

Analyzing the Costs and Offsets of Denver’s Supportive Housing Program

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Without housing and services, **people caught in a revolving door of homelessness, police interactions, and jail stays** also frequent detoxification centers, emergency departments, and other emergency services.

This negative cycle affects their well-being and **comes at an enormous cost to taxpayers.**

The Denver Supportive Housing Social Impact Bond Initiative aimed to **break that cycle by offering supportive housing services** through a Housing First approach.

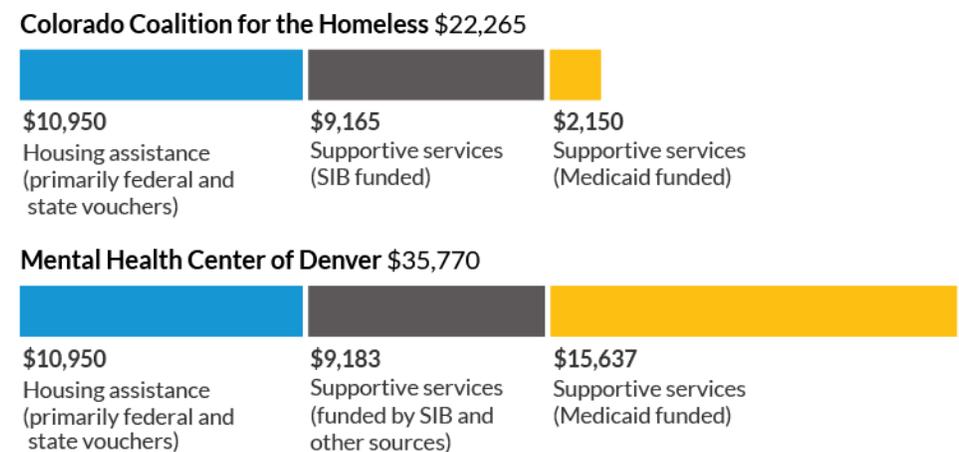
By **shifting its focus from providing costly emergency services to preventive services** with better outcomes for people, the City and County of Denver hoped to realize future cost offsets or savings.

The Denver Supportive Housing Social Impact Bond Initiative (Denver SIB) aimed to increase housing stability and decrease jail stays among people trapped in the homelessness-jail cycle. We tracked the initiative’s implementation between 2016 and 2020 and evaluated the effects of supportive housing through a randomized controlled trial. We estimated the costs of Denver SIB supportive housing and the cost offsets associated with the program’s effects on outcomes across the housing and homelessness assistance, criminal justice, and health care systems.

HOW MUCH DID THE DENVER SIB COST, AND WHO PAID?

Supportive housing is an intensive intervention that carries significant costs. Denver SIB supportive housing was provided by Colorado Coalition for the Homeless and the Mental Health Center of Denver. The total cost of providing a unit of Denver SIB supportive housing for a year was similar across the two providers, except for differences in Medicaid revenue received by each (figure 1).

FIGURE 1
Denver SIB Supportive Housing Cost, by Provider and Funding Source
Annual per unit cost



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Sources: The cost of services is estimated from Colorado Coalition for the Homeless (CCH) and Mental Health Center of Denver (MHCD) program budgets and provider data on program entries and exits. The cost of housing is estimated from housing assistance payment data from the Denver Housing Authority and Colorado Division of Housing.

Notes: SIB=social impact bond. The Medicaid-funded supportive services costs are based on reported Medicaid revenue from CCH (19 percent of service costs) and MHCD (63 percent of service costs). MHCD used both SIB funding and other revenue sources to pay for the services not funded by Medicaid.

COST OFFSETS FROM THE SUPPORTIVE HOUSING PROGRAM

We estimated the per person costs of the supportive housing program based on the average number of days participants spent in Denver SIB housing per year. We compared the total average annual per person costs (\$12,078 for Colorado Coalition for the Homeless and \$15,484 for the Mental Health Center of Denver) with the per person cost reductions in other services to see how the program affected other local costs.

- Approximately half the total annual per person cost of the Denver SIB was offset by reductions in the per person costs of other services because of avoided outcomes. Denver SIB participants had \$6,876 less in annual per person costs associated with avoided outcomes compared with the control group, with the biggest reductions in jail and ambulance costs.
- Denver had the largest cost offsets among the government funding sources. The city leveraged state and federal funding for housing vouchers and Medicaid payments, and it directly benefits from reductions in local emergency services (figure 2).

