

Final Investor Payments for Denver's Innovative Supportive Housing Program

Five-Year Results of the Outcomes-Based Social Impact Bond

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The Denver SIB was **one of the first supportive housing programs in the nation funded through a social impact bond**, or pay for success, financing mechanism.

The city signed a contract to **leverage \$8.6 million in up-front capital from eight investors to fund supportive services**. The program leveraged additional state and federal housing resources and Medicaid reimbursement for supportive services.

The city agreed to repay the lenders only if the program worked, as indicated by performance measures outlined in the contract and validated by a rigorous evaluation.

By shifting its focus from providing costly emergency services to preventive services, **the city hoped to realize future cost offsets or savings**.

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 experience homelessness and have frequent interactions with the criminal justice system. The program used the pay for success model: if it met the goals for keeping people housed and reducing the number of days they spend in jail, the city would make outcome payments to the investors. If the program did not meet its outcome goals, the city would not repay the investors.

SIB INVESTOR PAYMENT RESULTS

We calculated the payment for the fifth and final assessment year of housing stability outcomes, as well as the investor payments for reductions in jail days between January 2016 and December 2020 and the city's total investor payments for the five-year program.

Total five-year program payments. The city will pay a total of **\$9,638,911.36**, representing a \$1,038,911.36 return on the investors' original investment.

Total housing stability payment. In total, 301 participants met the requirement of being in housing for at least a year or having a planned exit from the program. They spent a combined 299,928 days in housing (excluding days spent in jail after entering housing). Between 2016 and 2020, the city made four payments totaling \$3,913,932.96 to investors for housing stability outcomes. The final housing stability payment is \$620,978.40. Combined with the previous four payments, that final payment means the city will pay investors **\$4,534,911.36** for housing stability outcomes.

Three-year jail reduction payment. Three years after being randomized into the Denver SIB evaluation, housed participants had an average of 85.93 jail days, and individuals in the control group had an average of 138.32 jail days—a difference of 38 percent. This outcome calls for a payment of **\$5,104,000.00** from Denver to investors.

HOW DID THE DENVER SIB WORK?

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. In addition to the private investment from the eight lenders, the project leveraged additional funding through state and federal housing resources and Medicaid reimbursement. Figure 1 illustrates the SIB framework.

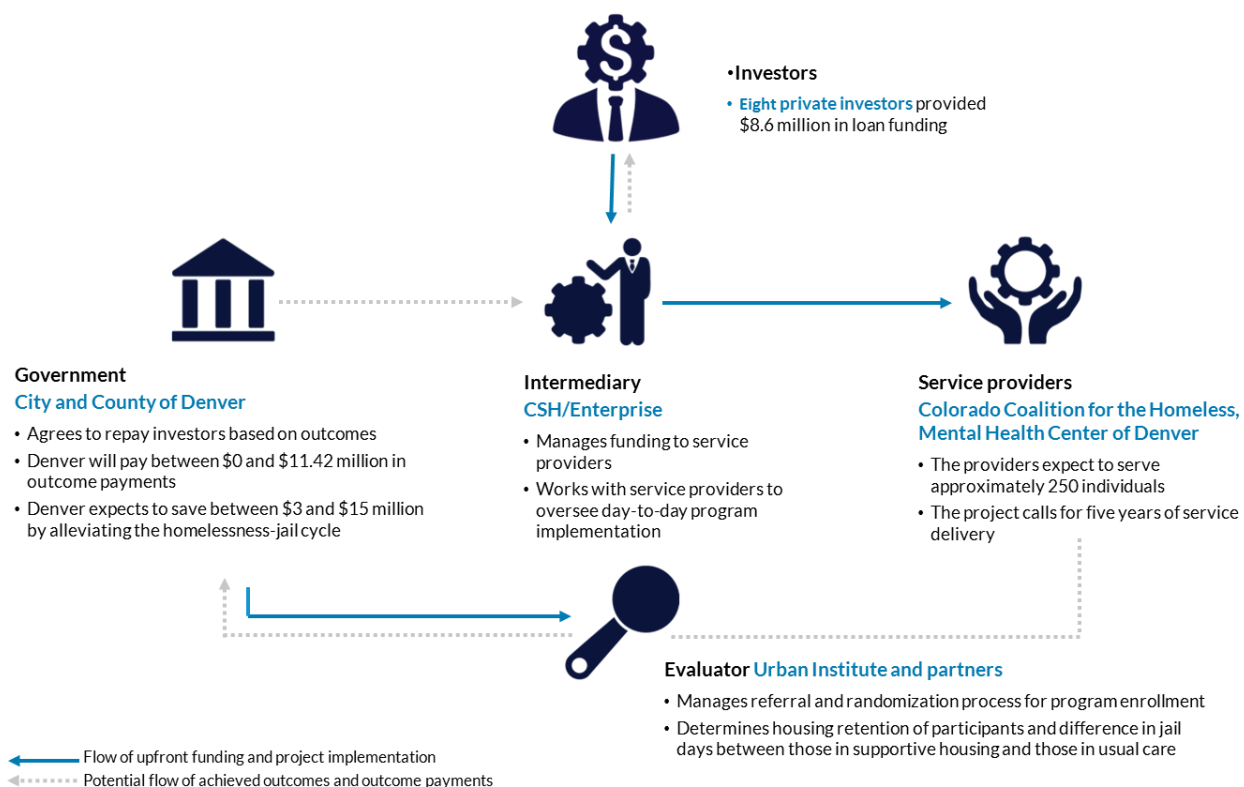
In the first year, Colorado Coalition for the Homeless provided supportive housing services. The Mental Health Center of Denver joined in providing supportive housing services in the second year. The City and County provided staff for the program referral process. Many other agencies and organizations, including the Denver Police Department and Denver Sheriff Department, provided administrative data. The Urban Institute conducted 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. Over the five years, Colorado Coalition for the Homeless and the Mental Health Center of Denver housed 365 participants.

WANT TO LEARN MORE?

This fact sheet draws from the Urban Institute brief “Denver Supportive Housing Social Impact Bond Initiative: Final Outcome Payments,” at <https://urbn.is/3dvoPjN>. For more information about the Denver SIB, including previous payments, program outcomes for housing stability and criminal justice involvement, and final program cost results, go to <https://urbn.is/2W1DSXT>.

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.