

# **Denver Permanent Supportive Housing Initiative**

**Colorado's First Social Impact Bond Financing  
2014 to 2021**

**Presentation to Social Venture Partners  
August 31, 2021**



**SOCIALIMPACTSOLUTIONS**

# Background: Current Lack of Housing 2015

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*Even with all the progress made, there is not enough existing housing and resources to meet the needs of various populations.*

- There were over **800 chronically homeless** individuals identified in the 2015 point in time survey.

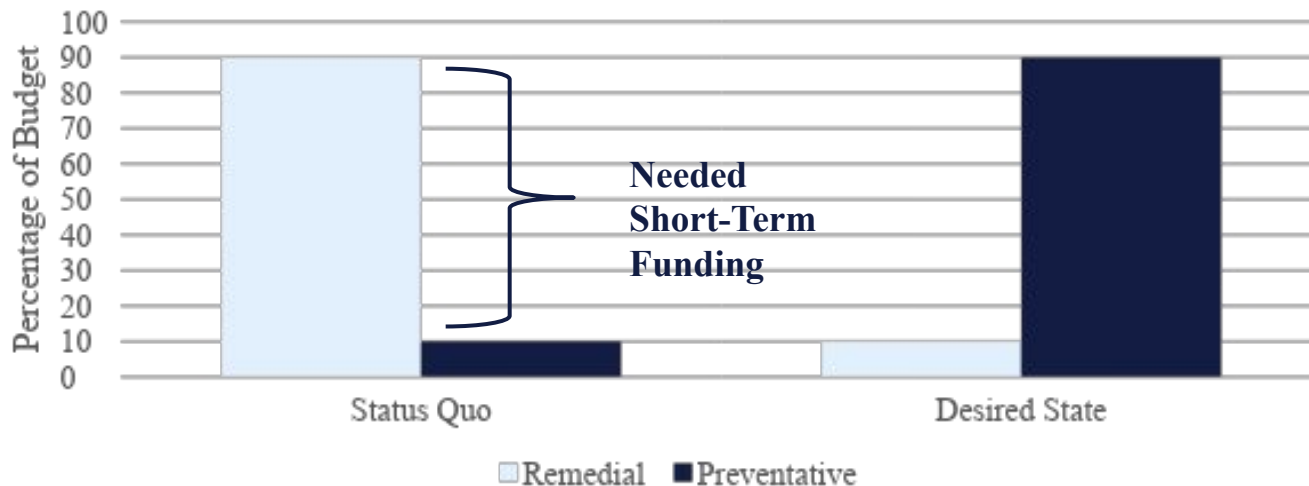
*Rental Gap by Income, 2012, Mayor's Housing Task Force*

<b>Denver Renters</b>	<b>Number of Affordable Rental Units</b>	<b>Shortage of Affordable Rental Units</b>
21,300 earn less than \$10,000	8,400	-12,900
45,400 earn less than \$20,000	18,200	-27,200

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# Social Impact Bond

- Use private capital as a bridge to transition high-cost individuals to permanent supportive housing
- Denver repays investors from savings in the criminal justice and safety-net system, **ONLY** if the savings/benefits materialize (investors bear the risk)



# High Utilizers: Top 250 Averages

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*On average, the top 250 homeless “high utilizers” use a lot of government resources—over,*

- **14,000** days in jail,
- **2,200** visits to detox,
- **1,500** arrests, and
- **500** emergency room visits.

*It is an extremely ineffective and expensive system, costing taxpayers over **\$7 million per year.***

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# Proposed SIB Intervention

*By properly serving this population, the City can both reduce costs and create long-term solutions...*

## Eligibility Criteria

Eligible participants are individuals with a record of **at least eight arrests over the past three years**; and a documented case of transiency at the time of their last arrest (i.e. homelessness).



**Housing First**



**Intensive Case Management**

# SIB Project Details

## Project Goals:

- 1) Demonstrate that housing and intensive case management can improve lives *and* reduce taxpayer costs.
- 2) Add to the City's capacity to house vulnerable populations.
- 3) Develop new mechanisms and funding to pay for case management services that formerly received federal support.

