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# Denver Social Impact Bond: Expansion of Program

Department of Finance  
June 2018

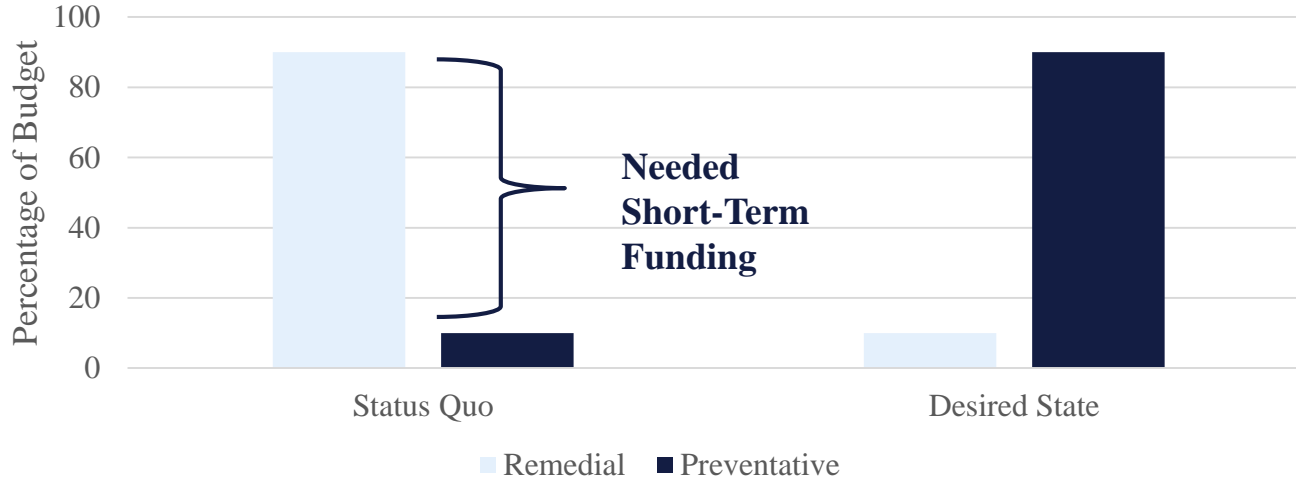
# Council Actions

1. Approve the Colorado Coalition for the Homeless' contract execution of \$2,338,350 over three year period.
2. Amend contract with the Urban Institute for evaluation services for an additional \$200,000 over a three year period.

