



# Denver Social Impact Bond (SIB) Initiative

*Housing First Partners Conference  
Pre-Conference Institute*

*April 9, 2018*

*9:00am – noon*

The Source for  
Housing Solutions



# Welcome & Introductions



# What is Pay for Success?

## Pay for Success (a.k.a. social impact “bonds”)



Upfront Working Capital



Pay for Success Contracts

# Why consider PFS?

- Expand and improve outcomes for vulnerable populations
- Shift government's focus to measuring and paying for outcomes, not just activities
- Leverage new financial resources to directly fund an evidence-based intervention
- Provide an opportunity to bring together diverse stakeholders focused on meeting the needs of a vulnerable population

# Why Supportive Housing?

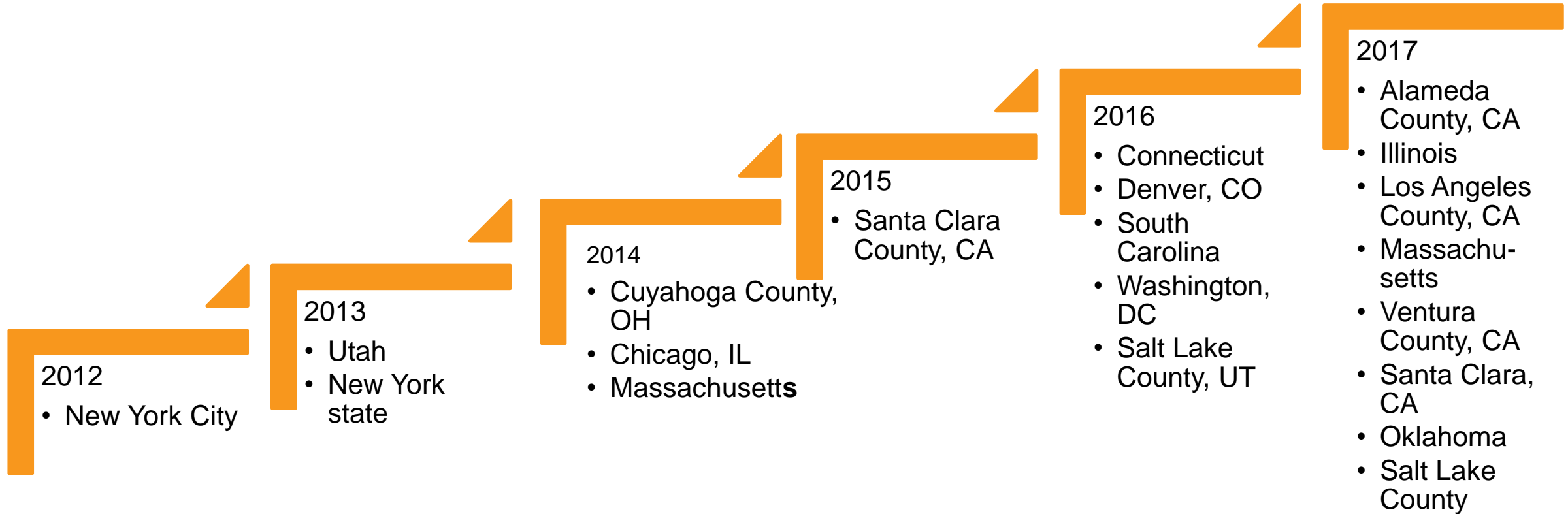
*It is an evidence-based intervention with a long track record of achieving outcomes.*

*Housing:  
Affordable  
Permanent  
Independent*

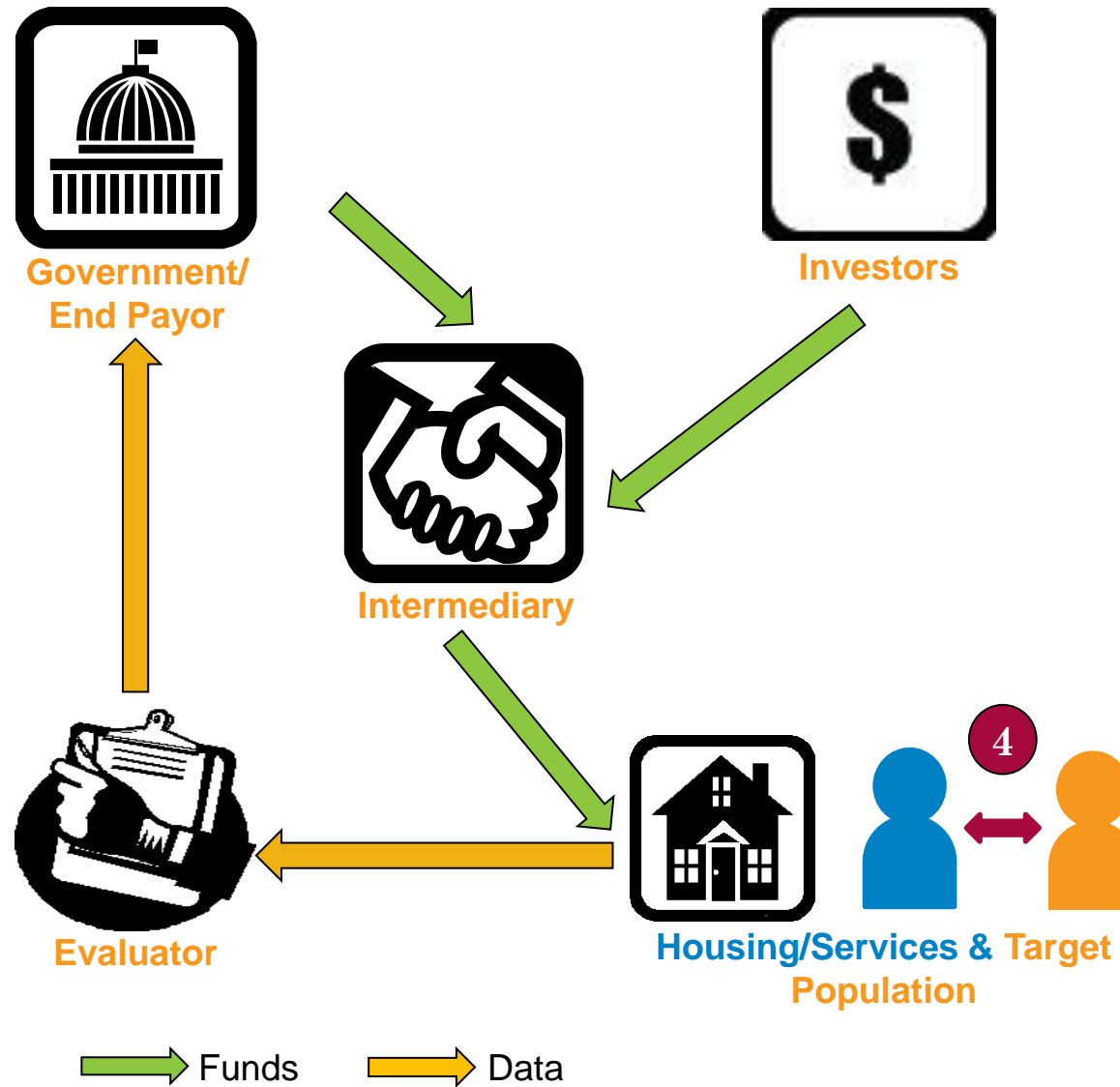
*Support:  
Flexible  
Voluntary  
Tenant-centered  
Coordinated Services*