## Size:

- 250+ chronically homeless individuals

## Duration:

- 5 years of SIB funding, additional time for evaluation and payment

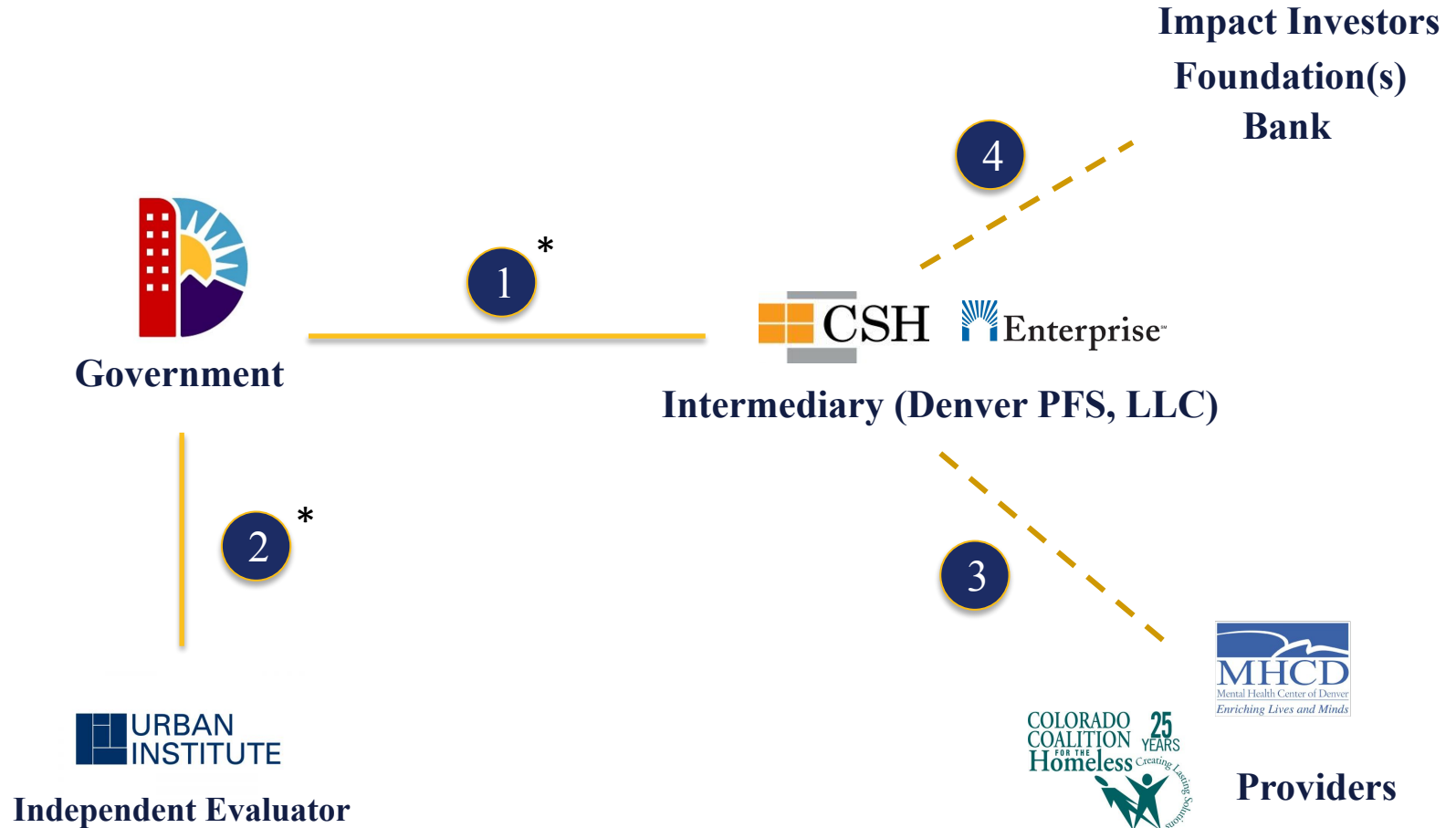
## Services:

- 2-3 new Assertive Community Treatment teams (ratio of ~ 1 case manager to 10 individuals)
- Connection to preventative health + additional services

## Housing Details:

- Possible use of two new housing developments with an anticipated **210 new units** of housing (one Mental Health Center of Denver (MHCD) building, one Colorado Coalition for the Homeless (CCH) building, new 20 units at CCH's North Colorado Station, 30 units at St. Francis' new building).
- Provision of additional services and subsidies to **40 units** that are vacant through turnover and/or landlord recruitment.

