



Poverty and Homelessness Board

Thursday, June 18, 2015

12:00 p.m. – 1:30 p.m.

Lane County Youth Services Serbu Campus, Carmichael Conference Room
2727 Martin Luther King Jr. Blvd. Eugene, OR

AGENDA

Time	Topic
11:45 a.m.	Arrival and Lunch
12:00 p.m.	Welcome and Introductions <input type="checkbox"/> Self-introduce with your name and organizational affiliation
12:05	Public Comment Individuals who plan to offer comment must sign in with name and contact information prior to beginning of the meeting.
12:15	Follow-Up from Previous Meeting Approve Minutes of May 21, 2015
12:20	<u>Committee Reports</u> <input type="checkbox"/> <i>Steering Committee/ Pat Walsh</i> <input type="checkbox"/> <i>Strategic Planning/ Steve Manela</i> <input type="checkbox"/> <i>Legislative/ Steve Manela</i> <input type="checkbox"/> <i>Housing First Project/ Jacob Fox</i> <input type="checkbox"/> <i>Veterans Committee/ Pat Farr</i> <input type="checkbox"/> <i>HMIS/ Lisë Stuart</i>
12:40	Focus Topic 1: Mental Health Services/ Carla Ayres, Lane County Behavioral Health Supervisor Lane County Behavioral Health Services Overview; Mental Health and Homelessness <i>Information/ Discussion</i>
1:20	Wrap up Summarize board decisions, assignments, and next steps
1:25	Planning the July 16 Agenda What new business should the PHB consider at its next meeting? <u>Suggestions:</u> <i>Follow up Criminalization of Homelessness</i>
1:30 p.m.	Adjourn

Poverty and Homelessness Board

Strategic Plan Introduction & Goals Draft

The Poverty and Homelessness Board (PHB) is an action-oriented 17-member group comprised of elected officials, community stakeholders, and individuals who represent low-income and homeless people's concerns. It provides advice to the regional Human Services Commission and the Lane County Board of County Commissioners with the goal of reducing and preventing poverty and homelessness in Lane County. The PHB serves as the administrative board for the Lane County Community Action Agency and as the oversight board for the Lane County Continuum of Care.

PHB Mission

The mission of the PHB is to create innovative partnerships and programs that use best practices to reduce poverty and homelessness in Lane County. The PHB will work to generate community and legislative support and other resources for housing and services to achieve its goals.

PHB Purpose

- ❖ Assist in the development and delivery of housing and services to meet the needs of people who are impoverished or homeless; help maximize the allocation of local, state and federal funds for this purpose.
- ❖ Participate in monitoring performance and evaluation of outcomes of programs serving low-income and homeless persons in Lane County.
- ❖ Help establish priorities among projects, activities, and programs to ensure the best and most efficient use of resources.
- ❖ Provide coordination among the systems serving those who are impoverished and homeless.
- ❖ Promote access to and effective use of mainstream programs.
- ❖ Promote community-wide commitment to the goals of ending homelessness and assisting low-income individuals to meet their basic needs and achieve self-sufficiency.
- ❖ Collect, coordinate and disseminate information about the problems and causes of homelessness and poverty in the community.

PHB Strategic Plan Purpose

The aim of the Poverty and Homelessness Board strategic plan is to provide guidance and direction for the board as it sets and periodically readjusts its priorities over the next one to five years. The goals and strategies articulated in the plan are intended to provide a "North Star" to guide the board and its partner organizations as they focus on the issues of homelessness and poverty in Lane County. It is designed to inform and work in alignment with current jurisdictional and community plans such as the Eugene-Springfield Consolidated Plan the Lane County Community Health Improvement Plan and others. The strategic plan is intended to reflect alignment and the positive outcomes that can result from the cooperation and collaboration of many community partners sharing common goals.

Areas of Strategic Focus

Initially, five areas of strategic focus have been identified to guide the work of the PHB and its partners in developing goals and strategies to be implemented between 2015 and 2020. They are:

- ❖ Increased *availability* of supportive housing and services for the most vulnerable, chronically poor, and homeless.
- ❖ Improved *access* to supportive housing and services for the most vulnerable, chronically poor, and homeless, as measured by equity, timeliness, reintegration, and an effective single point of entry.
- ❖ Increased prevention to stabilize those at risk of becoming homeless.
- ❖ A coordinated system of housing and service delivery.
- ❖ A coordinated information system to provide analysis, and performance and outcomes measurements on poverty and homelessness.

Principles

At its initial meeting, the PHB adopted several key principles to help guide its work in reducing poverty and homelessness. The work of the PHB will be:

- ❖ **Focused and Targeted**
A clear focus will be placed on priority populations who are the most vulnerable, chronically poor, and homeless.
- ❖ **Measurable**
Strategies will be developed to make a meaningful impact on priority issues within set timelines and they will result in measurable outcomes.
- ❖ **Evidence-based**
The PHB will apply evidence-based best practices to achieve its goals. The role of research and evaluation will help ensure desired outcomes and build a process for continuous improvement.
- ❖ **Efficient and Cost-effective**
The PHB will ensure the best use of resources toward its goals and explore new ways of generating funds from local, state and federal sources. The board will challenge itself to improve outcomes through efficient, collaborative service delivery.

❖ **Coordinated and Collaborative**

The PHB will coordinate and collaborate with current initiatives, including: housing, health, education, economic development, early learning, juvenile justice, child welfare, workforce development, and coordinated care.

DRAFT Strategic Goals

Strategic Focus: Availability and access to supportive housing and services

GOAL: Create additional housing with services for chronically homeless individuals including veterans, persons with mental illness and/or substance abuse issues.

GOAL: Increase the number of transitional housing units for people with mental illness, drug and alcohol abuse issues, victims of domestic violence, and for people transitioning from the criminal justice system.

GOAL: Create medical respite and winter season emergency shelter beds to include people who are actively using alcohol and drugs.

Strategic Focus: Prevention of homelessness and poverty

GOAL: Increase stability of low-income families with children in the seven Lane County neighborhoods with the highest concentrated poverty (urban and rural). Ensure they are stably housed and have adequate employment income and/or benefits to meet their basic needs.

GOAL: Reduce first-time homelessness among low-income families with children and school age youth.

GOAL: Increase employment opportunities, education and employment and training activities for participants who are chronically in poverty, and/or homeless with special needs.

Strategic Focus: Coordinated systems of housing and service delivery

GOAL: Increase opportunities to enhance services through service integration and coordination and the development of new partnerships with affordable housing, healthcare, employment and training, education, and corrections.

GOAL: Advocate for changes to state and federal policies and procedures that will remove barriers to service delivery and will support collaborative efforts to reduce poverty and homelessness.

Strategic Focus: Coordinated information systems and public awareness

GOAL: Create a higher level of public awareness about the high cost and inefficiency of managing untreated mental illness through the law enforcement, criminal justice, and emergency medical care systems.

**Poverty and Homelessness Board – Facilities Committee
Housing First Project Due Diligence/Implementation Plan
Proposed process draft 150617**

Background

The Poverty and Homelessness Board (PHB) has determined that a Housing First project should be a priority for the community. The PHB has formed a facilities committee to explore this project and other projects that the PHB prioritizes. The facilities committee had one meeting in October. SVdP, HACSA, Lane County and the City of Eugene have met to discuss the due diligence process that would be necessary for a determination to be made as to whether this project will make a measurable difference in ending homelessness in our community.

