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October 22, 2019

Board of Supervisors
County of Ventura
800 South Victoria Avenue
Ventura, CA 93009

Subject: Ratify the County Executive Office's Submission of an Application to the Federal Office of Justice Programs for \$2,200,000 in Second Chance Act Pay for Success Funding for the Venture Home Permanent Supportive Housing Program

Recommendation:

Ratify the County Executive Office's submission of a request to the Federal Office of Justice Programs for \$2,200,000 in Second Chance Act Pay for Success funding for the Venture Home Permanent Supportive Housing Program

Reason for Ratification:

In Mid-August the Federal Office of Justice Programs released a solicitation entitled the "Second Chance Act Pay for Success Initiative: Outcomes-based Contracting to Lower Recidivism and Homelessness" with a due date of October 15th. Due to the complexity of the grant application and the short time frame for application there was insufficient time to request permission from your Board to apply. As a result, an application was submitted to preserve the opportunity to pursue this grant.

Fiscal /Mandates Impact:

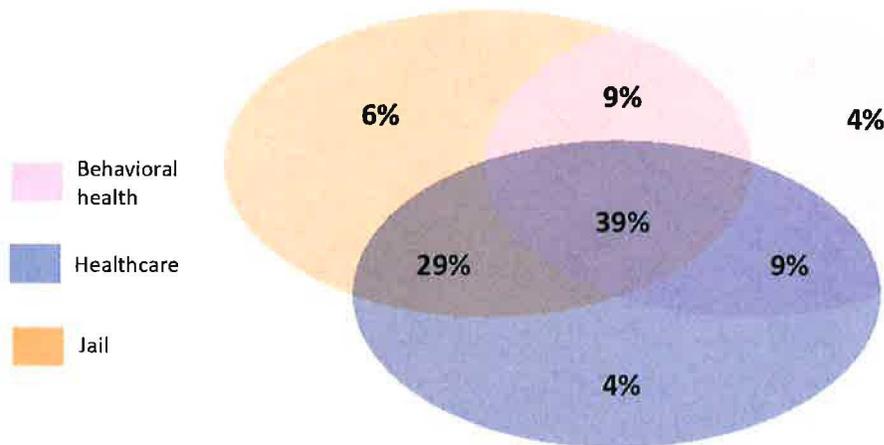
Should grant funding be offered and the program recommended for your Board's consideration, a comprehensive analysis including refinement of program design along with sources of funding for outcome payments and identification of the program's benefits will be presented to your Board for review. Payments for successful outcomes are estimated at \$5.3 million to \$7.2 million over 5-6 years as presently designed.

Discussion:

The solicitation seeks proposals from government entities to implement outcomes-based contracts with reentry and permanent supportive housing service providers to improve recidivism, housing, and related outcomes for formerly incarcerated people who are also

homeless. This grant opportunity dovetails completely with the County's May 21, 2019 Board approved application for Social Impact Partnerships Pay for Results Act (SIPPRA) funding for the "Venture Home" program. That application was developed in collaboration with Social Finance, Inc. (SFI), the non-profit conducting a local cost study on homelessness. Preliminary data from this first-of-its kind report¹, gathering de-identified client-level data, suggest that the 140 highest utilizers interface with multiple systems with a conservative estimate of \$54,000 in public costs per person annually:

Service utilization overlap: high-utilizing population (N = 140)



86% of the high-utilizing population interacted with more than 1 agency

The preliminary design of the Venture Home program aims to leverage 120 units of permanent housing for this target population with intensive case management provided by Mercy House, which has extensive experience working with the target population in other communities. Those services, including but not limited to case management, substance abuse/mental health counseling, and assistance securing and maintaining employment, would be voluntary, trauma-informed, and promote harm reduction. Outcomes to be measured under Venture Home may include housing stability, reductions in recidivism and inappropriate emergency health service utilization, and increases in income. Within the grant proposal are resources not only for an independent evaluator to verify outcomes, but funding to facilitate the County's development and maintenance of data integrity that would provide benefits long after the grant expires.

¹ Client level data was collected for FY 17 and FY 18 from Gold Coast Health Plan, Behavioral Health Department, Sheriff (jail bed days) and Emergency Medical Services Response. This study is about 85% complete, with release anticipated by the end of the calendar year.

Providing permanent housing with intensive case management services is anticipated to not only improve outcomes for those served but also provide future cost avoidance by relieving strain on the system of treatment and care for this population. Another benefit of this project would be substantial improvements in data collection and management that monitors clients as they progress through the program.

As envisioned, roughly \$7.5 million in private capital would be deployed over time with about 45 persons placed in permanent housing annually. The current estimated Venture Home program budget includes funding for temporary housing assistance, an external evaluator to validate outcomes, funding to assist with data management, administration of the pay for success program and minimum of two years of intensive case management for each household. With the homeless cost study still underway, the program design should be considered preliminary and subject to change as new information becomes available and additional analysis is conducted over the coming months.

Should our SIPPRA application be awarded and approved by your Board, without receiving Second Chance Act funding, the maximum anticipated outcomes payments from additional sources over the 6-year term is estimated at \$7.2 million, and if both grants are awarded and approved, the maximum outcomes payments would be reduced to \$5.3 million. As typical with pay for success grants, these payments include an internal rate of return for successful outcomes. Conversely, if outcomes are not achieved or are less than maximal, investors aren't repaid or receive only partial reimbursement of their investment. Actual outcomes payments, scheduled to begin two and a half years following program launch, would be based on a pre-agreed graduated level of success until the maximum successful outcome payments are achieved.

Conclusion

With the collaboration around data collection for the homeless cost study, there is renewed and increased commitment by affected agencies to find effective solutions to make homelessness rare, brief and non-recurring. The cost study is expected to not only identify the overall public cost of homelessness but will elucidate, at least in broad terms, who bears those costs and thus would be expected to benefit both financially and operationally from reduced service utilization. Staff is pursuing sources of funding for successful outcome payments from entities who will be the beneficiaries of service reductions (e.g., federal, state and local entities).

Notifications for the SIPPRA funding are anticipated in November 2019. While no award date has been published for the Second Chance Act grant, the solicitation does indicate an expected program start date of March 1, 2020. The SIPPRA and Second Chance Act funding opportunities are unique and present an unprecedented opportunity to explore the option for new federal funding to support pay for success financing structures while addressing the complex issue of homelessness. While applying for funding doesn't obligate the County to accept an award or implement a program at the scale and scope envisioned in the initial design, not applying eliminates the opportunity to participate.

If the County is offered one or both awards and our detailed analysis recommends further pursuit of this opportunity, we will return to your Board with considerably more information and options for program design, scaling, and funding with a more detailed accounting of all revenues, costs and sources for successful outcomes payments.

This item has been reviewed by the offices of the Auditor-Controller and County Counsel. Should you have questions, please contact Christy Madden at 654-2679 or Frank Chow at 654-2686.

Sincerely,



Christy Madden
Sr. Deputy Executive Officer



m.p.

Michael Powers
County Executive Officer