



MEMORANDUM

Date: June 29, 2021

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator

Re: **Pima County Housing First Program Sustainability & Gap Funding Needs**

Pima County Housing First (PCHF) is approaching the conclusion of its two-year pilot program. In order to establish proof of concept, the PCHF pilot was financed through July 1, 2021 via Pima County general funds. We have determined that the program is not only viable but successful, as it has positively impacted the lives of individuals experiencing chronic homelessness in our community, as well as improving community safety and reducing costs to the justice system. We seek now to identify both short- and long-term funding to maintain program operations.

The RAND Corporation, independent evaluator for PCHF, submitted an interim report in Fall 2020. As of June 2020, RAND cited that programmatic expenditures were \$627 per participant per month – roughly equivalent to the cost of the first two days of detention in our jail (and estimated that programmatic costs would reduce more over time). RAND also noted that PCHF participant utilization of Tucson Police Department services (quantified as officer time, via arrests, outreach, or deflection) after program enrollment reduced by 61 percent, and utilization of the Pima County Sheriff's Department services (quantified as booking fees and daily rate costs, which in most cases would have otherwise been passed on to the arresting jurisdiction) reduced by 58 percent. Furthermore, PCHF participants also utilized Pima County Pretrial Services 72 percent after program enrollment. RAND states that, for each individual enrolled in PCHF, the reduction in costs to the criminal justice system is over \$4,000 in savings.

It is clear from these results that PCHF should continue beyond pilot phase. Our Criminal Justice Reform Unit (CJRU) now seeks to identify diverse sustainability resources including grant applications, federal housing funds, and local contributions in order to sustain the program after July 1, 2021. The attached memo from Assistant County Administrator Wendy Petersen outlines measures taken to date and ongoing strategies to finance the supplemental services PCHF provides.

These new funding opportunities, if awarded, will help to support PCHF – however they will not cover the entire cost of the program. Further, we will not know the outcome of the federal grant submission until later this year. As long-term funding strategies are still being formulated, PCHF requires short-term funding to sustain its existing participants and services.

The Honorable Chair and Members, Pima County Board of Supervisors
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Contributions to PCHF from July 2019 through June 2021 are as follows:

- **Pima County:** \$1.5 million per year for a total of \$3 million. The majority of the funding has been distributed to Old Pueblo Community Services (OPCS) to support “bridge housing” (short term housing while participants wait for permanent housing placement), intensive case management and treatment coordination, and other supportive services. Pima County has also provided a Program Coordinator to oversee PCHF administration.
- **City of Tucson (COT):** COT serves as the Housing Authority for our community; as such they coordinate and distribute “Section 8” housing vouchers on behalf of the federal entity, Housing and Urban Development (HUD). These vouchers pay only the monthly rent costs once a participant has been placed in permanent housing; 70 percent of the rent is paid via federal funds, up to 30 percent is paid by the participant (however, it may be less depending on the individual’s income). In addition to providing vouchers, COT’s Housing Department has also played a valuable role in the program, providing technical assistance and guidance throughout the pilot.

Our Grants Management and Innovation (GMI) Office, which provides fiscal administration and oversight for PCHF, estimates that up to \$500,000 is needed to maintain current participants and service levels from July 1, 2021 through October 1, 2021 (the projected start date of federal grant funding, if awarded). While long-term sustainability planning won’t be possible until outcome of the grant application is known, it is imperative that short-term funding for PCHF be identified.

Potential resources for this gap funding include, but are not limited to:

- Cost sharing among justice system partners who have fiscally benefitted from the savings identified by the RAND report;
- Federal housing funds, such as the American Rescue Plan Act of 2021 (ARPA); and,
- Pima County general funds, as payer of last resort.

Independent evaluation demonstrates that the City of Tucson benefits financially from both the reduction of police officer time, as well as avoided jail booking and daily rate costs. It is my recommendation that we pursue a financial contribution from the City of Tucson to help offset costs of PCHF. Any member of the Board can place this item on a future agenda to provide direction as to your preference to either continue or discontinue the program as well as provide direction regarding a funding source for the program if it is to continue.

