

A Coordinated Response to Homelessness in Los Angeles—Reforming the System to Deliver Better Outcomes

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Nonprofit Finance Fund (NFF) is a Community Development Financial Institution that provides tailored investments, strategic advice, and accessible insights to mission-driven organizations. We envision a world where capital and expertise come together to create a more just and vibrant society. Please see the end of this commentary for more information about NFF.

Addressing the Social Determinants of Health

Along with the increasing focus on health care quality and cost comes a growing recognition of the important role of social determinants of health—such as housing, food security, education, employment—on the overall well-being of our population. NFF has been expanding its work around the intersection of health care and human services where these issues frequently meet and overlap. Integration occurs across modes of care as well as in the settings where they are provided. Health providers are bringing together primary care, behavioral health, and other services that blend clinical and community-centered delivery models. There is a growing acknowledgment of the importance of social determinants on physical and mental health, as well as the recognition that many of these factors are not typically addressed in a doctor's office.

This commentary examines a recent partnership between NFF and LA Family Housing, highlighting the social and economic benefits of addressing the needs of clients who are homeless with a holistic, coordinated approach. It also includes more about NFF and how its work and investments address homelessness and other social determinants of health at a national level.

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LA Family Housing

NFF recently provided financing to LA Family Housing, an organization that embodies this comprehensive definition and understanding of community and personal health. The following case study illustrates how this nonprofit agency is bringing together an array of services to address its clients' needs that goes far beyond the provision of housing. The underlying assumption is that more comprehensive approaches to homelessness lead to better outcomes for those in need as well as more efficient use of public resources.

LA Family Housing (LAFH) is a private, nonprofit, community-based organization with a mission to help people transition out of homelessness and poverty through a continuum of housing, enriched with supportive services. LAFH was founded in 1983 by an interfaith group of leaders from the San Fernando Valley, who gathered local support and raised funds to purchase a forty-unit motel in North Hollywood where families could stay for up to thirty days while they regained their footing. Thirty-four years later, LAFH has grown to become one of the largest providers of housing and homeless services in Los Angeles, serving over 6,400 individuals annually. The agency employs evidence-based best practices to achieve its goals and owns and operates twenty-three properties—temporary, permanently affordable, and permanent supportive housing across Los Angeles. This continuum of housing—coupled with a network of supportive services—provides the resources necessary to increase the stability and self-sufficiency of LAFH program participants.

LAFH has four main service areas:

- *Street Outreach, Engagement, and Intervention*: assisting individuals and families who are homeless or in danger of homelessness to be connected with housing and supportive services unique to their needs.
- *Housing Services*: helping program participants locate, secure, and move into an appropriate housing unit.
- *Supportive Services*: ensuring the individual or family has all the resources they need to achieve long-term stability and stay housed, including case management, employment and workforce development, housing retention services, life skills training, children's programs, medical and mental health care, etc.
- *Real Estate Development*: owning and operating 365 affordable housing units for individuals and families with an annual median income ranging from extremely low to moderate and continuing to develop affordable and permanent supportive housing across L.A. County.

A Centralized Model of Homeless Services

Only a few years ago in Los Angeles, if a homeless individual or family wished to access multiple safety net resources, they would have had to

visit various sites, receiving health care in one place, job training in another, and housing services elsewhere. Although the services may have been of high quality, they were geographically scattered and most agencies worked in silos, making them difficult to access. Furthermore, services were often duplicated across the region, making it nearly impossible to accurately track an individual's progress toward self-sufficiency. Funding was limited and secured in fragmented pieces, despite shared goals across the public and private sector players.

Over the past several years, Los Angeles has developed a new cohesive system of public and private collaboration to deliver coordinated services to homeless individuals and families. Between 2011 and 2013, the Registry Project assessed and prioritized homeless individuals for housing based on their level of need. Services were tailored to clients according to an assessment of their needs and provided collaboratively among local partners who shared information about their progress at frequent meetings. With support from the Conrad N. Hilton Foundation, LAFH led the coordinated Registry Project in the San Fernando and Santa Clarita valleys and placed more than 200 chronically homeless people into permanent housing. Through this pilot project, LAFH learned that homeless individuals and families had significantly higher success rates in housing and self-sufficiency when connected with a "service home" as opposed to accessing resources from multiple agencies with different physical locations and points of contact. The pilot's success helped refocus homeless efforts on collaboration among partners rather than competition for resources to serve the same population.