# Completed Pay for Success Transactions in the US (20 total)



What does  
look like?



# Reasons to Pay for Outcomes

- Do more with what you already spend
  - Collect data to evidence impact
  - Pay only when outcomes achieved
- Shift your current spending to prevention
  - Decrease demand for acute services
  - Strengthen public relations
- Reduce what you spend in the future
  - Evidence avoided service usage
  - Evidence cost avoidance



# Denver Social Impact Bond Initiative

## Project Timeline Highlights:

- *Denver Office of Strategic Partnerships* successfully receives grant from Harvard Kennedy School Social Impact Bond Lab (Jan. 2013)
- Denver receives the *most SIB Request for Information* responses of any jurisdiction to date (Oct. 2013)
- Mayor Hancock and Deputy Mayor Kennedy announce Denver's commitment to implementing a Social Impact Bond around homelessness at the *Clinton Global Initiative* (Jun. 2014)
- *Program partners* selected (Oct. 2014)
- Program Launch February 2016



# Denver SIB Project Overview

- Provides housing and supportive case management services to 250 homeless individuals who frequently use the city's emergency services, including police, jail, the courts and emergency rooms.
- Addresses the underlying causes of homelessness, including mental illness and substance abuse, while also reducing costs in the criminal justice and emergency health systems in the City of Denver.
- 5 year term ending in 2021
- Evaluation: Randomized Control Trail
- Focuses on two primary outcomes:
  - Increased housing stability
  - Reduced jail bed days

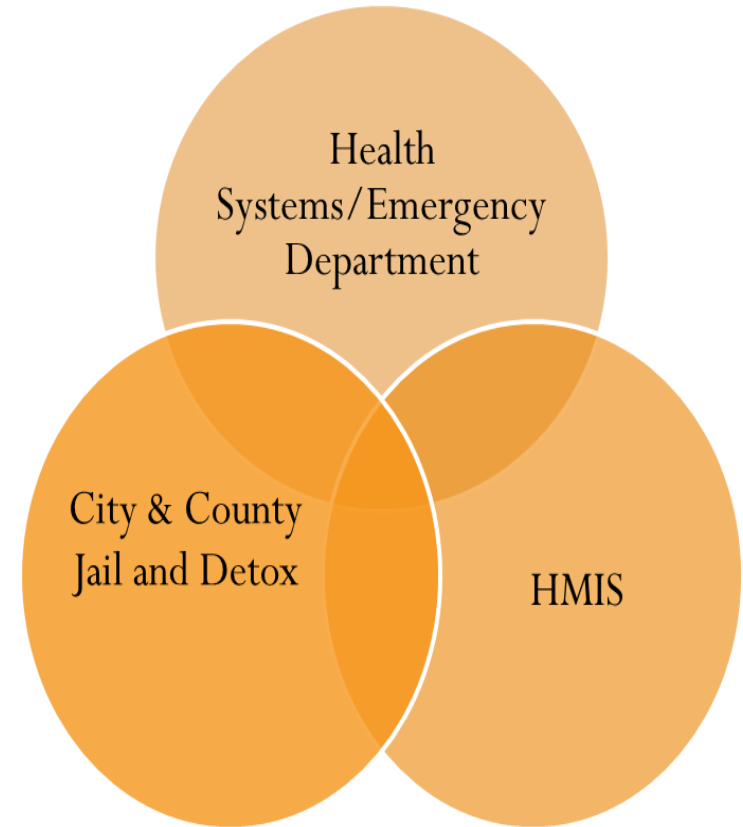
# Denver SIB Target Population

- Front-end frequent users that drive up public service costs and cycle in and out of jail, detox, and emergency medical services.
- The project targets individuals who have at least 8 arrests over three years and identified as transient (having no address or providing the address of a shelter) at the time of arrest.
- Arrest data from 2012-2014 makes the sample size is approximately 1,400 individuals.
  - List refresh added an additional participants in 2017 – the full list is now approximately 2400

