



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, Colorado Coalition for the Homeless and the Mental Health Center of Denver, have housed 346 participants in the program. As of October 2019, the city had made three payments that total \$2,553,888.96 to investors for outcomes achieved from January 1, 2016, to June 30, 2019. This brief details the fourth assessment of housing stability payment outcomes for January 1, 2016, through June 30, 2020. The new payment from the city to investors for this reporting period is \$1,360,044.00.

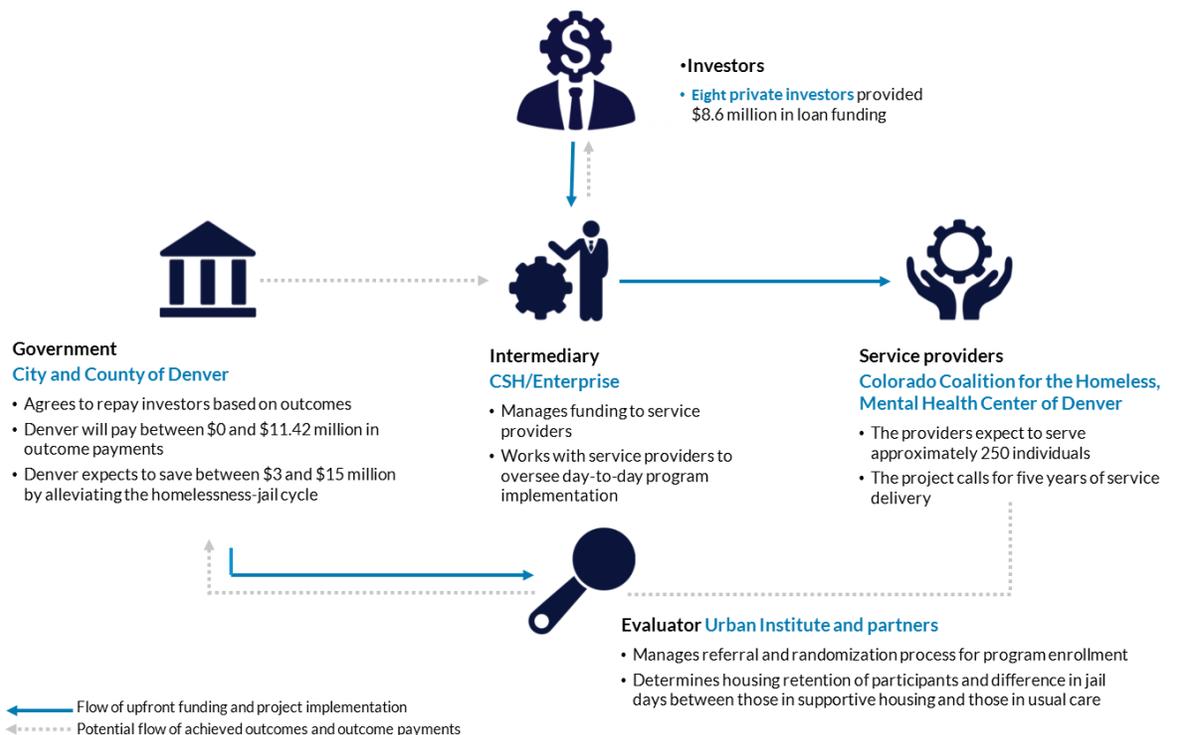
SIB Background

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 and County 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.¹ 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,² and the project leveraged additional funding through local and state housing resources and Medicaid reimbursement. In the first year, 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 Center for Housing and Homelessness Research 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 report was released in October 2017 (Gillespie et al. 2017), the second was released in November 2018 (Cunningham et al. 2018), and the third was released in November 2019 (Cunningham et al. 2019). In this fourth housing stability report, we calculate the fourth payment to the Governance Committee for the SIB program.

Housing Outcomes

From January 1, 2016, through June 30, 2020, 346 individuals moved into SIB-funded supportive housing (table 1). Of those, 94 percent (or 324 individuals) signed their leases by June 30, 2019. And of those, 79 percent (or 255 individuals) 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. Deaths are also categorized as planned exits so provider performance is not penalized because of the vulnerability of some participants. 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. From January 1, 2016, through June 30, 2020, 117 people exited housing. Thirty-nine were planned exits, 35 of which were participant deaths and 4 of which were exits to other permanent housing. Eighty were unplanned exits. The primary reason for an unplanned exit was a jail stay that lasted longer than 90 days; other reasons included hospitalizations and lease violations. Of the 346 people who leased up through the program, a small share (7 percent) had an unplanned exit and later reengaged in the program and reentered housing.

