



# Denver Supportive Housing Social Impact Bond Initiative: Housing Stability Payments

## Report to the Governance Committee

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In 2016, the City and County of Denver and eight private investors closed on the city's first social impact bond (SIB), an \$8.6 million investment to fund a supportive housing program for people who are homeless and frequent users of the criminal justice system. Based on the SIB contract, the investors provided funding to support the program. If the program meets the goals of housing stability and decreased jail stays, the city makes outcome payments to the investors. If the program does not meet its outcome goals, the city does not repay the investors. Since the project's launch, the service providers, the Colorado Coalition for the Homeless and the Mental Health Center of Denver, have housed 323 participants in the program. As of October 2018, the city had made two payments that total \$1,025,967.63 to investors for outcomes achieved from January 1, 2016, to June 30, 2018. This brief details the third assessment of housing stability payment outcomes for January 1, 2016, through June 30, 2019. The payment from the city to investors for the latest reporting period is \$1,527,921.33.

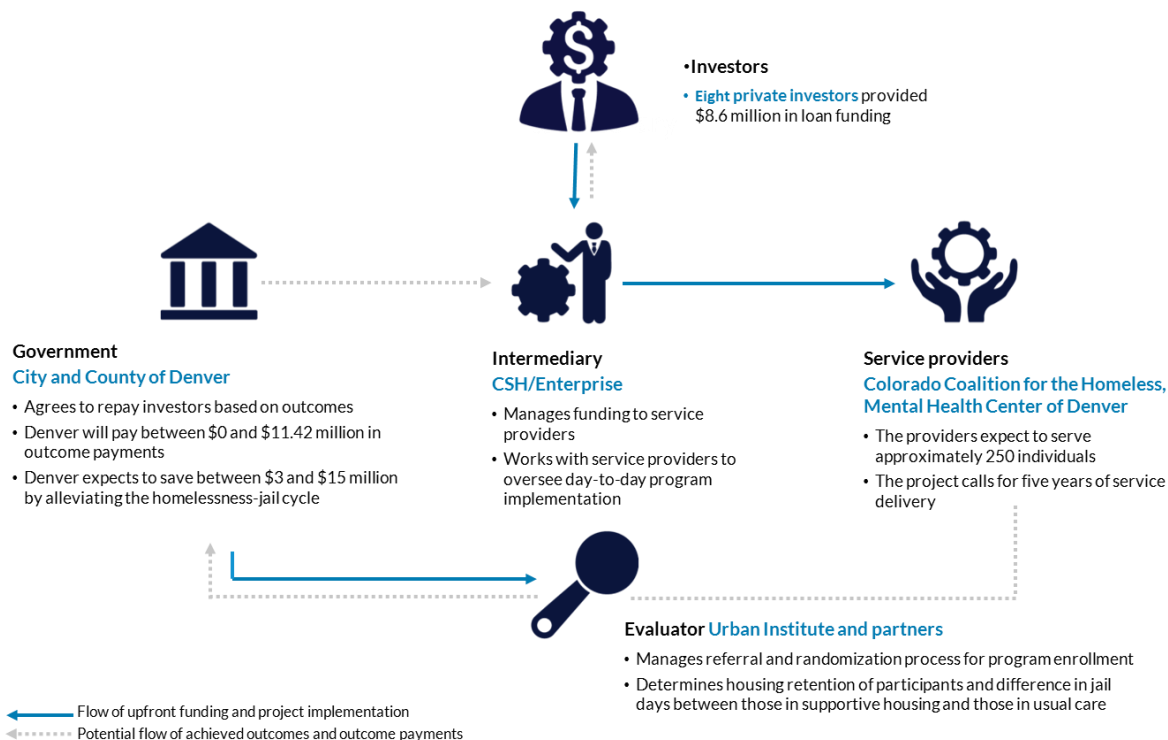
## SIB Background

People who experience chronic homelessness often cycle in and out of jail, which affects their well-being and can come at a significant cost to taxpayers. Most of these individuals face other challenges, such as persistent mental illness and substance use. Before the city launched the SIB initiative, Denver's Crime Prevention and Control Commission calculated that about 250 people in this target population spent an average of 59 nights in jail annually and interacted with other systems, such as detox and

emergency care, costing the city \$7.3 million a year.<sup>1</sup> Supportive housing aims to stabilize people caught in a homelessness-jail cycle through housing assistance and intensive services, leading to increased housing stability and decreased jail stays.

