



Program Strategy for Phase II Chronic Homelessness in Los Angeles County

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November 18, 2015

Executive Summary

Since 1944, the Conrad N. Hilton Foundation has worked to improve the lives of of the world’s most vulnerable populations, in line with Conrad Hilton’s charge in his last will and testament to “relieve the suffering, the distressed and the destitute.” Twenty five years ago, this mandate led the Foundation to examine the issue of homelessness. Since that time, the organization has supported efforts to end long-term homelessness—especially among the mentally ill—across the nation. Since 1990 the Foundation has sought to advance compassionate and cost-effective solutions to homelessness, granting more than \$90 million, primarily by advancing permanent supportive housing (PSH) as a long-term solution.

In 2010, the Foundation’s board of directors approved a five-year strategic initiative to support a three-pronged strategy to advance efforts to end chronic homelessness in Los Angeles County. The vision for this strategy was to:

Eliminate chronic homelessness in L.A. through the successful creation and operation of supportive housing, by ensuring that the most needy are housed and stay housed in these units, and through efforts to prevent additional individuals from becoming chronically homeless.

Since the first phase of the strategy’s January 2011 start date, the board has approved over \$55 million in grant funding targeted at systemic approaches to increasing access and prioritization to PSH for the most vulnerable persons in Los Angeles County. Over the five-year period, the Foundation has worked with partners to problem solve and develop solutions to chronic homelessness in Los Angeles. The Foundation has convened private- and public-sector stakeholders and played a leadership role in several important meetings between key foundation, city and county leaders. Through these efforts, the Foundation has catalyzed collaboration with other foundations, public leaders, and service providers to align resources and break down silos, in a model that is now being replicated throughout the country. According to Measurement Evaluation and Learning (MEL) partner, Abt Associates, “the Foundation has been a leader: willing to take reasonable risks to innovate and find new solutions, spurring other community stakeholders to action, and expanding the reach of the Initiative beyond direct investments by the Foundation.”

In August 2015, the Foundation’s board approved the proposed direction presented by staff for an additional five-year Phase II of the initiative and in November, the board approved Phase II for implementation. This briefing outlines a brief review of the first phase of the strategic initiative, a summary of results to date as well as a revised strategy informed by input from the board, the Foundation’s MEL partner, as well as public, private, and non-profit partners in the field. With the initiative having achieved or exceeded nearly all of the strategic goals ahead of schedule, the Foundation is in an excellent position to transition smoothly into Phase II in January 2016.

SUMMARY: PHASE II STRATEGY

A simplified version of the proposed Foundation approach for Phase II is presented below. Relevant background and rationale are described more fully in the pages that follow.

vision	<i>Functional, sustainable systems with resource commitments scaled to prevent and end chronic homelessness in Los Angeles</i>
initiative areas	<ol style="list-style-type: none"> 1. Facilitate systems change to scale up PSH 2. Support programs and pilots addressing feeder systems 3. Develop and disseminate knowledge for the field
key activities	<ul style="list-style-type: none"> • Formalize a countywide prioritization system to quickly identify and house those experiencing chronic homelessness, prioritizing the most vulnerable among them • Actively support coordinated community planning and leadership (Home For Good community plan) • Support policy and advocacy that will sustain system change efforts and secure local, state and national funding to scale resources to meet need • Look “upstream” to understand extent of inflow into chronic homelessness and explore strategies to prevent it • Support development of new and scattered site PSH units through lending and program-related investments • Support knowledge sharing that promotes continuous learning about effective practices to prevent and end chronic homelessness
5-year community results	<ul style="list-style-type: none"> • Leadership is engaged countywide and within subregions of the county in alignment with the agreed-upon community goals <ul style="list-style-type: none"> ○ Local elected and public officials have committed resources to implement the community plan • Countywide prioritization system is functioning effectively and monthly placements of highly vulnerable chronically homeless persons through the prioritization system are consistent with agreed-upon community goals to end chronic homelessness <ul style="list-style-type: none"> ○ House approximately 13,500* highly vulnerable chronically homeless persons in PSH (the estimated number of individuals who are chronically homelessness in the county) • PSH units and service commitments sufficient to meet the defined need have been dedicated to implement the community plan <ul style="list-style-type: none"> ○ Leverage development funding to create additional PSH inventory ○ Secure at least 9,000* new subsidies or subsidized units to house the 13,500* individuals who will placed in PSH ○ Secure at least 9,000* new service commitments for the 13,500* individuals who will be placed in PSH • Strategies are in place within the homeless system and in partnership with mainstream service systems to prevent chronic homelessness for individuals with chronic disabilities
ultimate result	Chronically homeless are permanently housed; others are prevented from becoming chronically homeless.