TABLE 1
Lease-Ups and Exits for SIB Participants

	N	Share
Housing lease-ups		
Leased up in housing	346	
Time between lease-up and end of reporting period is less than 365 days	22	6%
Time between lease-up and end of reporting period is at least 365 days	324	94%
<i>Stay in housing is greater than or equal to 365 days</i>	255	79%
Housing stability		
Individuals who remained in housing as of July 1, 2020	249	72%
Individuals who never exited housing	229	66%
Individuals who reentered housing after an exit ^a	24	7%
Individuals with housing exits after lease-up^b		
Individuals with planned exits	39	11%
Individuals with unplanned exits	80	23%

Sources: Days in housing and exit data are based on Colorado Coalition for the Homeless and Mental Health Center of Denver program data from January 1, 2016, through June 30, 2020.

Notes: An unplanned exit is any interruption that caused the participant to be out of housing for more than 90 days.

^a Five individuals exited a second time—three unplanned and two planned—after reentry, and one had a subsequent reentry.

^b Two individuals had both planned and unplanned exits and are included in the counts for both groups.

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 longer 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

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

$$\begin{array}{r} \text{NUMBER OF DAYS} \\ \text{IN HOUSING} \end{array} \quad \text{—} \quad \begin{array}{r} \text{NUMBER OF DAYS} \\ \text{IN PILOT PERIOD} \end{array} \quad \text{—} \quad \begin{array}{r} \text{NUMBER OF} \\ \text{DAYS IN JAIL} \end{array} \quad \text{=} \quad \text{TOTAL ADJUSTED DAYS IN HOUSING} * \$15.12/\text{DAY} = \text{TOTAL HOUSING STABILITY PAYMENT FOR PARTICIPANTS MEETING PAYMENT REQUIREMENTS}$$

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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 18 quarters of the project, from January 1, 2016, through June 30, 2020, for participants in supportive housing who met the payment requirement. As table 2 shows, 293 participants met the payment requirement, 254 of whom maintained their voucher for a full year and 39 of whom had a planned exit. Together, the participants who were housed for 365 days or who had a planned exit spent 270,071 days in housing.

After deducting days within the pilot period (2,871 days) and days participants spent in jail (8,342 days), the project achieved 258,858 total adjusted days in housing. Excluding the payments for housing

days that covered the first through 14th quarters, this outcome calls for a payment of \$1,360,044.00 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
Quarters 1-18 (January 1, 2016, through June 30, 2020)

	Count
Number of participants meeting payment requirement	293
Number of participants maintaining voucher for 365 days	254
Number of participants with planned exit	39
A. Total days in housing for participants meeting payment requirements	270,071
B. Minus total days in housing during the pilot period (1/1/2016–6/30/2016)	(2,871)
C. Minus total days in jail during the payment period (7/1/2016–6/30/2020)	(8,342)
D. Total adjusted days in housing for participants meeting payment requirement (D = A – B – C)	258,858
Total payment for participants meeting payment requirement (\$15.12/day)	\$3,913,932.96
Minus total payment investors received for Q1–14	(\$2,553,888.96)
Total payment for Q15–18	\$1,360,044.00

Sources: Days in housing and exit data are based on Colorado Coalition for the Homeless and Mental Health Center of Denver program data from January 1, 2016, through June 30, 2020. Jail data are from the Denver Sheriff Department and do not include days spent in prisons or any jails outside Denver.

Note: In quarters 1 through 14, participants reached 168,908 total adjusted days in housing, which amounted to a payment to investors of \$2,553,888.96.

Housing Retention and Exits

Most participants who leased up successfully retained their housing (see table 3). By June 30, 2020, the end of the observation period for the fourth housing stability payment outcomes, 208 people had been stably housed for one year or more and were still participating in the program; they spent an average of about 35 months and a median of about 34 months in housing. Twenty-five participants had a planned exit after being stably housed for 365 days; they spent an average and median of 24 months in housing before their exit. An additional 14 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 to the planned exits, 46 participants who met the payment requirement experienced an unplanned exit after their first year in housing; they spent an average and median of about 23 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	293	208	25	14	46
Mean days in housing	922	1,044	733	164	701
Median days in housing	933	1,007	710	129	697

Source: Days in housing and exit data are based on Colorado Coalition for the Homeless and Mental Health Center of Denver program data from January 1, 2016, through June 30, 2020, including housing days during the pilot.