Project Vision

Housing First projects have been implemented in numerous communities across the nation and in addition to improving the health and stability of the residents they have also demonstrated cost savings for hospital emergency rooms, law enforcement and corrections.

This project will be a 40 - 50 unit apartment community with ample common space for case management and health related services. This project will be a Housing First community programmed with a set of strategies aimed at first establishing permanent housing for medically fragile, chronically homeless people and then providing them social, and medical and behavioral health recovery services.

The goal of this project is to use a Housing First approach to stably house chronically homeless individuals who have been the most challenging to engage, have a history of alcohol abuse, substance abuse and/or mental illness, physical disability or chronic health condition. These are individuals who have been unsuccessful in accessing existing permanent supportive housing (PSH). Additional goals include enrolling these clients in Medicaid and providing recovery services.

Emergency medical systems and criminal justice involvement will be reduced - ER visits reductions will suggest that the intensive case management provided by the project will be a promising means for helping clients obtain the appropriate type of health care. Criminal justice system involvement will reduce through a decrease in jail bookings and court cases.

Key questions

There are two key questions that we need to get community input on related to this project:

1. Is there a documented community need for this project?
2. Is there support from elected officials and senior leadership from local jurisdictions, health care providers, service providers, courts, law enforcement and corrections?

An overview of the process

1. The PHB facilities committee will review and provide input on this due diligence/implementation process plan.
2. The PHB will review and provide input on this due diligence/implementation plan.
3. The PHB will empower a Housing First action team to complete this process. This team will meet monthly and be chaired by Jacob Fox. The committee will include Steve Manela, Stephanie Jennings, Anne Williams, Dan Bryant, a rep from health care, a rep from service providers, a rep from the Housing Policy Board, a rep from courts, a rep from law enforcement and a rep from corrections.
4. The Housing First action team will launch its work by holding three focus groups to gather input
 - a. Focus group #1 – Service providers to review the community need data and to get input on how we will determine who will live in this apartment community.
 - b. Focus group #2 – Law enforcement, courts and corrections to review the community need data and to gain their support for this project. We will likely use the existing regular meeting of the Public Safety Coordinating Council for this focus group.
 - c. Focus group #3 – Health care providers to review the community need data need, discuss how the cost benefit of this housing first project could be measured and to seek support for this project.
5. SVdP and HACSA will work in collaboration with the Housing First action team to put together a development budget and an operating budget for the project.

Timeline

Week of May 18th, 2015 this proposed process document will be distributed to the PHB facilities committee

Week of June 8th, 2015 the Facilities committee will meet and finalize the proposed process document and the specific members who will comprise the Housing First action team

June 18th, 2015 the PHB approves final draft of the proposed process plan and membership of the Housing First action team

Week of July 20th the PHB chair officially welcomes members of the Housing First action team.

Week of July 27th the Housing First action team has first meeting and discusses housing first best practices and the focus group plan

Week of August 17th the Housing First action team has second meetings and finalizes focus group plan

Week of September 21st the Housing First action team holds first focus group

Week of September 28th the Housing First action team meets and debriefs first focus group

Week of October 12th the Housing First action team holds second focus group

Week of October 19th the Housing First Action team meets and debriefs second focus group

Week of November 2nd the Housing First action team holds third focus group

Week of November 9th the Housing First action team has fifth meeting and debriefs third focus group

Week of November 16th and November 23rd the Housing First action team finalizes Housing First Project Recommendation Report

Week of December 7th the PHB Facilities Committee discusses and approves the final Housing First Project Recommendation Report

December 17th the PHB discusses and approves final Housing First Project Recommendation Report

BOG SQUADS – Taking Action to End Veterans' Homelessness (updated 6/9/15)



We're now launching the next phase of our quest to end veterans' homelessness, breaking into the following action-oriented, boots-on-the-ground (BOG) squads. Once again, ***we need your help!*** Your mission, if you choose to accept it, is to volunteer for one of the listed BOG squads, and to blaze a trail through your group's focus area, immediately developing action plans and tactics, and taking on specific roles within a specified timeline –tell us who plans on doing what by when! Remember that our strong emphasis should be on steps we can take that have a good likelihood of housing more vets within the next 5 months! If you're ready to take this on please let me know immediately, if not sooner, and I will wrap you into the work.

Thanks,

Tod Schneider tod.schneider@ci.eugene.or.us 541 682 8442

i. <u>PR/COMMUNICATIONS/MEDIA SQUAD</u>	<u>Fearless volunteers so far</u>
This squad will be focusing on all aspects of community education, including landlord outreach, PR for micro-housing and camps, giving voice to the homeless, reducing community fear of the homeless and building our supporter base in general. One task will be to create clear, easy to understand materials for landlords, explaining and promoting voucher programs	Pat Walsh (www.voxprpa.com) will take the lead on this. He should have a framework put together by 6/12/15, at which point we'll be in a better position to know how others can help, and to make an overall game plan with a time line. Larry Abel (HACSA) and Andy Vobora (LTD) offered assistance with communications. Tia Politi (Acorn Properties) and Larry Abel are already working on an outreach letter to landlords.
ii. <u>NEW PROGRAMS & FACILITIES SQUAD</u>	
This squad will focus on quickly developing new programs or facilities, including respite beds, mass leasing, creative landlord partnerships and possibly establishing a VA community integration project.	Lorie Perkins (Housing Our Vets) is looking into buying at least one new building, and is exploring what can be done about one she currently runs for vets, which may require fire sprinklers in order to meet HUD requirements – an expensive proposition. Margaret Salazar (HUD) and Chuck Hauk (HACSA) are looking into options. Lorie may have an update by 6/11/15. For those of you with multiplexes to run, we're generally interested in the mass leasing concept, so if you own or manage a multiplex and you're open to partnering with others to run a vet-oriented facility, let me know. Stephanie Jennings offered to look into the possibility of more respite beds via Sheltercare. Tod Schneider is looking into replicating the Community Integration Project, currently run by Columbia Care in White City, in cooperation with the VA. (David Strain from the VA, Joseph Chick and Jody Parrott from CC helping with this). I hope to hear back about this by 6/12/15.
iii. <u>NEW SITE SQUAD</u>	
The New Site Squad will scour the area for properties that could be put to good use fairly quickly, with some interest already expressed in National Guard property, or city property near the fairgrounds. These might include sites for micro-housing or camp sites, but could also include delinquent, foreclosed, or otherwise distressed properties that might become available with a little support. Zoning obstacles	Emerald Village Eugene just announced the launch of their newly acquired site in Whiteaker neighborhood (Congratulations to Dan Bryant et al), but I don't have any specifics on how many spots might go to vets, and it's probably too early to say. C.S.S. is working on a new vet camp at the Mission (Thanks, Erik and Faye), and there may be room for more huts there. Electricity would also help. Funding for either would be appreciated. Dan was also going to look into a couple of properties for possible use for micro or alternative approaches, including the National Guard site near the fairgrounds and what was once the Naval Reserve facility nearby that was demolished. Stephanie Jennings advises that the land is city-owned and zoned for public use. She further advises, "We have been talking with Council for some time about making this a