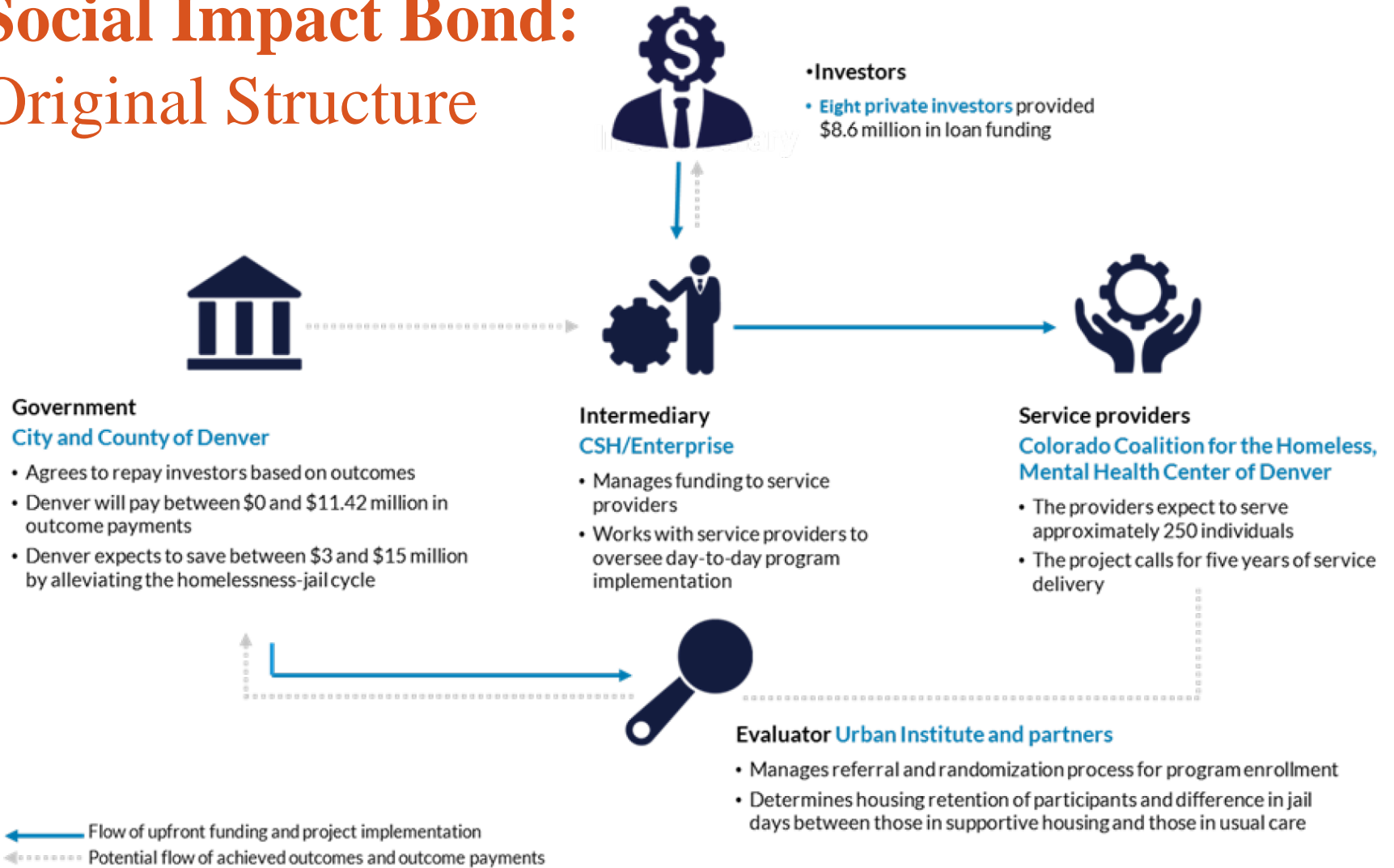
# Pay for Success (PFS) / Social Impact Bond (SIB)

*PFS/SIB financing provides additional needed funding for the City to make an important transition.*

- 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.



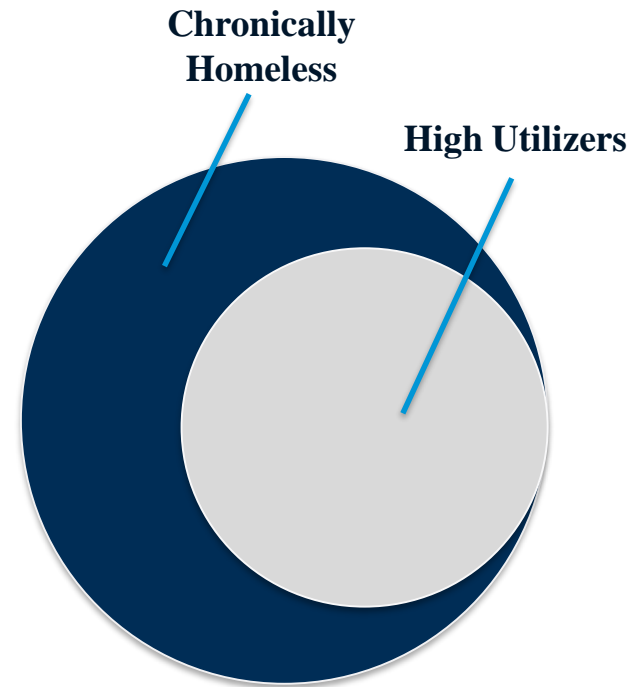
# Social Impact Bond: Original Structure



# Population: High Utilizers of Public Services

- **High level of public safety usage** (i.e. arrests, jail admissions and discharges).
- **Low-Level Offenses:** Public Nuisance (22%), Alcohol (30%), Panhandling (4%), Trespass (19%), Drug (11%), Other (14%)
- **Frequent usage of emergency rooms, detox, and ambulatory services.**

- **Eligibility:** 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).



