Housing Opportunity: Chronically Homeless Individuals
Using a Social Impact Bond to Support a Broader City Homelessness Strategy

Where do we work?

Project Issue Areas

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Projects</th>
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</thead>
<tbody>
<tr>
<td>Homelessness</td>
<td>Denver, MA, Seattle</td>
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<tr>
<td>Child Welfare</td>
<td>IL, CT, RI</td>
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<tr>
<td>Criminal Justice</td>
<td>NY, AR, Louisville, CA, RI, PA</td>
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<td>Juvenile Justice</td>
<td>MA, IL</td>
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<td>Pre-K</td>
<td>Las Vegas, Chicago</td>
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<td>Early Childhood</td>
<td>SC, MI, OH, NY</td>
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<td>Behavioral Health</td>
<td>Bernalillo County, CT, Louisville</td>
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<tr>
<td>Workforce</td>
<td>San Francisco, RI</td>
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Social Impact Bond

- Pay for new programs and services while we move to long-term preventative solutions.
- We can add dollars to existing resources and tools to make them more effective.

Social Impact Bond

1. PERFORMANCE CONTRACT
2. OPERATING CAPITAL
3. IMPACT EVALUATION
4. SUCCESS PAYMENTS

SERVICE PROVIDER/INTERMEDIARY

FUNDERS

Philanthropic + Commercial

SIB Target Population

- High Utilizers (“Front-End Users”)—Individuals, typically chronically homeless, who are frequently before the court, in jail and habitually using a spectrum of resources.
  - Frequent usage of emergency rooms, detox, and ambulatory services.
  - High level of public safety usage (i.e. arrests, jail admissions and discharges).
- Low-level offense types: Public nuisance (22%), Alcohol (30%), Panhandling (4%), Trespass (19%), Drug (11%), Other (14%)

We are currently paying for costly, ineffective emergency and penal services.
Costs: Homeless vs. Supportive Housing

<table>
<thead>
<tr>
<th>Expenses per person, per year</th>
<th>Current Expenses</th>
<th>Estimated Expenses in SH</th>
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<tbody>
<tr>
<td>$0</td>
<td>$5,000</td>
<td>$10,000</td>
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<tr>
<td>$15,000</td>
<td>$20,000</td>
<td>$25,000</td>
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<td>$30,000</td>
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*Estimated expenses in supportive housing do not include the cost of supportive housing.

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. Somewhere).  

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 120 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 vacate through turnover and/or landlord renovation
How Funding Works
(Example: New Construction)

City OED - Recently passed general fund dollars will be used to provide loan to the project.
Colorado Housing Investment Fund (CHIF) - CHIF provides 1) short term, low interest loans to bridge the gap between permanent financing sources and project completion (a portion of loan may remain in the project as permanent debt) and 2) short term loan guarantees for new construction and rehabilitation.
HOME - Federal dollars that fund a wide range of strategies including building, buying, rehabilitating afforable housing for rent or homeownership providing direct rental assistance to low income people.
Project-Based Vouchers - Half provided by Denver Housing Authority, Half provided by State Division of Housing.

Associated Contracts

Government

Intermediary (Denver PFS, LLC)

Independent Evaluator

Providers

* City Contracts

Denver’s SIB Contract

(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.

(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.
**Contract Overview**

- **Number of Years**: Up to 5 years of services, approximately 1 additional year for completion of evaluation and payment
- **Total Investment**: ~$8.63 million SIB investment, leveraging $15.2 million in Federal resources
- **Maximum Outcome Payment**: ~$11.4 million (Outcome levels at 100% housing stability, 65% percent jail bed reduction)
- **Expected Returns at Previous Outcomes**: ~$9.6 million, approximate rates of returns of Housing Stability (~5%), Jail Reduction (~3%)

**Payment Scales**

1. **Housing Stability Payment**
   - Approximately $15 per day for eligible stable housing days*
   - Maximum payment of $5,292,188
   - *Subtract any days spent in jail

2. **Jail Bed Reduction Payment**
   - Percentage Threshold
   - Payment Per Percentage Point
   - < 20% $0
   - 20% to < 30% $160,000
   - 30% to < 65% (30 x $160,000) + $38,000 per percentage point above 30%
   - ≥ 65% Max Payment ($6,130,000 total)

**Urban Institute Evaluation Contract**

- **Number of Years**: Approximately 5 years (additional years after completion of all services to allow for outcomes report)
- **Total Budget**: ~$937,500
- **Overview**: Urban will ensure that all participants are screened for the program, tracked, and evaluated based on the outcomes produced.

**Housing Stability Lenders**
- Northern Trust Company
- The Denver Foundation
- The Piton Foundation
- The Minnesota Health Foundation
- The Ben and Lucy Ana Fund at the Walton Family Foundation
- Living Cities Blended Catalyst Fund
- Nonprofit Finance Fund

**Jail Bed Day Reduction Lenders**
- Laura and John Arnold Foundation
- The Colorado Health Foundation
- The Ben and Lucy Ana Fund at the Walton Family Foundation
- Living Cities Blended Catalyst Fund
- Nonprofit Finance Fund

**Urban Institute**
- The Institute's analyses and recommendations help expand opportunities for all people, reduce hardship among the most vulnerable, and strengthen the effectiveness of the public sector. Their work engages communities at multiple levels—city, state, and country—to help gather data and evaluate programs. The Institute’s professional staff of roughly 290 includes 210 researchers and analysts trained in economics, statistics, public policy and administration, political science, urban planning, business administration, education, sociology, law, and other fields.

**The Evaluation Center, University of Colorado Denver**
- The Evaluation Center has extensive experience providing program evaluation to a wide variety of clients, including K-12 public school systems, non-profit organizations, national research associations, and private philanthropic development organizations. They strive to provide affordable, tailored evaluations that are rigorous and meaningful to our clients and their programs.

**The Burns Institute for Poverty and Homelessness**
- The Institute partners with universities, research organizations, and advocacy coalitions to design, implement, and evaluate innovative strategies to end homelessness. Their mission is to develop and test effective interventions, policy solutions, and program components that will prevent homelessness and help ends affliction and its consequences.