<p>might be explored. Older student housing may also find a place in the mix. One place to start might be to determine the best way to find such properties.</p> <p>On an individual basis, any of you who can reach out to institutions of any kind, to see if they would take in at least 1 vet in a Conestoga camper or equivalent, would be appreciated. Campers are screened by SVDP, then screened again by the host to find a reasonable match. (City code permits up to a maximum of 6 campers per such sites.) This not only helps out a vet, it also provides the business, church or facility with a caretaker for after hours at minimal cost.</p>	<p>landbank site for future affordable housing development but it would need a metro plan amendment first.” She further advises that, “The site on the corner of Chambers and 13th is owned by the Army National Reserve. I don’t know what their plans are for the site.”</p> <p>There was some enthusiasm at the summit regarding working out arrangements with delinquent or foreclosed properties. Great idea, but riddled with complications. Still, if the right property came along the concept would be to forgive tax arrears in exchange for an agreement to rent to vets.</p> <p>Richard Herman (Cornerstone) was going to explore possible inroads with older student housing; Mitch Trotter and James Manning were going to explore longer term family housing.</p> <p>John Brown and Wayne Martin will continue looking into River Keeper possibilities for Conestoga huts.</p> <p>C.S.S. remains interested in the Forest camp, but that’d be a complex project, not an option for extremely short term solutions.</p>
<p>iv. <u>IMPROVED ACCESS TO EXISTING OPTIONS SQUAD/ SERVICE DELIVERY/ CONNECTIVITY/PLACEMENT</u></p>	
<p>The Improved Access Squad will look for ways to streamline service delivery, improving outreach and connectivity. They’ll make sure we’re doing the best possible job identifying vets with the highest needs, building trust with them and connecting them with support services and housing that best meets their needs. This may include boosting VASH vets on various waiting lists, to get them into housing as quickly as possible; looking at ways to establish a peer network for mutual support; or making it easier for vets to recognize police officers who are veterans. The group also look for ways to strengthen police awareness of resources for vets.</p>	<p>A number of good ideas came up that fall into this category, generally having to do with doing a better job of connecting vets with existing resources. Individuals offered to help promote: identifying high acuity vets (Joby Reilly), Improving the matching of vets with providers (Ann Williams), and encouraging service workers to ask about vet status (Noreen Dunnell and Amanda McCluskey.) There was also support for improving police training and resources around responding to vets, including wearing an emblem that would make it easy for vets to know an officer was also a vet (Eric Klinko, Sam Kamkar).</p> <p>One suggestion, perhaps with the most likelihood of directly boosting the number of vets housed, is to adjust the section 8 regulations, giving vets top priority. A half dozen of you volunteered ideas or energy around this, and I believe HACSA jumped on it and already made the changes. (Thanks Larry Abel, Chuck Hauk, Dan Rupe, Richard Herman and Connor McDonnell).</p>
<p>v. <u>FUNDING SQUAD</u></p>	
<p>All of the above will be a whole lot easier if we can find funding. This squad will look for creative funding possibilities (such as dedicated tax funds), donations, and anything else they can think of. They may help sort out where to maintain a fund, as well as look for financial sweeteners with which to recruit more landlords.</p>	<p>This is obviously a challenging area, so it was greatly appreciated that John Cox (Rotary) volunteered to put some energy into this topic with the micro-housing and Conestoga breakout group. Tim Angle (SVDP) is working on a trust fund model, which would move the 365 fund under the umbrella of the HMIS Continuum of Care (stay tuned), making the fund easier for other agencies to access, perhaps. Mayor Piercy agreed to look into possibly earmarking some of the money that comes in through the rental-owner’s fee, John Brown was going to look into tax write-offs and Claire Syrett was going to look into incentives for landlords. Meyer Memorial and State Recording Fee funds may be sources for cash worth further exploration.</p>

WONDERING HOW YOU CAN HELP? HERE ARE SOME SUGGESTIONS:		
Cash	Time & Energy	Property, Buildings & Construction
Operation 365 fund, Home for Holidays funds for donut hole (any amount)	Recruit more spots for single Conestogas, micro-housing or trailers.	Establish high acuity housing w/ case mgt. (wet housing, TBI, dual diagnosis, etc.)
2nd Chance tuition (\$200/ person)	Recruit Landlords. We have the vouchers, but not the housing.	Provide sites for micro-housing or alternative shelters.
Hope Center Internet access (\$500)	Recruit landlords to reach out at the Stand Down, Sep. 25 TH 2015.	Build more affordable housing.
Hope Center computer, printer, fax (\$1,000)	Find multi-unit locations for micro-housing developments or Conestoga safe spots.	Donate computers, printer and fax machine to the Hope Center.
Life Change program at the Mission (\$5,000/person)	Establish Govt/Social Service Frequent flyer team / Million Dollar Murray focus	Trailer donations.
Electricity for vet row of Conestogas at mission (\$10,000)	SOAR volunteer, (requires 20 hr. on line training) to help vets with filling out applications for ID, SSI, etc.	Donate property or buildings.
2 nd Chance overall program funding (\$35,000 shortfall)	Volunteer with agency of your choice, drawing on your skill set.	Donate goods (i.e. construction materials, socks, sleeping bags.)
Conestoga huts (est. \$1,000 each.)	Landlords / Govt / Social Services partnership to expand opportunities.	Donate habitable trailers.
1 on 1 sponsorships of vets or vet families at imminent risk of homelessness, through SVDP (varies, avg. \$1,000/vet)	Provide liaison to landlords to help establish joint efforts.	Provide housing for registered Sex Offender s(RSO).
HC remodeling (\$43,000)	Host bake sales, yard sales, pizza nights, dance marathons, etc.	
Two additional case managers for Mission (\$100,000)		
Ongoing case management or agency funding of your choice.		

If any of this grabs you but you're not sure who to contact in order to pursue it, contact: Tod Schneider, 541-682-8442
tod.schneider@ci.eugene.or.us

(BOG) SQUADS UPDATE 6/11/15 from Tod Schneider City of Eugene
Veterans Homelessness June 1 Summit Boots-on-the- Ground

Here's a FIRST 10 DAYS update since the June 1 summit to move forward on the Operation 365:
COMMUNICATIONS

Pat Walsh is working hard on a communications/PR/timeline master plan, a draft of which should be ready imminently. Larry Abel drafted a cover letter to use in reaching out to landlords. It is now going through edits. Hopefully it'll be in shape for signatures from Kitty and Pat by Monday. Chuck Hauk is doing some work on accessing landlord addresses.

NEW PROGRAMS

David Strain will check with Jody Parrott about the White City Community Integration Project (a partnership between the VA and Columbia Care that provides high acuity/wet housing) to see if it's viable to reproduce in Eugene. (I spoke with Jody last week and was impressed by what they've got going on. In addition to the housing and case management they put in a large organic garden and beehive operation that helps feed their community.) Lorie Perkins had some phenomenal news this morning: she has a line on a 25 unit student housing project to purchase. She believes the students are all about to depart due to the school year ending, so the timing could be perfect. She'll know more, she thinks, after a walk-through this weekend.

Students are scheduled to vacate 10 slots in her 18th and Willamette property, opening up those beds for vets by the end of July. The problem at that site continues to be the lack of fire sprinklers, which makes the units unacceptable for HUD-VASH usage. She will look into the cost of sprinklers.