Attachment

c: Jan Leshar, Chief Deputy County Administrator
Wendy Petersen, Assistant County Administrator for Justice and Law Enforcement
Kate Vesely, Director of Justice Reform Initiatives
Regina Kelly, Director, Grants Management and Innovation Office



MEMORANDUM

County Administration
Justice and Law

Date: June 9, 2021

To: C. H. Huckelberry
County Administrator

From: Wendy Petersen
Assistant County Administrator
for Justice & Law Enforcement

Re: **Continued funding for Pima County Housing First Pilot Program**

Pima County and the City of Tucson are national leaders for addressing homelessness among the justice involved population. Our community has been significantly impacted by individuals struggling with homelessness, criminal recidivism, and individuals with co-occurring issues. The financial and human costs are too great. Pima County, in partnership with the City of Tucson, recognize that there are more effective ways to address chronic homelessness and the cycle of incarceration. These methods, in turn, make our community safer, lower costs and, most importantly, improve lives.

Even while Pima County and the City of Tucson have established some of the most progressive justice reform programs and strategies in the country, we continue to watch our homeless population grow with great concern. The City of Tucson reported that from 2019 to 2020, our unsheltered population increased by over 60%. This rate is only expected to rise due to the COVID-19 Pandemic.

Housing First Background and Funding Sources

Pima County launched the Housing First (PCHF) program in April 2019 to target unsheltered individuals with co-occurring disorders and justice involvement with the goals of reducing utilization of emergency medical care, chronic homelessness, and justice involvement. Pima County contributed \$3 million in general fund dollars over the two years of the pilot program.

As of June 4, 2021, 170 City of Tucson vouchers have been issued and are being utilized. The vouchers we've received for Housing First are federal government issued vouchers. There isn't a dollar figure we can attach to the vouchers: the City of Tucson Public Housing Authority holds the vouchers for disbursement to agencies who are involved with housing homeless and/or low income individuals. Although there is no monetary value attached to the voucher itself – once a client receives one, typically 30% of their monthly gross income is paid towards rent, whereas the federal government (Housing and Urban Development –HUD) pays the remaining rent balance.

On a monthly basis, Pima County pays Old Pueblo Community Services (OPCS) an average of \$95,882 for the services they provide to HF participants. Pima County funding to HF ends June 30, 2021. In the event we are awarded the BJA Second Chance Pay for Success grant, the grant will not distribute money until October 2021, leaving about a four- month gap. Per GMI/Finance, the funding gap is estimated to be \$510,270 from July 1, 2021 through October 1, 2021 (see Attachment A, Housing First Forecast).

Accordingly, we estimate a funding deficiency of \$510,270 between July 1st and September 30th, 2021. Without additional contributions or funding sources, we will not be able to sustain the program until other funding opportunities present.

Participant eligibility for PCHF is based on three characteristics:

1. Homelessness of any form;
2. Frequent utilizations of Pima County jail services; and
3. Mental health and/or substance use issues.

The premise of the pilot and housing first model is that in achieving housing stability first and eliminating the chaos of homelessness, supported individuals will be better suited to address issues that impact their quality of life. Referrals are accepted only from justice system partners.

The program exceeded its initial goal of providing Permanent Supportive Housing (PSH) to 150 participants; it has 190 active clients in the program; 144 clients in permanent housing, 14 individuals in transitional (bridge) housing awaiting placement, and the remaining amount in various stages of program intake (e.g., document seeking or “pending inspection”).

PCHF is unique among housing programs because of the “justice” related aspect to the program. PCHF participants have to have been justice system involved by virtue of having Pima County jail incarcerations as part of the eligibility requirements. Participants may include their families and pets in their housing journey – another point of stability and familiarity that helps with the often difficult transition to permanent housing. Former jail inmates historically have been very difficult to house for the simple reason that landlords do not want to risk renting to them. Adding in the eligibility requirement of a mental health and/or substance use disorder makes it that much harder for our community to house these people and keeping them from the revolving door of recidivism.

PCHF is, by definition, a criminal justice reform project due to the eligibility requiring justice system involvement. Our referral pathways into the PCHF program comes from our justice system partners who are: Probation, the Jail Population Review Committee; Public Defenders office. Over the past two years in setting up the project, the CJRU set up the contacts with service providers to make these applicants successful.