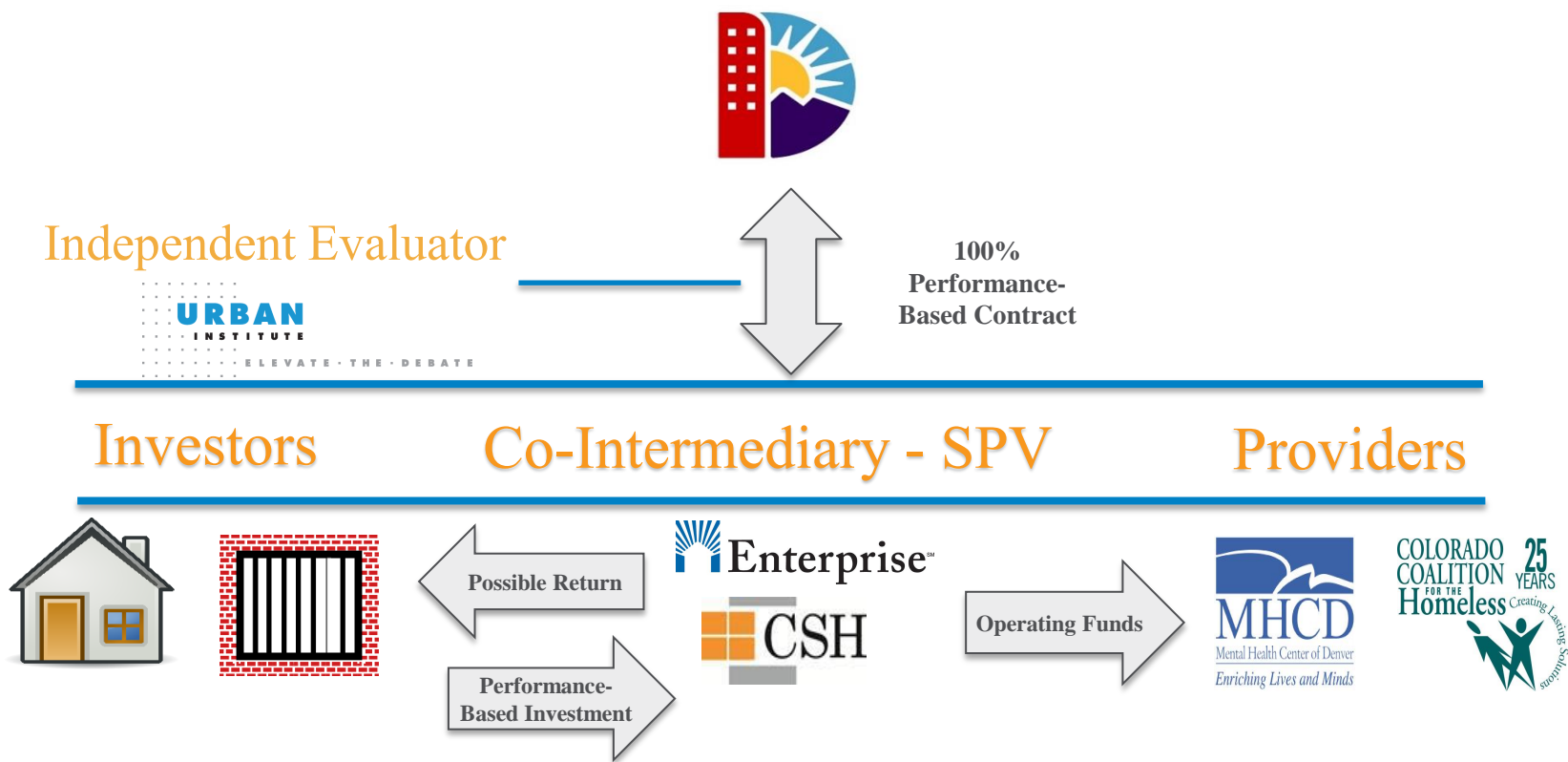
# Why this group?

- Each year, 250 chronically homeless individuals account for:
  - 14,000 days in jail
  - 2,200 visits to detox
  - 1,500 arrests
  - 500 emergency room visits
- Each year, the average cost to taxpayers per individual is \$29,000, resulting from jail days, police encounters, court costs, detox, ER and other medical visits.
- Each year, the City spends approximately \$7 million on 250 individuals to cover the expenses above.

## Data Systems & Matching



# Denver SIB Project Structure



# Capital Stack

<i>Housing Stability Lenders</i>	Northern Trust Company	\$3,000,000
	The Denver Foundation	\$500,000
	The Piton Foundation	\$500,000
<i>Jail Bed/Day Reduction Lenders</i>	Laura and John Arnold Foundation	\$1,700,000
	The Colorado Health Foundation	\$1,000,000
	The Ben and Lucy Ana Fund at the Walton Family Foundation	\$1,000,000
	Living Cities Blended Catalyst Fund	\$500,000
	Nonprofit Finance Fund	\$434,696
<i>Total Investment</i>		<b>\$8,634,696</b>

