



Approval of Federal SIPPRA Awards and Special Revenue Fund (SRF)

Finance and Governance Committee | September 28, 2021

Agenda

- Social Impact Bond (SIB) Transition Plan
- Social Impact Partnerships to Pay for Results Act (SIPPRRA) Update
 - Model Overview
 - Project Grant
 - Evaluator Grant
 - Special Revenue Fund
- Legislative Summary
 - Timeline
 - Council requests

Preview: Action Requested Today

Approval of the following Resolutions:

1. Approval of #21-1107: SIPPRA Project Grant Award with US Treasury
\$5,512,000, supporting the Denver Housing to Health (H2H) Pay for Success project
2. Approval of #21-1108: SIPPRA Evaluator Agreement with US Treasury
\$826,800, supporting an independent evaluator as required by the SIPPRA grant agreement
3. Approval of #21-1109: SRF Creation
Establishes Special Revenue Fund to receive the SIPPRA grant award

Anticipated for early 2022 for Council Approval

Action requested today represents portion of agreements for SIPBRA program, additional contracts to support implementation expected in early 2022, including:

Project Agreement with the Special Purpose Vehicle (SPV)

- Main project agreement with SPV Intermediary that will outline project services, outcomes, schedule and payments

Evaluator Agreement

- City portion of agreement with Project Evaluator



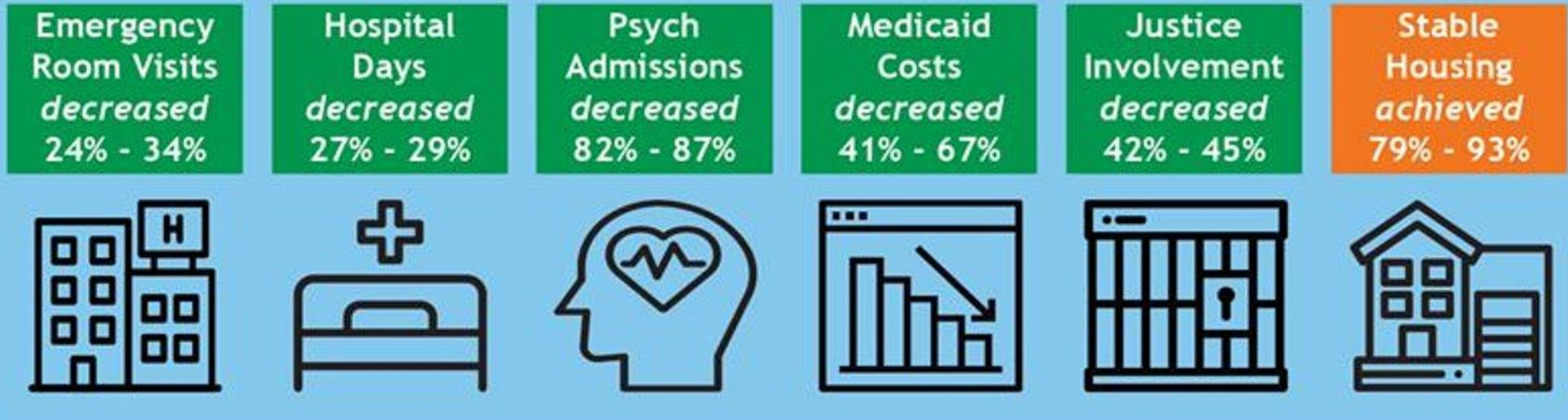
Social Impact Bond (SIB) and Transition Plan

Housing + Services Works



- Housing with supportive services works to help individuals stabilize and resolve an episode of homelessness
- SIB and SIPBRA represent models to provide services associated with housing, HOST funds housing with services in other ways too (ex: development, services agreements)

Supportive Housing Works



Source: Colorado Department of Local Affairs
“Tenancy Supports for Coloradans Experiencing Long-Term Homelessness”

Denver Supportive Housing Social Impact Bond Results

Participants Housed: 365 individuals moved into SIB-funded Supportive Housing

- 92% (334 individuals) signed leased by 12/31/2019
- Housing Stability outcomes could be tracked for at least one year

