Performance Based Contracting

Delivering Better Outcomes for Denver

Denver City Council
August 2026

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Agenda

1. 2026 Pilot Overview
2. Pilot Results (Q2 2026 vs. Q2 2025)
3. Lessons Learned & Next Steps
4. Questions & Discussion

Today's Goal

- Review pilot performance
- Discuss lessons learned
- Preview 2027 expansion

2026 Pilot Overview

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Traditional Contracts

- Reimburse eligible expenses
- Focus on receipts
- High administrative burden
- Limited outcomes visibility
- Success measured by budgets

Performance-Based Contracts

- Pay for performance
- Focus on accountability
- Greater flexibility
- Real-time dashboards
- Success measured by results

Public dollars should reward performance and outcomes, not paperwork and receipts

The 2026 Performance-Based Contracting Pilot

Pilot Overview

- January 2026 launch
- 7 shelter contracts
- 769 available units
- More than $50 million over three years
- Performance tracked using HMIS and real-time dashboards

Budget Distribution by Metric

Sheltered Nights	45%
Rapid Resolution	5%
Case Management	40%
Housing Queue	10%

Purpose

Test whether tying payments to measurable performance could improve accountability, reduce administrative burden, and produce better outcomes before expanding the model citywide.

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Pilot Results

Q2 2025 v. 2026

Metric 1: Occupancy Rate by Shelter – Target is 90%

Q2 2025 compared with Q2 2026 performance-based contracting pilot results

Shelter	Q2 2025	Q2 2026	Change
Stone Creek	80%	92%	+12 pts
The Aspen	83%	93%	+10 pts
Elati	79%	92%	+13 pts
La Paz	93%	95%	+2 pts
Stay Inn	81%	93%	+12 pts
Steele	94%	97%	+3 pts
Tamarac	95%	94%	-1 pt
Overall	**84%**	**93%**	**+9 pts**

Overall Result

84% → 93%

Q2 2025 Q2 2026

+9 percentage points

Six of seven shelters improved occupancy year over year, and overall performance exceeded the 90% contract target.

Takeaway: Occupancy increased from 84% to 93%, exceeding the 90% target while nearly every pilot site improved

Metric 2: Rapid Resolution at Intake – Target is 90%

Q2 2026 performance by shelter | 2025 baseline was not consistently measured

Shelter	Q2 2025	Q2 2026	Households	Status
Stone Creek	Not measured	95%	71	Above target
Aspen	Not measured	99%	93	Above target
Elati	Not measured	88%	15	Near target
La Paz	Not measured	100%	16	Above target
Stay Inn	Not measured	100%	23	Above target
Steele	Not measured	100%	10	Above target
Tamarac	Not measured	100%	32	Above target
TOTAL	**Not measured**	**97%**	**260**	**Above target**

What changed

- Rapid Resolution was not a reliable systemwide measure in 2025.
- Staff believe 2025 performance was below 50%, but no comparable baseline exists.
- The 2026 pilot created a clear standard, consistent tracking and a **97% adoption rate.**

Overall, 97% of households received Rapid Resolution at intake in Q2 2026, exceeding the 90% target

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Metric 3: Four Housing-Focused Case Management Sessions/Month - Target is 80%

Shelter	Q2 2025 (# / %)	Q2 2026 (# / %)
Stone Creek	105 (61%)	134 (56%)
Aspen	43 (15%)	317 (91%)
Elati	26 (60%)	50 (91%)
La Paz	53 (82%)	59 (86%)
Stay Inn	13 (16%)	63 (89%)
Steele	39 (80%)	43 (98%)
Tamarac	198 (82%)	178 (94%)
Overall	**477 (51%)**	**844 (83%)**

Key Result

- Engagement: 73% → 91%
- 4-sessions: 51% → 83%
- Households: 477 → 844

Housing-focused case management became substantially more consistent across the shelter system; exceeded 80% target

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Metric 4: Active Housing Assessments in the Coordinated Entry Queue – Target is 90%

This metric counts the number of clients with an active assessment each month (3 months for this report)