# Associated Contracts



\* City Contracts

# Denver's SIB Repayment



**Denver will Pay  
for Outcomes in  
Two Areas**

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## **(1) Housing Stability**

- City only pays if a participant spends at least one year in housing.
  - Thereafter, payments made on days in housing minus days spent in jail.
  - If participant does not meet one year threshold, they can replace that unit with a new participant.
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## **(2) Jail Bed Day Reduction**

- Payments made based upon the percentage reduction seen between participants and non-participants over 5 years.
  - No payments made below 20% reduction.
  - Maximum payment at 65% reduction.
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# Repayment Structure

## (1) Housing Stability Payment

Approximately \$15 per day for eligible stable housing days\*

Maximum payment of \$5,350,083

\*Subtract any days spent in jail

**Total Investment \$ 8,634,695**

*Housing Stability \$ 4,000,000*

*Jail Bed Day \$ 4,634,695*

## (2) Jail Bed Reduction Payment

<i>Percentage Threshold</i>	<i>Payment Per Percentage Point</i>
< 20%	\$0
≤ 20 to < 30%	\$160,000
≤ 30 to < 65%	(30 x \$160,000) + \$41,500 per percentage point above 30%
≤ 65%	Max Payment (\$6,252,500 total)

	<b>Housing Stability Rate*</b>	<b>Jail Reductions</b>	<b>Estimated Gross City Benefit/Savings</b>	<b>Total Outcome Payments</b>
<i>Very Low</i>	50%	0%	\$ 2,972,000	\$ 2,675,042
<i>Low</i>	67%	20%	\$ 7,439,000	\$ 6,766,722
<i>Previous</i>	83%	40%	\$ 9,700,000	\$ 9,673,403
<i>Max Payment</i>	100%	60%	\$ 12,930,000	\$ 11,602,583
<i>Strong</i>	100%	84%	\$ 14,896,000	\$ 11,602,583

\*Housing stability rate estimated based upon enrollment dates and eligible days in housing.

# **Outcomes**

## **Urban Institute Report**

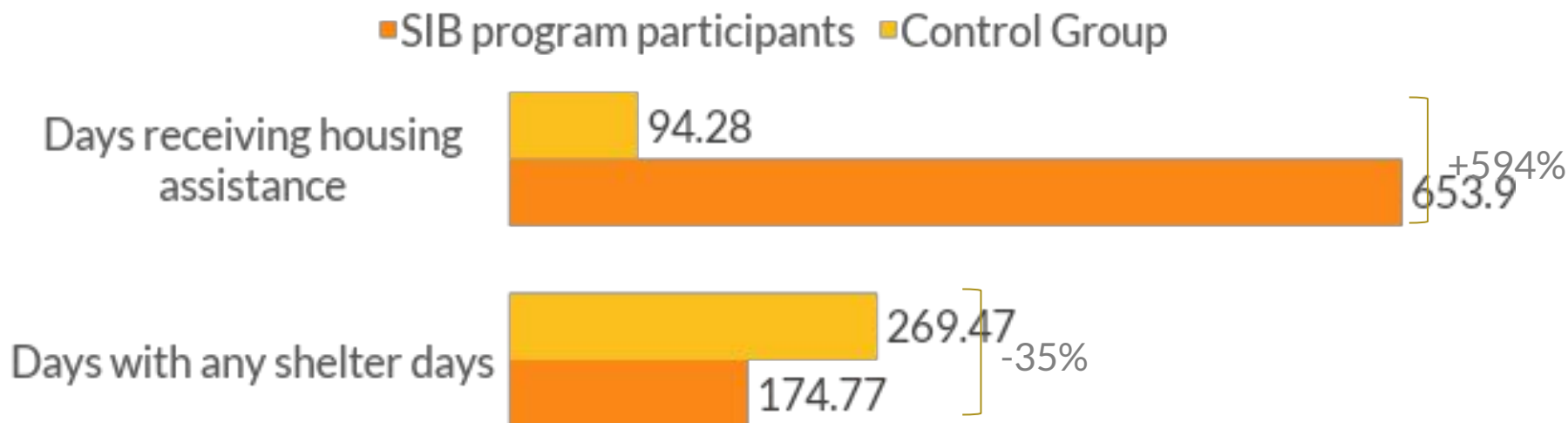
When people experiencing homelessness were offered housing, most took it and stayed for the long term.