To launch the supportive housing program, the City and County developed an agreement with Denver PFS LLC, an entity established by the Corporation for Supportive Housing and Enterprise Community Partners, to execute the SIB. Eight lenders provided private investment for the SIB,<sup>2</sup> and the project leveraged additional funding through local and state housing resources and Medicaid reimbursement. In the first year, the Colorado Coalition for the Homeless provided supportive housing services. The Mental Health Center of Denver joined in providing supportive housing services in the second year. The Crime Prevention and Control Commission provided staff for the program referral process, and the Denver Police Department and Denver Sheriff Department provided administrative data for the evaluation. The Urban Institute is conducting a five-year randomized controlled trial evaluation and implementation study in collaboration with partners from the Evaluation Center at the University of Colorado Denver and the Burnes Center on Poverty and Homelessness at the University of Denver. Figure 1 shows the basic structure of the SIB project.

**FIGURE 1**  
**Denver Supportive Housing Social Impact Bond Initiative Framework**



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Source: Adapted from US Government Accountability Office (GAO), “Pay for Success: A Look at a New Way for Government to Finance Prevention Programs Based on Measured Results” (Washington, DC: GAO, n.d.) and the Urban Institute Pay for Success Initiative.

The first housing stability outcomes brief was released in October 2017 (Gillespie et al. 2017), and the second was released in November 2018 (Cunningham et al. 2018). In this third housing stability brief, we calculate the third payment to the Governance Committee for the SIB program.

## Housing Outcomes

From January 1, 2016, through June 30, 2019, 323 individuals moved into SIB-funded supportive housing. Of those, 90 percent signed their leases at least 365 days before the end of the reporting period (table 1). And of those, 80 percent had been in housing for at least 365 days. Some participants exited housing; these exits are categorized as planned or unplanned. This categorization recognizes that some exits may be intentional and positive, such as a move to other permanent housing. Planned exits meet housing stability payment requirements and include deaths, exits to other permanent housing or long-term residential treatment, or incarceration in connection with actions solely occurring before referral to the SIB program. For this reporting period, all the planned exits were deaths. Unplanned exits are any interruption that causes a participant to be out of housing for more than 90 days, including jail stays of more than 90 days. Unplanned exits are tracked to measure project performance, but participants who leave housing can reengage with the program. Since January 1, 2016, 89 people have exited housing. Twenty-five were planned exits, and 64 were unplanned. The primary reason for an unplanned exit was a jail stay that lasted more than 90 days; other reasons included hospitalizations and lease violations. A small share of those who leased up (6 percent) later had an unplanned exit and then reengaged in the program and reentered housing.

**TABLE 1**  
**Lease-Ups and Exits for SIB Participants**

	<b>N</b>	<b>Share</b>
<b>Housing lease-ups</b>		
Leased up in housing	323	
Time between lease-up and end of reporting period is less than 365 days	32	10%
Time between lease-up and end of reporting period is at least 365 days	291	90%
<i>Stay in housing is greater than or equal to 365 days</i>	232	80%
<b>Housing stability</b>		
Individuals who remained in housing as of July 1, 2019	251	78%
Individuals who never exited housing	234	72%
Individuals who reentered housing after an exit <sup>a</sup>	18	6%
<b>Housing exits after lease-up</b>		
Planned exits (participant deaths)	25	8%
Unplanned exits	64	20%

**Source:** Days in housing and exit data are from Colorado Coalition for the Homeless and Mental Health Center of Denver program data from January 1, 2016, through June 30, 2019.

**Notes:** An unplanned exit is any interruption that caused a participant to be out of housing for more than 90 days. This analysis does not include participants in the SIB expansion (known as SIB 2.0). See Cunningham et al. (2019) for our analysis of participants from both SIB 1.0 and 2.0.

<sup>a</sup> One individual exited a second time after reentry.

# How We Calculate Housing Stability Success Payments

As specified in the contract, housing stability is calculated for participants who meet the payment requirement (figure 2). Participants are considered stably housed if they have remained in housing for at least 365 days without any episodes away from housing for more than 90 days or if they had a planned exit from housing at any point. The contract designated the first six months of the project as a pilot period, so this time is not included in the calculation that determines the size of the success payment that the city will make to investors based on the number of days that participants are housed. (It does, however, count for determining whether a participant achieved at least one year in housing.) Days that participants spent in jail are also subtracted from the total days in housing. The remaining total adjusted days in housing are multiplied by \$15.12 to calculate the success payment from the city.

