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County of Santa Clara Launches California's First "Pay for Success" Project

"Project Welcome Home" will Improve Housing Stability and Supportive Services for the Chronically Homeless

SANTA CLARA COUNTY, CALIF. – The County of Santa Clara, California, the largest community in Silicon Valley is launching California's first Pay for Success (PFS) project in partnership with Abode Services, a national leader in innovative housing services for homeless persons. Project Welcome Home will provide community-based clinical services and permanent supportive housing to 150-200 chronically homeless individuals who are currently frequent users of the County's emergency rooms, acute mental health facilities and jail.

"The Pay for Success model offers promise for governments seeking to address complex challenges while connecting payments for services to results," said President Dave Cortese, of the County of Santa Clara Board of Supervisors, who initially recommended that the County examine the feasibility of Pay for Success. "We are eager to test the model on chronic homelessness, by helping people with the most difficulty to stabilize their lives through supportive housing."

Pay for Success is a funding model under which governments pay for services only if and when a service provider achieves clearly defined, measurable results. Pay for Success leverages upfront funding for service providers from the private sector and philanthropic foundations and rigorously measures the effectiveness of programs over time.

"Supportive housing is a powerful model for ending homelessness, and we've seen its tremendous impact on the most vulnerable people in our community - people who are chronically homeless and have been on the street for years," said Louis Chicoine, Abode's Executive Director. "Abode Services is excited to be working with Santa Clara County on a project that will not only change the lives of participants, but also provide a template for future programs across the country seeking the best way to address chronic homelessness."

On any given night, more than 6,500 people in the County of Santa Clara are homeless, of whom over 2,200 can be classified as chronically homeless.[1] Studies have shown that chronically homeless individuals consume significant and disproportionate government resources in the form of emergency room visits, jail time, and other services that provide only short-term relief.

The County and Destination: Home, a program of the Health Trust, supported the recently released report, "Home Not Found: The Cost of Homelessness in Silicon Valley," which indicated that more than \$3 billion of public services were used by 104,206 County residents who experienced homelessness at any point between 2007 and 2012.[2] A significant percentage of these costs were attributed to a subset of this population who are homeless for long periods of time. The study identified a group of 2,800 persistently homeless residents in Santa Clara County with average costs of about \$83,000 per year in public services. The County is committed to targeting resources to create new, ongoing housing opportunities and to prevent the dangerous cycle of long-term homelessness.

"The County selected Abode Services, one of the Bay Area's largest and most effective providers of housing services, as the lead service provider for this innovative project," said the County's Chief Operating Officer Gary Graves. "We are confident that Abode's approach of providing supportive services and helping to stabilize tenants' income, in addition to varied housing options will help to make real progress towards eliminating chronic homelessness."

For individuals enrolled in Project Welcome Home, Abode will provide an array of supportive services integrated with housing, delivered through an evidence-based "Housing First" approach, designed to end the participants' homelessness and provide increased access to ongoing physical and behavioral health services.

Project Welcome Home has received \$6.9 million in upfront funding from private and philanthropic funders. Funders include The Sobrato Family Foundation, The California Endowment, The Health Trust, The Reinvestment Fund (TRF), Corporation for Supportive Housing (CSH), The James Irvine Foundation, and Google.org. Laura and John Arnold Foundation will provide key support for the project's evaluation. As part of the upfront funding, Abode has also committed \$500,000 of deferred service fees as additional investment in the project. Through this Pay for Success model, funders will only be repaid based on Abode's success in assisting participants in achieving continuous stable housing.

"The Sobrato Family Foundation's participation in this project signals our support for keeping individuals and families permanently housed and connected to their communities," said Rick Williams, CEO of the Sobrato Family Foundation. "We also support Pay for Success as an innovative funding strategy that creates a pathway for private investors to participate in efforts to improve their communities while making a social and financial return."

Independent evaluators from the University of California, San Francisco (UCSF) will evaluate the effectiveness of the services in improving client health, social service utilization and economic benefit to the County.

Project Welcome Home participants include:

- **Government:** County of Santa Clara, California

- **Service Provider:** Abode Services
- **Funders:** The Sobrato Family Foundation, The California Endowment, The Health Trust, The Reinvestment Fund (TRF), Corporation for Supportive Housing (CSH), The James Irvine Foundation, and Google.org
- **Early Community Supporters:** Step Up Silicon Valley, Catholic Charities of Santa Clara County, Silicon Valley Community Foundation, Sobrato Family Foundation, The Health Trust, California Pay for Success Initiative (administered by Nonprofit Finance Fund and funded by The James Irvine Foundation)
- **Independent Evaluator:** University of California, San Francisco
- **Evaluation Grantor:** Laura and John Arnold Foundation
- **Government Advisor & Transaction Coordinator:** Third Sector Capital Partners, Inc.
- **Technology Partner:** Palantir Technologies

Project Welcome Home is the first of two Pay for Success projects led by the County with support from its advisor, Third Sector Capital Partners, Inc., a nonprofit organization dedicated to accelerating America's transition to a performance-driven social sector. The County's second project will focus on improving health outcomes for the County's acutely mentally ill.

The County's efforts to investigate and develop Pay for Success 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. The Sobrato Family Foundation, the Silicon Valley Community Foundation, and the California Pay for Success Initiative, administered by the Nonprofit Finance Fund and funded by The James Irvine Foundation, have provided critical philanthropic support. In structuring and developing the Project, the County and Abode Services received critical pro bono legal support from the law firms of Fenwick & West and Gibson, Dunn & Crutcher LLP, respectively. Additional legal services were provided by the law firm Miles & Stockbridge P.C. Palantir Technologies is providing the County with software and related services in support of the project.

[1] Source: Applied Survey Research. (2015). Santa Clara County Homeless Census. San José, CA [2] <http://economicrt.org/publication/home-not-found/>