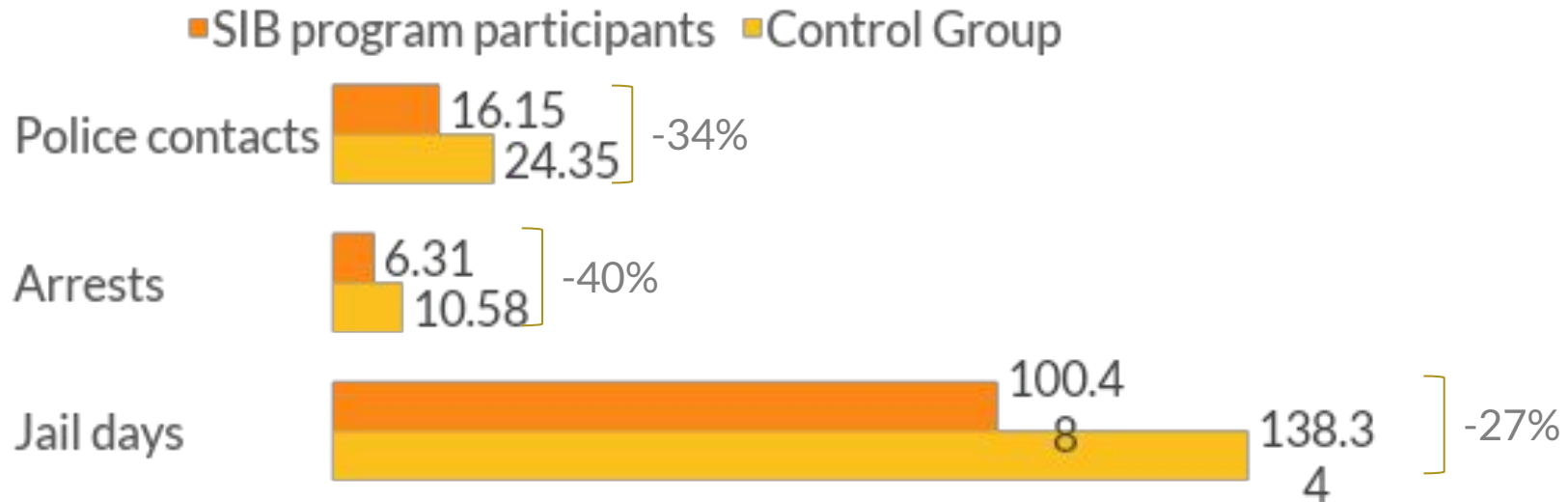
After three years in the supportive housing program, **77 percent** of participants remained in **stable housing**.