## INVESTMENT OVERVIEW:

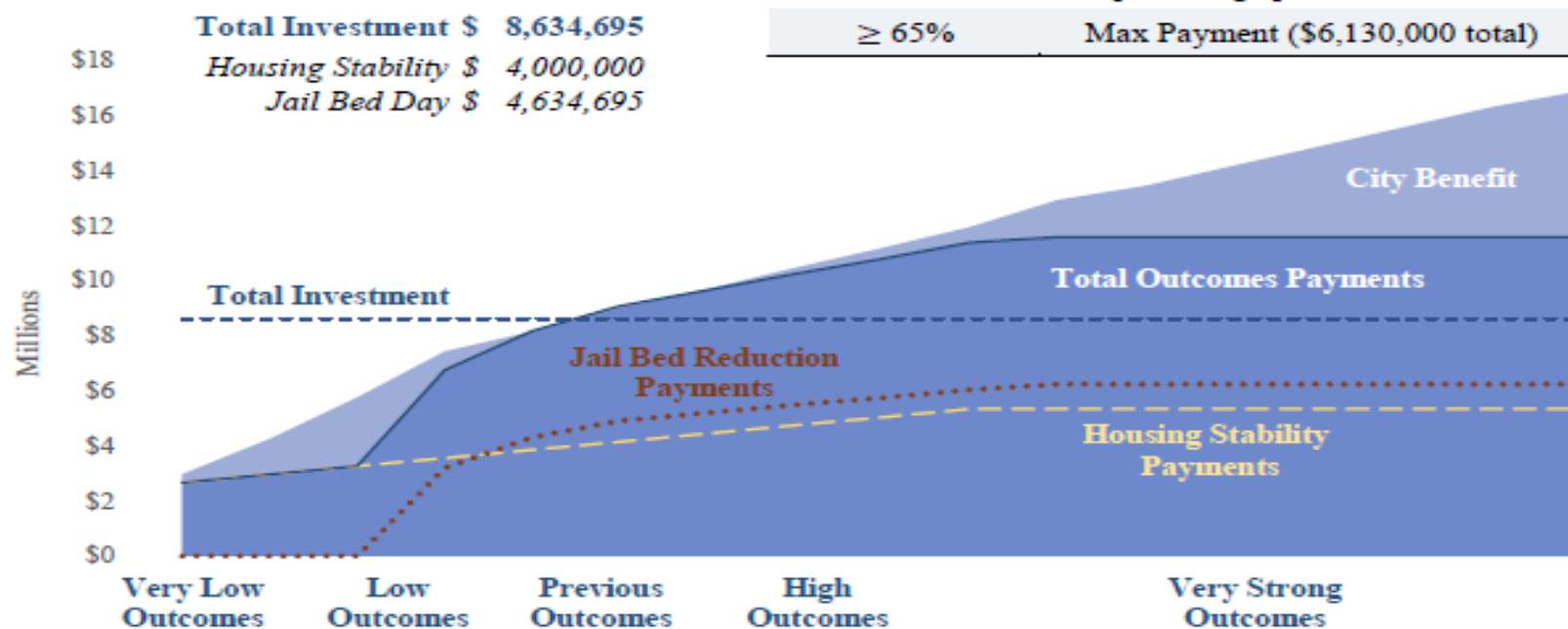
- **Expected Payment/Returns:** approximately \$9.6 million, which equates to a combined annualized rate of about 3.5%.
- **Minimum Payment:** \$0, investors lose 100% of investment; **Maximum Payment:** approximately \$11.4 million (outcome levels at 100% housing stability, 65% percent jail bed reduction).
- Lenders made investments and receive outcome payments based upon the two different outcomes.

# Success Payment

## PAYMENT SCALES:

HOUSING STABILITY
\$15.12 per day for stable housing days*
Minimum payment of \$0
Maximum payment of \$5,292,188
*Subtract any days spent in jail

JAIL BED REDUCTION PAYMENT	
Percentage	Payment Per Percentage Point
< 20%	\$0
20 to < 30%	\$160,000
30 to < 65%	$(30 \times \$160,000) + \$38,000$ per percentage point above 30%
$\geq 65\%$	Max Payment (\$6,130,000 total)





# Leveraging Model

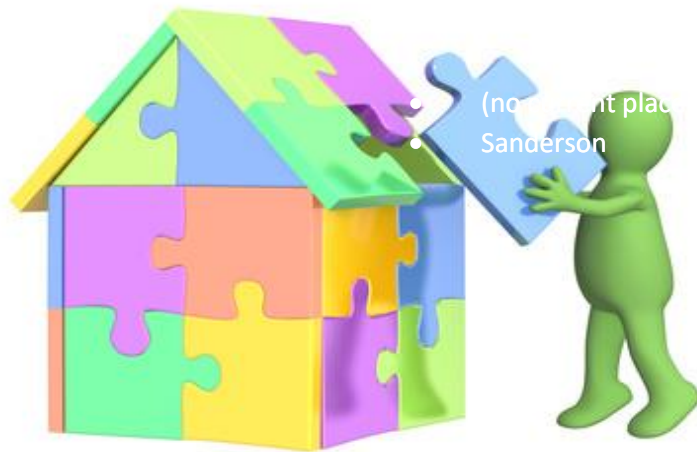


- **New Construction – 2 x LIHTC**
  - Project Based Vouchers from both State and City Public Housing Authorities
- **Scattered site CoC vouchers**
- **Medicaid**
  - Decreasing provider budgets overtime



# Housing First In Practice -Day-to-Day Program Operations

## Housing



## Services



# Colorado Coalition for the Homeless



Healthcare  
Housing  
Support Services  
Advocacy

# Renaissance Downtown Lofts

## Construction Complete Summer 2018

**Social Impact Bond Initiative**

**Housing chronically homeless**



101 units of supportive housing apartments

Ideal location—providing easy access to employment, health services, and transportation

Supportive services to all residents, with integrated primary care and behavioral health care through the Stout Street Health Center



