

Housing Opportunity: Chronically Homeless Individuals

Using a Social Impact Bond to Support a Broader City Homelessness Strategy



DENVER
THE MILE HIGH CITY

Current Lack of Housing

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

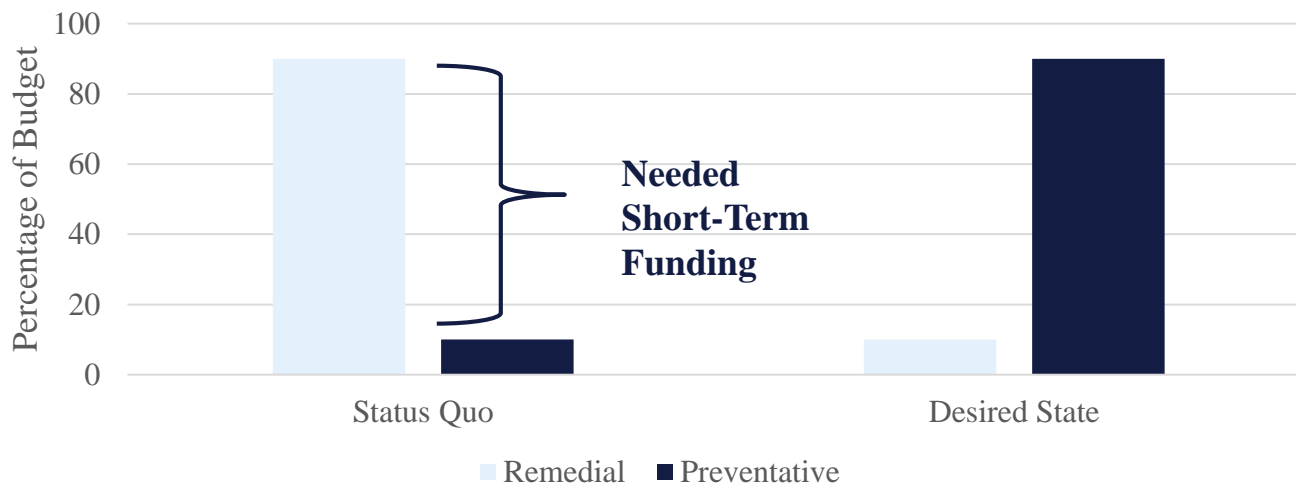
- There were over **800 chronically homeless** individuals identified in the 2015 point in time survey.
- The proportion of respondents reporting serious mental illness, a serious medical or physical condition or a problem with substance abuse has **increased** from 43.4% in 2011 and 44.1% in 2012 to 47.6% in 2013 (limited years reporting).
- The **proportion of chronically homeless respondents increased** over the past five years—8.4% in 2011, 8.9% in 2012, 12.7% in 2013, 20.8% in 2014, and 18.8% in 2015.

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

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

Social Impact Bond

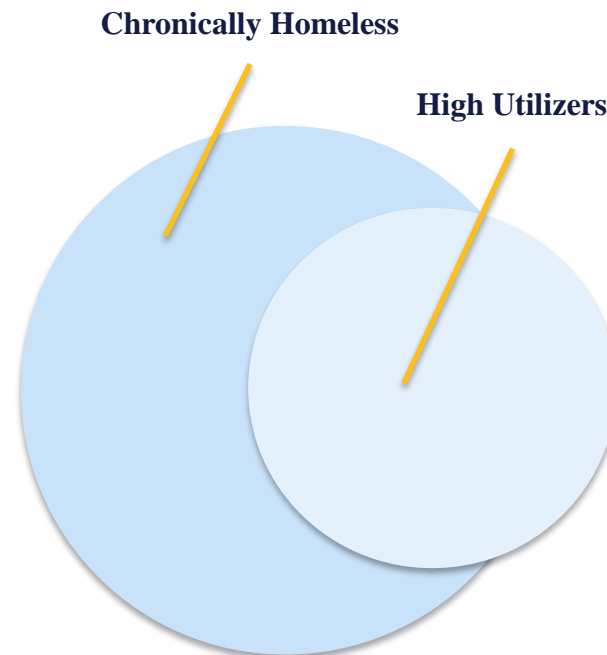
- Use private capital as a bridge to transition high-cost individuals to permanent supportive housing.
- CCD repays investors from savings in the criminal justice and safety-net system, **ONLY** if the savings/benefits materialize (investors bear the risk).