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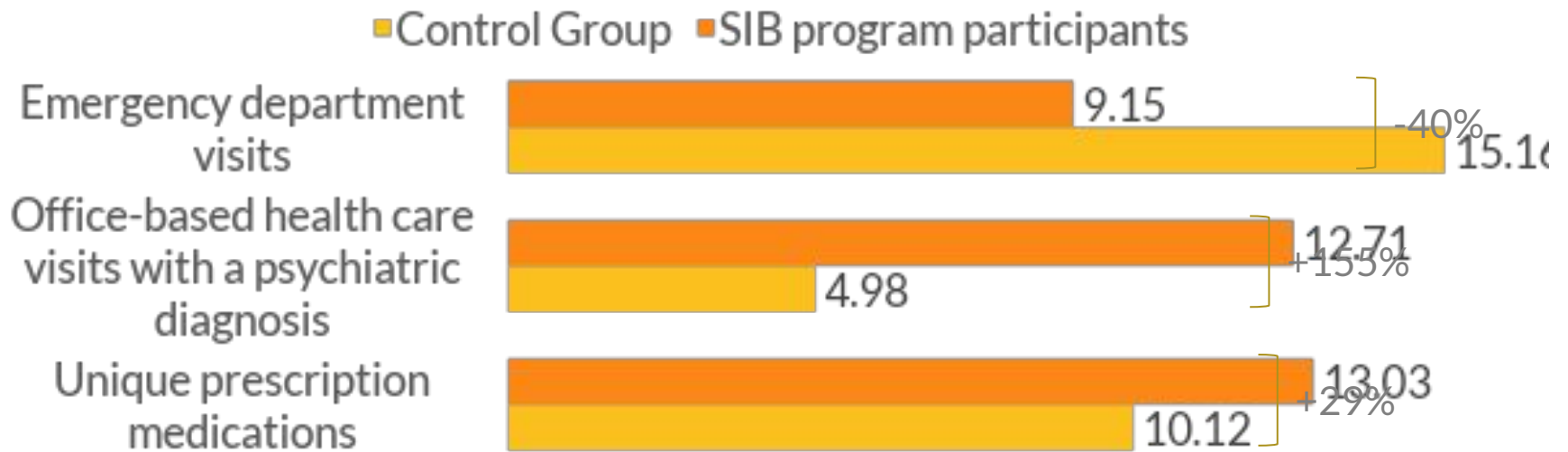
# More Housing Assistance and Fewer Days in Shelters



# Fewer Interactions with the Criminal Justice System



# Less Emergency Health Care and More Office-Based Care



# Success Payments

Housing stability payments	\$4,534,911.36
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Jail day reduction payments	\$5,104,000.00
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<b>TOTAL SUCCESS PAYMENTS</b>	<b>\$9,638,911.36</b>
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# Other SIS Pay for Success Financings

Denver Permanent Supportive Housing	\$8.6 million	5 years	Continuous days of stable housing and reduction in jail days
Westminster School District Early Childhood Education	\$1 million	3 years	Kindergarten readiness, school success, and reductions in remedial education services
State of Colorado (Jefferson County) Education Support of Foster Care Teens	\$1.58 million	4 years	Better attendance, course completion, on-track to graduate or reductions in suspensions.
State of Colorado Expand Multi-Systemic Therapy to parts of the state where it is currently not available	\$2.32 million	3 years	Success payments on high adherence to intervention, reduction in secure detention, and reductions in out-of-home placements.
State of Colorado (Denver County) rapid responders to refer runaway youth to evidence-based in-home services	\$2.02 million	3 years	Service take-up, reductions in charges, and reductions in out-of-home placements
Invest in Kids -- Incredible Years expansion in Aurora and Sheridan School Districts	\$1.3 million	5 years	Social-emotional development, reductions in teacher turnover, reductions in remedial ed services