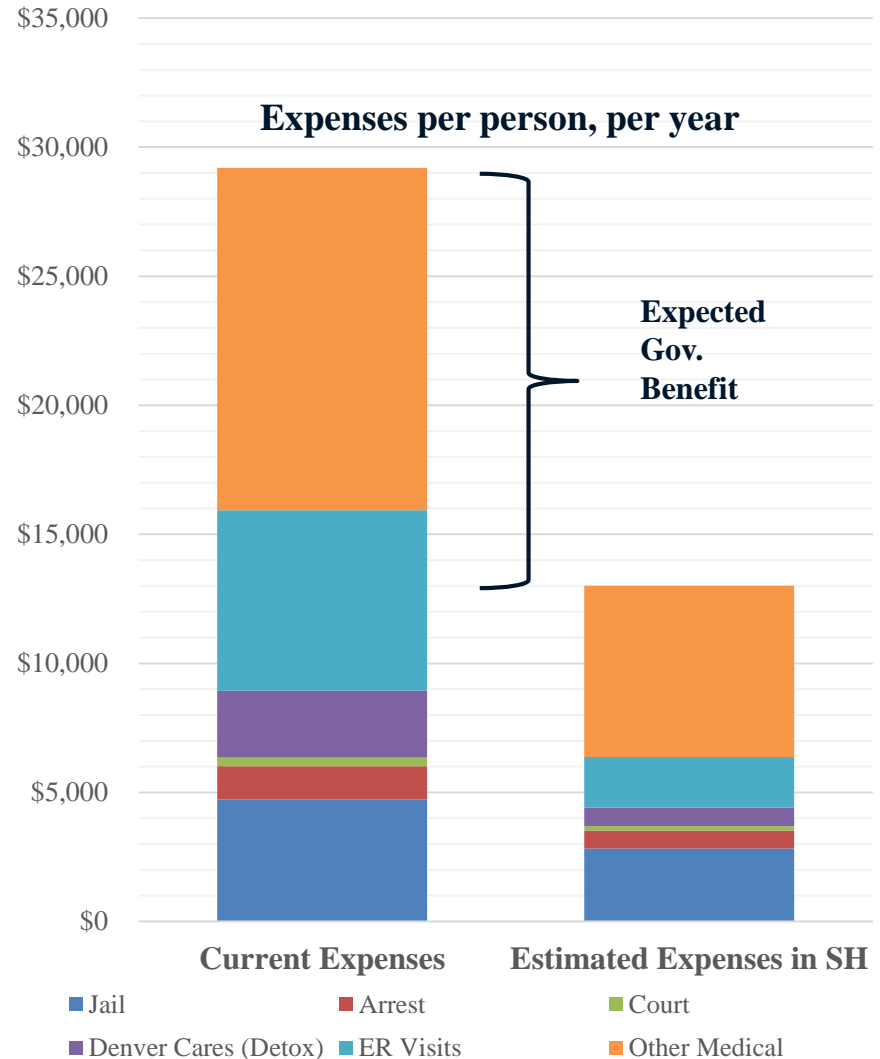
# Cost-Benefit: Supportive Housing

Average of **59 days in jail** per year before program.

Typical clients went to **emergency room 2 times** per year.

Detox was used on an average of **6 times** per year.

Individuals were arrested an average of **4 times** per year.



\*Estimated expenses in supportive housing do not include the cost of supportive housing.

# SIB Project: Housing and Services Overview

**Size:** 250+ chronically homeless individuals

**Duration:** 5 years of SIB funding, additional time for evaluation and payment. Initial investment of \$8.6 million by private investors.