SIB Target Population

We are currently paying for costly, ineffective emergency and penal services.

- **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%)



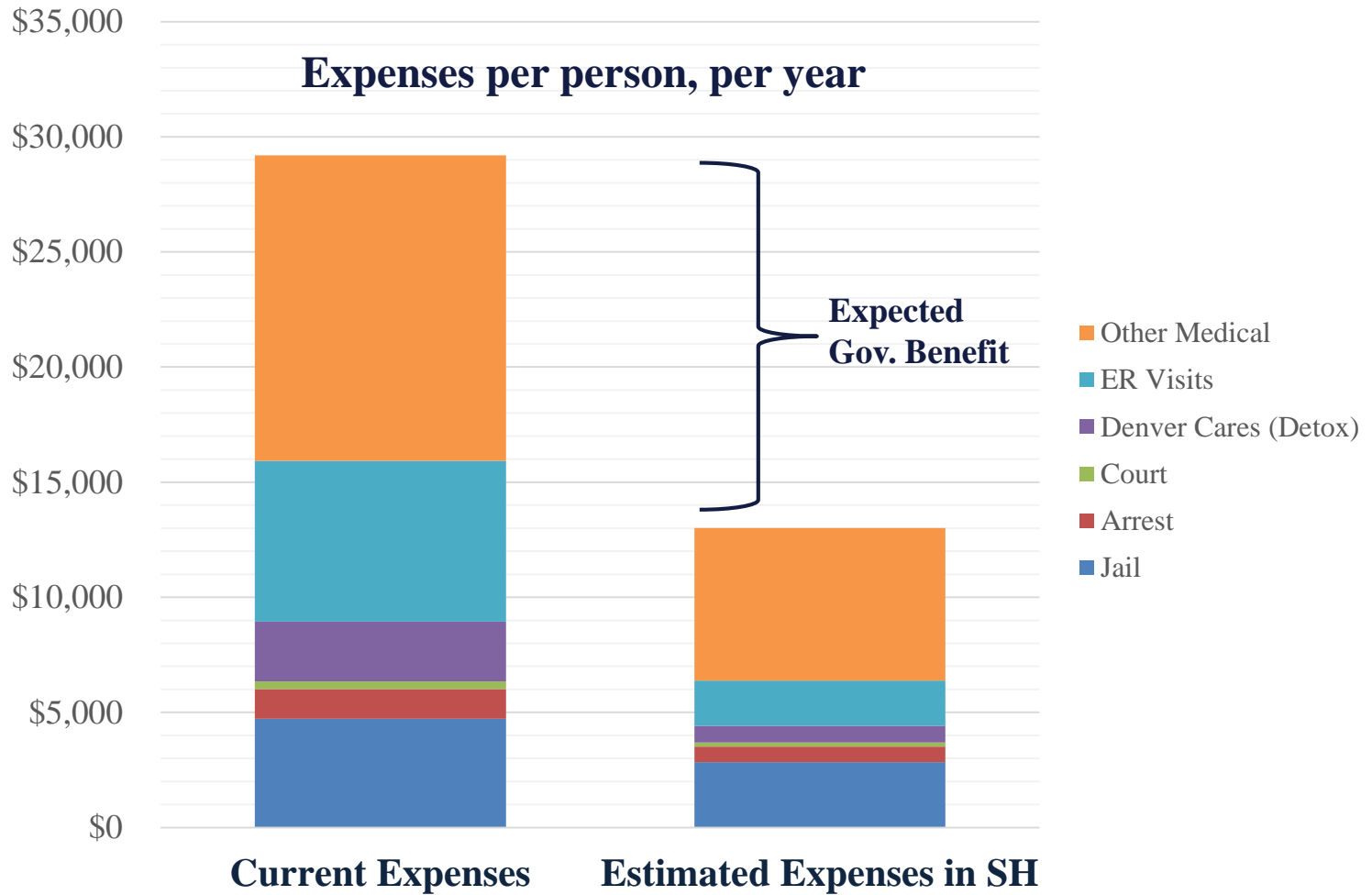
High Utilizers: Averages for 250

On average, 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.