Housing Stability Outcomes

- 260 – 71% Individuals who remained in housing as of January 1, 2021
- 236 – 65 % Individuals who never exited housing
- 32 – 9% Individuals who reentered housing after an exit

Stay in housing was greater than or equal to 365 days for 86% (287) of individuals

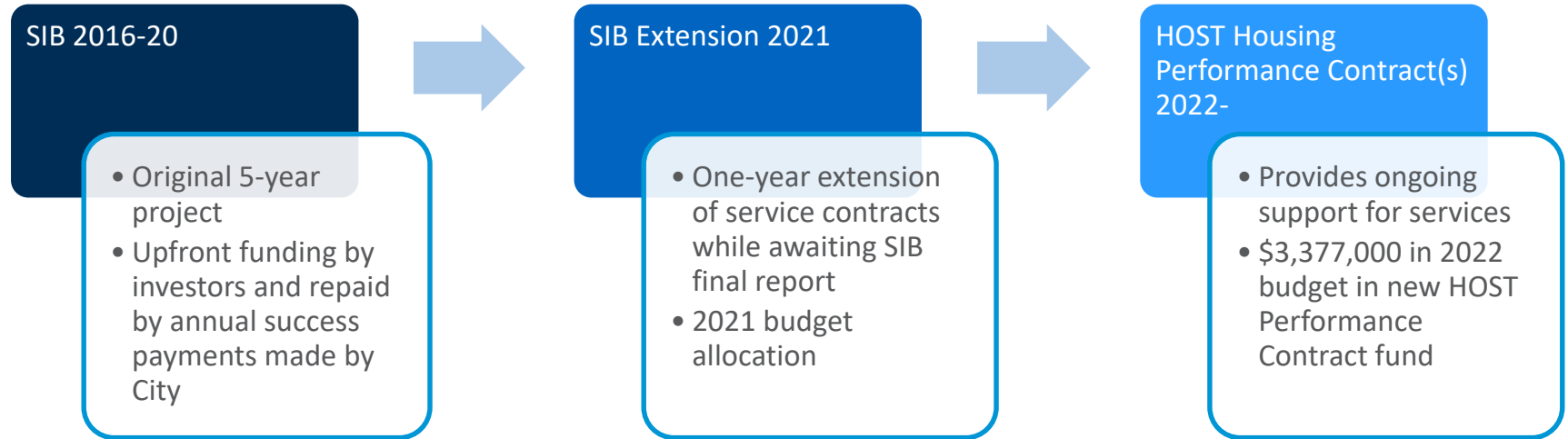
Social Impact Bond Results Cont.

On average, people in supportive housing had fewer interactions with the criminal justice system, fewer visits to a detoxification facility, used less emergency health care and received more office-based care, than people receiving usual services.

Participants had:

- 27% decrease in jail days,
- 40% decrease in arrests,
- 34% decrease in overall police contracts,
- 65% fewer detox responses,
- 40% fewer ER visits

Transition SIB to HOST Housing Performance Contract





SIPPRA Update

SIPPRA Overview

The Social Impact Partnerships to Pay for Results Act (SIPPRA) is a competitive award process through the U.S. Department of Treasury that provides grants to localities with the intention of improving the effectiveness of certain social services by utilizing a form of Pay For Results model.

- Facilitates the creation of public-private partnerships that bundle philanthropic or other private resources with existing public spending to scale up effective social interventions already being implemented by private organizations, nonprofits, charitable organizations, and State and local governments across the country.
- With the goal of improving the impact and effectiveness of vital social services programs while redirecting inefficient or duplicative spending for federal and local governments.

Overview cont.

DOF applied for the **SIPPRA** award in May 2019 as the Denver Housing to Health (H2H) Pay for Success project