Lorie is remodeling a 4 bedroom house on Elmira Street, which should be tenant ready by July. She's also building a duplex on the 1 acre property, for another 2 single-person slots, aiming to be ready by August. Vets will be able to have their service dogs, and 3 huge shops on the property will lend themselves to all kinds of projects or cottage industries. So altogether, if all of Lorie's work comes to fruition, she'll be providing clean and sober housing for 41 vets by mid-summer!

NEW SITES

Dan Bryant is looking into parcels connected to various branches of the military. His group has launched the EVE micro-housing project in the Whiteaker neighborhood, which potentially can include some homes for vets. The houses will cost about \$15,000 each to build.

Erik De Buhr has already built five huts at the new Mission site. The potential there is for up to 15 huts, with electricity for heat, if we can come up with \$17,000 to complete the project.

Keith Heath from SVDP is researching a site on 6th to see if it would be workable as a multi-hut site.

John Brown and Wayne Martin agreed to look into the River Keeper model, placing caretakers in the parks to help keep the riverbanks clean and visitors feeling safe. Any institutions that want to take in a camper would also be helpful. Community Supported Shelters can put together 4-5 huts per month with their current staff. There's potential to build even more, but that would require additional staff and the costs would likely rise. Conestogas currently cost about \$1350 each to build.

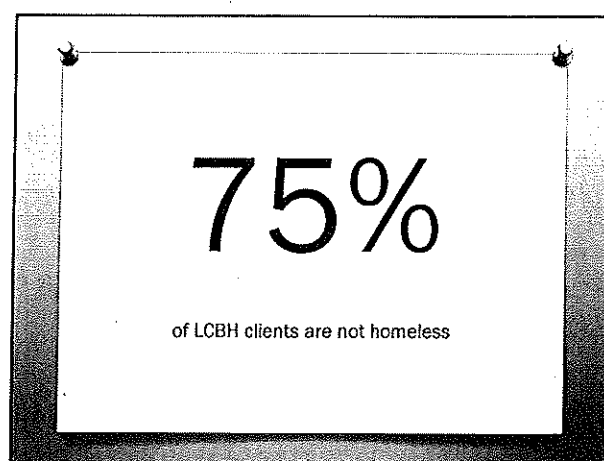
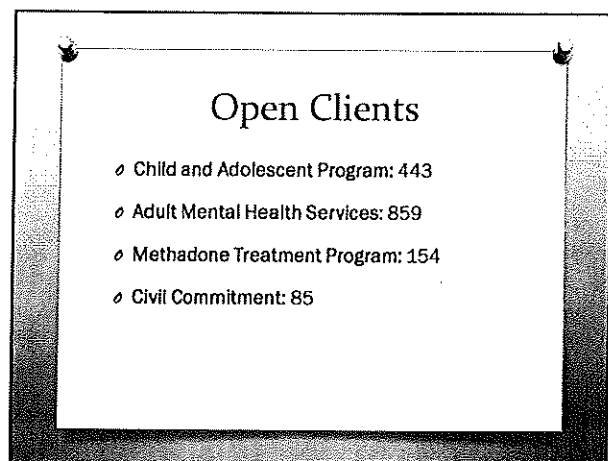
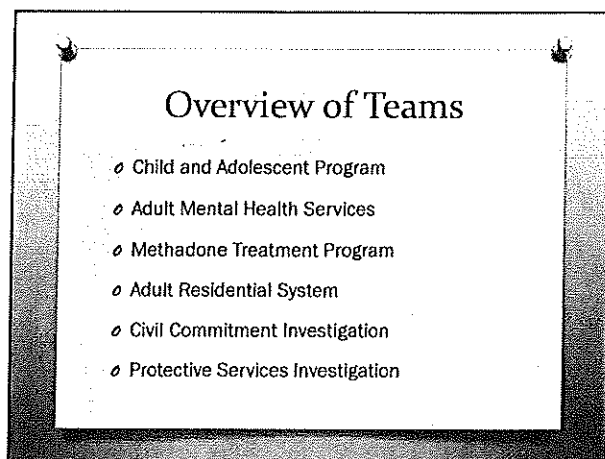
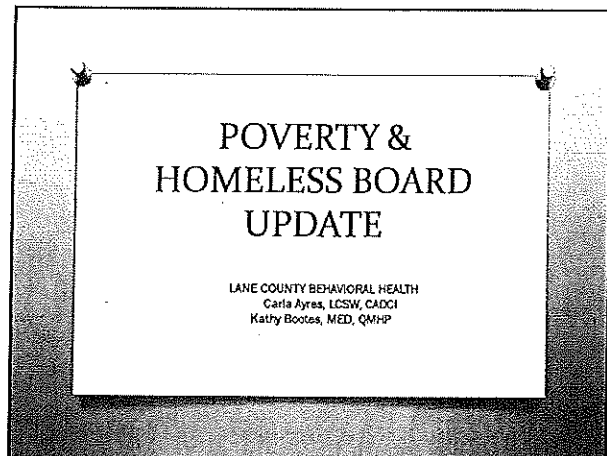
IMPROVED ACCESS

Stephanie advises me that a group is already looking into how best to draw on the Meyer Memorial Trust. Noreen Dunnell and Amanda McCluskey agreed to reinforce asking clients about vet status. Chuck Hauk and Larry Abel, moving at lightning speed, established top priority in a number of facilities for vets seeking housing with section 8 funding. Sam Kamkar and Erik Klinko at EPD are working on enhancing police – vet services. I've sent out a plea to pull together interested parties in identifying next steps for the Improved Access BOG squad. Possibilities include rebuilding the 365 fund, building a peer support network, bankrolling Hope Center internet and equipment and 1 On 1 adopt-a-vet approaches.

FUNDING

John Cox, from Rotary, courageously has stepped up to serve on this squad, but there's plenty of room for more help in this category! Tim Angle is working on setting up a new approach to the fund, moving it into the HMIS operation. Funding options include everything from bake sales to public pleas, to private grants or government funding. By my first blush accounting, \$80,000 would be a good ball-park figure to launch most of the fast turn-around, high impact options discussed so far.

If you want to be more involved, let me know! There's still room for participation in the BOG squads of your choice.



LCBH Homeless Statistics

(April 2014-April 2015)

HOUSING STATUS	Courtesy Dwelling	Methodone Pre-Ad	Methodone Tr	MH Adult Outpatient	MH CAP Intensive	MH CAP OP
At Risk for Homeless			1	26		
Currently not Homeless, was in Last 12 months				32		1
Homeless Unknown Shelter			8	21		4
Living in Shelter				24		
Living with Others						
Not Homeless	26	19	54	208	1	29
Street, Camp, Bridge	5	5	88	687	35	635
Transitional Housing				25		1
Grand Total	31	25	151	1,013	36	670

82%

of LCBH clients are <101% FPL

LCBH Poverty Statistics

(April 2014-April 2015)

Federal Poverty Level	Courtesy Dwelling	Methodone Pre-Ad	Methodone Tr	MH Adult Outpatient	MH CAP Intensive	MH CAP OP
<101%	16	18	118	851	8	533
101-150%	1	1	16	103	1	66
151-200%	3		7	31	1	31
Over 200%	1	5	10	17	6	40
Grand Total	31	25	151	1,013	16	670