Costs: Homeless vs. Supportive Housing



*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. 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:

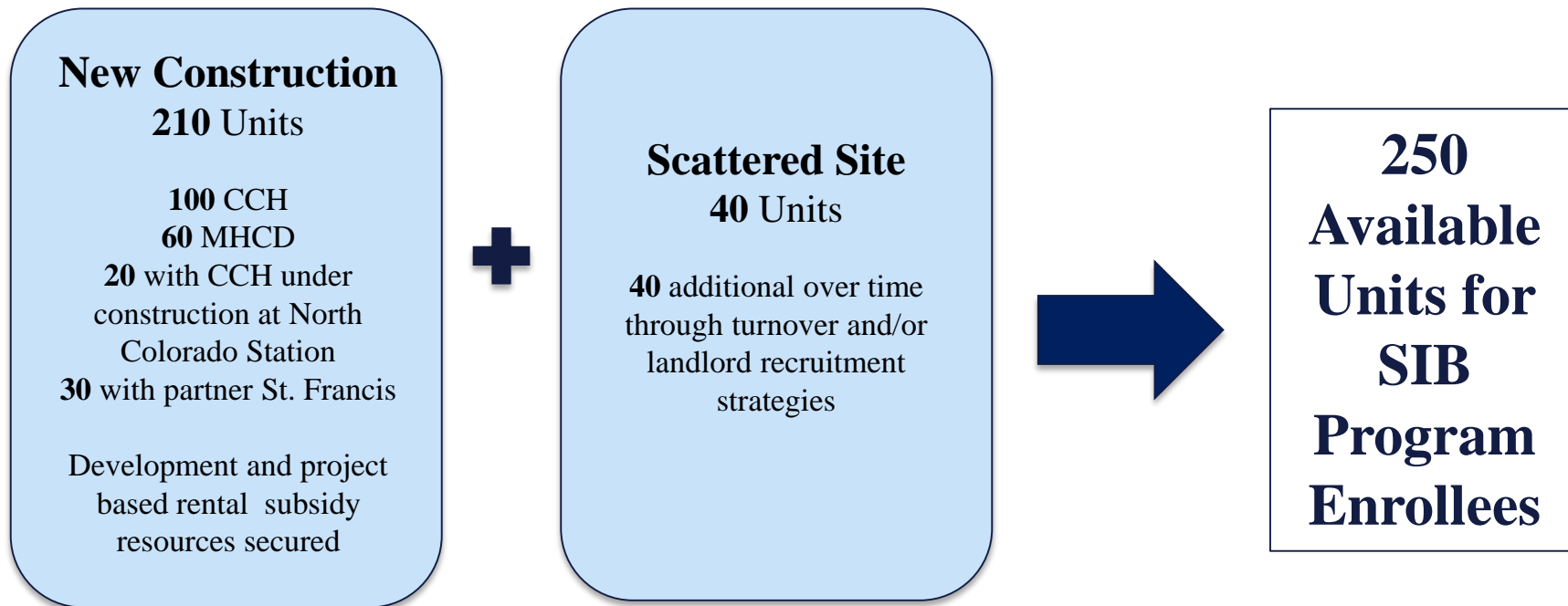
- 2-3 new Assertive Community Treatment teams (ratio of ~ 1 case manager to 10 individuals)
- Connection to preventative health + additional services