**Services:** 3 Assertive Community Treatment teams. Connection to preventative health and additional services

**Housing Details:** 185 new units and additional units that are vacant through turnover and/or landlord recruitment.



# SIB Project: Payment Terms



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

## (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.



# Housing: Enrollment & Stability are Strong

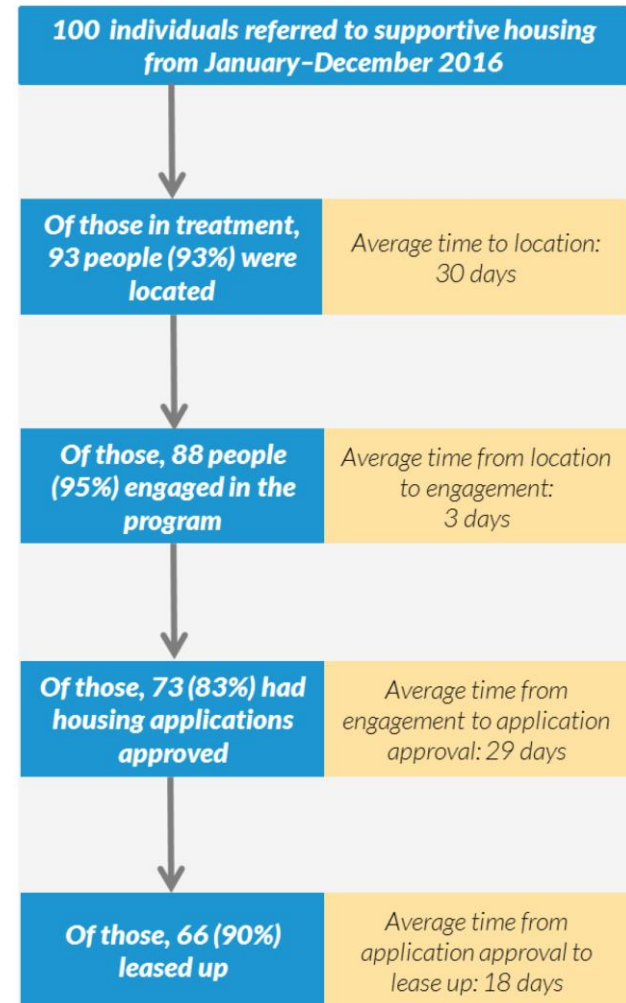
Over 250 formerly homeless individuals have been housed to date.

Only .003% of individuals have refused the program.

More than 85% of clients remain stably housed after a year.

Most exits from the program are related to death and jail stays.

## Conditional Engagement Analysis



# Housing Stability Outcomes: Current Payments

## Housing Stability Outcomes

Quarters 1-6, January 1, 2016 to June 30, 2017

	Count
Number of participants meeting payment requirement	39
Number of participants maintaining voucher for 365 days	33
Number of participants with planned exit event	6
<b>A. Total days in housing for participants meeting payment requirements</b>	<b>15,543</b>
<b>B. Minus total days in housing during the pilot period (1/1/2016-6/30/2016)</b>	<b>(2,871)</b>
<b>C. Minus total days in jail during the payment period (7/1/2016-6/30/2017)</b>	<b>(215)</b>
<b>D. Total adjusted days in housing for participants meeting payment requirement (D=A-B-C)</b>	<b>12,457</b>
<b>Total payment for participants meeting payment requirement (\$15.12/Day)</b>	<b>\$188,349.84</b>

## Possible Days in Housing Achieved

Quarters 1-6

	Possible adjusted days in housing	Actual adjusted days in housing	Share of possible days in housing achieved
Original leasing plan	17,520	12,457	71%
Reforecasted leasing plan	13,140	12,457	95%