Federal Poverty Guidelines

2015 POVERTY GUIDELINES
ALL STATES EXCEPT ALASKA AND HAWAII AND DC

ANNUAL GUIDELINES											
PERCENT OF POVERTY GUIDELINE											
FAMILY SIZE	100%	125%	150%	175%	200%	250%	300%	350%	400%	450%	500%
1	\$17,722	\$22,152	\$26,582	\$31,012	\$35,442	\$44,253	\$53,064	\$61,875	\$70,686	\$79,497	\$88,308
2	\$23,682	\$29,602	\$35,522	\$41,442	\$47,362	\$59,203	\$70,964	\$82,725	\$94,486	\$106,247	\$118,008
3	\$29,642	\$37,052	\$44,462	\$51,872	\$59,282	\$74,103	\$88,864	\$103,625	\$118,386	\$133,147	\$147,908
4	\$35,602	\$44,502	\$53,402	\$62,302	\$71,202	\$89,003	\$106,804	\$124,605	\$142,406	\$160,207	\$178,008
5	\$41,562	\$51,952	\$62,342	\$72,732	\$83,122	\$103,923	\$124,724	\$145,525	\$166,326	\$187,127	\$207,928
6	\$47,522	\$59,402	\$71,282	\$83,162	\$95,042	\$119,843	\$144,644	\$169,445	\$194,246	\$219,047	\$243,848
7	\$53,482	\$66,852	\$80,222	\$93,592	\$106,962	\$135,763	\$164,564	\$193,365	\$222,166	\$250,967	\$279,768
8	\$59,442	\$74,302	\$89,162	\$104,022	\$118,882	\$151,683	\$184,484	\$217,285	\$250,086	\$282,887	\$315,688
9	\$65,402	\$81,752	\$98,102	\$114,452	\$130,802	\$167,603	\$204,404	\$241,205	\$278,006	\$314,807	\$351,608

Transformation Project

- *Project started in December 2014 and is ongoing*
- New levels of care: Access, High Acuity, Outpatient
- Utilize evidenced based tool to determine level of care
- Team-based care and easy access to services
- Increase groups, peer support, community connections
- Integrated behavioral health, physical health, addiction services
- Create financially sustainable clinic

Mental Health & Criminal Justice

- Jail Diversion Program
- Psychiatric Security Review Board
- .370 Unfit to Proceed
- Mental Health Court
- Discharges from Prison

What does our residential system look like?

- 2 Secure Residential Treatment Facilities with 1 pending (17 beds)
- 3 Residential Treatment Facilities (32 beds)
- 4 Residential Treatment Homes (20 beds plus ACT Housing)
- 19 Adult Foster Homes (89 beds)

How to connect with LCBH

- Access to Care
- Questions and Answers
- **Main Clinic Location:**
2411 Martin Luther King Jr Blvd
541-682-3608

LCBH Homeless Statistics

(April 2014-April 2015)

HOUSING STATUS	Courtesy Dosing	Methadone Pre-Ad	Methadone Tx	MH Adult Outpatient	MH CAP Intensive	MH CAP OP	Grand Total
At Risk for Homeless			1	26			27
Currently not Homeless, was in Last 12 months				12		1	13
Homeless Unknown Shelter			8	25		4	37
Living in Shelter				24			24
Living with Others	26	19	54	208	1	29	337
Not Homeless	5	5	88	687	15	635	1,435
Street, Camp, Bridge				25		1	26
Transitional Housing		1		6			7
Grand Total	31	25	151	1,013	16	670	1,906

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comment june 18, 2015

BY TODD KIESER

For The Register-Guard

MARCH 26, 2015

Bill would stop making criminals of homeless

The criminalization of people who are homeless harms Oregon communities. People who are homeless are stigmatized, traumatized, degraded and face barriers that hamper their ability to find permanent housing and jobs, due to the current costly and ineffective criminalization laws.

The proposed Oregon Right to Rest Act, Senate Bill 629, can help reduce chronic homelessness. It protects the basic human need to rest and sleep, helps end the shaming of poor people and discrimination against them, and encourages communities to use tax dollars more wisely in addressing homelessness.

As many as 3,000 people may be homeless in Lane County, and most of them live in the Eugene-Springfield area. An estimated 63 percent of those who were homeless in Lane County in 2013 were without shelter, giving this area the nation's 19th-highest per capita number of unsheltered homeless people.

The Right to Rest Act, sponsored by state Sen. Chip Shields, D-Portland, and Rep. Joe Gallegos, D-Washington County, would allow all people the right to sleep in public space. This would directly benefit those who are homeless and suffer sleep deprivation due to being constantly awakened by police and told to move on.

But where can they move to? Eugene has ordinances prohibiting camping or sleeping in vehicles in public space, meaning there is no legal and safe place for people who lack shelter to sleep undisturbed. Sleep deprivation has serious health consequences and can lead to high blood pressure, diabetes, irritability and hallucinations. Sleep deprivation is used as a form of torture.

The Right to Rest Act would remove an important roadblock to getting more people housed by not giving a criminal record to people who have simply performed the biologically necessary act of sleeping. Imagine the harm to a person's sense of self-worth when faced with homelessness and how it plummets further with each citation and each additional day of living without shelter.

Most people who are homeless and who have a good chance of getting their life together now have to answer "Yes" when a prospective landlord or employer asks, "Have you ever been convicted of a crime?" Even if the question is not asked directly, a background check can reveal a criminal history of minor offenses stemming from being homeless. Criminalization of homelessness impedes future employment and a person's ability to find affordable housing, which adds to chronic, long-term homelessness.

The Right to Rest Act would help end socially approved discrimination that casts a stigma on our poorest and most vulnerable population. Data show that communities that criminalize homelessness have higher rates of violent crimes, including hate crimes, committed against people who are unsheltered and unhoused. Some complain about the abuse of drugs, including alcohol, among those who are unhoused. Why do we forget that addiction to alcohol and other drugs is an illness? When housed people abuse these substances, we acknowledge their illness and encourage treatment. Why does that change when the abuser is without housing? Why is a different standard applied?

Some argue that anti-camping and anti-rest ordinances (such as laws prohibiting loitering) are not aimed at people who are homeless but are neutral and apply to all. Who, however, is more likely to need to stop to rest or sleep in public space than people who are unhoused? It is discriminatory to criminalize those who are homeless, when their only recourse is to rest where they may be noticed, cited, fined, jailed, and even lose their possessions.

The Right to Rest Act also reminds us of a fact verified by study after study: It costs far more to jail someone than to provide access to affordable housing. The Right to Rest Act will not only require more humane treatment of those who are without shelter, but it will end wasteful spending of tax dollars. It costs about \$90 to \$250 a day to keep someone in jail. At \$90 a day, that means a cost of almost \$3,000 per month per person, or \$36,000 a year — which is the equivalent of giving each homeless person a job paying \$18.75 an hour. Opportunity Village Eugene provides tiny houses that shelter 35 people for approximately \$3 per person per day.

In short, the criminalization of homelessness is ineffective, expensive and harms people who are without housing. The only solution to homelessness is to house people.

The first step in helping those without shelter to survive and become integrated into the larger society is to do no harm. Criminalization harms human beings every day.

Todd Kieser of Eugene is a civil rights activist who recently testified in favor of the proposed Oregon Right to Rest Act before the Senate Committee on Human Services and Early Education.