Housing Details:

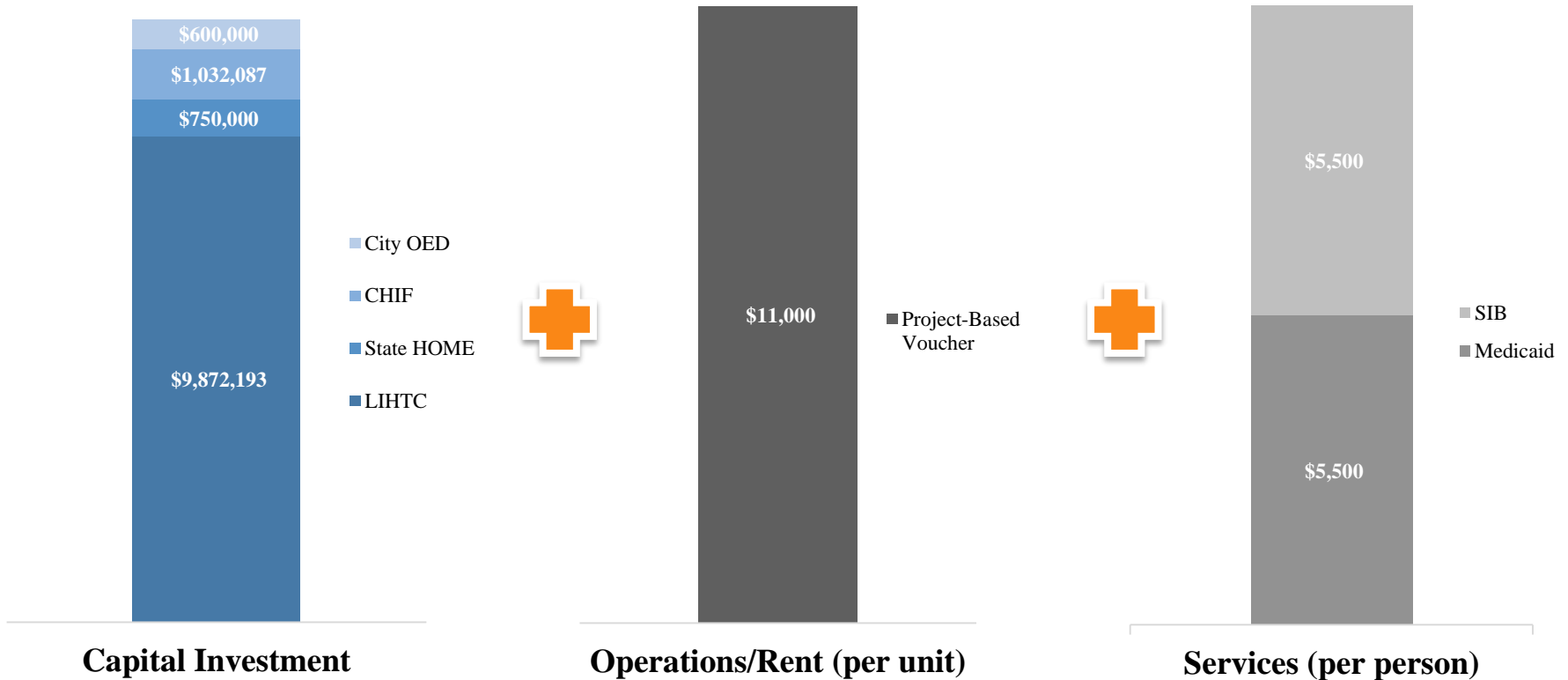
- Possible use of two new housing developments with an anticipated **210 new units** of housing (one Mental Health Center of Denver (MHCD) building, one Colorado Coalition for the Homeless (CCH) building, new 20 units at CCH's North Colorado Station, 30 units at St. Francis' new building).
- Provision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

Housing Plan Projections

Evaluation of RFQs received by intermediary in Oct. 2014 identified the Colorado Coalition for the Homeless (CCH) and the Mental Health Center of Denver (MHCD) as the primary housing and services providers, to be supported by additional nonprofit housing managers providing scattered site units.



