new model of upfront funding, the County is able to support social programs without risking taxpayer dollars if the programs do not deliver results. The County will only repay funders based on the number of months of continuous stable housing achieved by project participants. Depending on the project's level of success, the County will pay up to \$8 million over six years using annually appropriated success payments.

The organizations providing funding for this project are all committed to improving outcomes for homeless individuals in the County of Santa Clara. The project gives them an opportunity to invest in communities by supporting a high-quality program that improves the lives of those in need, with the ultimate goal of a receiving both a financial and social return.

#### **How will success be determined in the project?**

The County will make success payments based on the number of months of continuous stable housing achieved by participants. Under the philosophy of the evidence-based Housing First approach that Abode will employ, providing an individual with long-term, stable housing is the first step to achieving stability and overall wellness. When participants stay in continuous stable housing, especially if they achieve 12 months or more, they are less likely to utilize costly medical and behavioral health resources and more likely to experience improved wellbeing. As a result, financial and social benefits are created for the County when chronically homeless individuals are stably housed.

Independent evaluators from the University of California, San Francisco (UCSF) will track participants, verifying the level of success achieved and the success payments to be made by the County. The UCSF evaluators will also conduct a rigorous randomized control trial (RCT) to examine if permanent supportive housing for this high-need, chronically homeless population generates improved client health, social service utilization, and economic benefits for the County.

**The project's target impact is for more than 80% of participants to achieve 12 months of continuous stable tenancy.** This represents more than 6,900 months of continuous stable tenancy from project participants over the six-year project. The County will make success payments when participants achieve specific tenancy milestones. The majority of success payments are earned when a participant is retained in continuous stable housing for over 12 months.

## Project Success Payments

Success Payment per Participant	Participant Milestone
\$1,242	3 months of continuous tenancy
\$1,863	6 months of continuous tenancy
\$2,484	9 months of continuous tenancy
\$6,831	12 months of continuous tenancy
\$12,420	<i>Cumulative payment through 12 months of continuous tenancy</i>
\$1,035	Each month after the first year of stable tenancy

### Why are private funders interested in funding this project?

More than ever, funders are seeking innovative opportunities to put their money to work in ways that are proven to help people in need. Private funders have limited opportunities to make investments that both measurably improve lives and offer the potential to recoup their funds or realize a modest return. PFS offers funders the opportunity for this kind of win-win situation. With this new model, funders have the opportunity to invest in interventions that improve lives in their communities and will know the outcomes of the programs they are funding.

Private funders in this project include both CDFIs (Community Development Finance Institutions) and philanthropic organizations that are committed to funding effective services for vulnerable populations. Funder's specific interests in the project include several of the following, and others:

- Reducing chronic homelessness in Santa Clara County
- Expanding the level of affordable housing in Santa Clara County
- Providing resources to grow a high performing nonprofit agency
- Funding rigorously evaluated social services and government transparency
- Earning a financial return alongside measureable social impact

Combined, funders of PFS programs leverage significant resources for service providers to track outcomes over a longer period of time and demonstrate a meaningful impact for individuals and communities.

### Why not just pay for Abode's services out of the regular County budget?

The County is using PFS to achieve better outcomes for the clients we serve. Through performance-based contracts, PFS projects allow the County to pay for services only when measurable results are achieved for the County and its citizens. In order to ensure that service providers have the upfront funding they need to deliver services before those outcomes have been demonstrated, PFS provides service providers with flexible, upfront funding from private and philanthropic funders. The funders and service provider bear the risk that the services do not achieve the target outcomes, and in return some funders may receive a small return if the project is successful. In exchange, the County is able to ensure taxpayer dollars are spent efficiently and only pay for services if a program is successful.

### Are there plans to use PFS for other programs in the future?

The County of Santa Clara is pursuing another PFS project focused on acutely mentally ill patients that are frequent users of the County's emergency psychiatric services. The County intends to leverage learnings from Project Welcome Home for this effort and other PFS initiatives in the future.

### How will Medicaid / Medi-Cal be used for this project?

The County has entered into a separate contract with Abode, under which it will provide mental health services to clients that are partially reimbursed through the State's Medi-Cal program (California's Medicaid program). The remaining costs for the intervention will be covered by the PFS contract.

**How was Third Sector Capital Partners, Inc. selected to work with the County on PFS?**

The County of Santa Clara's efforts to investigate and develop PFS initiatives were launched through a Disruptive Innovation grant funded by The Health Trust and awarded to Step Up Silicon Valley, a project of Catholic Charities of Santa Clara County. Step Up Silicon Valley selected Third Sector in late 2012 to begin an exploration of PFS.