MASSACHUSETTS LAUNCHES PAY FOR SUCCESS INITIATIVE TO REDUCE CHRONIC INDIVIDUAL HOMELESSNESS

FRAMINGHAM – Monday, December 8, 2014 – Governor Deval Patrick today announced the launch of a Massachusetts Pay for Success (PFS) initiative that will leverage philanthropic and private capital investments to reduce chronic individual homelessness, creating a new model of sustainable state support for chronically homeless individuals. The initiative will provide 500 units of stable supportive housing for up to 800 chronically homeless individuals over 6 years, improving the well-being of individuals while saving taxpayer dollars by reducing the utilization of costly emergency resources like shelter and Medicaid payments.

"Government's role is to help people help themselves. It is critical that we reduce the reliance on emergency services and provide individuals safe and stable housing that will help strengthen our communities and last for generations to come," said Governor Patrick.

PFS contracts, also called Social Impact Bonds, combine nonprofit expertise and private sector funding with rigorous evaluation to transform the way government and society respond to chronic social problems. In a PFS initiative, philanthropic and private investors provide up-front funding for a project; the Commonwealth only repays investors if a third party evaluator determines the initiative achieved specific, predetermined outcomes that benefit society, including saving taxpayer dollars.

This project leverages \$1 million in philanthropic funding and \$2.5 million in private capital investments from Santander Bank N.A., the Corporation for Supportive Housing (CSH) and United Way of Massachusetts Bay and Merrimack Valley. Through the PFS model, the investors assume project risk by financing services up front with the promise of Commonwealth repayment only in the event of success.

The Commonwealth's PFS initiative is part of an ongoing commitment by the Patrick Administration to reform the way Government does business by identifying innovative programs that improve outcomes and save money. If this program is successful, the Commonwealth will make up to \$6 million in success payments to repay investors and cover evaluation and intermediary costs. Success will be based on the stable housing for at least one year of chronically homeless individuals participating in the initiative. The maximum possible return to investors is 5.33 percent.

"Pay for success contracts are a smart way for government to raise resources to invest in innovative approaches to solving chronic social problems. We only pay for programs that work, helping us improve the well-being of those served while saving the Commonwealth money," said Secretary of Administration and Finance Glen Shor.

By repurposing existing state and provider resources, this project will maintain a significant number of the 500 units of supportive housing even after the six-year pay for success period concludes, creating a new model of sustainable state support for chronically homeless individuals. If successful, this initiative will greatly reduce the Commonwealth's population of chronically homeless individuals by serving up to 800 of the state's approximately 1,500 chronically homeless individuals.

"Working together, with a shared vision for our Commonwealth's future, we can help build a bridge to stability for vulnerable individuals who need assistance during difficult times," said Health and Human Services Secretary John Polanowicz. "Critical community-based support such as care coordination and behavioral health services will help individuals maintain housing, reduce their reliance on hospitalization and find personal success."

"This project will greatly expand permanent housing options with ongoing support services for low income individuals. DHCD is proud to participate in this new collaborative initiative that could serve as a model for other state," said Undersecretary for the Department of Housing and Community Development Aaron Gornstein."

In January 2012, Massachusetts announced a first-in-the nation initiative to allow Massachusetts to enter into PFS contracts designed to encourage innovative solutions to social problems, improve the performance of government, and save taxpayer money. Through the legislative authorization of the Social Innovation Financing Trust Fund, the Secretary of Administration and Finance is able to enter into up to \$50 million in pay for success contracts, backed by the full faith and credit of the Commonwealth.

"We are grateful to the Patrick Administration for creating this exciting new supported housing initiative that will help the Commonwealth move more quickly along the path to ending single adult homelessness in Massachusetts. Also, we know from experience, that this initiative will significantly reduce both the human and financial costs of homelessness. We are delighted to be working in partnership with state government and the Massachusetts Housing and Shelter Alliance and its proven Housing First approach on this very promising program that will greatly decrease reliance on emergency shelter by placing homeless individuals in supported housing environments. In turn, safe and decent housing will assist the residents to move forward in their goal of establishing fruitful, successful and independent lives in their respective communities," Jim Cuddy, CEO, South Middlesex Opportunity Council.

"This Pay for Success Contract, focused on permanent supportive housing for long-term and chronically homeless individuals, represents a significant step forward in recognizing the critical relationship between housing and health care. I am grateful for the providers, investors and state officials who have made this initiative a reality," said Joe Finn President & Executive Director of the Massachusetts Housing and Shelter Alliance.

"Pay for Success has the potential to be a game-changer for how human services are delivered in the Commonwealth," said Michael K. Durkin, President at United Way of Massachusetts Bay and Merrimack Valley. "The agreement that government, and taxpayers, only pay when the programs are proven to work and are accountable to outcomes as bold as reducing the number of chronically homeless individuals in our state by one-third, is a very innovative way to approach entrenched issues. For United Way, the concept of investing and requiring specific measurable targets aligns with how we already fund community based organizations with the dollars donors entrusted to us. Going to scale with these strategies on a statewide basis, and generating huge long-term savings to us all, is very exciting."

"Groundbreaking investments such as this Pay for Success Initiative are emphasizing accountability while providing the resources to fund the housing and services we know end and prevent homelessness," said Deborah De Santis, President and CEO of CSH. "Beyond the much-needed supportive housing it will create, Massachusetts will continue a transformation in the way services are delivered, away from overreliance on crisis health and shelters and toward more permanent solutions that provide the stability people need to end their homelessness."

"By investing in the Commonwealth's Chronic Individual Homelessness Pay for Success Initiative, we are investing in the future of our most vulnerable neighbors," said Gwen Robinson, Managing Director of Community Development at Santander Bank. "Through this initiative, chronically homeless individuals will get the housing, health care and job training they need to become self-sufficient. We are always looking for ways to give back to the community and are proud to play a small but meaningful role in supporting this important initiative."

In January 2014 the Commonwealth launched its first PFS initiative, a \$27 million Juvenile Justice PFS Initiative, the largest financial investment in a PFS initiative in the country. The Commonwealth, in partnership with Roca, a Chelsea-based service provider, and Third Sector Capital Partners, a nonprofit fundraising and project management intermediary, aim to reduce incarceration rates and improve employment outcomes for young men. The Chronic Individual Homeless PFS initiative is the second launched by the Patrick Administration.

Additionally, in August 2014, the Patrick Administration announced the apparent successful bidders for the Adult

Basic Education Pay for Success Initiative. The Commonwealth's partners in this project are Jewish Vocational Services, one of the largest and most proven providers of adult education and workforce development services in the Greater Boston area, and Social Finance, a nonprofit fundraising and project management intermediary. The Adult Basic Education Pay for Success Initiative will invest approximately \$15 million in state success payments to serve a portion of the more than 16,000 adults on the waitlist for ABE and English for Speakers of Other Languages (ESOL) programs. The PFS contract will be designed with the goal of improving participants' employment outcomes and increasing postsecondary degree or certificate attainment over a six-year period.