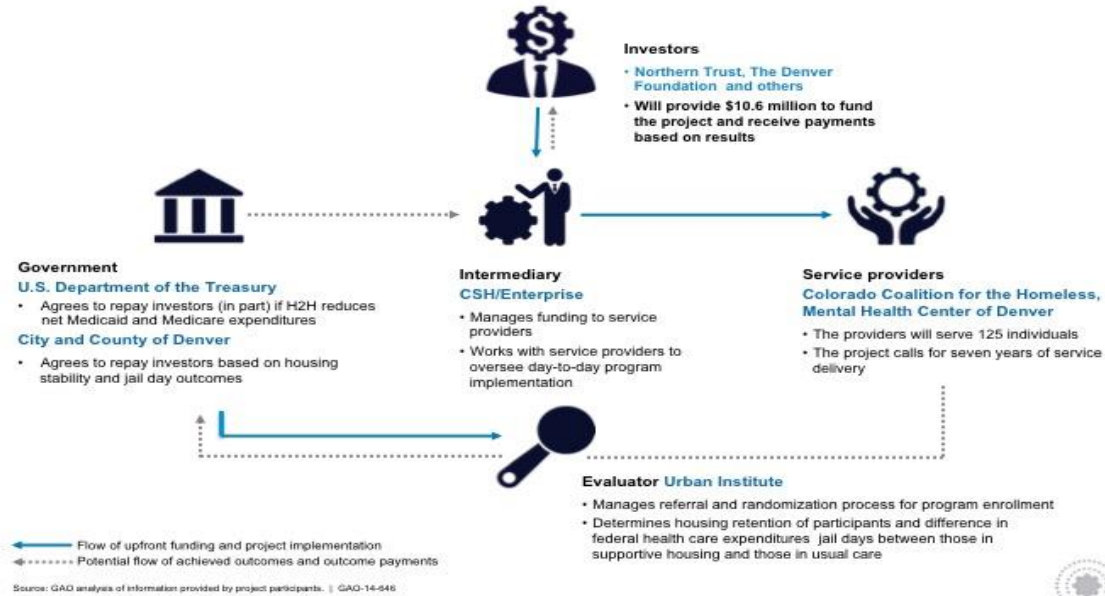
- H2H project leverages the infrastructure and partnerships established for Denver's pay-for-success Social Impact Bond (SIB),
- H2H seeks to break the community-to-jail cycle by increasing housing stability and decreasing jail time among people experiencing homelessness who are high users of the city's resources, and to improve health outcomes for participants.

SIPPRA Housing to Health (H2H)

- City received SIPPRA Project and Evaluator awards from Treasury on Aug. 19, 2021
- H2H project to serve new cohort of 125 individuals referred through Denver Health and Dept. of Safety
- H2H interventions measure:
 - Reduction in Medicare/Medicaid costs (federal payment)
 - Housing Stability (local payment)
 - Reduction in jail days (local payment)
- Service Providers: CCH, MHCD
- Evaluator: Urban Institute
- Intermediary: CSH/Enterprise
- Consultant: Social Impact Solutions (SIS)
- Investors: TBD

SIPPRA - Housing to Health (H2H) model

Framework for H2H





Legislative Summary

Timeline and Next Steps, Pending Council Approval

DATE	ACTIVITY
May 2019	City applied for SIPPRA
Aug. 19, 2021	City received SIPPRA award
Sept. 28, 2021	All items at Finance and Governance Committee
Oct. 5, 2021	All items to Mayor Council
Oct. 11, 2021	Project Grant Award and Evaluator Grant Award at first and final reading. SRF Creation at first reading
Oct. 18, 2021	SRF Creation at final reading
Oct. 27, 2021	U.S. Treasury grant acceptance deadline

SIPPRA Project Grant #21-1107

Term	4/30/22 - 3/31/29
Funding Source	U.S. Department of Treasury
Amount	\$5,512,000

Funds will be used for the Denver Housing to Health (H2H) Pay for Success project

H2H to serve new cohort of 125 individuals referred through Denver Health and Dept. of Safety

Intermediate outcome goals:

- Increased housing stability
- Decreased police contacts
- Increased access to health services

Long-term outcome goals of this intervention:

- Improved health
- Increased access to health services
- Decreased criminal justice involvement

SIPPRA Evaluator Agreement #21-1108

Term	4/30/2022 - 9/30/2029
Funding Source	U.S. Department of Treasury
Amount	\$826,800

Funds an independent evaluator as required by the overall SIPPRA grant agreement

Evaluates and measures the effectiveness of outcomes associated with the interventions proposed under SIPPRA

Intermediate outcome goals:

- Increased housing stability
- Decreased police contacts
- Increased access to health services

Long-term outcome goals of this intervention:

- Improved health
- Increased access to health services
- Decreased criminal justice involvement

SIPPRA SRF Creation

#21-1109

- Establishes the “SIPPRA Grant Fund” in the Community Development Special Revenue Fund Series to receive the SIPPRA grant award.
- The expending authority of the new grant fund will be the Executive Director of the Department of Housing Stability.
- The Fund will be sponsor-funded and non-lapsing.