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 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.

SIB History to Date

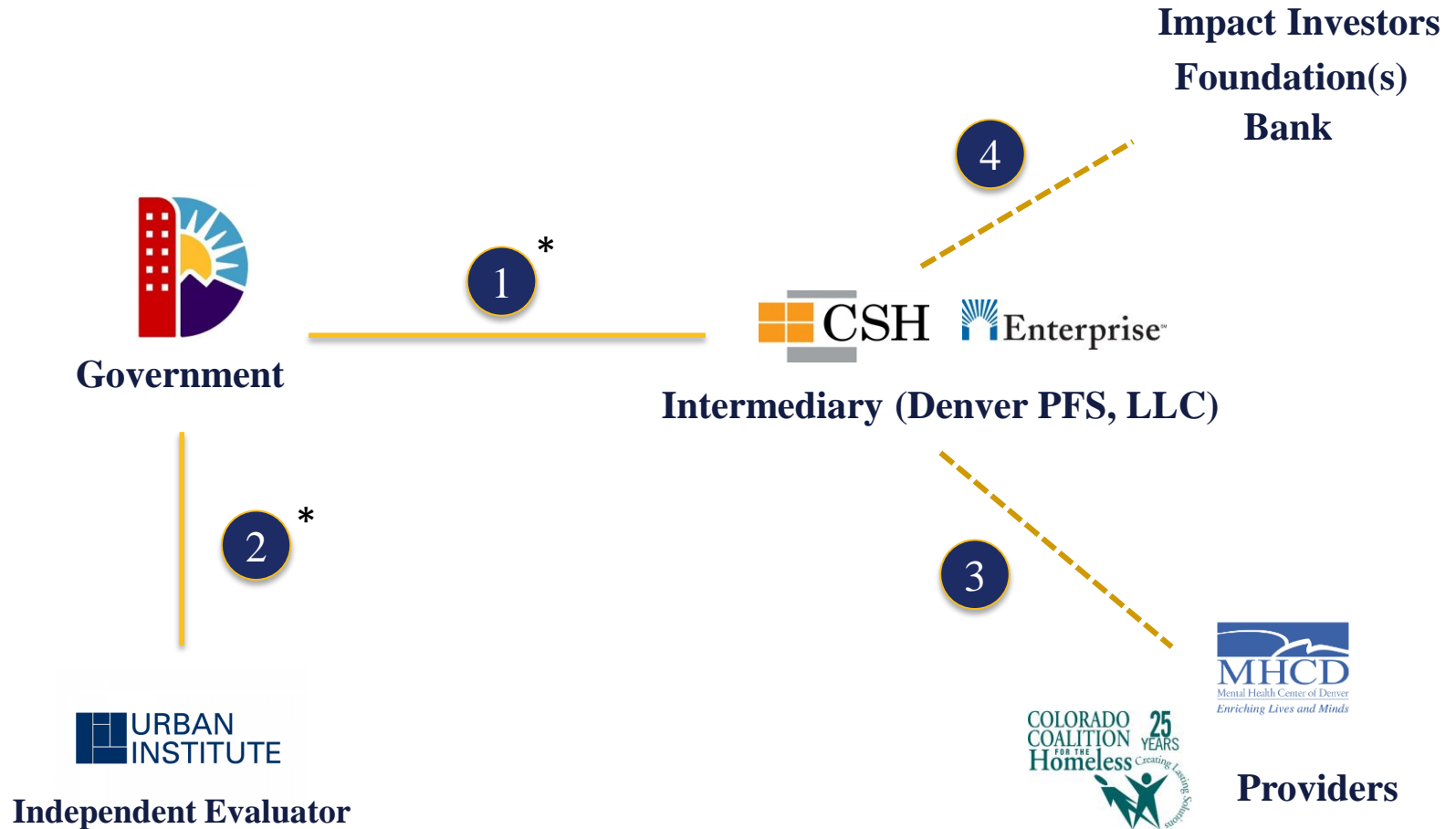
Highlights

- Mayor Hancock and Deputy Mayor Kennedy announce Denver’s commitment to implementing a Social Impact Bond around homelessness at the *Clinton Global Initiative* (Jun. 2014).
- *Program partners* selected (October 2014).
- *Evaluation partners* selected (February 2015).
- *SIB financing close* targeted for February 2016.
- *Project launch* February 2016.

City Council Actions

- City Council Presentations on SIB project: January 2014 & January 2015.
- Passage of **Social Impact Bond program fund** within the General Government Special Revenue Fund (December 2014).