**FIGURE 2**  
**Summary of Housing Stability Payment Calculation**

## EQUATION

$(X)-(X)-(X) = \text{TOTAL ADJUSTED DAYS IN HOUSING} * \$15.12/\text{DAY} = \text{TOTAL HOUSING STABILITY PAYMENT FOR PARTICIPANTS MEETING PAYMENT REQUIREMENTS}$

$$\frac{\text{NUMBER OF DAYS IN HOUSING} - \text{NUMBER OF DAYS IN PILOT PERIOD} - \text{NUMBER OF DAYS IN JAIL}}{\text{TOTAL ADJUSTED DAYS IN HOUSING} * \$15.12/\text{DAY}} = \text{TOTAL HOUSING STABILITY PAYMENT FOR PARTICIPANTS MEETING PAYMENT REQUIREMENTS}$$

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**Note:** Calculation of the housing stability success payment is detailed in Article 4, Section 4.02, of the Denver SIB contract dated February 2016.

## Investor Payment

In accordance with the Denver SIB contract, housing stability outcomes were observed for the first 14 quarters of the project, from January 1, 2016, through June 30, 2019, for participants in supportive housing who met the payment requirement. As table 2 shows, 257 participants met the payment requirement, 232 of whom maintained their voucher for a full year and 25 of whom had a planned exit. Together, the participants who were housed for 365 days or who had a planned exit spent 178,181 days in housing.

After deducting days within the pilot period (2,871 days) and days participants spent in jail (6,402 days), the project achieved 168,908 total adjusted days in housing. Excluding the payments for housing

days that covered the first through 10th quarters, this outcome calls for a payment of \$1,527,921.33 from the City and County of Denver. In the sections that follow, we provide context for this outcome by examining several factors that affected the project’s housing stability success payment, including housing retention and exits and jail stays.

**TABLE 2**

**Payment Calculation for Housing Stability Outcomes**

*Outcomes for January 1, 2016, through June 30, 2019 (Q1–14)*

	<b>Count</b>
<b>Number of participants meeting payment requirement</b>	257
Number of participants maintaining voucher for 365 days	232
Number of participants with planned exit	25
<b>A. Total days in housing for participants meeting payment requirements</b>	178,181
<b>B. Minus total days in housing during the pilot period</b> (1/1/2016–6/30/2016)	(2,871)
<b>C. Minus total days in jail during the payment period</b> (7/1/2016–6/30/2019)	(6,402)
<b>D. Total adjusted days in housing for participants meeting payment requirement (D = A – B – C)</b>	168,908
<b>Total payment for participants meeting payment requirement (\$15.12/day)</b>	\$2,553,888.96
<b>Minus total payment investors received for Q1–10</b>	(\$1,025,967.63)
<b>Total payment for Q11–14</b>	<b>\$1,527,921.33</b>

**Sources:** Days in housing and exit data are from Colorado Coalition for the Homeless and Mental Health Center of Denver program data from January 1, 2016, through June 30, 2019. Jail data come from the Denver Sheriff Department and do not include days spent in prisons or any jails outside Denver.

**Note:** In quarters 1 through 10, participants reached 67,855 total adjusted days in housing, which amounted to a payment to investors of \$1,025,967.63.

## Housing Retention and Exits

Most participants who leased up successfully retained their housing. By June 30, 2019, the end of the observation period for the third housing stability payment outcomes, 203 people had been stably housed for one year or more and were still participating in the program; they spent an average of about 25 months and a median of about 23 months in housing (table 3). Fourteen participants had a planned exit after being stably housed for 365 days; they spent an average of 21 months and a median of about 20 months in housing before their exit. An additional 11 participants had a planned exit before being stably housed for 365 days; they spent an average of about 5 months and a median of about 4 months in housing before their exit.

In addition, 29 participants who met the payment requirement experienced an unplanned exit after their first year in housing; they spent an average of about 20 months and a median of about 19 months in housing before their exit.