Shelter	Q2 2025 (# / %)	Q2 2026 (# / %)	Change
Stone Creek	172 (42%)	453 (76%)	+34%
Aspen	390 (51%)	783 (90%)	+39%
Elati	41 (38%)	93 (76%)	+38%
La Paz	54 (31%)	147 (84%)	+53%
Stay Inn	82 (51%)	136 (86%)	+35%
Steele	27 (23%)	110 (96%)	+73%
Tamarac	49 (8%)	457 (90%)	+82%
Overall	**815 (35%)**	**2,179(86%)**	**+51%**

Key Result

2025: 815 (35%)

2026: 2,179 (86%)

Providers more than doubled the number of households actively positioned for housing opportunities through coordinated entry

Shelter Utilization and Throughput Q2

Shelter	Enrolled 2025	Enrolled 2026	Exits 2025	Exits 2026	LOS 2025	LOS 2026
Stone Creek	171	238	38	60	167	190
Aspen	294	347	68	65	200	239
Elati	43	55	10	17	136	150
La Paz	65	69	11	23	232	245
Stay Inn	79	71	31	25	129	147
Steele	49	44	16	9	111	227
Tamarac	241	190	59	48	136	309
Overall	**942**	**1,014**	**233**	**247**	**166**	**229**

System Highlights

- Households enrolled: 942 → 1,014 (+8%)
- Shelter exits: 233 → 247 (+6%) – 25% of guests in Q2 of both years
- Average LOS: 166 → 229 days (+38%)

Length of Stay (LOS) increased due to fewer housing resources and more long-term shelter guests

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Exits from Shelter by Destinations – Q2

	Housing[1]		Temporary[2]		Unhoused		Unknown		Deceased	
Site	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
Stone Creek	15 (39%)	38 (63%)	11 (29%)	11 (18%)	4 (11%)	10 (17%)	8 (21%)	0 (0%)	0 (0%)	1 (2%)
Aspen	40 (58%)	22 (34%)	4 (7%)	11 (17%)	23 (34%)	30 (46%)	1 (1%)	0 (0%)	0 (0%)	2 (3%)
Elati	3 (30%)	9 (52%)	3 (30%)	1 (6%)	4 (40%)	3 (18%)	0 (0%)	3 (18%)	0 (0%)	1 (6%)
La Paz	5 (45%)	12 (52%)	2 (19%)	3 (13%)	4 (36%)	8 (35%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Stay Inn	7 (23%)	7 (28%)	0 (0%)	1 (4%)	1 (3%)	0 (0%)	22 (71%)	17 (68%)	1 (3%)	0 (0%)
Steele	6 (37%)	3 (33%)	4 (25%)	4 (45%)	6 (38%)	2 (22%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Tamarac	30 (51%)	20 (42%)	3 (5%)	2 (4%)	3 (5%)	4 (8%)	22 (37%)	22 (46%)	1 (2%)	0 (0%)
Overall	**106 (45%)**	**111 (45%)**	**27 (12%)**	**33 (13%)**	**45 (19%)**	**57 (23%)**	**53 (23%)**	**42 (17%)**	**2 (1%)**	**4 (2%)**

[1]Includes permanent and stable housing placements.

[2]Includes other shelters and institutions such as treatment and long-term care..

Housing placement rates stayed the same despite having 25% fewer housing resources in 2026

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Other Performance Indicators – Q2

Shelter	911 2025	911 2026	Incidents 2025	Incidents 2026	Satisfaction 2026
Stone Creek	37	22	1	0	75%
Aspen	96	84	0	2	68%
Elati	9	7	0	1	72%
La Paz	5	11	0	0	76%
Stay Inn	12	8	0	0	93%
Steele	7	8	0	0	78%
Tamarac	49	28	9	2	66%
Overall	**215**	**168**	**10**	**5**	**72%**

Highlights

- 911 calls: 215 → 168 (-22%)
- Incident reports: 10 → 5 (-50%)
- Guest satisfaction: 72% (no data for 2025); national average is ~70%

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Q2 2026 Budget Performance by Shelter – Target is 25%/Quarter

Shelter	Total Budget	Budget Spent	% Spent
Aspen	$9,891,040	$3,341,986	34%
Elati	$1,294,904	$402,986	31%
La Paz	$1,779,147	$575,501	32%
Stay Inn	$1,811,632	$612,912	34%
Steele	$1,612,493	$515,635	32%
Tamarac	$7,028,952	$2,142,521	30%
Stone Creek	$6,550,000	$1,909,843	29%
Overall	**$29,968,168**	**$9,501,386**	**32%**

Financial Summary

- 2026 Budget: $30.0M
- Spent: $9.5M in Q2
- Overall Spend: 32%
- Range: 29% to 34%

Lessons Learned & Next Steps

Feedback from Providers: Voices from the Field

Provider feedback was overwhelmingly positive; they report improvements in teamwork, accountability, client engagement, and how staff use their time.