Sustainability Efforts

Funding for the Pima County Housing First Two Year Pilot Project comes to an end June 30, 2021. In the planning stages of this project, it was anticipated that additional and sustainable funding would come from local health care providers who realized a savings (due to engagement with Housing First) from the targeted population who became part of the revolving door of emergency room visits. This vision has not panned out due, in part, to the COVID-19 Pandemic. In past year, we’ve learned that the greatest

savings has been achieved by law enforcement agencies and the Pima County Adult Detention Complex (bookings fees at the Pima County Jail are about \$400 and housing costs are over \$125 per day).

With the assistance of the Corporation for Supportive Housing (CSH) the Technical Advisor for the PCHF project, we began considering several sustainability options in the past year. The options available to us are listed below:

1. On April 30, 2021, we applied for a BJA Second Chance Pay for Success grant. The grant is in the amount of \$1.1 million over 54 months, awarded in October 2021. We submitted the grant application and found out at the end of May that the BJA opened the grant again and will now be due for re-submission on July 6, 2021. I do not know if that will push the grant award from the October 2021 date to sometime later in 2021.
2. Our vendor, Old Pueblo Community Service (OPCS), secured \$250,000 in Federal (CBDG) P-CHIP (The People, Communities, and Homes Investment Plan) funds, a plan adopted by City of Tucson Mayor and Council on January 20, 2021. These funds will start to pay out July 1, 2021. This P-CHIP money, while certainly very welcome, will only serve to cover a fraction of the day to day costs of running the program.

Even with these two potential sources (“potential” because are not sure we will be awarded the BJA grant) we will have a gap both in terms of time (PCHF funding ends June 30, 2021, the BJA doesn’t start funding until October 2021) and in terms of dollars (Pima County’s contribution was \$3 million over two years, much more than the \$1.1 million over 54 months from the BJA grant).

Other potential sources of funding include American Recovery Plan Act (ARPA) funds, if they are available to continue wraparound services for this vulnerable population.

City/County Partnership

Ultimately, the success of the PCHF depends on Pima County’s valued partnership with the City of Tucson.

In addition to the 170 issued vouchers, Liz Morales, Housing and Community Development Director for the City of Tucson, has been a champion of the project and helpful in reducing obstacles in the process (e.g., enabling OPCS’ housing inspectors perform the inspections before tenant move in instead of waiting for the very busy City of Tucson inspectors to schedule a date).

On May 26, 2021, Jason Thorpe, Collaborative Applicant Coordinator for the City of Tucson Housing & Community Development Department, proposed an idea reflective of the kind of partnership we need: hosting a community forum on the intersections of justice and homelessness. This would take place in advance of the Continuum of Care funding competition. The funding competition will be announced in late July. Mr. Thorpe offered to host a virtual forum under the auspices of TPCH with a focus on increasing coordination, especially as it relates to discharge planning.

The hopes for this forum (in Mr. Thorpe’s words) are two-fold:

- 1) highlight the lessons learned through the great work with the Housing First project and the importance of its continued sustainability (building potential community buy-in for a Continuum of Care Bonus project application); and

2) identifying strategies to advance TPCCH's strategic plan goals as they relate to improved discharge planning/coordination (i.e. completing Coordinated Entry assessment for eligible inmate's pre-release, coordinating shelter placements upon release, etc.).

Mr. Thorpe proposed that COT Housing and Community Development host the forum as a moderated panel discussion with representation from CJRU, the STEPs Court at Superior Court, City of Tucson homeless court, a community provider, and a couple community advocates. The proposed Community Forum will take place the week of July 12, 2021.

While this type of collaboration is invaluable, we could use additional help in the form of additional vouchers and an infusion of cash.

On April 12, 2021, we learned that the City of Tucson had to put a hold on releasing additional Housing Choice Vouchers:

City of Tucson Public Housing Authority is allocated 4,798 vouchers, for the last three months, we have exceeded this number. We cannot continue issuing vouchers and will need to let those numbers fall under 4,798 before we can resume. Effective immediately, HCD cannot accept any new referrals for the HPP and HFHP program.

...

We will be monitoring utilization and determine when new referrals can be accepted. We anticipate being able to resume referrals on July 1, 2021, but if we can accept sooner, we will notify this group. We thank you in advance for your continued support and cooperation.