- Allocation of funding for possible repayment of outcomes under the SIB program: \$900k (2015 budget), \$2.9 million (2016 budget).

Associated Contracts



* City Contracts

1 Denver's SIB Contract



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

(1) Housing Stability

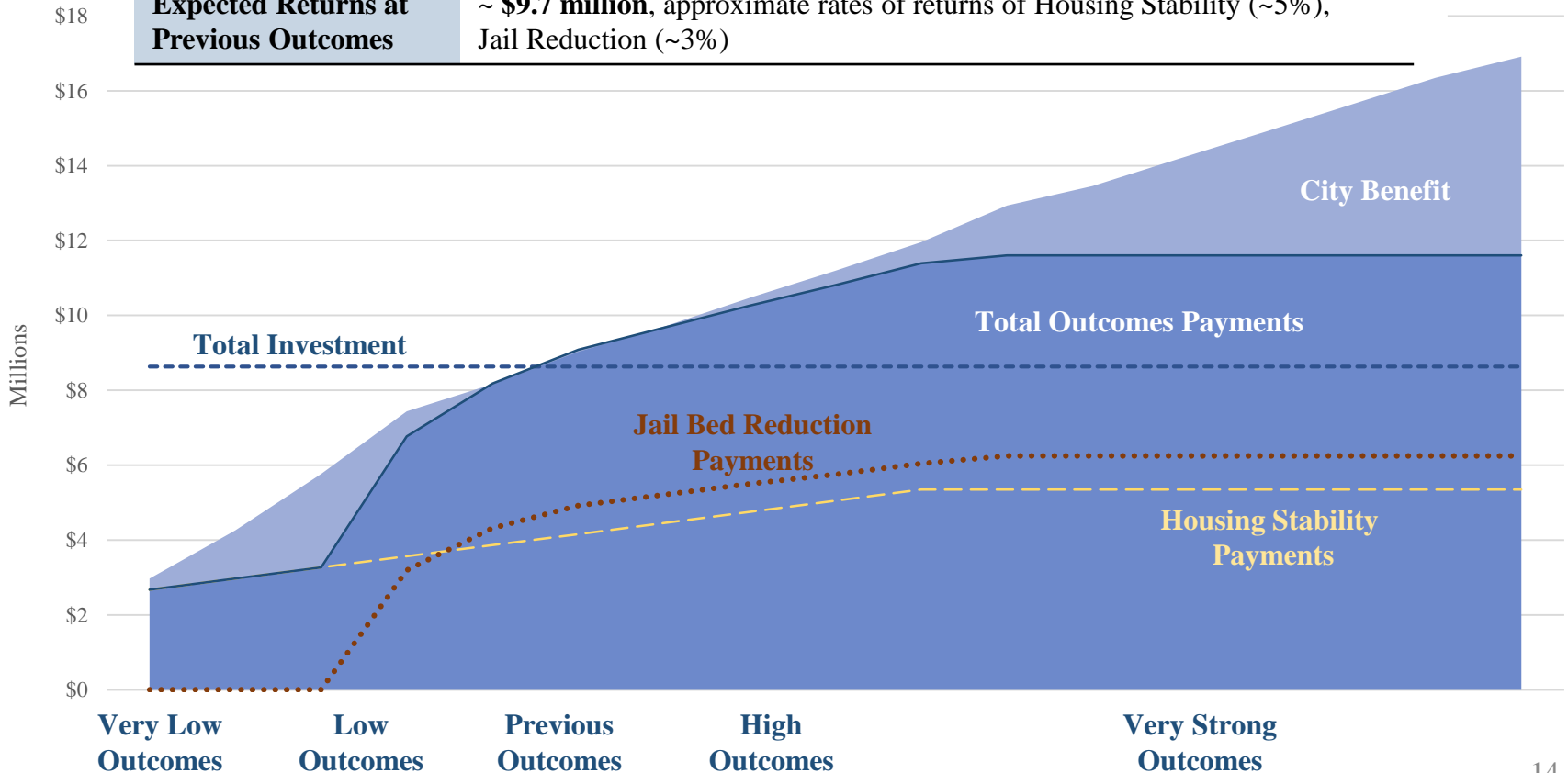
- City only pays if a participant spends at least one year in housing.
 - Thereafter, payments made on days in housing minus days spent in jail.
 - If participant does not meet one year threshold, they can replace that unit with a new participant.
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(2)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