# CCH Housing First Department



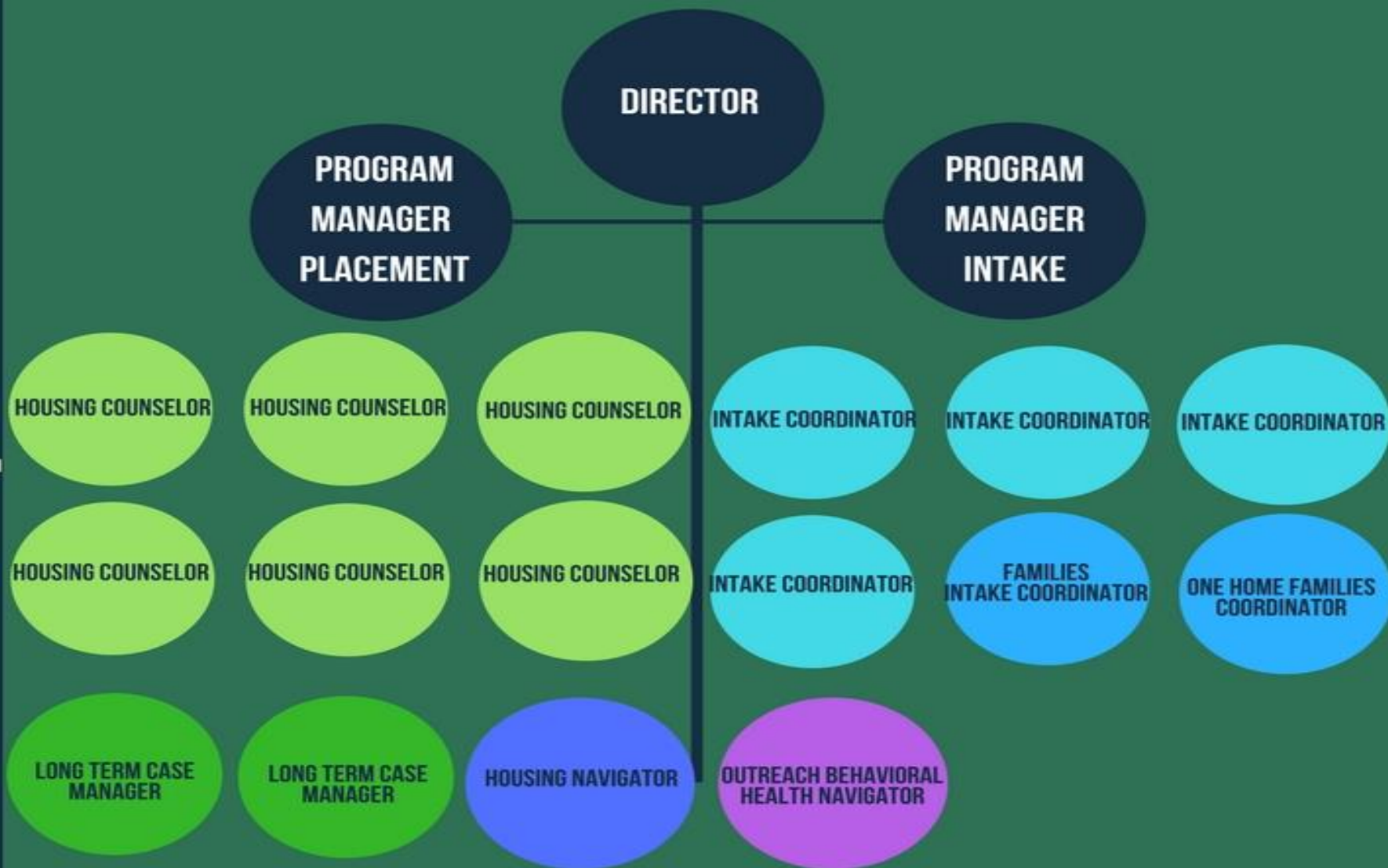
- Housing Intake and Placement Services (HIPS)
  - ORBHN – Outreach Behavioral Health Navigator
  - Changes mid-stream due to challenges
- Housing First ACT teams
- SIB ACT teams
- Collaboration between HIPS and HF ACT teams

COLORADO COALITION  
FOR THE HOMELESS

# HOUSING INTAKE & PLACEMENT

## Our Philosophy of Service

We believe all people have the right to adequate housing and healthcare. We work to remove the barriers that restrict access to these rights. Society benefits when adequate housing and healthcare are available to everyone.

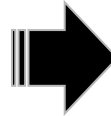


# HOUSING INTAKE & PLACEMENT + ACT TEAM

## *Finding the Flow- Homeless to Home*

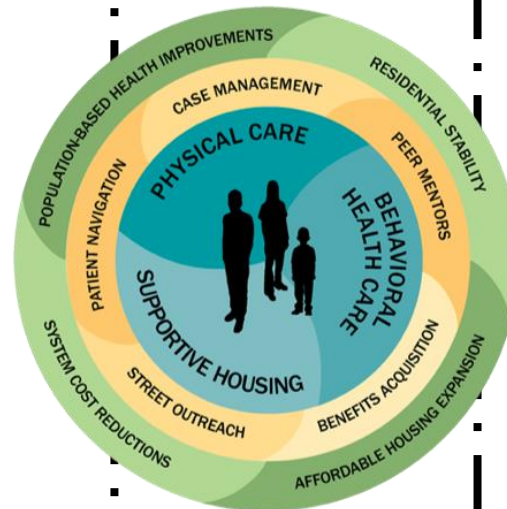
### HIPS

- Initial Outreach and Engagement
- Eligibility Assessment
- Housing subsidy paperwork
- Vital Documents
- Health Insurance
- Clinical Services
- Goal setting
- Specialized Housing Navigation & Placement
- Continued Housing Support
- Bridge/Transfer to ACT Long Term Services