*Values represent current countywide estimates and may be refined year to year as more precise data becomes available

Background - Phase I

STRATEGY

In May 2008, the Foundation's board of directors decided to focus future efforts on addressing chronic homelessness in Los Angeles County, which is home to a highly visible homeless population and more chronically homeless persons than any other metropolitan area in the nation. The Foundation partnered with FSG Social Impact Advisors to closely examine homelessness in L.A. and begin development of a strategic approach to guide the Foundation's work moving forward.

In the development of Phase I, the Foundation utilized several key lessons learned through its 20-year history of working with the homeless mentally ill population to inform the strategic development process.

Key lessons applied:

- Research shows that permanent supportive housing (PSH) provides the best quality of care and offers the most cost-effective solution to chronic homelessness
- The development of PSH requires the coordinated efforts of multiple public and private partners who are often unaware of its benefits or consider it a low priority
- Cities that have prioritized PSH and aligned public and private resources have seen long-term declines in chronic homelessness
- Building enough new PSH units to meet the need in Los Angeles would be prohibitively expensive; "scattered site" approaches using existing housing units are also needed

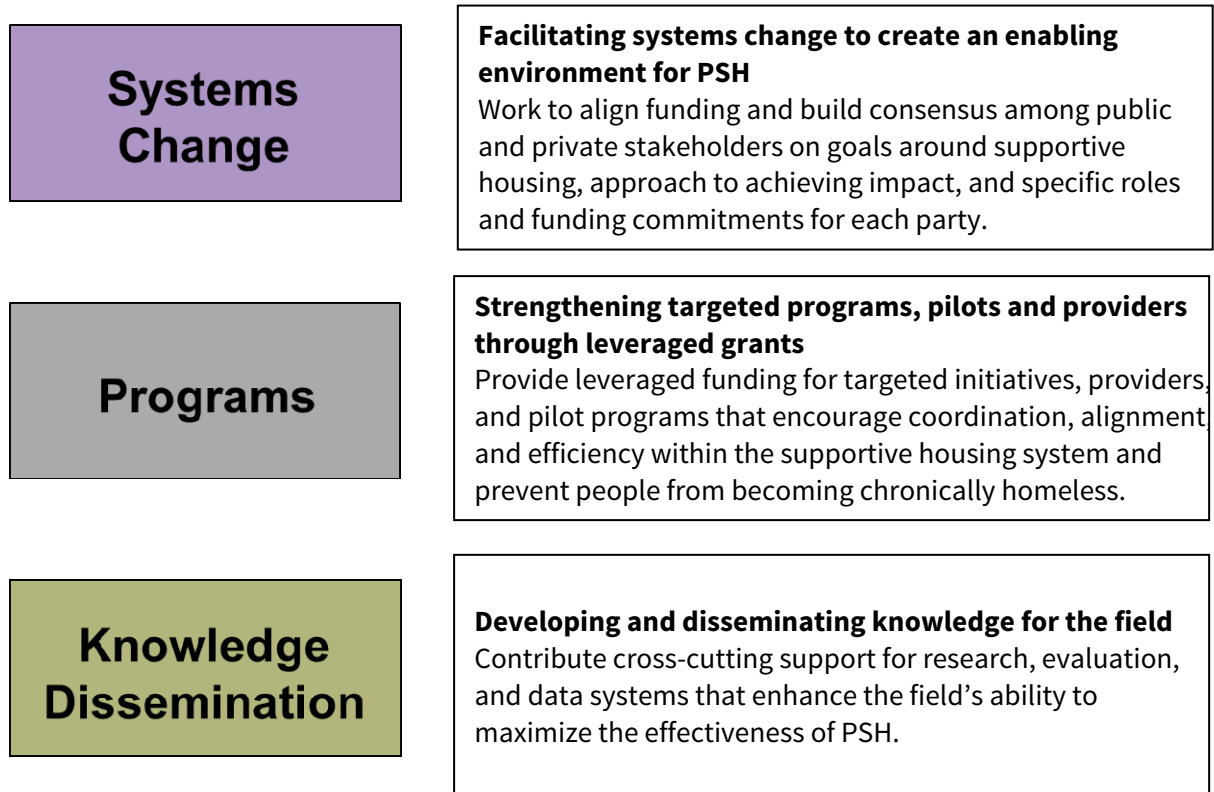
The strategy, approved in 2010, represented a subtle but important shift in the Foundation's approach. Historically, the Foundation has been a leader in disseminating the model of permanent supportive housing through a long-term partnership with the Corporation for Supportive Housing (CSH). With a specific focus on seeing measurable progress in reducing and ending chronic homelessness in Los Angeles, the Foundation began to more actively engage public and private stakeholders around improving L.A. County's system for responding to chronic homelessness, in particular by leveraging public resources more effectively for large-scale change.