Number of Years	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	~\$11.7 million (Outcome levels at 100% housing stability, 65% percent jail bed reduction)
Expected Returns at Previous Outcomes	~ \$9.7 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 \$5,338,498

*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)

	Housing Stability Rate**	Jail Reductions	Estimated Gross City Benefit/Savings	Total Outcome Payments
<i>Very Low</i>	50%	0%	\$ 2,972,000	\$ 2,669,249
<i>Low</i>	67%	20%	\$ 7,439,000	\$ 6,758,998
<i>Previous Studies</i>	83%	40%	\$ 9,700,000	\$ 9,663,748
<i>Max Payment</i>	100%	65%	\$ 12,617,000	\$ 11,590,998
<i>Strong</i>	100%	84%	\$ 14,896,000	\$ 11,590,998

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

Urban Institute Evaluation Contract

Number of Years	Approximately 6 years (additional time after the completion of SIB services in order to provide outcomes report)
Total Budget	\$937,500
Overview	Urban will ensure that all participants are screened for the program, tracked, and evaluated based upon the outcomes produced.



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. They conduct research to understand and solve real-world challenges. Their work engages communities at multiple levels — city, state, and country — as they 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, biomedical research universities, and private professional development programs. All of the programs they evaluate are unique and have their own nuances and specific needs. They strive to provide affordable, tailored evaluations that are rigorous and meaningful to our clients and their programs.



The Burnes Institute for Poverty and Homelessness—The Institute partners with universities, research organizations and individuals, state and local agencies, and community-based organizations and is committed to inclusiveness of consumers. Associates with the Institute have conducted research, program evaluation, strategic planning and facilitation both nationally and in our region.

Task 1: Participant Referral—Management & Coordination

Task 2: Process Study—Data Collection

Task 3: Impact Study—Data Collection

Task 4: Reporting and Dissemination

Component	Research Questions	Data Sources
Process Study	<ul style="list-style-type: none"> ▪ How is the program implemented? ▪ How are eligible individuals located and engaged? How do participants take up housing and services? ▪ What types of systems change and services integration were achieved? ▪ What are the key facilitators and challenges? 	Engagement dashboard, housing enrollment pipeline, annual site visits and key informant interviews, review of program-related documents
Outcomes and Impact Study	<ul style="list-style-type: none"> ▪ Do housed participants retain housing? ▪ Does supportive housing increase housing stability and decrease the utilization of high cost public services (e.g., jails, courts, detox, homeless shelters, hospitals)? ▪ Do outcomes differ for participants housed in scatter-site housing versus single-site housing? ▪ Were performance goals met so that investors should be paid? 	Program housing retention data, administrative data from systems of interest