### SIB ACT TEAM

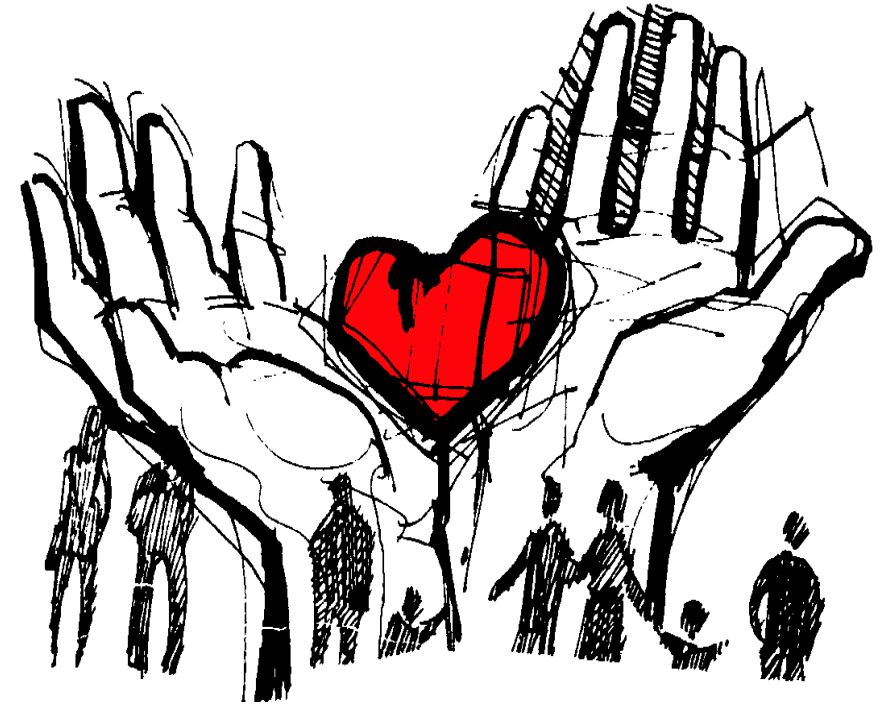
- Case Management
- Mental Health Care
- Substance treatment Services
- Nursing care
- Psychiatric Treatment & Medications
- Educational and Vocational Services
- Benefits Acquisition
- Peer Mentoring and Support
- Long-term ongoing care



# OUTREACH BEHAVIORAL HEALTH NAVIGATION

A clinical liaison from homelessness to home

- Wellness Plan
  - Navigating health insurance needs
  - Link to long term mental health, substance use and medical care
  - Assesses and makes referrals for urgent needs
- Information of clinical wrap around services
  - Link to ACT Team/Supportive Services
  - Treatment Plan/Goal Setting
  - Community Based Referrals
- Crisis Intervention
  - Flexible outreach in community
  - Liaison for homeless community members during transitional time
  - Supports intake and housing placement staff
  - Crisis Phone Coverage
- Disability Verification
  - Help to establish chronic homelessness





# Assertive Community Treatment (ACT)

- 75% of services provided occur out in the community.
- Team approach- staff work with all clients.
- Goal is to support an individual's ability to live successfully in the community.
- *Harm Reduction*- reducing the overall negative consequences associated with substance use.





# Collaboration within the Assertive Community Treatment (ACT) team (aka SIB team)

- Morning Meeting
  - Reviewing each client/client needs daily
  - Managing the calendar
  - Prioritization
- Individualized treatment teams (ITT)
  - Specializations
    - Benefits
    - Vocational
    - Nursing
    - Mental Health
    - Substance Abuse
    - Peer Specialists



# Mental Health Center of Denver

## **Our Mission:** **Enriching lives and minds by focusing on strengths and well-being**

- Established in 1989
- Served more than 44,000 children, families and adults last year
- Focus on supportive, inclusive environment that helps people flourish
- Services provided throughout City of Denver at primary care clinics, schools, homes, criminal justice system, hospitals
- National leader in redefining the way mental health and housing is addressed



# Mental Health Center of Denver

**We believe an essential step in achieving recovery and well-being is having a safe place to call home.**

- More than 25 years experience in providing supportive housing
- Operate and/or own
  - 14 licensed residential treatment facilities
  - 7 apartment buildings (Sanderson will be #8)
- Sanderson Apartments in southwest Denver
  - 60 1-bedroom apartment homes opening August 2017
  - Trauma-informed design ■ 50/50 ratio living space to engagement” space
  - Robust supportive services available
  - Good Neighbor Philosophy



# Why this project?

- Mental Health Center of Denver wanted to expand its permanent supportive housing capacity.
- Building a LIHTC project meant we could reach the economy of scale to build our largest residential housing site to date, as well as attach a full treatment team for the residents.
- When Denver proposed its Social Impact Bond project focused on improving the lives of Denver's most in need homeless population, we knew it was a perfect fit.



# Supportive Housing Goals

**To provide Denver residents who are homeless with safe, affordable trauma-informed designed housing and the ability to live independently by providing support services to address underlying issues**

- Housing first model
- Trauma-informed care model of delivering services and designing buildings
- Indoor & Outdoor space for residents and community
- Engage in the larger community
- Provide variety of supportive services on-site which may include:
  - Access to full array of clinical services dependent upon individual needs
  - Building independent living skills
  - Assistance with connecting to health care, treatment and employment services
- Staff on-site 24/7



# Trauma Informed Design

Friendly employees in lobby

Open, airy - few walls as possible

Durable, but soothing and peaceful

Secure & safe, but appears “barrier free”

Promotes well-being, but accommodates smoking

Encourage informal and formal socialization





# Services Overview

## Support Services Provided:

- Case management
- Peer to peer support
- Trauma treatment
- Independent living skills

## Access to:

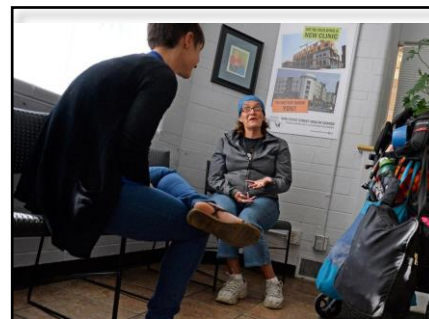
- Psychiatric therapy
- Vocational specialists
- Drug & alcohol treatment
- Medical treatment
- Group & Individual therapy