With the success of the Registry pilot and continued support from the Hilton Foundation and United Way of Greater Los Angeles, LAFH helped form the county-wide Coordinated Entry System (CES) for Individuals. CES is a coordinated effort to streamline service delivery among partner agencies and ensure that homeless individuals are assessed and matched with the most appropriate housing solution. LAFH was selected to be lead agency for the CES in service planning area (SPA) 2, the largest, most populous regions of L.A. County. This means that nearly every homeless individual in SPA 2 now comes through LAFH's doors at some point. The organization also has street outreach teams that identify and engage people who are homeless or at risk of becoming homeless. Once individuals are engaged, a dedicated case manager is assigned to help them navigate the process and make sure they are referred to available housing and other supports based on a needs assessment.

In addition to a coordinated system for homeless individuals, public partners, including the Los Angeles Homeless Services Authority, created a new system for homeless families called Coordinated Entry System for Families. LA Family Housing is also the lead agency for CES for Families in the San Fernando and Santa Clarita Valleys. The process for families is similar to the one for individuals, where a case manager meets with the

family to assess their needs and connect them to housing and services based on their specific circumstance.

Bringing Housing and Services Under One Roof

As LAFH continued to expand its programs—particularly through the lens of this coordinated entry approach—it undertook development of The Campus at LAFH, an 80,000-square foot development that will focus on a new strategy for delivering effective, tailored services to homeless and low-income individuals and families in Los Angeles. At its completion, The Campus will be a hub for in-need individuals and families, featuring a comprehensive services center offering fully integrated services from local social service agencies, a full-service health clinic, and an array of housing options specifically designed for individuals and families of all sizes, configurations, and levels of need.

By renovating existing family program space and razing the agency's oldest property to construct a new multi-use building, LAFH aims to create a new "service home" for thousands of homeless and low-income individuals and families. The Campus project is being completed in two phases so as not to interrupt service to LAFH program participants.

Phase I rehabilitates and expands an existing Family Services Center. On one side of the property is a large welcome center for SPA 2's CES for Families, accommodating the increased number of in-need families



in the region. Existing space has been reconfigured to create an open, collaborative environment for LAFH staff and partner agencies, such as the L.A. Unified School District, Department of Public Social Services, and more. Adjacent to this center are thirteen rehabilitated crisis housing units for families, each equipped with its own kitchen and bathroom to keep families of all sizes and configurations together. Outside, a new courtyard features green space complete with drought-resistant landscaping and play areas for children.

Prior to the renovation, hundreds of families came to LAFH each week and were cramped into a small, 100-square foot waiting room while the intake and assessment process was completed. As a result, children and parents were forced to wait outside in the parking lot. The newly renovated welcome center and outdoor green space is transforming that old parking lot into a multi-use, interactive space for parents to work with LAFH staff while their children play in a safe, monitored environment.

In another building, LAFH is providing temporary, or “bridge,” housing for up to 230 individuals daily. The newly renovated, ADA compliant space creates a safe, temporary place for individuals to stay while LAFH staff helps them locate a permanent home in the community. There is a technology and employment center, a serenity lounge, private garden, an outdoor gym, and recreation areas.

The second phase of construction involves demolition of the agency’s oldest existing shelter, the forty-unit motel turned shelter that housed families for up to thirty days. On its footprint, LAFH will construct a new group of buildings to meet the multiple, complex needs of the area’s homeless population. A comprehensive services hub will be home to the region’s CES for individuals, providing space for LAFH program staff to work alongside community partners that will offer employment services, housing assistance, legal aid, and more. On the second floor of the service hub will be LAFH corporate office space for executive, administrative, finance, and fund development teams. Adjacent to the hub, a 6,000-square foot health clinic will offer medical and mental health care as well as dental services, both to LAFH program participants and the public. Across manicured, drought-resistant green space, forty-nine new housing units of permanent supportive housing will meet the needs of chronically homeless adults, many of whom have multiple disorders and diseases.