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Questions?



Appendix

SIB SRF Payments (2016-2020)

City Contract with Denver PFS LLC (Intermediary CSH/Enterprise). CSH issues quarterly invoices to City for housing stability payments and one-time jail reduction day payment (2021) which are passed along to investors and service providers (CCH and MHCD).

City Contract with Urban Institute (Evaluator). Urban issues quarterly invoices to City for evaluation services, including final report delivered in June, 2021.

Final payments on original SIB made in June 2021 with delivery of final report

SIB SRF Extension Payments (2021)

City Contract with CSH to provide project management for SIB governance. City is invoiced for payments.

City Contract with Urban Institute (Evaluator). City is invoiced for evaluation services, including final report delivered in 2Q22.

City Contract with CCH (Service Provider). City is invoiced for services rendered, including final bonus payment in 2Q22.

Final evaluation and bonus payment will be paid in 2022 with delivery of final report

SIB Extension 2021 paid from SRF

<u>2021 CCH SIB Extension Contract</u>	<u>Amount</u>	<u>Notes</u>
Program budget for 2021	\$ 2,693,634.00	2021 budget
Max success bonus payments paid in 2022	\$ 131,982.00	2022 budget
Total extension amount	\$ 2,825,616.00	
<u>Program Budget Payment Schedule</u>	<u>2021 Amount</u>	<u>Notes</u>
Quarter 1 (Jan-Mar)	\$ 673,408.00	invoiced
Quarter 2 (April-Jun)	\$ 673,408.00	invoiced
Quarter 3 (July-Sep)	\$ 673,409.00	invoiced
Quarter 4 (Oct-Dec)	\$ 673,409.00	invoiced
	\$ 2,693,634.00	
<u>Success bonus payments</u>		<u>Payment Date</u>
Housing Stability max payment	\$ 65,991.00	4/30/2022
Jail Reduction max payment	\$ 65,991.00	4/30/2022
	\$ 131,982.00	
<u>Contract Max</u>		
Previous/current contract amount	\$ 2,338,350.00	exp. 12/31/20
New 2021 extension contract amount	\$ 2,825,616.00	
New Contract Max	\$ 5,163,966.00	
<u>2021 Urban Institute SIB Extension Contract</u>	<u>2021-22</u>	<u>Notes</u>
Evaluation through 12/31/21, report due 4/30/22	\$ 175,000.00	invoiced
<u>CSH SIB Extension Contract</u>	<u>2021</u>	
Project management through Dec. 2021	\$ 25,000.00	invoiced

SIPPRA-related Special Revenue Funds

SIPPRA Federal Grant Award SRF

- Project Agreement- will receive federal outcome payment(s)
- Evaluator Agreement- federal funding for portion of Evaluation

SIPPRA Local SRF

- Seeded by transfer from SIB SRF
- Annual GF transfer [or other funding]
- Pays Intermediary and Evaluator based on contracts

SIPPRA H2H financial model from 2019 application

Investors front project costs

- Approximately \$10.6 million
- Paid to Intermediary who pays Service Providers

City Payments from SIPPRA Local SRF

- **Housing Stability:**
 - 19.33/day for stable housing. Maximum payment of \$4,907,281. City will be invoiced for payments beginning in 2023.
 - **Jail Day Reduction:**
 - based on formula. Maximum payment is \$2,610,000. City will be invoiced for payment in final year.
 - **Maximum Payment:**
 - \$7,517,281 paid to Intermediary

Federal Payment to SIPPRA Federal SRF

- Treasury to make outcome payment to City based on Medicaid/Medicare cost savings formula at end of project term.
- Maximum payment is \$5,512,000
- City to pass along outcome payment to Intermediary for Investors/Service Providers

*Budget numbers will change