## Anticipated Outcomes:

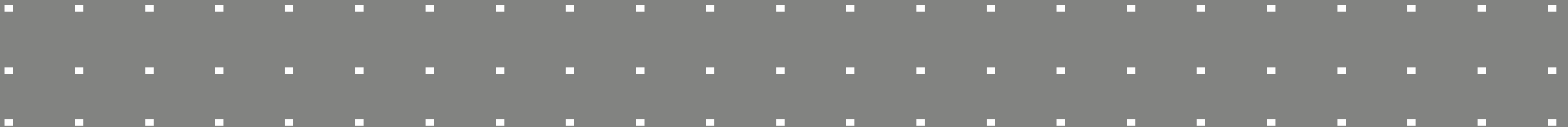
- Reduce demand on public safety systems
- Decrease recidivism rates
- Increase in housing stability
- Improve health and wellbeing



## *Trauma Informed Treatment*



# Early Outcomes







## Participants Referred in First Year

100

individuals referred to  
supportive housing from  
January–December 2016

white 40%  
black 33%  
Hispanic 18%  
Native American 8%

84% male  
16% female

Median age:  
48 years



## Prior Criminal Justice Involvement among Participants

### ARREST HISTORY BETWEEN 2013–15

**16** **arrests**  
on average { 8 noncustodial arrests  
8 custodial arrests

### ONE MONTH BEFORE REFERRAL

{ **63%** } of participants had a police contact  
{ **27%** } of participants had a noncustodial arrest  
{ **5%** } of participants had a custodial arrest





# Progress so far

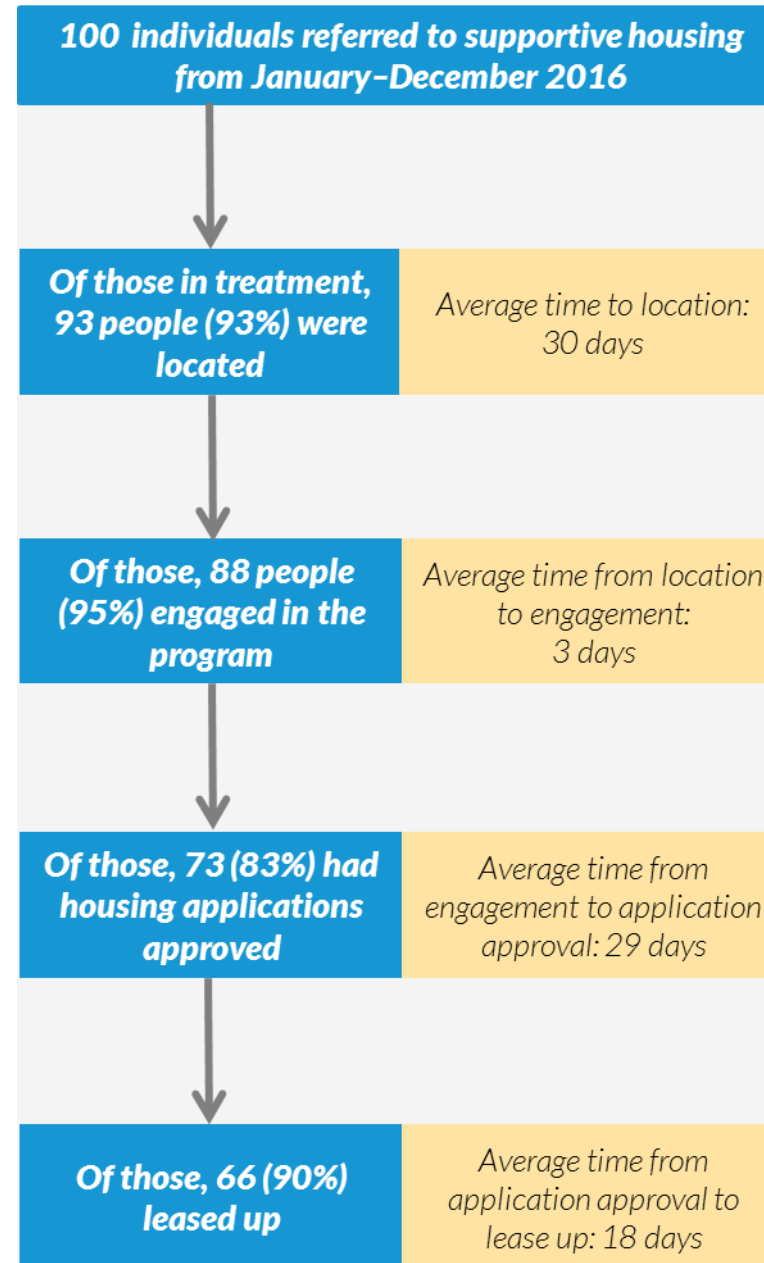
Two ways to think about the project's progress so far:


## 1. Program performance

- For the first 100 people referred to the program in 2016, we look at each the first 6 months of data after each persons' referral
- Highlights important milestones that continue to improve as we track more data

## 2. City payments to lenders

- Based on definitions from the SIB contract and looks at a smaller subset of participants
- Can be benchmarked to initial project projections





# Program Performance: Housing Retention and Exits

	First Year in Housing		First Six Months in Housing	
	Share	Mean days in housing	Share	Mean days in housing
<b>Total</b>	28	347	62	178
<b>No exits</b>	89%	365	95%	183
<b>Planned exits</b>	7%	156	5%	76
<b>Unplanned exits</b>	4%	139	0%	-
<b>Housing reentry</b>	4%	137	0%	-
<b>Still housed at milestone</b>	93%	362	95%	183
<b>Stably housed or planned exit at milestone</b>	100%	347	100%	178