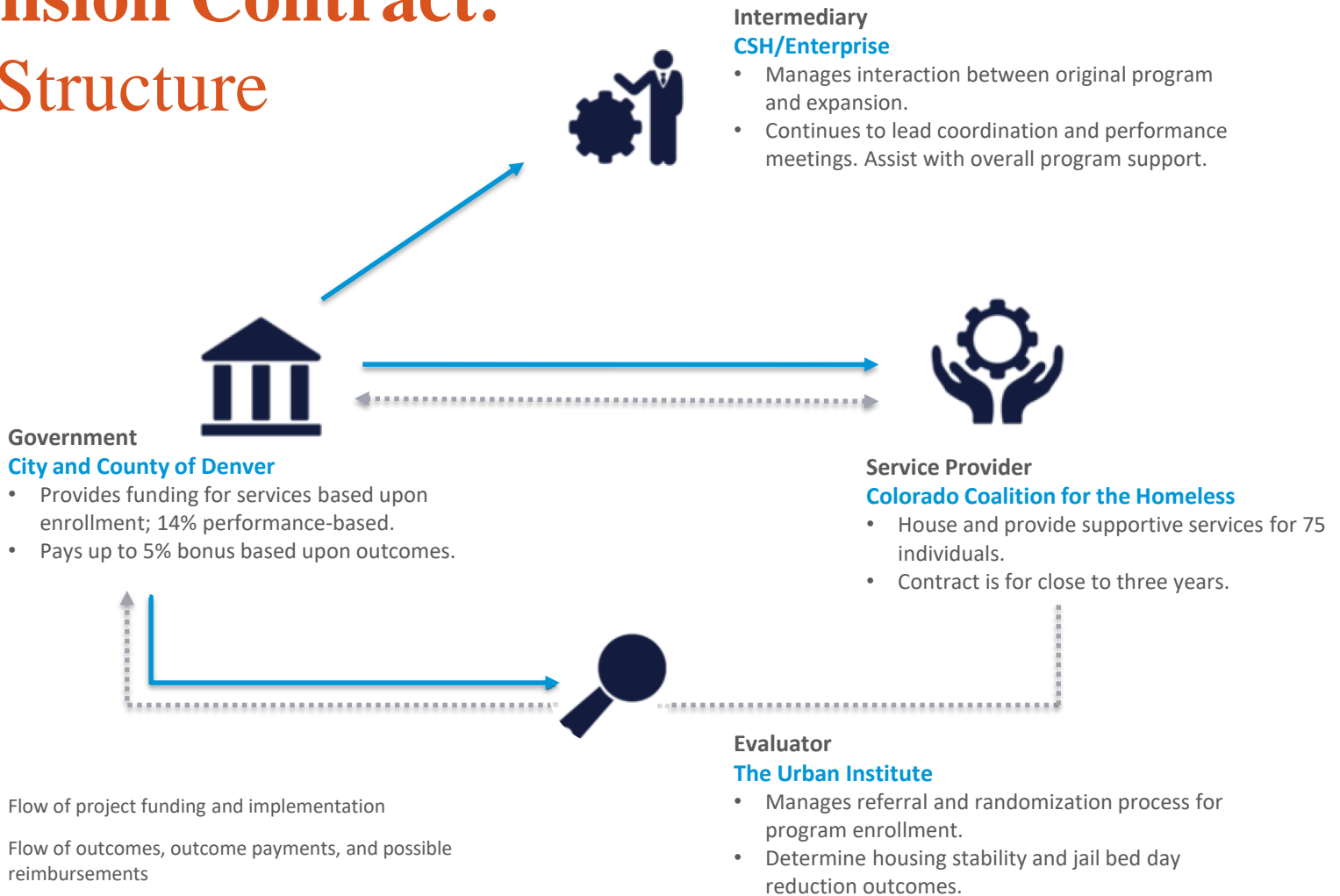
**Notes:** Possible adjusted days in housing are calculated the same way as actual days in housing. It does not include days in the pilot period. It assumes original or reforecasted leasing targets were met, participants leased up on the last day of the month for which they were targeted, and spent zero days in jail.

# Jail Stays: Currently Very Low

## Jail Stays among Participants Meeting Housing Stability Payment Requirements

	All Eligible		Maintained Voucher for 365 days		Planned Exits	
	N	Share/ mean	N	Share/ mean	N	Share/ mean
<b>Total Sample</b>	39		33		6	
Mean days in jail		8		9		3
<b>Number of jail stays</b>						
0 stays	25	64%	20	61%	5	83%
1 stay	8	21%	7	21%	1	17%
2 stays	1	3%	1	3%	0	0%
3 stays	4	10%	4	12%	0	0%
4+ stays	1	3%	1	3%	0	0%
<b>Among those with any jail stays</b>	14		13		1	
Mean days in jail		22		22		16
Median days in jail		12		10		16
Mean days in housing before first jail stay		100		95		167

# Expansion Contract: New Structure



# Expansion Contract: Continued Focus on Two Outcomes



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

## (1) Housing Stability

- Payments made based upon a housing stability percentage (i.e. percent of participants that remain stably housed after their first year in the program).
- National housing stability rates range from 74-91% based upon research from the Urban Institute.