# Pay for Success Financings under Development

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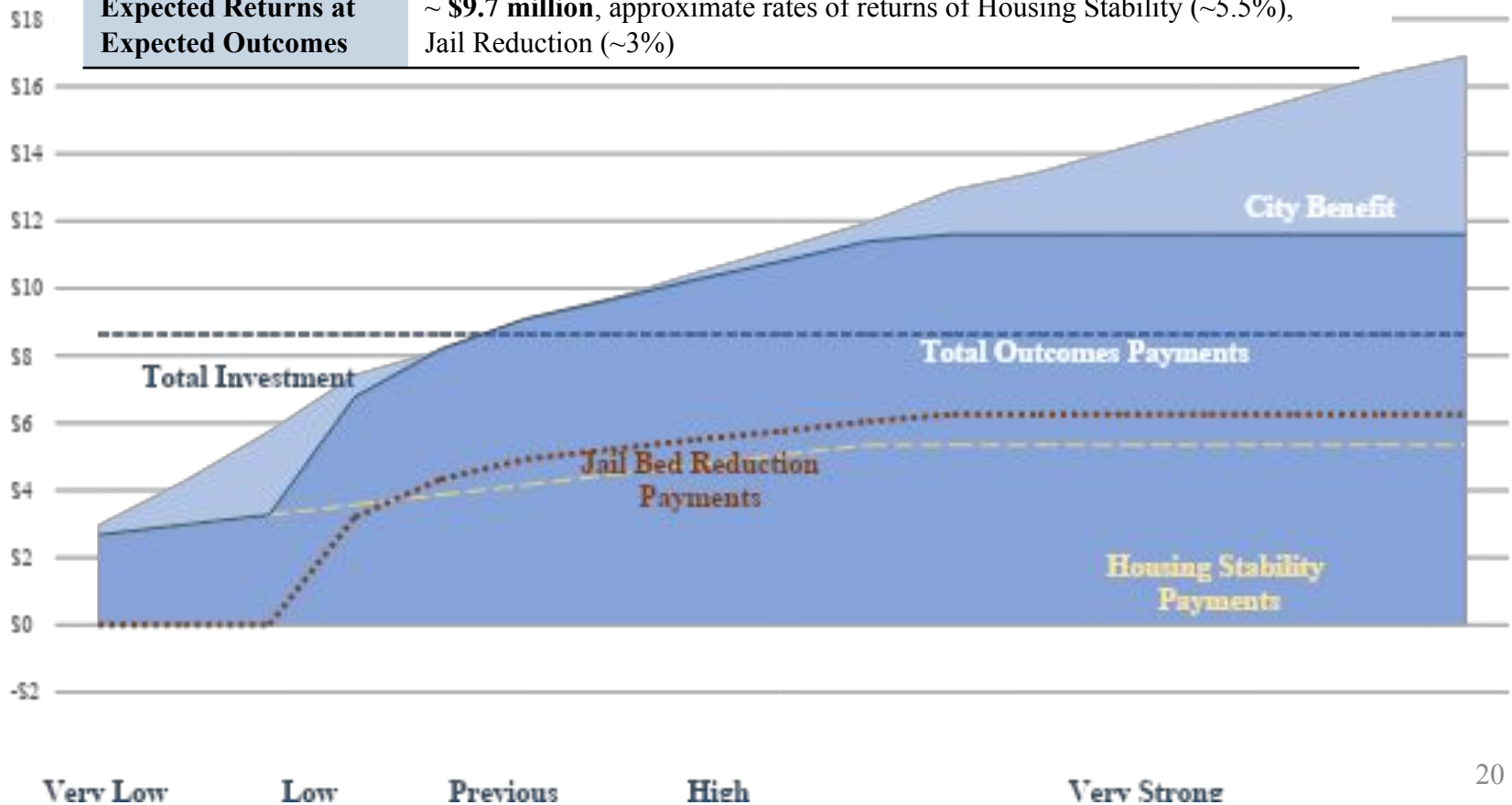
<b>Denver Permanent Supportive Housing -- SIPPRA</b>	\$11 million	7 years	Reduction in health care costs
<b>Public Education Business Coalition – Teacher Residency Program</b>		3 years	Teacher retention for 3 years
<b>Raise the Future – Adoption of Foster Care Youth</b>			Successful adoptions

# Discussion

# Back Up Slides

# Contract Overview

<b>Number of Years</b>	5 years of services, approximately 1 additional year for completion of evaluation and payment
<b>Total Investment</b>	~\$8.63 million SIB investment, leveraging \$15.2 million in Federal resources
<b>Maximum Outcome Payment</b>	~\$11.7 million (Outcome levels at 100% housing stability, 65% percent jail bed reduction)
<b>Expected Returns at Expected Outcomes</b>	~ \$9.7 million, approximate rates of returns of Housing Stability (~5.5%), Jail Reduction (~3%)



# Pay for Success