With this in mind, the Foundation proposed to broaden its focus to both support the development of new PSH, and more broadly improve the overall system of PSH in Los Angeles. Research at the time estimated Los Angeles County would need approximately 12,000 additional PSH units to house its entire chronically homeless population. If L.A. were to construct half of the needed units and repurpose the rest, approximately \$2 billion would be necessary for development, with an additional ongoing amount of \$280 million annually required for continued operations - a level of funding that can only be achieved through public sector support.

The Foundation aimed to create a collective commitment; bringing public and private leaders together to implement successful PSH through a more leveraged approach, such as the

expanded use of incentive grants that increase the impact of every Foundation dollar, and efforts to influence the flow of public dollars toward appropriate solutions. The Foundation’s reputation and resources positioned Foundation staff to educate and attain commitment from public and private stakeholders. Also, the Foundation planned to look to pilot innovative approaches, such as scattered site projects that identify and prioritize the most vulnerable chronically homeless and provide the housing and services they need to enter and remain stable in permanent housing.

The Foundation proposed three initiative areas to meet the successful implementation of PSH in Los Angeles County:



OUTCOMES

In 2011, the Foundation contracted with Abt Associates to conduct a Measurement, Evaluation and Learning (MEL) process for the Foundation’s Chronic Homelessness Initiative to understand the impacts of the initiative in order to inform ongoing work and answer the overarching question: ***Is the Chronic Homelessness Initiative an effective strategy to end and prevent chronic homelessness in Los Angeles County?***

As part of the strategy, the Foundation board approved expected results in Los Angeles County over the five-year term of January 2011 through December 2015. The strategic goals of the initiative were developed as significant milestones toward the ultimate goal of ending and preventing chronic homelessness in Los Angeles. The chart below summarizes each goal and demonstrates that the Foundation has achieved or exceeded nearly all of the strategic goals

during this first phase. The Foundation’s MEL partner has been careful to track and document progress against these goals, limiting what “counted” toward the placement, unit, and funding goals to progress **directly funded by** or attributable to the Foundation’s seed funding.

Summary of Progress on Hilton Foundation Initiative Goals, Fall 2015

Progress Toward Goal To Build Demonstrated Action by Elected and Public Officials To Support Addressing Chronic Homelessness



There has been widespread endorsement of Home For Good by elected officials: the mayor, City Council, and County Board of Supervisors have aligned with each other and Home For Good to develop a large-scale core “community plan” and to make substantial additional resource commitments for PSH and other solutions to homelessness.

Progress Toward Goal To Leverage \$205 million in Private and Public Funds for PSH



Through spring 2015, the Funders Collaborative has leveraged the Foundation’s seed investment into more than \$421 million (\$18 million in private funds and \$403 million in public funds) for PSH and related services for chronic and other highly vulnerable homeless people.

Progress Toward Goal to Create 5,000 Units of PSH



Through the Funders Collaborative as well as direct grantmaking, the Foundation has supported the creation or dedication of 4,934 units of PSH for chronically homeless people (99 percent of the five-year goal). Systemwide, between 2011 and 2014, more than 6,700 new PSH units (inclusive of more than 2,600 Foundation-supported units) were made available throughout LA County. Almost 4,800 additional PSH units (inclusive of nearly 2,300 Foundation-supported units) were in the development pipeline (pre-development, construction, or voucher application submitted) by early 2015.

