



## FACT SHEET: Denver Housing to Health (H2H) Pay for Success project to address homelessness

### Summary:

The Denver Housing to Health (H2H) project is an initiative aimed at measurably improving the lives of people most in need by driving resources toward better, more effective programs. H2H will provide housing and supportive services to at least 125 individuals experiencing homelessness who frequently use the city's emergency services, including police, jail, courts and emergency rooms. The program is made possible thanks to federal funds awarded in the form of a Social Impact Partnership Pay for Results Act (SIPPPRA) grant from the U.S. Department of the Treasury as well as resources provided by impact investment and philanthropic funds.

By investing in preventive services, we can better serve this population while saving taxpayers millions of dollars a year. Through the original Social Impact Bond (SIB) that launched in 2016, Denver determined the cost of providing safety-net services to persons experiencing homelessness was offset by a reduction in crisis spending. Stable housing and supportive services can prevent expensive encounters with the criminal justice and safety-net systems and help individuals lead more stable and productive lives. The new Denver H2H program aims to build upon these impressive results with an increased focus on the potential to improve health outcomes and reduce Medicaid costs by improving access to primary and preventative healthcare services and supports to reduce avoidable high-cost healthcare services. The seven-year program runs from July 1, 2022, through December 2029.

### By the numbers:

The H2H program serves as an expansion of Denver's Supportive Housing Social Impact Bond (SIB) initiative. The five-year randomized control trial conducted by the Urban Institute found:

- That the city paid more than \$15,000 a year in jail, courts, shelters, police, and other public safety costs related to each person experiencing homelessness and frequent arrests before they entered the program.
- For SIB participants in supportive housing, these costs decreased across the board such that half of the city's costs of SIB supportive services were offset by reductions in other local costs.
- Of those who were housed through the program (excluding those who died during the observation period), 77 percent of participants remained in stable housing at three years.
- Supportive housing helped people avoid interactions with the police and spend less time in jail. Participants in the program reduced police contacts by 34%, reduced arrests by 40% and reduced unique jail stays by 30%.
- Supportive housing helped people use less emergency health care and office-based care. This included a 40% reduction in emergency department visits, a 65% reduction in short-term detox facilities, and a 155% increase in office-based (preventative) care visits.

### Overview of the H2H program components:

- Private impact investors and philanthropic partners provided \$11.75 million in up-front capital to fund supportive services to at least 125 individuals throughout the seven-year program.
- U.S. Department of the Treasury provided a commitment of up to \$6.3 million in SIPPPRA funds, including up to \$5,512,000 for health outcomes (to be received if the program demonstrates a reduction in net federal healthcare expenditures), and an Independent Evaluator grant of \$826,800.
- SIPPPRA project grant funds will be used by the City and County of Denver to re-pay private investors if the program achieves a net reduction in federal Medicaid expenditures among individuals housed through the H2H program.
- Denver will also re-pay private investors if the project meets agreed-upon success metrics for housing stability and reduced jail days.
- Repayment to investors is contingent upon the achievement of the program's outcome targets.
- H2H's housing costs are leveraged from funding outside the SIPPPRA transaction and is funded from federal sources like Low Income Housing Tax Credits used in the development of Legacy Lofts and Rhonda's Place and is supported by project-based Housing Choice Vouchers from the Colorado Department of Local Affairs (DOLA), Division of Housing and Denver Housing Authority as well as scattered site State Housing Vouchers from DOLA.
- Partnership Agreement established between the City and County of Denver and Denver SIPPPRA, LLC, an intermediary entity solely owned by CSH and established to execute the H2H program.
- Evaluation Agreement established between the City and County of Denver and the Urban Institute, the entity selected to conduct the independent evaluation of the H2H program.

## **Intervention Design**

All participants will receive supportive housing, an evidence-based model that aligns safe, decent and affordable housing with flexible and responsive supportive services designed to promote housing stability and thriving.

The supportive housing will be provided using a Housing First approach that focuses on simplifying the process of accessing housing through streamlining the application process and removing unnecessary documentation or site visits. It also ensures that supportive housing tenants are not subject to conditions of tenancy exceeding that of a normal leaseholder, including participation in treatment or other services.

The supportive services model is Modified Assertive Community Treatment (ACT). Using a team-based service delivery approach, services delivered under this model are designed to fit the clients' needs and help: (i) address barriers to housing stability, (ii) support tenants in addressing their behavioral health needs, (iii) reduce interaction with the justice system, and (iv) improve health outcomes. Services will include intensive case management, housing stability supports, crisis intervention, substance use counseling, mental health treatment, peer support, skills building, connection to primary care, and various other services identified as appropriate to the client's goals.

## **Project Financial Structure**

The majority of H2H funding will be provided through a performance-based structure called Pay for Success, where investors will only be repaid if the program achieves designated outcomes associated with savings in the City's justice system and the Federal Medicaid system. This structure will connect investor success with the success of those being served by the program and fiscal benefit to the City and Federal Government. The success measures that trigger payments to the investors are:

- Housing Stability: the number of days each participant remains stably housed
- Reductions in Days Spent in Jail: the reduction in days spent in jail when comparing the project's participants and those in the control group
- Net Reduction in Federal Health Expenditures: the decrease in federal health care expenditures between the project's participants and those in the control group

The Federal government will only repay the City, and the City will only repay investors if the project is successful, ensuring taxpayer dollars are spent on successful outcomes.

In addition, the project's grant funding has not only been catalytic to the financial structure, but it will provide funding to the Service Provider organizations at the end of the project if H2H achieves the success measures, tying that funding to success as well.

## **Program Partners:**

- U.S. Department of the Treasury (Grantor)
- Colorado Coalition for the Homeless (Service Provider)
- WellPower (Service Provider)
- Corporation for Supportive Housing (Project Manager, Fiscal Agent)
- Denver Health & Hospital Authority (Referral Partner)
- Urban Institute (Evaluator) in partnership with The Evaluation Center
- Social Impact Solutions (Consultant)
- City and County of Denver (End Payor)

## **Investors:**

- Northern Trust (lead investor)
- Colorado Access Foundation
- The Denver Foundation
- Gary Community Ventures

## **H2H grantors:**

- Colorado Trust
- Kaiser Permanente

## **Additional Support Provided by:**

- Colorado Department of Health Care Policy & Financing
- Colorado Department of Local Affairs
- Denver Department of Public Health & Environment
- Denver Department of Safety
- Denver Department of Housing Stability (HOST)
- Gibson, Dunn & Crutcher LLP (pro bono legal support)