

Pay for Success in the U.S.

Summaries of Financed Projects

April 2016



INSTITUTE for CHILD SUCCESS



(by)

Lichi Xu

Institute for Child Success

ICS's work to develop early childhood PFS is supported by the Corporation for National and Community Service's Social Innovation Fund.

Denver Social Impact Bond Initiative: Permanent Supportive Housing*

Policy Area Homelessness, Supportive Housing

Policy Problem

The City of Denver has limited preventive resources to support chronically homeless and individuals who struggle from mental health and substance abuse challenges. As a result, too many of these individuals frequently interact with the police, jail, detox, and emergency care systems.

Jurisdiction (Implementation Sites)

The City & County of Denver

Who is Paying for the Outcomes?

The City & County of Denver

Organization(s) Delivering Services

Colorado Coalition for the Homeless and Mental Health Center of Denver

Intervention

The program combines two models to provide at least 250 chronically homeless individuals with up to five years of housing and services:

- Housing First: 210 new units will be allocated for the project; 40 scattered-site housing units will be used to house additional individuals
- Modified Assertive Community Treatment (ACT): various services will be provided to fit clients' needs, such as (i) address barriers to housing stability, (ii) manage mental illness (iii) reduce interaction with the criminal justice system (iv) improve health outcomes.

Approximate Program Cost per Participant

Approximately \$22,000 per year

Intermediary: Coordinator & Borrower

Corporation for Supportive Housing (CSH) (program intermediary) and Enterprise Community Partners (fiscal intermediary)

Program Evaluator

Urban Institute with support of the Burnes Institute for Poverty and Homelessness, and the Evaluation Center at the University of Colorado Denver

Validator	Dennis Culhane																
Outcome Metric(s)	<ul style="list-style-type: none"> • Housing Stability (threshold of one year in stable housing) • Percentage Reduction in Jail Bed Days (over 3 years compared to nonparticipants) 																
Evaluation Design	<p>Randomized Control Trial (RCT). A lottery will be used to allocate supportive housing slots. Outcomes of those who receive supportive housing as a part of the SIB project will be compared to those who don't.</p> <p>The evaluation will also capture other outcomes and impacts that will inform the broader field of supportive housing for frequent user populations, including program housing retention rate and housing stability.</p>																
Target Population (criteria and size)	Individuals with a record of at least eight arrests over the past three years; and a documented case of transiency at the time of their last arrest (i.e. homelessness)																
Size of Investment	<p>\$8,634,695</p> <ul style="list-style-type: none"> • Housing Stability (\$4,000,000) • Jail Bed Reduction (\$4,634,695) <p>An additional \$15 million in Federal resources will be leveraged over the next five years to pay for housing operations and/or rent. The project also was also successful in securing Low-Income Housing Tax Credits and local funding for the construction of the new units of housing. The SIB investment will primarily pay for services that are not currently reimbursed to Medicaid and for temporary housing costs while more permanent vouchers are secured.</p>																
Total Payments Possible	<p>If outcome levels were at 100% housing stability, 65% jail bed reduction, the maximum payment would be \$11.4 million.</p> <p>Based on previous studies, projected payment will be approximately \$9.6 million.</p>																
Term / Timeframe (intervention and evaluation)	Up to five years of intervention and approximately one additional year for completion of the program's evaluation and payments from the City if outcomes are achieved.																
Investors: Deal Structure / Capital Stack (annual return if available)	<p>Housing Stability Lenders [paid after reach 366 days of continuous housing]</p> <table border="1"> <tr> <td>Northern Trust Company</td> <td>\$3,000,000</td> </tr> <tr> <td>The Denver Foundation</td> <td>\$500,000</td> </tr> <tr> <td>The Piton Foundation</td> <td>\$500,000</td> </tr> </table> <p>Jail Bed Day Reduction Lenders [paid back after program completed]</p> <table border="1"> <tr> <td>Laura and John Arnold Foundation</td> <td>\$1,700,000</td> </tr> <tr> <td>The Colorado Health Foundation</td> <td>\$1,000,000</td> </tr> <tr> <td>The Ben and Lucy Ana Fund at the Walton Foundation Living Cities</td> <td>\$1,000,000</td> </tr> <tr> <td>Blended Catalyst Fund</td> <td>\$500,000</td> </tr> <tr> <td>Nonprofit Finance Fund</td> <td>\$434,696</td> </tr> </table>	Northern Trust Company	\$3,000,000	The Denver Foundation	\$500,000	The Piton Foundation	\$500,000	Laura and John Arnold Foundation	\$1,700,000	The Colorado Health Foundation	\$1,000,000	The Ben and Lucy Ana Fund at the Walton Foundation Living Cities	\$1,000,000	Blended Catalyst Fund	\$500,000	Nonprofit Finance Fund	\$434,696
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Payment Terms - Risk Sharing

100% of risk is shifted in that no payment is made unless participants achieve the specified outcomes.

- No payments made if a participant spend less than one year in housing
- No payments made below a 20% reduction in jail bed days

Payment Terms - Details on Payment per Outcome, Minimum Improvement Required, etc.

Housing Stability

- \$15.12 for each day spent in housing minus the number of days that a participant spends in jail (both for the 1st year in housing and days thereafter), once in housing for 366 days.
- Minimum \$0—Maximum \$5,292,188

Jail Bed Reduction

Payment made based upon the percentage reduction seen between participants and non-participants over three years

Percentage:	Payment Per Percentage Point:
<20%	\$0
20 to <30%	\$160,000
30 to <65%	(30*\$160,000)+\$38,000 per percent point above 30%
>=65%	Max Payment (\$6,130,000 total)

Date Announced

Jun, 2014

Implementation Start

Feb. 17, 2016

Legislation for Appropriation Risk

Creation of a sinking fund through City Council ordinance

Other Notes

* For the purposes of this summary document, SIB and PFS are interchangeable. Denver has chosen to label its project a SIB.



INSTITUTE *for* CHILD SUCCESS

102 Edinburgh Court • Greenville, SC 29607
w: instituteforchilddsuccess.org | p: 864.382.3329



The Institute for Child Success is fueled by BlueCross BlueShield of South Carolina, an independent licensee of the BlueCross and BlueShield Association, and by the Mary Black Foundation.

The Institute for Child Success is a non-profit, non-partisan research and policy organization that fosters public and private partnerships to align and improve resources for the success of young children in South Carolina and beyond. A partnership of the Children's Hospital of the Greenville Health System and the United Way of Greenville County, ICS supports service providers, policy makers, and advocates focused on early childhood development, healthcare, and education to build a sustainable system that ensures the success of all children, pre-natal through age five.