Progress Toward Goal to Establish a System of Prioritizing Chronically Homeless Persons for PSH



With Foundation support, a coordinated entry system (CES) was established to identify and prioritize individuals who are chronically homeless for PSH, first as a pilot in Skid Row and now countywide through SPA CES Hubs. Most stakeholders now support CES, though operational infrastructure to support full use of CES by all PSH providers is still under development. The changes in leadership at the County and at LAHSA have also permitted LAHSA to adopt CES as a key mechanism for determining priority access to PSH and to integrate it with the existing Family Solutions System and the nascent transition-aged youth coordinated entry system.

Progress Toward Goal to Increase Capacity of Developers and Providers to Effectively Provide PSH



There is a growing willingness of PSH providers to accept chronically homeless individuals, despite their greater service needs and vulnerability. The Foundation has supported an expansion of technical assistance to develop SPA-specific capacity to produce PSH and (more recently to implement CES) in underserved areas of the County such as the San Gabriel Valley, the Gateway Cities, and South LA.

Progress Toward Goal to House 1,000 Most Vulnerable Chronically Homeless Persons in PSH and Prevent 1,000 Persons from Becoming Chronically Homeless



From 2011 through 2014, systemwide placements tracked by Home For Good total more than 9,500 chronically homeless individuals placed in PSH, inclusive of more than 3,700 individuals placed directly by Hilton-funded grantees.

While the chart above exhibits the Foundation’s success in realizing the specific accomplishments outlined in the original strategy, the MEL findings also demonstrate how the pursuit of those goals enabled the Foundation to serve as a catalyst to move the needle on ending homelessness on a broader scale.

Home For Good

One such achievement is demonstrated in the Foundation's support for Home For Good, through flagship partner United Way of Greater Los Angeles. The Foundation was among the first to sign on to the Home For Good Action Plan, a partnership of United Way and the Los Angeles Area Chamber of Commerce, at its launch in December 2010. The plan -- to end veteran homelessness in LA by the end of 2015 and chronic homelessness by 2016 -- now has over 200 cross sector partners participating and aligning efforts. The Home For Good Funders Collaborative continues to strive for scaling impact through aligning funding around collective priorities and creating a shared strategic vision amongst funders. Seeded by the Foundation in 2011 with a \$1 million challenge grant, the Funders Collaborative now has over 20 public and private funding partners and the United Way anticipates that the Collaborative will have aligned a total of more than \$1 billion by the end of 2016. The broader impacts of Home For Good and the Foundation's early investments in the initiative demonstrate how philanthropic leadership can translate into collective engagement and funding on a common goal.

Coordinated Entry System

Another success was the creation of the Coordinated Entry System (CES), a countywide prioritization process for homeless persons. Through CES, agencies utilize a uniform street outreach tool that helps determine the chronicity and medical vulnerability of homeless individuals and helps service providers allocate resources in a logical, targeted way. Clients are then matched to the most appropriate - rather than the most intensive - housing interventions available, ensuring that the most vulnerable are prioritized for PSH. CES is now being integrated into the operations and data systems of the Los Angeles Homeless Services Authority and conversations have begun about the integration with similar systems working with youth and families.

Flexible Housing Subsidy Pool

Lastly, in partnership with the Los Angeles County Department of Health Services (DHS), the Foundation contributed \$4 million in 2013 to launch a new supportive housing rental subsidy program, the Flexible Housing Subsidy Pool (FHSP). Recognizing the cost savings realized by investing in housing rather than paying for unmanaged health conditions, DHS provides funding directly for the FHSP for housing subsidies for individuals identified by DHS as the most frequent users of County healthcare resources. The changed vantage point that housing is healthcare has caught on as other County agencies, such as the Department of Mental Health, contributed to the pool, bringing the public sector commitment above \$14 million through 2014. To further utilize this new mechanism, in 2015 the Foundation again contributed to the FHSP in partnership with the County Probation Department to reduce recidivism among probationers through a rapid rehousing program, preventing long-term homelessness and accessing public funding streams that are generally not directed toward any kind of supportive housing.