TABLE 3

Days in Housing among Participants Meeting Payment Requirements

	Total meeting payment requirements	Stably housed for 365 days with no exit	Stably housed for 365 days before a planned exit	Planned exit before 365 days in housing	Stably housed for 365 days before an unplanned exit
Sample	257	203	14	11	29
Mean days in housing	693	744	616	142	586
Median days in housing	648	692	590	115	564

**Source:** Days in housing and exit data are from Colorado Coalition for the Homeless and Mental Health Center of Denver program data from January 1, 2016, through June 30, 2019, including housing days during the pilot.

**Notes:** Days in housing are the number of days participants had been in housing as of June 30, 2019; jail stays are not deducted. “Stably housed for 365 days” includes the first nine pilot individuals and any program participants who maintained their housing for one year without an exit of more than 90 days. Planned exits meet housing stability payment requirements and include deaths, exits to other permanent housing or long-term residential treatment, or incarceration in connection with actions solely occurring before referral to the SIB program. An unplanned exit is any interruption that is not a planned exit and that causes the participant to be out of housing for more than 90 days.

### Jail Stays

In accordance with the SIB contract, days spent in jail while participants were in housing were subtracted from housing stability days for the purposes of the outcome payment. Of the 257 participants who met the payment requirements, 68 percent had at least one jail stay during their time in housing (table 4). Among those participants, the most common number of jail stays was one, and the average and median number of days spent in jail were 38 and 20, respectively. These participants had been in housing for an average of about six months before their first jail stay.

One of the contract requirements is to report jail stays by race and ethnicity. Of the 257 participants who met the payment requirements, 109 are white, 82 are black, 37 are Hispanic, and 29 are another race. Sixty-two percent of white participants and 74 percent of black participants had a jail stay while in housing (table 5). About 76 percent of Hispanic participants and 59 percent of non-Hispanic participants of other races had a jail stay.

For context, according to Denver Sheriff Department data, about 24 percent of the inmates in custody in 2018 were black, and about 28 percent were Hispanic.<sup>3</sup> The share of inmates in Denver who are Hispanic mirrors the city’s population (30 percent of Denver residents are Hispanic). Black residents, however, are only 10 percent of the city’s population but a quarter of the inmate population.<sup>4</sup> The overrepresentation of black people in the Denver criminal justice system mirrors national trends; black people are 3.6 times more likely to spend time in local jails nationwide than white people are (Subramanian, Riley, and Mai 2018).

TABLE 4A

## Jail Stays among Participants Meeting Payment Requirements

	Total Meeting Payment Requirements		Stably Housed for 365 Days with No Exit		Stably Housed for 365 Days before a Planned Exit		Planned Exit before 365 Days in Housing		Stably Housed for 365 Days before an Unplanned Exit	
	N	%	N	%	N	%	N	%	N	%
No jail stays	83	32	65	32	7	50	9	82	2	7
Any jail stays	174	68	138	68	7	50	2	18	27	93
1 stay	66	26	53	26	5	36	1	9	7	24
2 stays	32	12	28	14	1	7	1	9	2	7
3 stays	29	11	23	11	1	7	0	0	5	17
4+ stays	47	18	34	17	0	0	0	0	13	45
<b>Total</b>	<b>257</b>		<b>203</b>		<b>14</b>		<b>11</b>		<b>29</b>	

TABLE 4B

## Days in Jail among Participants Meeting Payment Requirements

	Total meeting payment requirements	Stably housed for 365 days with no exit	Stably housed for 365 days before a planned exit	Planned exit before 365 days in housing	Stably housed for 365 days before an unplanned exit
Mean days in jail	38	33	26	26	64
Median days in jail	20	16	7	26	49
Mean days in housing before first jail stay	178	180	230	84	161

**Source:** Jail data are from the Denver Sheriff Department and do not include days spent in prisons or any jails outside Denver.

**Notes:** Jail stays are calculated as the number of times participants were booked into jail while in housing before July 1, 2019.

Days in jail are calculated as the total number of days participants spent in jail while in housing before July 1, 2019. Jail data cover January 1, 2016, through June 30, 2019, and include jail stays and days in jail that occurred during the pilot period but after participant lease-up.

