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# Social Impact Bonds: Contract Amendments

Finance and Governance Committee

# City Council Requests

## Item 21-0293

Request: Approve a contract amendment to extend the term for the contract with the Urban Institute.

Details: Contract extension with the Urban Institute to provide data analysis, collection and reporting related to the Social Impact Bond, including project monitoring and outcome analysis and reporting.

## Item 21-0294

Request: Approves a contract amendment with the Colorado Coalition for the Homeless to extend the term for providing housing and supportive services.

Details: Contract extension with the Colorado Coalition for the Homeless to provide housing services and supportive services to 245 people experiencing homelessness in Denver, as part of the Denver Social Impact Bond program.

# Social Impact Bonds (SIB) Overview

- SIBs are a unique type of performance-based contract where private and/or philanthropic lenders loan funds to accomplish a specific objective and are repaid based on whether the program achieves its outcome goals.
- Also called Pay For Success model where identified metrics are used to measure performance and outcomes.
- Government sponsors, investors, service providers, intermediaries and independent evaluators are all part of the SIB model.
- In 2016, the City of Denver established one of the first and most successful SIB programs with the Denver Supportive Housing Social Impact Bond initiative.

# Denver Supportive Housing Social Impact Bonds

- Denver's SIB program commenced in 2016 as a five-year pilot with the goal of placing at least 250 of Denver's most vulnerable homeless individuals into stable housing.
- The program serves people who were homeless for more than a year and were frequent users of city emergency systems, including jails, detox, courts, police and emergency rooms.
- The SIB program expanded in 2018 to include an additional 75 participants in the program (SIB 2.0) for a new total of 325 individuals.
- City makes annual contractual payments and bonuses based on outcomes. Final contract and bonus payments due in 2021.
- Outcome measures include housing stability (number of days in housing) and reduction in jail stays (jail bed days)

# Denver SIB Initiative Framework



# SIB Service Providers

Utilize Housing First and modified Assertive Community Treatment (ACT) model of intensive case management.

- Colorado Coalition for the Homeless (CCH)
  - SIB 1.0 housing 166 as of 12/31/20
  - SIB 2.0 housing 60 as of 12/31/20
- Mental Health Center for Denver (MHCD)
  - SIB 1.0 housing 95 as of 12/31/20

# SIB Investors and Payments

In 2016, eight private entities invested \$8.6 million into Denver's SIB program. Investor funds leveraged an additional \$15 million in federal funds through housing vouchers, tax credits, and healthcare programs.

## Payment Structure:

- City makes outcome payments to the intermediary *only if* the program meets the goals of housing stability and decreased jail stays based on formula.
- Per contract, city pays \$15.12 for each day each qualifying participant was stably housed and not in jail.
- The City estimates it spends \$7 million per year on safety net services for a representative 250 individuals fitting SIB eligibility criteria.

## SIB Investors:

- The Denver Foundation
- The Piton Foundation
- The Ben and Lucy Ana Walton Fund of the Walton Family Foundation
- Laura and John Arnold Foundation
- Living Cities Blended Catalyst Fund LLC
- Nonprofit Finance Fund
- The Colorado Health Foundation
- The Northern Trust Company

# SIB's Independent Evaluation

- To enhance transparency and accountability, the city entered into an agreement with **Urban Institute**, the entity selected to conduct the independent evaluation of the Social Impact Bond program.
- The evaluation includes project monitoring and outcome analysis; management and coordination for eligibility criteria for the referral pathway; certification of data validity and calculations used to inform City payments to the outside service provider; evaluation of project outcomes, including maintaining a monthly dashboard and providing semi-annual and final reports.
- Local support from Evaluation Center at the University of Colorado Denver and the Burnes Center on Poverty and Homelessness at the University of Denver



# Other SIB Partners and Contributors

## SIB Financial Intermediaries:

- Corporation for Supportive Housing (Project Manager)
- Enterprise Community Partners, Inc. (Fiscal Agent)

## Project Development:

- Social Impact Solutions

## City:

- Department of Finance and HOST
- Data providers: Denver Dept of Public Health and Environment, Denver Sherriff, Denver Police

## Others:

- Robert Wood Johnson Foundation utilizes SIB health outcome data
- Tyler Jaeckel, Harvard Kennedy School Government Performance Lab (now w/ Bell Policy Center)

# Outcomes: Housing Stability

## SIB 1.0 (CCH and MHCD)

- Since project inception (Feb of 2016), the project has leased up 364 participants in the program.
- At the end of December 2020, there were 261 currently in housing. (166 w/ CCH, 95 w/ MHCD)
- Of the 394 people who passed the housing screen for the program, only one has refused the program. This challenges the notion that this is a group that is uninterested in being housed.
- The most recent report released in the fall of 2020 shows that 79% of participants stayed in housing longer than 365 days, 66% had never exited housing; 34% exited (11% planned exit, 23% unplanned exit, 7% re-entered after exit).

## SIB 2.0 (CCH only)

- Since June of 2018, 81 participants have been leased up in the project.
- As of December 2020, 60 participants are currently in housing.
- Of those randomized to the project, 97% have been engaged.
- As of June 2020, the first year housing stability rate for the project was 84%.

# Outcomes: Investor Payments

- City has paid \$3.9 million through June 2020.
- Payment Formula:  
Number of Days in Housing – Number of Days in Pilot Period – Number of Days in Jail =  
  
Total Adjusted Days in Housing x \$15.12/Day = Total Housing Stability Payment  
for Participants Meeting Payment Requirements
- In 2021 (summer), the final evaluation will report on results from the randomized controlled trial analysis, including differences in jail days between people in supportive housing and those receiving services as usual.
  - The city will also make a final payment based on jail day reduction outcomes.

# SIB Contract Extensions- Council Action

The contract extension requests extends SIB contract for CCH and Urban for one year in order to:

- Continue service without interruption including established referral system and infrastructure for **245 individuals** through CCH
  - 2021 contract renewal includes prioritization of unsheltered individuals for any available open spots
  - MHCD will continue service covered by Medicaid (not part of contract extensions)
- Receive and evaluate Urban Institute's final pilot program report in July 2021
- Plan next steps

# Next Steps

- The Office of Housing Stability has been engaged in tracking the SIB program alongside DOF in 2020-21 in anticipation of assuming program leadership in 2022.
- The City applied and is a finalist for additional, federal grant money through a Social Impact Partnerships to Pay for Results Act (SIPPRA) Award. If awarded, DOF and HOST would work together to operationalize Denver's Housing to Health (H2H) program through a similar SIB service model for 125 additional program slots. Program partners include CCH, MHCD, Urban, CSH, and Denver Health.



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# Questions?