1. **Stronger teamwork**

   Created greater cohesiveness among case management teams.

2. **Greater accountability**

   Helps keep the team accountable for its performance and results.

3. **More creative engagement**

   Led to more creativity in how staff engage clients.

4. **More time for services**

   Provided better structure and reduced time spent on invoices, freeing staff to deliver services.

Bottom Line: Performance-based contracting helped shift our culture from a compliance mindset to an outcome-focused mindset and has been well-received by HOST's contractors.

Lessons Learned

The pilot shifted the work from invoice compliance to active performance management, while also clarifying where shelter operations alone cannot solve system constraints.

1 **Contracts changed behavior and culture**

Providers focused more on case management, rapid resolution, coordinated entry, and housing conversations.

2 **Measurement improved performance**

Occupancy, service engagement, coordinated entry participation, satisfaction, and safety indicators improved.

3 **The model improved operations**

Providers had simpler invoicing and more flexibility; HOST staff spent more time on quality and less time on paperwork.

4 **The model still needs refinement**

Monitoring, training, HMIS quality, and metrics must continue to improve, while housing supply remains the biggest constraint.

Bottom line: Performance-based contracting is working and providers have exceeded expectations, but in the next phase HOST must pair providers' efforts continued metric refinement and more housing resources

2027 Implementation Plan

Expand PB Contracting

- Add Theodora Family Shelter
- Add The Crossing Family Shelter
- Add 48th Avenue Men’s Congregate Shelter
- Add 48th Ave. Women’s Congregate Shelter
- Add Crossroads Congregate Shelter

Enhancing the Model

- Continue collaboration with providers
- Strengthen provider training
- Improve HOST’s performance monitoring
- Continue improving HMIS data quality
- Adjust metrics to drive housing outcomes
- Expand rapid resolution efforts
- Focus more on long-term shelter stayers

Bottom Line: Build on the success of the pilot by expanding performance-based contracting while continuously improving the model

Proposed 2027 Non-Congregate Shelter Metrics

Metric	Current Measure	Proposed Changes
1. Occupancy	90% occupancy rate.	Use actual available unit numbers rather than assuming 85%-unit availability when calculating the rate card used for payments.
2. Rapid Resolution	90% of guests receive a rapid resolution discussion at intake.	Replace process measure with outcome measure: 5% of guests served in year successfully exit homelessness through rapid resolution; HOST to provide extensive training and other resources to support this change.
3. Housing-Focused Case Management	80% of guests receive four housing-focused case management encounters each month.	Define encounter as ≥15 minutes; require case notes; count medical/behavioral health referrals, employment services, all rapid resolutions, and community housing events; allow encounters with any adult household member to count.
4. Coordinated Entry	90% of eligible households have an active assessment in the coordinated entry queue.	No changes proposed.

Will maintain the 10% buffer in rate cards for 2027; plan to add metrics related to children's services at family shelters

Proposed 2027 Congregate Shelter Performance Metrics

Metric	2027 Measure	Comments
1. Occupancy	90% occupancy using actual available units.	Same metric as non-congregate shelter.
2. Rapid Resolution	% of households successfully exit homelessness through rapid resolution.	Replaces intake discussion measure used in the pilot with an outcome measure; need to determine correct percentage.
3. Housing-Focused Case Management	Each budgeted case manager completes at least 25 qualifying encounters per week.	Encounter standards and qualifying activities to be finalized.
4. Coordinated Entry	Outcome metric (target anticipated around 40%)	Methodology and final threshold under development; based on assessments for 90% of the clients who have stayed longer than 45 days.

The 2027 metrics place greater emphasis on measurable housing outcomes while maintaining accountability for high-quality shelter operations; will add a 10% buffer in the rate cards.

Questions and Discussion

Questions and Discussion

- Questions about the pilot results
- Feedback on performance-based contracting
- Recommendations for expansion
- Additional information requested

Thank you.

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