TABLE 5A

## Jail Stays among Participants Meeting Payment Requirements, by Race

	Total Meeting Payment Requirements		Non-Hispanic Black		Non-Hispanic White		Hispanic		Non-Hispanic Other	
	N	%	N	%	N	%	N	%	N	%
No jail stays	83	32	21	26	41	38	9	24	12	41
Any jail stays	174	68	61	74	68	62	28	76	17	59
1 stay	66	26	19	23	30	28	10	27	7	24
2 stays	32	12	17	21	8	7	7	19	0	0
3 stays	29	11	9	11	14	13	2	5	4	14
4+ stays	47	18	16	20	16	15	9	24	6	21
<b>Total</b>	<b>257</b>		<b>82</b>		<b>109</b>		<b>37</b>		<b>29</b>	

TABLE 5B

## Days in Jail among Participants Meeting Payment Requirements, by Race

	Total meeting payment requirements	Non-Hispanic black	Non-Hispanic white	Hispanic	Non-Hispanic other
Mean days in jail	38	37	36	36	54
Median days in jail	20	15	27	27	48
Mean days in housing before first stay	178	186	175	196	126

**Source:** Jail data are from the Denver Sheriff Department and do not include days spent in prisons or any jails outside of Denver.

**Notes:** Jail stays are calculated as the number of times participants were booked into jail while in housing before July 1, 2019. Days in jail are calculated as the total number of days participants spent in jail while in housing before July 1, 2019. Jail data cover January 1, 2016, through June 30, 2019, and include jail stays and days in jail that occurred during the pilot period but after participant lease-up.

## Appendix: Methods

The housing stability calculations use Denver Sheriff Department data on jail stays and Colorado Coalition for the Homeless and Mental Health Center of Denver data on lease-ups and housing exits. The Colorado Coalition for the Homeless data include information on the dates of lease-up and dates of housing exits from January 1, 2016, through June 30, 2019. The Mental Health Center of Denver data include information on the dates of lease-up and dates of housing exits from January 1, 2017, through June 30, 2019. The Denver Sheriff Department data include the booking start and end dates for all jail stays from January 1, 2009, through June 30, 2019, by all people randomized into treatment by July 1, 2018, as well as the nine pilot individuals.

Individuals are determined to have met the payment requirement if they have been housed for 365 or more days without an absence from housing for more than 90 days or if they have leased up and had a planned exit. People who had an unplanned exit before 365 days but who reached 365 days in housing



after housing reentry meet the payment requirement for their second stay in housing. For those meeting the payment requirement, days in housing are calculated as the last day in housing or June 30, 2019 (whichever comes first) minus the date of lease-up or January 1, 2016 (whichever comes last). The days in housing during the pilot period are calculated as the last day of housing or June 30, 2016 (whichever comes first) minus the date of lease-up or January 1, 2016, (whichever comes last). Days in jail during the payment period are calculated as the booking end date, the housing exit date, or June 30, 2019 (whichever comes first) minus the booking start date, the lease-up date, or June 30, 2016 (whichever comes last). Jail days were included only if they took place during the time the participant was housed after the pilot period, from July 1, 2016, through June 30, 2019. So that both the first day and last day were counted, one day was added to each of the following measures: days in housing, days in housing during the pilot period, and days in jail. Each of the following measures were calculated at the individual level and then summed for all participants meeting the payment requirement: days in housing, days in housing during the pilot period, and days in jail. Total adjusted days in housing were then calculated by taking the total days in housing and subtracting the total days in housing during the pilot period and the total time in jail.

## Notes

- <sup>1</sup> For the Denver Social Impact Bond Initiative fact sheet, see Denver mayor's office, "Mayor Hancock Announces Social Impact Bonds to Serve First 25 Participants at North Colorado Station," news release, February 16, 2016, <https://www.denvergov.org/content/denvergov/en/mayors-office/newsroom/2016/mayor-hancock-announces-social-impact-bonds-to-serve-first-25-pa.html>.
- <sup>2</sup> The Denver SIB lenders are the Denver Foundation, the Piton Foundation, the Ben and Lucy Ana Walton Fund of the Walton Family Foundation, Arnold Ventures, Living Cities Blended Catalyst Fund LLC, Nonprofit Finance Fund, the Colorado Health Foundation, and the Northern Trust Corporation.
- <sup>3</sup> "2018 Inmates in Custody Demographics and Totals," Denver Sheriff Department, accessed August 7, 2019, <https://www.denvergov.org/content/dam/denvergov/Portals/776/documents/Data/2018-InmatesInCustody.pdf>.
- <sup>4</sup> "QuickFacts: Denver County, Colorado," US Census Bureau, accessed August 13, 2019, <https://www.census.gov/quickfacts/denvercountycolorado>.

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