Partners in the Chronic Homelessness PFS Initiative:

Commonwealth of Massachusetts

- The Executive Office for Administration and Finance (EOAF) is in charge of developing and implementing the state budget. EOAF will make payments for success from the Social Innovation Financing Trust Fund if the independent third-party evaluator determines that the service providers have successfully housed each chronically homeless individual for at least one year.
- The Department of Housing and Community Development's (DHCD) mission is to promote safe, decent affordable housing opportunities in the Commonwealth. DHCD is investing shelter resources and Massachusetts Rental Voucher Program (MRVP) housing vouchers in the Initiative in order to maintain 500 units of supportive housing even after the Initiative ends.
- The Executive Office of Health and Human Services (EOHHS) administers MassHealth, the state's Medicaid program. MassHealth is helping managed care entities contract with service providers to provide community support program services to PFS participants.

Massachusetts Housing and Shelter Alliance (MHSA)

Massachusetts Housing and Shelter Alliance is a member-based statewide advocacy and policy organization that works in collaboration with its member agencies to develop innovative approaches to ending homelessness and outcome-based housing programs for homeless individuals. MHSA oversees more than 1,000 permanent, transitional and emergency shelter beds and units with supportive services in approximately 30 cities and towns across Massachusetts, providing technical assistance, program monitoring, data collection and reporting for all of these programs. MHSA will be the lead partner who will coordinate providers of the *Home & Healthy for Good* model for the Initiative and ensure that the programming is being implemented correctly.

Corporation for Supportive Housing (CSH)

CSH is the national leader of the supportive housing movement, and has extensive experience in assembling and coordinating local partners and teams of service providers to achieve successful outcomes. As an investor in the Massachusetts Chronic Individual Homelessness Pay for Success Initiative, CSH will be the first Community Development Financial Institution (CDFI) to make a direct investment in this Social Impact (Pay for Success) Financing. CSH will provide advice and technical assistance for the initiative and is also an investor in the project.

United Way of Massachusetts Bay and Merrimack Valley

United Way of Massachusetts Bay and Merrimack Valley has a strong track record as a trusted leader and funder with the experience to design and facilitate complex processes and partnerships leveraging its established corporate, government and community-based partners with the United Way network. Examples include its Housing First initiative, Thrive in 5, Massachusetts Asset Building Coalition, Quality Rating Improvement System, and its Investor Model of performance-based funding, its unique, nationally-recognized method of addressing social issues. It was cited by the Stanford Social Innovation Review as a nonprofit "achieving breakthrough performance" and has been designated as a United Way Worldwide Center for Excellence for its innovative impact approach and state and local collaborations. In this partnership, United Way will serve as the project's fundraising intermediary, raising investor

capital, acting itself as an investor, and acting as the financial manager for the Initiative.

Santander

Santander Bank, N.A. is one of the largest retail banks in the United States by deposits. Its main corporate offices are in Boston and it operates principally in Connecticut, Delaware, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania and Rhode Island. Santander's 9,703 employees serve its 1.8 million customers through the Bank's 703 branches, 2,092 ATMs, call centers, website and mobile app. Supervised by the Office of the Comptroller of the Currency and a member of the Federal Deposit Insurance Corporation, Santander in the United States is a wholly-owned, financially autonomous subsidiary of Banco Santander (NYSE: SAN), a global commercial and retail bank. For more information about Santander, visit www.santanderbank.com or call 877-768-2265.

Root Cause

Since 2003, Root Cause has improved the performance of more than 200 organizations and funders in a wide range of social service sectors. Root Cause's Research and Assessments unit focuses on addressing the "investment information gap" to help funders better allocate limited resources to improve the lives of vulnerable populations. Root Cause analysts conduct independent research on social issues and evaluate program performance to provide leaders in the nonprofit, foundation, government, and business sectors with actionable data to invest in what works. Root Cause will act as the Independent Evaluator for the Initiative, verifying the outcomes produced by the service providers.

Harvard Kennedy School Social Impact Bond Technical Assistance Lab (HKS SIB Lab)

The HKS SIB Lab provides pro bono technical assistance to state and local governments implementing PFS contracts using Social Impact Bonds. The SIB Lab assisted Massachusetts in developing the procurement and designing the data analysis strategy for this Initiative.

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Community Reinvestment Act Banks as Pioneer Investors in Pay for Success Financing

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Pay for Success (PFS) financing, sometimes known as social impact bonds (SIBs) or social innovation financing, has attracted much attention because it offers the promise of governments paying only for successful programs while increasing funding for prevention programs by accessing capital markets. To understand the emerging PFS investment landscape and determine the structures and investors that are most likely to attract incremental capital, we spoke with more than ninety investors and other stakeholders as part of an eight-month research project.¹ Our aim was to highlight distinct investor concerns, preferences, and insights that inform the systems, structures, and sequence critical to building a healthy and sustainable market for PFS financing. During our research, Community Reinvestment Act (CRA) financial institutions emerged as potential early investors in this new market. While philanthropy is expected to fund early PFS financings, CRA capital could prove to be the best bridge to other commercial investors. This article addresses how PFS financing can fit into CRA portfolios and outline some of the opportunities and challenges of executing PFS arrangements within CRA-regulated financial institutions.

Bridging Philanthropy and the Capital Markets

The CRA requires depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income (LMI) neighborhoods, in ways that are consistent with safe and sound operations. Banking regulators evaluate the banks' performance in meeting these goals.² For most US banks, CRA regulatory considerations are a major force driving the execution of their community and economic development strategies. In 2011, US financial institutions made \$209 billion in CRA-related loans including \$47 billion of community development lending.³ CRA banks often work through community development financial institutions, community development corporations, and other intermediaries to realize their community development goals. As mission-driven financial institutions that provide financial products and services to people and communities

- 1 This article draws heavily from Steven Godeke and Lyel Resner, "Building a Healthy and Sustainable Social Impact Bond Market: The Investor Landscape," 2012, available at <http://www.rockefellerfoundation.org/news/publications/building-healthy-sustainable-social>.
- 2 Board of Governors of the Federal Reserve System, "Community Reinvestment Act (CRA)," available at www.federalreserve.gov/communitydev/cra_about.htm.
- 3 Federal Financial Institutions Examination Council website, available at www.ffiec.gov/craadweb/national.aspx.

underserved by traditional financial institutions, these intermediaries can also play an important role in the development of the PFS financing market.

While PFS financing is expected to emerge across a range of programs, early transactions that would qualify for CRA credit will most likely involve the provision of community services to LMI individuals in the form of community facilities. These are defined as “facilities that promote community development by providing community services for LMI individuals such as youth programs, homeless centers, soup kitchens, health care facilities, battered women’s centers, and alcohol and drug recovery centers.”⁴ The first transactions in the United States are expected to specifically address issues such as prison recidivism, juvenile detention, and chronic homelessness.

Opportunities and Challenges

During our conversations, CRA banks highlighted several new opportunities and risks facing the expansion of PFS financing.

Outcome Performance Risk

PFS financing will require CRA banks to underwrite the performance risk of nonprofits. Performance risk encompasses risks related both to the intervention model itself and to the challenges that come specifically with scaling up the intervention to serve more people or to serve them more comprehensively. For example, a specific evidence-based intervention that focuses on changing the behavior of formerly incarcerated juveniles would need to be consistently operated and expanded. Underwriting a social service intervention based on social science research is difficult and will require the banks to assess new risks. “This is new work for the banks” was a common theme at a recent meeting of CRA financial institutions to discuss PFS opportunities. In addition, PFS financing is subject to the same investment committee standards for safety and soundness as other bank investments.