Notes: Days in housing are the number of days participants had been in housing as of June 30, 2020; 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 can be 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 payment outcome. Of the 293 participants who met the payment requirements, 73 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 39 and 20, respectively. These participants had been in housing for an average of about seven months before their first jail stay.

One of the contract requirements is to report jail stays by race and ethnicity. Of the 293 participants who met the payment requirements, 129 are white, 91 are Black, 43 are Hispanic, and 30 are another race (table 5). Sixty-eight percent of white participants and 77 percent of Black participants had a jail stay while in housing. Seventy-nine percent of Hispanic participants and 77 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 2019 were Black, and about 29 percent were Hispanic.³ The share of inmates in Denver who are Hispanic mirrors the city’s total population (29 percent of Denver residents are Hispanic). Black residents, however, represent only 10 percent of the city’s population but a quarter of the inmate population.⁴ The overrepresentation of Black people in the Denver criminal justice system mirrors national trends; nationwide, Black people are 3.6 times as likely as white people to spend time in local jails (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	78	27	56	27	8	32	10	71	4	9
Any jail stays	215	73	152	73	17	68	4	29	42	91
1 stay	68	23	51	25	9	36	2	14	6	13
2 stays	39	13	33	16	2	8	1	7	3	7
3 stays	37	13	23	11	4	16	1	7	9	20
4+ stays	71	24	45	22	2	8	0	0	24	52
Total	293		208		25		14		46	

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	39	35	29	15	61
Median days in jail	20	16	8	12	49
Mean days in housing before first jail stay	215	225	234	91	182

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, 2020.

Days in jail are calculated as the total number of days participants spent in jail while in housing before July 1, 2020. Jail data cover January 1, 2016, through June 30, 2020, 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 or Ethnicity

	Total Meeting Payment Requirements		Non-Hispanic Black		Non-Hispanic White		Hispanic		Non-Hispanic Other	
	N	%	N	%	N	%	N	%	N	%
No jail stays	78	27	21	23	41	32	9	21	7	23
Any jail stays	215	73	70	77	88	68	34	79	23	77
1 stay	68	23	19	21	31	24	8	19	10	33
2 stays	39	13	14	15	16	12	8	19	1	3
3 stays	37	13	9	10	16	12	7	16	5	17
4+ stays	71	24	28	31	25	19	11	26	7	23
Total	293		91		129		43		30	

TABLE 5B

Days in Jail among Participants Meeting Payment Requirements by Race or Ethnicity

	Total meeting payment requirements	Non-Hispanic Black	Non-Hispanic white	Hispanic	Non-Hispanic other
Mean days in jail	39	40	38	33	48
Median days in jail	20	19	24	18	11
Mean days in housing before first jail stay	215	202	210	208	277

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, 2020.

Days in jail are calculated as the total number of days participants spent in jail while in housing before July 1, 2020. Jail data cover January 1, 2016, through June 30, 2020, 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, 2020. 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, 2020. The Denver Sheriff Department data include the booking start and end dates of all jail stays from January 1, 2009, through June 30, 2020, for all individuals randomized into treatment by July 1, 2019, 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. Individuals 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, 2020 (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, 2020 (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, 2020. 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 was 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

- ¹ For the Denver Social Impact Bond Initiative fact sheet, see “Mayor Hancock Announces Social Impact Bonds to Serve First 25 Participants at North Colorado Station,” Denver Department of Finance, news release, February 16, 2016, <https://www.csh.org/wp-content/uploads/2011/12/Denver-SIB-launch-release-2-16-16.pdf>.
- ² 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.
- ³ “2019 Inmates in Custody Demographics and Totals,” Denver Sheriff Department, accessed August 13, 2020, https://www.denvergov.org/content/dam/denvergov/Portals/776/documents/Data/inmate-data/InmatesInCustodySummary_2019.pdf.
- ⁴ “QuickFacts: Denver County, Colorado,” US Census Bureau, accessed August 13, 2020, <https://www.census.gov/quickfacts/denvercountycolorado>.

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