

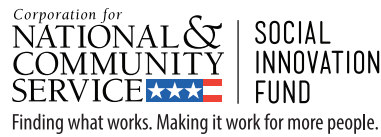
Pay for Success in the U.S.

Summaries of Financed Projects

December 2015



INSTITUTE for CHILD SUCCESS



ICS's work to develop early childhood PFS is supported by the Corporation for National and Community Service's Social Innovation Fund.

(by)

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Living Cities

Santa Clara Project Welcome Home

Policy Area

Homelessness

Policy Problem

Studies have shown that people experiencing chronic homelessness are significant and disproportionate users of high-cost public services including emergency room visits and jail time that only provide short-term respite from homelessness. A "Housing First" approach that provides housing as a first step towards stability (without requiring sobriety) and then provides long-term supportive services as needed has been shown to be effective at reducing homelessness and helping clients achieve stability.

Jurisdiction (implementation sites)

County of Santa Clara, California

Who is paying for the outcomes?

County of Santa Clara, California

Organization(s) Delivering Services

Abode Services

Intervention

- Permanent housing through a "Housing First" approach
- Assertive Community Treatment (ACT) that identifies, coordinates and delivers appropriate supports, including: intensive case management, crisis intervention, substance use counseling, mental health treatment, and primary care referrals.

Approximate Program Cost per Participant

In addition to \$6.9 million in PFS funding, the project will utilize county support through Medi-Cal and rental housing support.

As the permanent supportive housing intervention does not have a define time frame, it is difficult to determine an total cost per participant. The estimated annual cost per participant is \$30K-\$40K including housing, County Medi-Cal contribution, and supportive services.

Intermediary: Coordinator & Borrower	None (Abode and Santa Clara County providing some coordination services, but no formal project intermediary. Miles & Stockbridge provided counsel and coordinated the funding agreements.)
Program Evaluator	University of California San Francisco School of Medicine
Validator	None
Outcome Metric(s)	<p>Number of months (“thirty-day periods”) of continuous stable tenancy achieved by project participants. Continuous stable tenancy is defined as a project participant holding a valid lease or sublease and being allowed to enter the unit. A month cannot count towards the success measure if the program participant:</p> <ul style="list-style-type: none"> • Spends more than 14 days of the month, or on more than two occasions within the month, incarcerated or in a psychiatric institution. In this situation, previous months of stable housing do count towards the total; however, if institutionalization lasts 90 days or more, the success month count is reset to zero. Non-psychiatric hospitalizations do not count against the success total. • Does not have a lease or sublease and instead is housed other temporary housing other than shelter for less than/equal to 30 days. • Slept at a shelter or on the street for more than seven consecutive nights of a month; the success measurement is reset to zero. • Abandons the unit as specified
Evaluation Design	<p>Success payments are determined based on duration of stable tenancy for the intervention group. There is also a Randomized Control Trial that will not be used to determine payment but will evaluate other intervention outcomes, including utilization of other County services and mortality. Project participants’ outcomes will be compared to those of a control group of similarly situated individuals referred by the County of Santa Clara Office of Supportive Housing.</p> <p>Evaluation will use an “Intention to Treat” analysis, which considers all those assigned to the “intervention” group to be part of the intervention, whether they receive housing or not. This often returns more conservative results, as it avoids inflated outcome measures caused by non-compliant participants being removed from the intervention group.</p>
Target Population (criteria and size)	<ul style="list-style-type: none"> • 150-200 persons experiencing chronic homelessness, identified as high-cost users of county services using a predictive screening tool that assesses historical utilization data (serving up to 112 program participants at one time) • A chronically homeless person is defined as an adult, or a family with at least one adult member, with a disabling condition, such as substance abuse or mental illness, 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
Size of Investment	\$6.9 million
Total Payments Possible (investment and return)	\$8 million
Term / Timeframe (intervention and evaluation)	<ul style="list-style-type: none"> • Intervention: 6 years • Success Payments Evaluation: 6 years • Final RCT Evaluation: 90 days after end of Year 6