# Program Performance: Jail Stays

	First Year in Housing		First Six Months in Housing	
	N	Share/ mean	N	Share/ mean
<b>Total Sample</b>	28		62	
Mean days in jail		12		7
<b>Number of jail stays</b>				
0 stays	18	64%	39	63%
1 stay	5	18%	15	24%
2 stays	3	11%	4	6%
3 stays	1	4%	3	5%
4+ stays	1	4%	1	2%
<b>Among those with any jail stays</b>	10		23	
Mean days in jail		33		18
Median days in jail		16		7
Mean days in housing before first jail stay		96		78





## Partner Perspectives on Challenges and Strategies

***Criminal Justice Involvement.*** Involvement with the criminal justice system presented several challenges for program participants, which included multiple court dates that their experiences of homelessness made difficult to keep, the inability to pay fines, and jail time that could jeopardize their new housing placement. CCH worked to connect clients with Denver's outreach court and to advocate for reduced sentences and fines. If a program participant was sentenced to lengthy jail time and had a voucher that did not allow them to be out of their unit that long, CCH would advocate for that participant and write a reasonable accommodation letter to assist that participant in maintaining their voucher or housing subsidy. CCH also worked to alleviate clients' fears about their involvement in the criminal justice system. As CCH staff described, *"They're scared to go [to court]. They know they have warrants. They're nervous about going because they're scared they're going to be arrested. They're scared they're going to be put back in jail."* Peer support specialists, ACT team members who may have similar life experiences as program participants were a tremendous asset to the program. They built a rapport and trust with clients and helped them get to the courthouse to negotiate fines, resolve warrants and advocate for reduced jail time.





# Payments: Summary of Housing Stability Calculation

# Participants meeting payment  
requirement

(Number of participants maintaining voucher for 365 days +  
number of participants with planned exit)

# Days in housing      MINUS      # Days in pilot period      MINUS      # Days in jail

= Total adjusted days in housing

X \$15.12/day

= Total housing stability payment for  
participants meeting payment requirement







# Payments: Housing Stability Outcomes

## *Quarters 1-6, January 1, 2016-June 30, 2017*

	Count
Number of participants meeting payment requirement	39
Number of participants maintaining voucher for 365 days	33
Number of participants with planned exit event	6
<b>A. Total days in housing for participants meeting payment requirements</b>	15,543
<b>B. Minus total days in housing during the pilot period (1/1/2016–6/30/2016)</b>	(2,871)
<b>C. Minus total days in jail during the payment period (7/1/2016–6/30/2017)</b>	(215)
<b>D. Total adjusted days in housing for participants meeting payment requirement (D=A-B-C)</b>	12,457
<b>Total payment for participants meeting payment requirement (\$15.12/Day)</b>	\$188,349.84





# Payments: Jail Stays among Participants Meeting Housing Stability Payment Requirements

	All Eligible		Maintained Voucher for 365 days		Planned Exits	
	N	Share/ mean	N	Share/ mean	N	Share/ mean
<b>Total Sample</b>	39		33		6	
Mean days in jail		8		9		3
<b>Number of jail stays</b>						
0 stays	25	64%	20	61%	5	83%
1 stay	8	21%	7	21%	1	17%
2 stays	1	3%	1	3%	0	0%
3 stays	4	10%	4	12%	0	0%
4+ stays	1	3%	1	3%	0	0%
<b>Among those with any jail stays</b>	14		13		1	
Mean days in jail		22		22		16
Median days in jail		12		10		16
Mean days in housing before first jail stay		100		95		167





# Payments: Possible Days in Housing Achieved

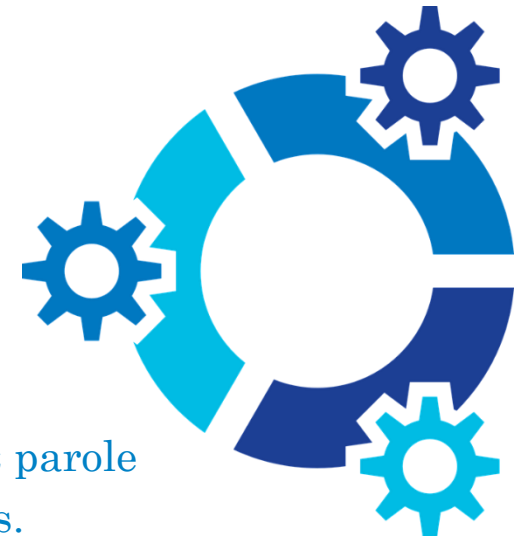
## *Quarters 1–6*

	Possible adjusted days in housing	Actual adjusted days in housing	Share of possible days in housing achieved
Original leasing plan	17,520	12,457	71%
Reforecasted leasing plan	13,140	12,457	95%



# PFS drives Systems Change

- **Cross-sector stakeholder engagement & ongoing partner for a common goal**
  - Homeless System, Criminal Justice System, Health Systems, Behavioral Health System, Government, non-profit partners & investors (philanthropic & for-profit)
- **The use of data & evidence based practices to inform program development and ongoing project management**
- **Health & Behavioral Health Systems**
  - Use of Medicaid to fund services in SH
  - Recognition from health sector that housing = health care
  - Broad application of ACT
- **Criminal Justice System**
  - Coordination between Denver DP, Sheriffs Department, Judges, DA's office, probation & parole
  - Service provider presence at court has helped to reduce sentences for project participants.
  - Jail In-Reach and other exceptions for the project
- **Pushing Government to invest in what works and move towards performance based contracts**
  - 2018 City of Denver budget



# Questions?



# Thank you!