With demonstrated leadership from the Foundation, the reputation of Los Angeles County as it pertains to homelessness has experienced a radical, positive shift. Now, Los Angeles is crafting best practices for the nation and a strong identity has formed around the goal of ending homelessness through improving service quality and efficiency, aligning resources and building political will.

Phase II Strategy

In August 2015, the Foundation's board approved the proposed direction presented by staff for an additional five-year Phase II of the initiative and in November, the board approved Phase II for implementation. A strategy for Phase II, informed by input from the board, the Foundation's MEL partner, and public, private, and non-profit partners in the field, is presented below

LANDSCAPE UPDATE

Homelessness Has Increased in Los Angeles: Despite the measurable progress being made, the County of Los Angeles has seen an overall increase in the point-in-time homeless count over the past two years and continues to face significant challenges. The number of individuals experiencing chronic homelessness in Los Angeles County on the night of the January 2015 point-in-time count increased by nearly 5,000 over the count in January 2013. Part of the increase in the count is likely methodological (e.g. changes in definitions and increased geographic coverage), but there are also broader economic drivers. Homelessness is a lagging indicator of economic recession, and this paired with an enormous affordability gap for housing in Los Angeles has likely led to the increase. Also, development of affordable and permanent supportive housing has slowed in recent years due to the loss of redevelopment funds as well as fewer available housing subsidy vouchers.

Political Will Has Grown Stronger: Political will has experienced a strong evolution in favor of supportive housing, housing first, the coordinated entry system and many other best practices in the field. In just the last year, there has been tremendous resource deployment from the federal government through both housing vouchers for veterans as well as new leadership willing to break down barriers preventing communities from better addressing homelessness. New funding streams for supportive housing through both the healthcare and the criminal justice systems have also provided considerable opportunities at the state-level. While political will has grown consistently stronger within Los Angeles County over Phase I, the past few months have seen a significant shift in tone and understanding of the severity of the problem.

In September, Los Angeles City Mayor Eric Garcetti and members of the City Council declared a homelessness state of emergency in the City of Los Angeles, pledging \$100 million in new funding toward ending homelessness. The Los Angeles County Board of Supervisors also approved \$101 million in the county's 2015-16 budget for homelessness programs. In line with these recent announcements, there is also growing coordination between the city and the county. The County of Los Angeles, City of Los Angeles, and Home for Good (led by United Way) and the Los Angeles Homeless Service Authority are convening a series of Homeless Policy Summits with participants from Los Angeles County, cities, and community stakeholders. The goal of these summits is to develop a coordinated set of LA County strategies and a complementary set of LA City strategies to reduce homelessness to be approved by the Los Angeles County Board of Supervisors and the Los Angeles City Council respectively.

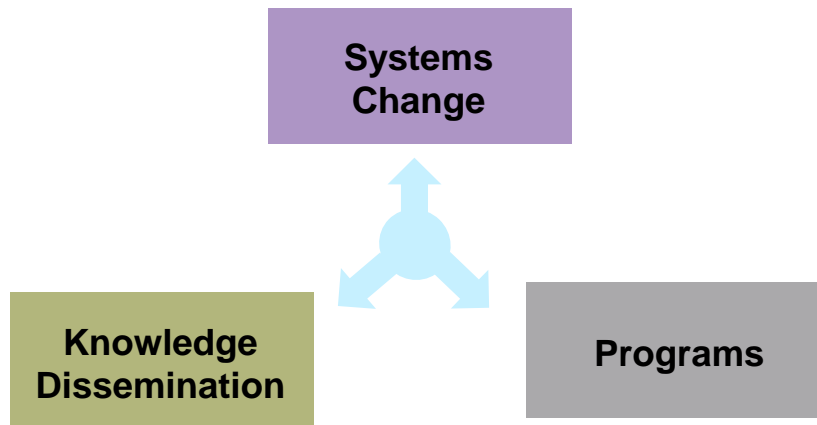
The Foundation Strategy Is Working: While Los Angeles County continues to have one of the largest homeless populations in the country, the situation would likely be much worse without the Foundation's commitment. Through our engagement we have seen an enormous

amount of collaboration, innovation, and opportunity. Additionally, there is demonstrated action by public partners that indicate they are moving toward developing the capacity to sustain these efforts. In alignment with this momentum, we recommend the Foundation continue the Initiative’s focus on Systems Change, Programs, and Knowledge Dissemination funding to continue to lead the community toward sustainability. Staff proposes that with implementation of the below Phase II strategy the Foundation has an opportunity to ensure the long-term viability of the core structures that were established in the first phase of the Initiative.