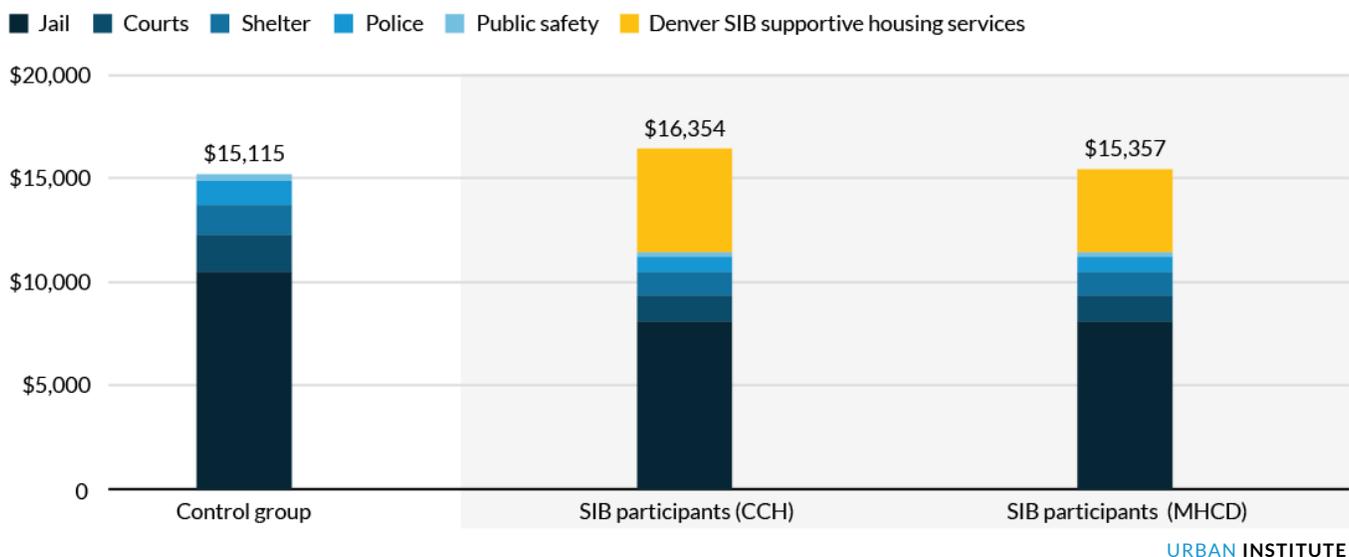
WANT TO LEARN MORE?

This fact sheet draws from the Urban Institute report *Costs and Offsets of Providing Supportive Housing to Break the Homelessness-Jail Cycle*, at <https://urbn.is/3ydzuYC>. For more information about the Denver SIB, go to <https://urbn.is/2W1DSXT>.

FIGURE 2

Most of Denver's SIB Costs Were Offset by Reductions in Costs for Other Local Services

Average annual per person costs for the City and County of Denver



Sources: Jail and booking data are from the Denver Sheriff Department. Court data are from the Denver County Court. Shelter data are from the Metro Denver Homeless Initiative, and costs are estimated from selected programs. Police and arrest data are from the Denver Police Department. Detoxification, emergency medical services, and 911 data (“public safety”) are from the Denver Department of Public Safety. Denver SIB services data are from Colorado Coalition for the Homeless (CCH) and the Mental Health Center of Denver (MHCD).

Notes: SIB=social impact bond. Denver’s costs for the SIB are estimated as the cost of services minus the average share of Medicaid revenue. MHCD used both SIB funding and other revenue sources for these services.

WHAT WOULD IT TAKE TO SCALE UP SUPPORTIVE HOUSING TO END CHRONIC HOMELESSNESS IN DENVER?

Scaling up the program to serve all 1,209 people experiencing chronic homelessness in Denver County would cost between \$14.6 million and \$18.7 million annually, and \$8.3 million of that total cost could be offset by savings in other services. This expansion would require an increase in funding at multiple levels of government, including millions of dollars in new housing assistance for supportive housing. The Denver SIB findings show that expansion would maximize the return on investment and be a better use of taxpayer dollars than the status quo.