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FOR IMMEDIATE RELEASE

Denver Ready to Provide New Housing and Services to Homeless with City Council Vote Tonight

Social Impact Bond program to help 250 chronically homeless at lower cost

Denver, January 25, 2016 – With the Denver City Council’s approval of two contracts tonight, Denver will begin to provide new permanent supportive housing and wraparound services to 250 chronically homeless individuals in Denver.

Through a unique financing program called Social Impact Bonds, Denver will use funds from lenders to serve chronically homeless individuals who frequently use the city’s emergency services – police, jail, the courts and emergency rooms -- at a cost of approximately \$7 million per year. The savings and benefits from reduced costs in the criminal justice system will be captured by the city and used to repay lenders for their upfront investment to cover the cost of the program.

“Through this innovative Social Impact Bond program, Denver is serving our most vulnerable population smarter and more effectively by getting these individuals out of a cycle of jail and hospital visits and into permanent supportive housing with wraparound services,” said Mayor Michael B. Hancock. “We’re addressing a critical need to expand affordable housing options and mental health services with this new program, which are priorities of my administration.”

A limited number of homeless individuals will begin moving into new apartment units this month and plans are underway to begin construction on new housing units this spring. Combined, the 210 planned new housing units represents the most ever built for Denver’s homeless in such a short period of time. Forty existing units will also be utilized to provide housing through this program.

“For the first time, the city is paying only for successful impacts on the lives of our homeless,” said Deputy Mayor and Chief Financial Officer Cary Kennedy. “By shifting

the focus to preventive services, we can both provide better outcomes for this population, and save taxpayers money.”

Social Impact Bonds are a unique type of performance-based contract where private and/or philanthropic lenders loan funds to nonprofits to accomplish a specific social objective and are repaid based on whether the program achieves its goals.

The city will pay for specific performance outcomes, which if achieved, will measurably improve the lives of participants and generate reduced costs to the criminal justice and health systems. The total private investment of the program is expected to be nearly \$8.7 million; while an additional \$15 million in Federal resources will be leveraged over the next five years.

“This is not only an opportunity for us as investors to come together to help ensure 250 of our community's most vulnerable people receive services and housing, but it also allows us to participate in a public-private-nonprofit partnership to address homelessness in Metro Denver, support the nonprofit organizations doing the work and increase funding efficiencies,” said Kate Lyda, Philanthropic Services Director & Impact Investing Specialist at The Denver Foundation. “The Denver Foundation is thrilled to invest in this initiative and to offer our donors and fund-holders an innovative opportunity to invest along with us to change lives and our community.”

“The Social Innovation Fund is tremendously proud to have supported the development of this innovative project through its Pay for Success grant to the Nonprofit Finance Fund,” said Damian Thorman, Director of the Social Innovation Fund. “By deploying permanent supportive housing to 250 of Denver’s residents most in need, and the city only paying for outcomes, this project presents a unique opportunity to at once implement evidence-based solutions to improve outcomes, and at the same time, be the best possible stewards of taxpayer dollars.”

Denver currently spends about \$29,000 for each chronically homeless individual who is frequently arrested and in need of medical attention, which includes jail, police, courts, detox, emergency room and other medical costs. Permanent supportive housing will help these individuals lead a more stable and productive life. And will save taxpayer money and free up room in the county jails.

The estimated repayment to investors will be \$9.4 million if the program achieves a 35 percent reduction in the number of days that the population spends in jail and if at least 83 percent of all participants remain stably housed for 1 year or longer. The repayment will be less if these outcomes are not achieved.

The full contracts approved by Denver City Council can be found [here](#).

Organizations that are assisting with oversight and coordination of the project include:

- Corporation for Supportive Housing
- Enterprise Community Partners

The service providers involved in this contract include:

- Colorado Coalition for the Homeless
- Mental Health Center for Denver

The commitment of the investors is subject to board or credit approval and final loan execution. The investors involved in this contract include:

- The Denver Foundation
- The Piton Foundation
- The Ben and Lucy Ana Walton Fund at the Walton Family Foundation, Inc.
- Laura and John Arnold Foundation
- Living Cities Blended Catalyst Fund LLC
- Nonprofit Finance Fund
- The Colorado Health Foundation

“I thank the Denver City Council and our amazing organizational and lending partners for their support of this ground breaking solution,” the Mayor said. “Together, I believe we will make a meaningful impact on the lives of many vulnerable people and our city as a whole.”

Technical assistance and support to develop the initiative was provided by Social Impact Solutions. Denver also received support from the Harvard Kennedy School’s Social Impact Bond Lab, which provides pro bono technical assistance to state and local governments interested in pursuing Pay for Success and Social Impact Bond contracts.

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