STRATEGY

In the first phase of the Chronic Homelessness Initiative, the Foundation supported efforts to establish solutions to chronic homelessness and develop community consensus around formalizing and scaling these solutions. In Phase II, the Foundation will support Los Angeles to **establish functional, sustainable systems with resource commitments scaled to prevent and end chronic homelessness within the County.** This strategy will help move the county toward the ultimate result of all chronically homeless persons being permanently housed and others being prevented from becoming chronically homeless.

Due to the successful structure of the three initiative areas in Phase I, the Foundation will move into Phase II of the Initiative retaining the same three funding areas: Systems Change, Programs, and Knowledge Dissemination. The Initiative MEL partner supports this approach, describing the combination of these three buckets as “well-suited to responding to community needs, supporting innovation, and maximizing the impact of the Foundation investment.”



Initiative Areas

1. **Facilitate systems change to scale up PSH.** Tap opportunities to drive funders, providers, and public leaders to invest resources and improve efficiencies in their responses to chronic homelessness. Build upon Phase I investments that created an enabling environment for PSH by unlocking new catalytic funding opportunities, supporting the community plan and transitioning new systems to more sustainable, long-term infrastructures.

Key activities for this initiative area include:

- Formalize a countywide prioritization system to quickly identify and house those experiencing homelessness, prioritizing the most vulnerable among them.
 - Actively support coordinated community planning and leadership through Home For Good.
 - Support policy and advocacy that will sustain system change efforts and secure local, state, and national funding to scale resources to meet need
 - Support development of new and scattered site PSH units through lending and program-related investments
2. **Support programs and pilots addressing feeder systems.** Employ opportunities to better understand inflow into chronic homelessness and tap emerging consensus on upstream prevention strategies. Build capacity to meet the growing need for PSH units by supporting developers and providers in the creation of new units and securing scattered site housing options.

Key activities for this initiative area include:

- Look “upstream” to understand extent of inflow into chronic homelessness and explore strategies to prevent it.
3. **Develop and disseminate knowledge for the field.** Learn, refine, and innovate locally by supporting research, evaluation, data systems, and the Foundation’s own MEL efforts. Engage nationally to share insights beyond Los Angeles and bring back knowledge to inform future efforts.

Key activities for this initiative area include:

- Support knowledge sharing that promotes continuous learning about effective practices to prevent and end chronic homelessness

2016 - 2021 Results: The Foundation’s successes through the first phase of the initiative have been catalytic in the development of the unprecedented collaboration and coordination of efforts throughout Los Angeles County. While many Phase I results measured the attribution of the Foundation’s efforts from 2011 -2015, through Phase II, the results outlined below will measure success based on its continued contribution to the collective work and shared goals of its partners throughout Los Angeles County. These results outline the key contributions the Foundation will make in Los Angeles County’s through its specific role as funder, convener, and partner over the next five-year strategic phase.

- ***Leadership is engaged countywide and within subregions of the county in alignment with the agreed-upon community goals***
 - Local elected and public officials have committed resources to implement the community plan
- ***Countywide prioritization system is functioning effectively and monthly placements of highly vulnerable chronically homeless persons through the prioritization system are consistent with agreed-upon community goals to end chronic homelessness***
 - House approximately 13,500* highly vulnerable chronically homeless persons in PSH
- ***PSH units and service commitments sufficient to meet the defined need have been dedicated to implement the community plan***
 - Leverage development funding to create additional PSH inventory
 - Secure at least 9,000* new subsidies or subsidized units to house the 13,500* individuals who will be placed in PSH
 - Secure at least 9,000* new service commitments for the 13,500* individuals who will be placed in PSH
- ***Strategies are in place within the homeless system and in partnership with mainstream service systems to prevent chronic homelessness for individuals with chronic disabilities***

*Values represent current countywide estimates and may be refined year to year as more precise data becomes available