We are hopeful and optimistic that the City of Tucson will start issuing the necessary vouchers, but more collaboration would be welcome.

As the Pima County funding comes to an end, it is not the end of this life changing and lifesaving project. At this point we have 144 people housed in safe, secure stable housing which allows these people to restart their lives. Under this model, *housing* is the first step to success. We do not want to lose the momentum and now is the time to ramp up the project.

Success Stories:

The numbers do not tell the whole story of success for this important project. The lives of the participants and their families improve with a simple change: stable housing. The following stories tell of life changing success and lives saved.

Chelsea T.

Housing First Pilot Project provides stability to clients, including new moms. Chelsea T. formerly homeless, on probation and in recovery, was one of four new mothers enrolled in PCHF, providing her with a place to live, for free while she got back on her feet.

Chelsea connected with PCHF in September 2019, weeks before giving birth to her daughter. The baby spends the afternoon in daycare while Chelsea does homework and cleans the apartment. Chelsea appreciated being enrolled in HF having been in and out of jail since 2013.

"The safety of having my own place is the best part. I'm not begging to stay with someone. I know I can come home and lock my doors and no one else can get in.... This is my space, my area, I can relax and not worry if someone is going to hurt me. I sleep like a baby at night. I feel at peace because I have a roof over my head that's my own".

Joe and Alicia T Family:

The T family came to PCHF in April 2019 and were the first clients of the Pima County Housing First Program. Watching Joe and Alicia grow as individuals and as parents has been one of the many joys for their advocates at OPCS.

In October 2020, the T family was granted physical custody of their children, the Department of Child Safety (DCS) having legal custody. The family continued to push through despite Joe struggling with probation again. Joe was placed in custody at the Pima County Jail on a revocation.

Joe was terminated on probation, with time served in January, 2021. The family unit reunited and continued to fight for legal custody with new motivation.

Eventually, all parties agreed, DCS, the Attorney General's office and legal counsel suggested dismissal of this case. The judge presiding dismissed the T family's dependency case 23 months in. They now have legal and physical custody of their two children.

In these 23 months, Joe and Alicia have grown into a stronger couple and parents, they have sought out therapeutic services not only for themselves, but their children. They have regained independence and voices to advocate for their children and continue to plug themselves into those resources to better serve their community.

Nacole R:

Nacole R came to PCHF on Drug Court probation. She completed treatment at Las Amigas and has been sober and maintained custody and care of her daughter throughout. She got housed at The Apple Apartments in July of 2020 and has paid her portion of bills on time since then. She has even had a few temporary jobs and is working to gain full time employment. She graduated from Drug Court and is now working to pay off her license on her own; while saving to pay for her next move in deposit when her lease is up. She is a shining example of what this grant and program can do if you really work it.

Phillip B:

Phillip, 31, is part of PCHF was placed into an eastside apartment while focusing on his recovery from addiction, repairing the most important relationships in his life and making a difference in the community in which he grew up by sharing his story.

"I was trapped in my addiction. I was really stuck in a place that I didn't ever see myself getting out of. I had nowhere to go. I was out there in the streets doing what I was doing. My mom wasn't letting me back home at the time, and I understand that, I really do. I respect that.

"I have a lot of shame, a lot of guilt, and I remember reflecting on all that when I was sitting in jail and praying to God that if he gets me out of this, I won't let him down. And, lo and behold, here comes Cindy."

Cindy is Cindy Buchler from Pima County Pretrial Services, who made Phillip's referral to Housing First. Phillip moved in to his apartment in October 2019.

"From there, it allowed me to set the foundation for my recovery and I was able to scaffold on that," he said. "With me having my own apartment, it gave me the motivation and security to go ahead and move further in my recovery. Upon doing that, I have been able to bring my life together in ways I would have never been able to before. There is a feeling of security and self-worth to me now."

That has led Phillip to a healthier relationship with his mother, who co-signed for a loan on a car before he started his job in March. He credits Housing First with helping to forge a strong family bond.