Certain interventions have a track record of success at a specific scale. Evaluating an investment within the context of this track record should reduce some of the intervention model risk. Outcome performance risk should generally decline as track records for PFS financing—and for particular interventions—grow. The participation of an intermediary organization (or active direct investor) to source deals and manage relationships throughout the life of the financing arrangement will help to ensure that only qualified service providers are selected, reasonable benchmarks are set, and communication among stakeholders is clear.

Government Counterparty Risk

No precedent exists to optimize the government’s payment obligation in PFS financing. Political and appropriations risk can arise given the multiyear contingent obligations of the government. The contracts underlying PFS financing are not standard government procure-

4 Office of the Comptroller of the Currency, “CRA: Community Development Loans, Investments, and Services Fact Sheet,” June 2011.

ment contracts and will require the government to create new templates and procedures. Investors will want to be sure that their financial commitments are not jeopardized through changes of administrations and are not susceptible to political whims. Investors will most likely demand some type of escrow account to ensure that the government pays its obligations. A concern often raised by investors was whether it would be possible to pay private investors enough to attract commercial capital without triggering political issues. Some investors fear public backlash against what the public could perceive as the government paying a premium for “outsourcing” social programs.

Government counterparty risk needs to be clarified early in the negotiations and, ideally, be removed as a risk factor. Counterparty risk can be significantly mitigated through legislative or executive action to secure the long-term contingent liability to investors. Governments must be willing to commit to structuring their liability in a way that eliminates this risk as much as possible. For example, in July 2012, the Massachusetts legislature created a \$50 million Social Innovation Financing Trust Fund with the full faith and credit of the state to cover its potential obligations in pending PFS transactions. As PFS financing proliferates, standard contractual templates will also develop.

Transaction Pipeline, Allocations, and Liquidity

Bank investors voiced concerns that dedicating resources to developing PFS capacity will not be met with deal flow large enough to justify the resources allocated. A select set of appropriate issue areas and a limited number of successful interventions within those areas may narrow the market of viable service providers. Nevertheless, PFS financing for some individual interventions could serve enough people and generate sufficient cost savings to create a market large enough to attract investors.

PFS financing presents a clear allocation challenge. For most investors, the decision to allocate to an investment bucket is made before specific investment products are selected. Because PFS financing is an instrument that shares both debt and equity features, deciding where to bucket it in a portfolio will be problematic. Many investors were also not comfortable with the prospect of being locked into an illiquid multiyear PFS position. A sustainable investor market for PFS financing will require a set of successfully executed deals to provide adequate data to price the risk and to standardize elements of a PFS transaction where possible.

Objective Performance Targets

Investors universally stressed that social outcome goals need to be clear, objective, measurable, and nondebatable. The evaluation process must be transparent and clear to all parties before a transaction can be completed. The triggering events themselves were not the problem; rather, investors were concerned about the potentially nebulous nature of social-impact outcome triggers.

Structuring Opportunities

Most CRA bankers see bank participation in the first demonstration projects as critical to building the capacity to underwrite PFS financings and build a sustainable market. While early transactions may require close to full credit enhancement for commercial investors to participate, commercial investors will need some level of outcome performance risk participation to build their capacity to assume more outcome performance risk and position themselves to participate in more deals in the future.

As PFS financing develops a track record, the amount of credit enhancement will likely decrease. Structures with more level repayment schedules could also have lower credit enhancement requirements. Some institutions would not be willing to take any principal risk in an early transaction but would consider some variability in the yield-based outcomes. Other investors thought that some portion of the principal repayment could be contingent on the successful achievement of outcomes. Banks were also generally of the view that any intermediary should assume some level of outcome performance risk.

Various structures such as principal floors, credit enhancements, senior/subordinated tranching, and variable payouts can be used to modify how PFS financing agreements allocate risk. Other creative structuring suggestions that we heard from investors included building in call or put options to provide exit opportunities, having the public sector post underused assets (e.g., undeveloped property) as collateral, sharing risk and upside incentives across all stakeholders (public sector, investors, intermediary, and service provider), and adjusting repayment terms to smooth out risk.

Clear Regulatory Signals

Favorable treatment of PFS financing by CRA regulators will be a key issue for engaging banks although the ability of specific institutions to get CRA credit will vary. To receive CRA credit from bank regulators, a bank's investment must connect directly to LMI communities in the bank's market area. Given the multiple layers of bank regulators, CRA strategies and compliance vary significantly across institutions.

Banks would like to have their CRA regulators signal that PFS financing would earn CRA credit before committing time and resources to specific transactions. Complex PFS financing transactions will also need to compete with more straightforward community development lending transactions that would offer the same CRA credit to a bank. Given that wholesale banks that do not operate branches in specific markets have somewhat more flexibility in their CRA evaluations than their retail banking counterparts do, wholesale banks may be more likely participants in early PFS financing arrangements.

New York City SIB for Incarcerated Youth as Possible Model

In the New York City SIB, credit enhancement from Bloomberg Philanthropies enabled Goldman Sachs to advance a loan to MDRC, the intermediary managing the program serving incarcerated youth. The credit enhancement covers 75 percent of the loan, with Goldman

Sachs assuming 25 percent of the performance risk related to the program's outcome of reduced recidivism. The loan to MDRC was structured by the Goldman Sachs Urban Investment Group and will be made from Goldman Sachs Bank. It is not structured as a program-related investment or foundation grant. Goldman expects to receive CRA credit for the transaction although it is a relatively small portion of Goldman's overall CRA portfolio. Goldman's underwriting analysis for the loan included the following:

- Examination of the evidence base of the intervention as supported by previous studies;
- Assessment of the program partners' capacity to ramp up the program while maintaining the quality of the intervention; and
- Review of the underlying contracts.

The New York City deal demonstrates commercial interest in the PFS financing market. In early deals, it is clear that large collateral or loan guarantees from third parties such as philanthropies will make payoff structures more palatable for commercial investors while still ensuring that they assume some outcome performance risk. However, as the market grows, participation of philanthropic entities as guarantors may not prove scalable. Familiarity with deal structures and evaluation methods, supportive political environments, and longer track records for interventions should contribute to commercial investors' gradually assuming more performance risk with lower levels of guarantees.

Moving the Market Forward

Investors stressed that outcome performance goals need to be clear, objective, measurable, and nondebatable and that government counterparty risk needs to be addressed early in the negotiation. Credit enhancement will also play a major role in bringing commercial investors to the table by providing external collateral or supporting senior positions in capital structures. Creative risk sharing—not risk transfer—will be necessary to address investor concerns about performance risk, illiquidity, and deal flow. However, unless investors ultimately assume significant outcome performance risk, PFS financing may simply cannibalize philanthropic and public funding and fail to increase the capital available to fund the needed interventions.

CRA banks can benefit from viewing PFS financing as a market opportunity to build expertise in the evaluation of social service performance risk. Bank participation in early transactions will require strong institutional leadership as well as a team to structure, negotiate, close, and monitor transactions.

Finally, PFS financing can be an important opportunity for CRA banks to reframe community and economic development to include a broad range of social services. PFS financing provides CRA banks with the opportunity to expand the reach of community and economic development beyond asset-based strategies and to develop methodologies to underwrite outcome risks that can leverage existing community development finance practices.