The new health care clinic will offer primary, mental health, and dental care both for LAFH program participants and the community at large. The clinic will be operated by Northeast Valley Health Corporation (NEVHC), a long-time partner of LAFH that specializes in providing health care for underserved patients in the region. Having NEVHC on-site is a critical component to addressing the full range of LAFH participant needs. As a federally qualified health center (FQHC), NEVHC has a mandate to provide primary care and non-clinical enabling services (e.g., case management, transportation, health education, etc.) to patients in areas that are deemed by the federal government as “medically underserved,” regardless of the

client's ability to pay. In return, FQHCs such as NEVHC receive cost-based reimbursement, federal grants, malpractice protection, and other benefits that allow them to provide care to particularly vulnerable populations. This new health center will double the number of exam rooms, allowing NEVHC to increase patients visits and provide more comprehensive services with the addition of a dental clinic and behavioral health services.

The Campus also offers a new comprehensive services center for the region's CES for Individuals. An open-concept design, LAFH is literally and figuratively breaking down walls to work alongside community partners, offering employment services, housing assistance, legal advocacy, benefits assistance, and other supportive services. Locating these services and the new health care clinic with LAFH's temporary and permanent supportive housing programs will reduce the burden on participants to navigate the web of available supports and remove barriers to achieving stability and self-sufficiency.

The construction of this new Campus at LAFH was financed with Low Income Housing Tax Credits, New Markets Tax Credits (NMTC), private foundations and individual donors, public grants, land contributions, debt, and sponsor equity. NFF, in collaboration with two participating mission-driven lenders, Dignity Health and Genesis LA Economic Growth Corporation, provided \$8.35 million in loans to LAFH to support the construction of the health center, the comprehensive services center, and corporate office space as part of the Phase II development. Of that amount, \$2.1 million supports a seven-year loan to leverage equity generated by the NMTC allocation; the debt service will ultimately be covered by rent coming from NEVHC as a subtenant. The balance of NFF's loan was used to bridge capital campaign proceeds and was an additional source of leverage within the NMTC structure.

One of the unique features of this financing was that NFF provided the capital campaign bridge loan against both committed contributions as well as yet-to-be-raised donations. With a large matching grant from a major LAFH donor and several grant requests with high probabilities of being awarded, NFF and its partners agreed to bridge likely future commitments. In order to make this possible, LAFH pledged an additional piece of LAFH-owned real estate as collateral for the bridge loan.

Looking to Systems Change for Greater Impact

Coordinated system approaches, such as the CES programs led by LAFH, are not unique to Los Angeles—they are part of a national movement to coordinate the myriad agencies that otherwise tend to act independently, making services difficult to navigate. The U.S. Interagency Council on Homelessness has endorsed this model of coordination, and the U.S. Department of Housing and Urban Development has provided guidance on the characteristics that any CES should have. These recommendations include, among other things, a system for prioritization; a housing-first approach; person-centered services; fair and transparent

referral protocols; links to street outreach efforts; administrative data protocols; and standardized access and assessment across intake points, including by phone, in-person, and online.¹

Within Los Angeles, the coordinated approach is only one key component of a larger public initiative to combat homelessness. Los Angeles has put forth an ambitious \$2 billion plan with the goal of housing the city's tens of thousands of homeless residents over the next ten years. In addition to scaling up the CES, the plan calls for investment in housing units—temporary and permanent—as well as a “No Wrong Door” approach that designates a homelessness liaison within every city department, including police, fire, education, library, and others.

The integrated and coordinated nature of LAFH's approach has led to successful outcomes, even well before the new Campus project's expected completion in 2018. LAFH reports its participants' permanent housing retention rate is over 90 percent, much higher than the national average. It has reduced the average length of a family's stay in temporary or bridge housing (formerly known as shelters) to less than ninety days as of 2014. LAFH also has over 200 landlord partnerships across Los Angeles and sixty-five service partners in the CES, all of which amplify its ability to meet participant needs. When the Campus is complete, LAFH expects to be even better positioned to build on this progress.

These efforts have been successful from a qualitative perspective too. CES has saved time, eliminated redundancy, and limited frustration by having a single entry point into the system. It has brought service providers together and allowed them to operate more efficiently. LAFH's participants report a number of benefits, including feeling less stressed; not having to travel as much; and not having to go through workshops and programs that did not meet their needs, just to be deemed “housing ready.”