## (2) Jail Bed Day Reduction

- Payments made based upon the percentage reduction seen between participants and non-participants over 5 years.
- Reimbursement made to City if rate is below 20%
- Bonus given to CCH if rate is above 35%

# Expansion Contract: Overview

Housing and Services for **75 SIB-eligible individuals.**

**~20% of contract performance-based,** with 14% of CCH funding at-risk.

**Leverage of 50 vouchers,** 25 project-based and 25 tenant-based.

Use of **Medicaid reimbursement,** but % currently lower than hoped.

FY Housing Stability Percentage	Payment/Reimbursement
90% or greater	City pays the equivalent of a 2.5% bonus on the entire contract amount or an amount not to exceed \$55,675.
80 % to < 90%	No payment adjustments made.
75% to < 80%	Provider reimburses the City \$3,500 for every number of Participants the result is below the number of participants at the equivalent of 80% Housing First Year Housing Stability Percentage. Fractions can be used to calculate number of Participants.
Less than 75%	Provider reimburses the City \$5,000 for every number of Participants the result is below the number of participants at the equivalent of 75% Housing First Year Housing Stability Percentage. Fractions can be used to calculate number of Participants.

% Threshold	Payment/Reimbursement
Less than 20%	Provider reimburses City 1% on the entire contract amount or an amount not to exceed \$22,270.
20 to < 35%	No payment adjustments made.
35% or more	City pays the equivalent to a 2.5% bonus on the entire contract amount or an amount not to exceed \$55,675.

# Urban Evaluation: Expansion Amendment

Expands contract by \$200,000 to cover tasks associated with program expansion.