"Oh, my God. Big time. I have never been this close to my mom. Ever," he said, beginning to choke up on his emotions. "That right there is one of the major points in my recovery that I really honor, that I really value. It's mind-blowing because I see in my past where I made so many mistakes with my mom. If it wasn't for this program, none of it would be available to me. I don't know where I would be. I would probably be in jail, prison, dead. I don't know. But I know it wouldn't be anywhere good."

When it comes to inspiration, Phillip has his two daughters -- 11-year Leah and 7-year Lilly, who live in the Dallas area. Because he had housing, he was allowed to travel to Texas -- with a judge's permission -- and bring them back to visit with him in his apartment for a while. He is hoping soon to return to Texas and apply for joint custody.

"It gives me something to live for," he said of his daughters. "That's another big part of my recovery right there and that is another thing that wouldn't have been possible without this program. Everything is thanks to this program."

Description	Object code	1 YEAR BUDGET					TOTAL	Remaining Balance
		7/1/2021	8/1/2021	9/1/2021	10/1/2021			
		PRIMARY					Per PPE	
Personnel Service		65,000.00	5,000.00	5,000.00	5,000.00	5,000.00	22,500.00	42,500.00
Salaries	5400	2,500.00	-	-	-	-	-	-
Overtime	5401	-	-	-	-	-	-	-
Temporary Help	5404	-	-	-	-	-	-	-
Special Assignment Pay	5407	-	-	-	-	-	-	-
FICA	5409	191.23	382.46	382.46	382.46	382.46	1,721.08	3,250.92
Unemployment	5410	1.54	3.08	3.08	3.08	3.08	13.85	26.15
Health Benefits - Do Not include H.S.A.	5411	603.00	1,206.00	1,206.00	1,206.00	1,206.00	5,427.00	10,251.00
Workers Compensation	5412	4.27	8.54	8.54	8.54	8.54	38.42	72.58
Life Insurance	5413	1.31	2.62	2.62	2.62	2.62	11.77	22.23
Employer Paid Benefit Fees	5414	-	-	-	-	-	-	-
Employer PD Subsidy	5415	-	-	-	-	-	-	-
Retirement	5416	310.27	620.54	620.54	620.54	620.54	2,792.42	5,274.58
Dental Insurance	5422	-	-	-	-	-	-	-
H.S.A. Disbursement (thru payroll)	5457	76.92	153.85	153.85	153.85	153.85	692.31	1,307.69
Short Term Disability	5469	-	-	-	-	-	-	-
Subtotal		95,902.00	7,377.08	7,377.08	7,377.08	7,377.08	33,196.85	62,705.15
Professional & Outside Svcs.		Monthly Avg						
Non-Professional Svcs (RAND)	5152	168,507.00	-	-	-	-	-	168,507.00
Payments to Agencies (OPCS)	5315	1,200,000.00	91,739.75	91,739.75	91,739.75	91,739.75	458,698.75	741,301.25
Payments to Agencies (CSH)	5152	30,000.00	3,623.75	3,623.75	3,623.75	3,623.75	18,118.75	11,881.25
Payments to Grant Sub Recipients	5316	-	-	-	-	-	-	-
Subtotal		1,398,507.00	95,363.50	95,363.50	95,363.50	95,363.50	476,817.50	921,689.50
Travel Expense								
In State Training	5138	-	-	-	-	-	-	-
Out of State Training	5139	-	-	-	-	-	-	-
In State Travel	5140	-	-	-	-	-	-	-
Out of State Travel	5141	3,000.00	-	-	-	-	-	3,000.00
Mileage Reimb	5305	-	-	-	-	-	-	-
MotorPool Charges	5306	-	-	-	-	-	-	-
Fuel & Oil	5007	-	-	-	-	-	-	-
Subtotal		3,000.00	-	-	-	-	-	3,000.00
Other Operating Expense								
Office Supplies	5000	1,907.00	-	-	-	-	-	1,907.00
Phone	5361	684.00	51.18	51.18	51.18	51.18	255.90	428.10
Subtotal		2,591.00	51.18	51.18	51.18	51.18	255.90	2,335.10
Total Expenditures		1,500,000.00	102,791.76	102,791.76	102,791.76	102,791.76	510,270.25	989,729.75
Total Year to Date Expenditures		1,500,000.00	102,791.76	205,583.51	308,375.27	411,167.03	510,270.25	989,729.75