<p>Investors: Deal Structure/ Capital Stack (annual return if available)</p>	<p>Senior Debt:</p> <p>\$500,000 The Reinvestment Fund (5%)</p> <p>\$500,000 Corporation for Supportive Housing (5%)</p> <p>Subordinate Debt:</p> <p>\$1.5 million, The Sobrato Family Foundation (2%)</p> <p>\$1 million, The California Endowment (2%)</p> <p>\$1 million, The Health Trust (0%)</p> <p>\$300,000 The James Irvine Foundation (0%)</p> <p>\$500,000 Google.org (recoverable grant)</p> <p>Other PFS project funding:</p> <p>\$500,000, deferred service fees to Abode Services over six years</p> <p>\$1 million, Laura and John Arnold Foundation, support for evaluation-related project costs</p>														
<p>Payment Terms - Risk Sharing Structure</p>	<p>100% of the risk is shifted to the investors in that no payment is made unless individuals achieve stable housing. However, there is no threshold that must be reached for the investors to receive payment; payment is received for each individual who achieves the outcome.</p>														
<p>Payment Terms - Details on Payment per Outcome, Payment Period</p>	<table border="1"> <thead> <tr> <th data-bbox="560 982 803 1056">Success Payment per Participant</th> <th data-bbox="812 982 1404 1056">Participant Milestone</th> </tr> </thead> <tbody> <tr> <td data-bbox="560 1066 803 1098">\$1,242</td> <td data-bbox="812 1066 1404 1098">3 months of continuous tenancy</td> </tr> <tr> <td data-bbox="560 1108 803 1140">\$1,863</td> <td data-bbox="812 1108 1404 1140">6 months of continuous tenancy</td> </tr> <tr> <td data-bbox="560 1150 803 1182">\$2,484</td> <td data-bbox="812 1150 1404 1182">9 months of continuous tenancy</td> </tr> <tr> <td data-bbox="560 1192 803 1224">\$6,831</td> <td data-bbox="812 1192 1404 1224">12 months of continuous tenancy</td> </tr> <tr> <td data-bbox="560 1234 803 1266">\$12,420</td> <td data-bbox="812 1234 1404 1287">Cumulative payment through 12 months of continuous tenancy</td> </tr> <tr> <td data-bbox="560 1297 803 1329">\$1,035</td> <td data-bbox="812 1297 1404 1350">Each month after the first year of stable tenancy</td> </tr> </tbody> </table>	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	Cumulative payment through 12 months of continuous tenancy	\$1,035	Each month after the first year of stable tenancy
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<p>Date Announced</p>	<p>August 13, 2015</p>														
<p>Implementation Start</p>	<p>July 1, 2015</p>														
<p>Interim Outcome Dates</p>	<p>Success payments calculated annually starting June 30, 2016 and ending June 30, 2021</p> <p>RCT evaluation years 1-3: Oct 1, 2018</p> <p>RCT evaluation years 4-6: Oct 1, 2021</p>														
<p>Legislation for Appropriation Risk</p>	<p>None; in the PFS Contract, the County must appropriate \$2 million each year for the project. If not, Abode can terminate the contract for cause.</p>														

Other Notes

Ramp-up phase: Three months starting April 2015

Outside PFS support through Medi-Cal: Santa Clara County contracts with Abode to deliver mental health services that are partially reimbursed through Medi-Cal (California's Medicaid program)

Reinvestment Pledges: Google.org will reinvest repaid grant into Abode for capacity building. Laura and John Arnold Foundation will reinvest repayments to support of Santa Clara County initiatives

Project Construction Support: Third Sector Capital Partners, Inc. acted as an advisor to Santa Clara County and transaction coordinator

Feasibility Analysis: Starting in 2013, Santa Clara County with support from the Health Trust and operated through Catholic Charities of Santa Clara County's project Step Up Silicon Valley, worked with a collaboration of foundations including the project financiers as well as the Silicon Valley Community Foundation. Their work is detailed in, From Idea to Action, available at: http://www.thirdsectorcap.org/wp-content/uploads/2015/02/131118_Third-Sector-Capital-Partners_Santa-Clara-Case-Study.pdf

Technology Partner: Palantir Technologies

i(cs)

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The Institute for Child Success is fueled by BlueCross BlueShield of South Carolina, an independent licensee of the BlueCross and BlueShield Association, and by the Mary Black Foundation.

Headquartered in Greenville, South Carolina, the Institute for Child Success (ICS) is an independent, nonpartisan, nonprofit research and policy organization dedicated to the success of all young children. ICS pursues its mission in four primary ways:

- Proposing smart public policies, grounded in research.
- Advising governments, nonprofits, foundations, and other stakeholders on strategies to improve outcomes.
- Sharing knowledge, convening stakeholders, embracing solutions, and accelerating impact.
- Fostering the next generation of leaders.