



Pay for Success Permanent Supportive Housing Demonstration

U.S. Department of Housing and Urban Development, Office of Community Planning and Development
Office of Special Needs Assistance Programs, 451 7th Street SW, Room 7262 Washington, DC 20410
CFDA Number: 14.273

WHAT IS PAY FOR SUCCESS?

Pay for Success is an innovative financing model that leverages philanthropic and private dollars to provide assistance up front, with the government paying after they generate results. Unlike programs structured around processes, PFS provides flexibility for State, local and tribal governments to implement evidence-based solutions, to test promising innovations, and to scale programs that work based on measurable results.

OBJECTIVES

The PFS Demonstration is an opportunity to test the effectiveness of using a PFS financing model to fund Permanent Supportive Housing (PSH) using a Housing First approach for the target population—people experiencing homelessness with frequent contact with the criminal justice, homeless services, and health care systems.

The objectives of the PFS Demonstration are to:

1. Pilot test the PFS model operated by an intermediary to learn whether the financing approach is feasible to fund a PSH delivery initiative.
2. Create an opportunity for communities to increase the availability of PSH for the target population, ultimately through a high-quality PFS-finance project.
3. Determine whether PSH provided for the target population will reduce recidivism and chronic homelessness.
4. Determine if a PFS-finance PSH Intervention can achieve taxpayer savings and improve cost-effectiveness by decreasing government spending on corrections systems, homeless services, Medicaid, and other crisis services that are significant enough: (a) to justify the use of a PFS framework; and (b) to ultimately cover the cost of scaling to other jurisdictions (in addition to a return to investors if future scaling occurs with PFS financing).
5. Identify lessons learned and best practices on the feasibility of scaling-up and replicating effective PSH and service delivery interventions in other cities, with or without federal funding and technical support.

APPLICATION INFORMATION

Available Funds

- Total available for awards: \$8.679 million
- Minimum: no minimum award amount
- Maximum: \$1.3 million per award

Eligible Applicants

- Private Institutions of Higher Education
- Public Institutions of Higher Education
- Private Nonprofit Organizations
- Public Nonprofit Organizations

Application Deadline

February 12, 2016 at 11:59:59 p.m. ET.

KEY STAKEHOLDERS IN PFS PROJECT

The key stakeholders of a PFS Demonstration project are:

Private or philanthropic investor(s) which provide financing to support *Housing First* units and social service providers(s) and are repaid by the government once outcomes are achieved;

Homeless assistance providers that carry out the PSH intervention with up-front financing from philanthropic or other investors;

Government entity that defines the desired outcomes and pays the philanthropic or private investor(s) once successful outcomes are achieved;

Independent third-party evaluator that uses an agreed-upon methodology to verify the extent to which outcomes are achieved in order to determine government payments; and

Intermediary that enters into a contract with the government entity to achieve outcomes, secures up-front financing from philanthropic and other investors, and works with homeless assistance providers to achieve outcomes using evidence-based practices.

PSH INTERVENTION TARGET POPULATION

The target population consists of people experiencing homelessness who are high users of corrections facilities, homeless services, health care, and other crisis services. Program participants must have a history of:

- The most costly service needs; and
- A pattern of homelessness and involvement in the criminal justice system.

PSH INTERVENTION GUIDELINES

Scale of Intervention. PSH must be provided to a minimum of 100 households per Demonstration Site.

Assertive Outreach, Recruitment, and Engagement. Homeless assistance providers recruit program participants by in-reaching to correctional facilities prior to their release from jail or prison and outreaching to homeless and other service settings. Providers engage individuals multiple times, and in multiple settings, if necessary.

Quality Permanent and Affordable Housing. The PSH Intervention provides affordable, accessible rental housing that provides program participants with an environment that is attractive, safe, sustainable, functional, and conducive to the provides program's stability and community integration. See the PFS Demonstration NOFA for additional requirements.

Accessibility of Transportation and Employment Opportunities. The location of housing provided through the PFS Intervention should be reasonably accessible to public transportation and employment opportunities.

Housing First Approach. The PSH Intervention employs the core features of Housing First. See the PFS Demonstration NOFA for additional requirements.

Housing Stability Services. Program participants are assertively engaged and offered services to maximize their tenure in housing.

Informed Property or Landlord Management. PSH program staff actively communicate, engage, and advocate on behalf of tenants and establish relationships and mediate conflicts with landlords.

Care Management and Service Coordination. PSH program staff make available, but do not require, monthly case management and other needed supportive services.

Coordination with Criminal Justice System. Program participants might be under community supervision, have outstanding warrants, or might be re-arrested, so programs must have the capacity to help program participants avoid future criminal justice involvement and comply with requirements of courts or community corrections.

ELIGIBLE ACTIVITY TYPES

1. Feasibility Analysis

Conducting an analysis to determine if a PFS project implementing PSH is feasible at a particular site.

Objective: To provide government entities and nonprofit service providers with the resources and expertise needed to effectively determine their ability to participate in PFS Contracts and structure transactions that have a high likelihood of success and meaningful social return on investment.

Recommended Threshold Amount: Up to \$250,000

2. Transaction Structuring

Structuring a contract between all stakeholders of the PFS project.

Objective: To assist government and nonprofit entities that have identified feasible projects to structure and close a PFS Contract for the implementation of a Permanent Supportive Housing Intervention for the reentry population at a particular Demonstration Site.

Recommended Threshold Amount: Up to \$600,000

3. Outcome Evaluation

Evaluating and validating the outcomes of the PFS-finance PSH Intervention through a third-party evaluator.

Objective: To provide government entities with the resources and expertise needed to effectively assess whether outcome goals have been met and whether achievement of these outcomes are reasonably attributable to the implementation of PSH and enhanced service delivery.

Recommended Threshold Amount: Up to \$250,000

4. Success Payments

Some grant funding is available to partially cover the costs of successful outcomes of the PSH Intervention.

Objective: To provide government entities with assistance in funding Success Payments, which will compensate investor(s) for the financial investment in PSH Intervention costs, once outcome goals have been met.

Recommended Threshold Amount: Any amount up to the \$1.3 million maximum individual award amount.

CITATIONS

Statute: Consolidated Appropriations Act, 2014 (Pub.L. 113-76); Consolidated and Further Continuing Appropriations Act, 2015 (Pub.L. 113-235). **Notice of Funding Availability:** FR-5900-N-26.

This fact sheet is a resource to provide applicants with general information about the PFS Demonstration. Always refer to the PFS Demonstration NOFA to ensure compliance with application and program requirements.