In the words of the agency's leadership, LAFH is not only helping people move off the streets, it is also essentially ending the homelessness of nearly every individual placed into permanent housing and, through ongoing supportive services, facilitating economic independence and ultimately helping break intergenerational cycles of poverty. The Campus at LAFH represents a big step toward the goal of enhancing LA's response to homelessness and, more broadly, proving that the coordinated approach to addressing social determinants of health works.

About NFF

Nonprofit Finance Fund (NFF) unlocks the potential of mission-driven organizations through tailored investments, strategic advice, and accessible insights. Founded in 1980, NFF helps organizations connect money to

1. Dep't of Housing & Urb. Dev., *Coordinated Entry Policy Brief*, <https://www.hudexchange.info/resources/documents/Coordinated-Entry-Policy-Brief.pdf>.

mission effectively. A leading certified Community Development Financial Institution (CDFI) with more than \$250 million in assets under management, NFF has provided over \$620 million in financing and access to additional capital in support of over \$2.3 billion in projects for thousands of organizations nationwide. In partnership with others, NFF also has provided more than \$120 million in grants to nonprofits for recovery, capital and planning grants, and reserves. NFF serves clients from offices in five cities—Boston, Los Angeles, New York City, Philadelphia, and San Francisco.

Tailored Investments

NFF's financing helps mission-driven organizations grow, manage cash flow, purchase, expand or renovate facilities, and increase preparedness for financial uncertainty. NFF offers a range of financial products with the flexibility to tailor each investment to the specific organization and circumstance. Our borrowers cover a broad range of the social sector, including primary and behavioral health, homelessness, education, child welfare, workforce development and employment, criminal justice, and food access, among other issue areas.

Our growth loans provide organizations with capital to upgrade their IT systems, increase the scale of successful programs, create new programs or services, hire new staff members, and otherwise cover operating costs until they can generate enough revenues to support the expanded activities. Our revolving lines of credit help organizations sustain operations during delays in government contract payments, medical insurance reimbursements, and other types of receivables. NFF also makes loans for the purchase and development of brick-and-mortar community facilities, such as health centers, charter schools, after-school programs, and community kitchens. NFF has invested \$250 million under the New Markets Tax Credit program to provide catalytic capital for businesses and projects in low-income communities. It has also made a small number of loans to support service providers that are participating in Pay for Success (PFS) programs² intended to improve the quality and efficiency of human service delivery and that tie payment to the achievement of measurable, beneficial social outcomes.

Strategic Advice

NFF's Advisory Services address a wide range of strategic financial management needs. Our consultants help organizations stay in balance so that they are able to successfully adapt to changing financial circumstances and to grow and innovate when they are ready. We provide highly integrated,

2. Pay for Success is an approach to contracting under which local or state governments make payments based on actual outcomes achieved (e.g., reductions in recidivism, use of emergency services, foster care utilization, etc.) rather than on a fee-for-service basis. Third party intermediaries raise capital from private investors to fund the upfront cost of services and manage repayments to investors as government payments are made.

customized solutions that allow organizations to strengthen their business models, capital structures, access to revenue and capital, investment readiness, and institutional leadership for improved financial sustainability and adaptability in support of mission and program impact. In 2015, NFF provided more than 30,000 hours of direct support to more than 220 organizations. Our aim is that these direct efforts help to build a stronger social sector, better able to meet community needs and create more just and vibrant society.

Accessible Insights

NFF captures and shares data, insights, and best practices gleaned through our work with thousands of nonprofits and through partnerships that further inform a strong understanding of the social sector's dynamic operating environment. Our knowledge-creation and sharing ranges from reports and other publications to websites like our Pay for Success Learning Hub³ and our widely cited *State of the Nonprofit Sector* survey.⁴ Current initiatives include a partnership with the Federal Reserve Bank of San Francisco to help inform and accelerate the social sector's shift to outcomes-oriented approaches and funding. This will include a new online learning hub; a series of meetings and workshops around the country; and a book that compiles chapters written by dozens of leaders in the field that address the opportunities, challenges, and practical considerations for orienting the social sector around positive outcomes.

3. Nonprofit Finance Fund, *Pay for Success*, <http://www.payforsuccess.org/>.

4. National Finance Fund, 2015 *State of the Nonprofit Sector*, <http://www.nff.org/learn/survey>.