**Task 1:** Referral and Randomization:  
Management & Coordination

**Task 2:** Impact Study: Data Collection

**Task 3:** Reporting and Dissemination

**100**

individuals referred to  
supportive housing from  
January–December 2016

white 40%  
black 33%  
Hispanic 18%  
Native American 8%

84% male  
16% female

Median age:  
48 years

ARREST HISTORY BETWEEN 2013–15

**16** arrests  
on average

{ 8 noncustodial arrests  
8 custodial arrests

ONE MONTH BEFORE REFERRAL

{ 63%  
27%  
5% }

of participants had a police contact

of participants had a noncustodial arrest

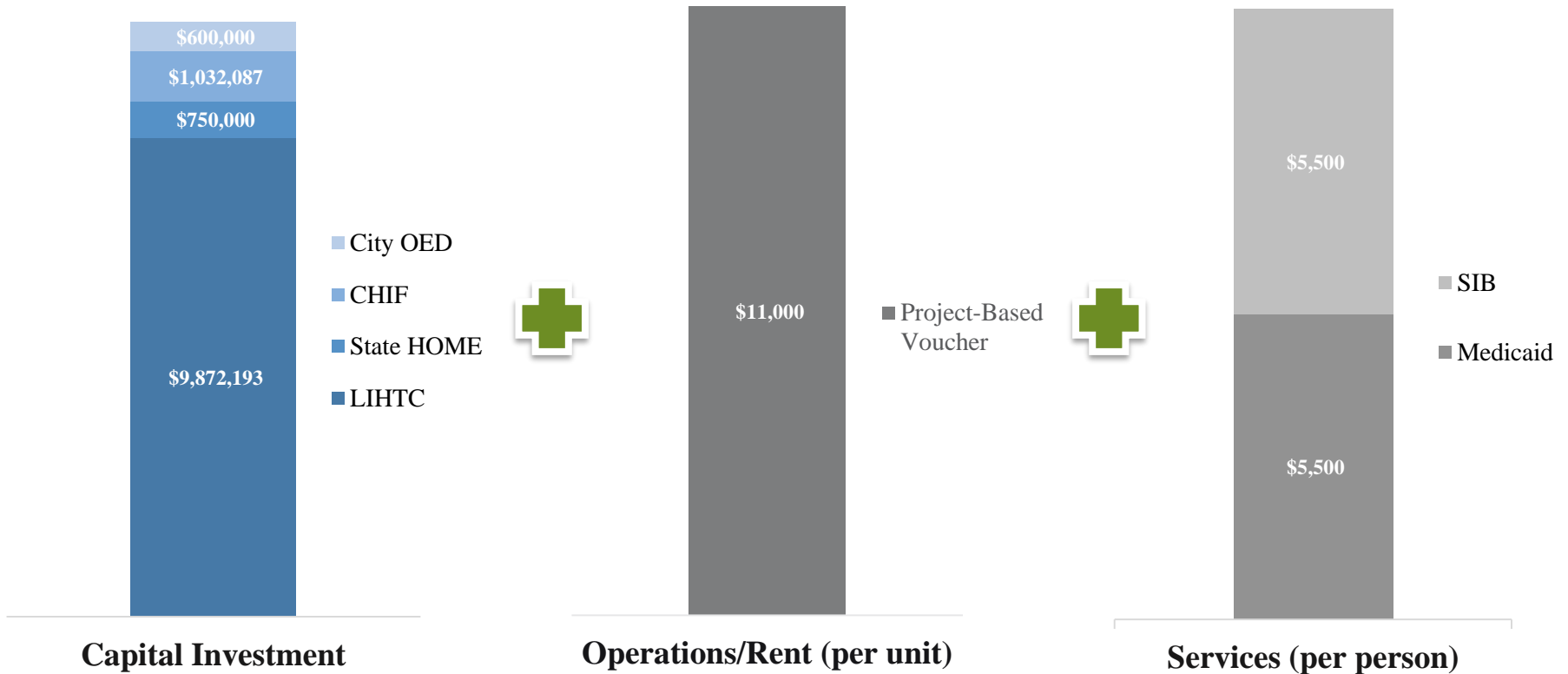
of participants had a custodial arrest

# Appendix: Budget

Contract Budget					
<b>FY 2018</b>					
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
<i>Enrollment Targets</i>			58	75	75
Services		\$ 220,000	\$ 210,000	\$ 210,000	\$ 640,000
Housing		\$ -	\$ 60,000	\$ 60,000	\$ 120,000
Anticipated Medicaid Reimbursement		\$ (63,000)	\$ (63,000)	\$ (63,000)	\$ (189,000)
<b>Total City Costs</b>	<b>\$ -</b>	<b>\$ 157,000</b>	<b>\$ 207,000</b>	<b>\$ 207,000</b>	<b>\$ 571,000</b>
<b>FY 2019</b>					
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
<i>Enrollment Targets</i>	75	75	75	75	75
Services	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 840,000
Housing	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 240,000
Anticipated Medicaid Reimbursement	\$ (63,000)	\$ (63,000)	\$ (63,000)	\$ (63,000)	\$ (252,000)
<b>Total City Costs</b>	<b>\$ 207,000</b>	<b>\$ 207,000</b>	<b>\$ 207,000</b>	<b>\$ 207,000</b>	<b>\$ 828,000</b>
<b>FY 2020</b>					
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Total</b>
<i>Enrollment Targets</i>	75	75	75	75	75
Services	\$ 210,000	\$ 210,000	\$ 210,000	\$ 210,000	\$ 840,000
Housing	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 240,000
Anticipated Medicaid Reimbursement	\$ (63,000)	\$ (63,000)	\$ (63,000)	\$ (63,000)	\$ (252,000)
<b>Total City Costs</b>	<b>\$ 207,000</b>	<b>\$ 207,000</b>	<b>\$ 207,000</b>	<b>\$ 207,000</b>	<b>\$ 828,000</b>
		Possible Full Housing Stability Bonus			\$ 55,675
		Possible Full Jail Bed Reduction Bonus			\$ 55,675
		<b>Total Max Contract Size</b>			<b>\$ 2,338,350</b>
		Possible Max Housing Stability Reimbursement			\$ 281,250
		Possible Max Jail Bed Reduction Reimbursement			\$ 22,270
		<b>Total Possible Outcome Reimbursement</b>			<b>\$ 303,520</b>



# Appendix: SIB Funding New Construction Example



**City OED**—Recently passed general fund dollars will be used to provide loan to the project.

**Colorado Housing Investment Fund (CHIF)**—CHIF general provides 1) short term, low interest loans to bridge the long-term permanent financing sources (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 activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people.

**Project-Based Vouchers**—Half provided by Denver Housing Authority, half provided by State Division of Housing.