

Breaking the Homelessness–Jail Cycle in Denver

Early Results from the Denver Supportive Housing Social Impact Bond Initiative

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An experiment in supportive housing is beginning to pay off for the city of Denver, its homeless residents, and a group of investors banking on social impact.

The Denver Supportive Housing Social Impact Bond initiative aims to support people struggling with homelessness, substance use, and mental health problems. This vulnerable group cycles in and out of jail, detox, and emergency medical services, which can exact a heavy toll on them and comes at a high cost to taxpayers.

To break this cycle, Denver's initiative provides affordable housing combined with intensive wraparound services, like case management, health care, and mental health treatment. By providing housing first—without requiring sobriety to participate—participants can

concentrate on getting the most from these services rather than worrying about where they'll spend the night.

Evidence shows that supportive housing is effective for chronically homeless adults and that the cost of the program can be offset by its benefits.

"I would attribute, first and foremost, the success of the community members to themselves....They're creative, resilient. They were those things before they were [in stable housing], and they're those things still."

—COLORADO COALITION FOR THE HOMELESS
a service provider

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But programs like this cost money; in this case, \$8.6 million in funding came from the city's first social impact bond—a way for investors to finance social change and get their money back if the project is a success.

For Denver's program, success will be measured over the next three years in improved housing stability and fewer jail stays for the target population. Our evaluation of the program's first 18 months found that the program is meeting early targets: **participants are getting housing and staying housed.**

Engaging and Supporting a Vulnerable Population

People who experience chronic homelessness often spend time in jail. Because they rarely receive follow-up services when they're released, they return to a cycle of jail, detox, and emergency services.

A hundred people from this target population were referred to the initiative from January to December 2016. This group was primarily made up of men in their 40s and 50s who had an average of 16 arrests per person in the three years before the program. One of the initiative's supportive housing providers, the Colorado Coalition for the Homeless, worked to locate and engage each referred person in 2016. (In 2017, the Mental Health Center of Denver also began providing supportive housing.)

For the first 100 participants, we have six months of data after each person's referral to the initiative. Of those 100 referrals,

- 93 people were located;
- 88 people were engaged by service providers;
- 73 people had their housing applications approved; and
- 66 people signed a lease and moved into housing.

Maintaining Housing Stability

Of those participants in housing so far, 33 have been stably housed for at least a year and 6 have had a planned exit from the program. Only one participant had an unplanned exit, and many are still approaching the one-year milestone.

Through the social impact bond contract, the city agreed to pay investors \$15.12 for each day each qualifying participant was stably housed and not in jail. (Qualifying participants are those who spent at least one year in housing or had a planned exit.)

By the end of June 2017, 39 qualifying participants had spent a total of 12,457 days in housing, resulting in just over

\$188,000 in the city's first payment to investors.

This early success is promising. We will continue to measure housing stability every six months through 2020, as the initiative continues to locate, engage, and house more participants. Future reports will also examine the effect of supportive housing on participants' jail stays in comparison to a randomly assigned control group.

What Is a Social Impact Bond?

Social impact bonds, also often called pay for success or PFS, is a financing mechanism that shifts risk for a new or expanding evidence-based social program from a traditional funder (usually a government) to a third-party investor (usually a private organization or nonprofit). At the heart of all pay-for-success projects is a test of whether a social program can improve outcomes for a specific group. If the program works (as measured by a rigorous evaluation), the project is a success. Investors get their money back (with a potential positive return), the government realizes potential future cost savings, individuals and society benefit from better outcomes, and social service providers strengthen the case for funding their model.