



**Social Impact
Solutions**

Mayor Hancock Announces Plans to Connect Hundreds of Homeless to Supportive Housing

Denver Commits to City-led Social Impact Bond during Clinton Global Initiative

DENVER – Mayor Michael B. Hancock today at the Clinton Global Initiative announced Denver’s plan to connect hundreds of chronically homeless individuals with supportive housing and intensive case management by engaging in one of the first city-led Social Impact Bond programs in the country.

Through an innovative financing and data-driven solution, the Denver’s Road Home supportive housing Social Impact Bond program will work to improve the lives of up to 300 individuals in the city by addressing the underlying causes of homelessness, including mental illness and substance abuse, while also reducing costs in the criminal justice and emergency health systems.

“Denver is among many cities in which jails and emergency rooms have become the most expensive housing program for the chronically homeless,” Mayor Hancock said. “The Social Impact Bond program will create long term solutions that combines evidence-based programming with smart financing to help our most vulnerable stabilize their lives.”

The city will partner with Social Impact Solutions, the Corporation for Supportive Housing and Enterprise Community Partners on the Social Impact Bond program, which will assist chronically homeless individuals who struggle with mental health and substance abuse. Due to a limited amount of existing preventive programs to address these challenges, these individuals interact frequently with emergency care, detox, police and jail systems.

The Denver Crime Prevention and Control Commission (DCPCC) has tracked these interactions for the past four years and determined that the cost to serve the heaviest utilizers is upwards of \$11 million per year, given that the top 300 individuals spend over 14,000 nights in jail each year and visit detox facilities over 2,000 times.

“It makes no sense to continue paying the high cost of ineffective remedial and emergency care systems when we can invest in proven programs that will set these individuals on a healthier path,” the Mayor said. “Now is the time to break the cycle from streets, to emergency rooms, to jails and back to the streets, and replace it with a long term solution.”

Given the overall affordable housing and service needs of Denver, the Social Impact Bond program will seek to add affordable housing capacity in the city by building new, permanent supportive housing units. The initiative will support the Mayor’s commitment to deliver 3,000 affordable units in five years.

The Social Impact Bond program will be based upon various proven models that combine a Housing First approach along with intensive case management. The likely structure will include either mobile or onsite teams that provide intensive case management that focuses on physical and behavioral health as well as substance abuse and daily needs. The city and its partners will work together to develop the program, the financing to build new units and the structure of the Social Impact Bond.

The initial goal is to raise over \$8 million to begin providing services and housing in 2015.

"We commend Denver for pursuing this Social Impact Bond," said Gov. John Hickenlooper. "It is a creative funding approach that fosters public and private collaboration and leverages critical resources in order to achieve a tremendous goal. Denver's use of this financing tool will build on the successful work of Denver's Road Home and Fort Lyon by providing additional services and housing for the most vulnerable among us."

Social Impact Bond financing, also called "Pay for Success" contracts, combine nonprofit expertise, private sector funding and rigorous evaluation to transform the way government and society respond to chronic social problems.

Through Social Impact Bonds, funders provide the initial capital necessary to deliver the program, and taxpayers repay these funders only if the program achieves verified outcomes that create benefits and generate savings for government. All outcomes are rigorously evaluated and verified by a third party to ensure that the intervention produces results.

Mayor Hancock thanked the partners, Corporation for Supportive Housing, Enterprise Community Partners, and Social Impact Solutions, as well as supporting organization Harvard Kennedy School SIB Lab, without which the Social Impact Bond program would not be possible.

The partners and supporters lauded the city for moving to support some of the most vulnerable in the community through innovative financing solutions:

"CSH applauds Mayor Hancock for his visionary leadership in working to address perhaps the most vulnerable and costly segment of the homeless population. We are proud to collaborate with Mayor Hancock in developing a long term, data driven response that has the potential to become a national model," said Deborah De Santis, President & CEO, Corporation for Supportive Housing.

"The city of Denver is making a bold commitment to address housing insecurity for its most vulnerable citizens," said Terri Ludwig, President and CEO, Enterprise Community Partners. "Enterprise Community Partners is honored to be a part of the team that will bring housing and services to hundreds of people while reducing the city's annual outlays. This is an important step in addressing Denver's families who are either homeless or spending more than half of their income on housing."

Jeffrey Liebman, Professor of Public Policy, Harvard University and Director of the Harvard Kennedy School SIB Lab praised the effort, "Around the nation, innovative governors and mayors are using Social Impact Bonds to build multi-sector partnerships that tackle difficult social problems by reorienting budgets towards upfront prevention. We are excited to continue to work with Mayor Hancock and his team as they move forward to address the underlying causes of homelessness."

Denver community partners recognized the value of the Social Impact Bond program:

"This is great example of developing innovative public private partnerships to help address some of our greatest social challenges. We applaud the city taking this step and look forward to seeing how this is received in the market," said Kelly Brough, President & CEO, Denver Metro Chamber of Commerce.

Tami Door, CEO & President of the Downtown Denver Partnership said, “The Partnership has long been committed to the goal of housing our city's most chronically homeless. We believe this newly identified option is based on sound business strategy and reflects strong and innovative leadership and commitment on behalf of the city.”

Initiative Partners:

Corporation for Supportive Housing—For 20 years, CSH has been the leader of the supportive housing movement, demonstrating supportive housing’s enormous potential for improving lives of very vulnerable individuals and families. CSH has been a national leader in designing and supporting programs that address the needs of many of the country’s most vulnerable populations through supportive housing.

Enterprise Community Partners—Enterprise works with partners nationwide to build opportunity. They create and advocate for affordable homes in thriving communities linked to jobs, good schools, health care and transportation. They lend funds, finance development and manage and build affordable housing, while shaping new strategies, solutions and policy. Over more than 30 years, Enterprise has created nearly 320,000 homes, invested \$16 billion and touched millions of lives.

Harvard Kennedy School Social Impact Bond Lab—The SIB Lab conducts research on how governments can foster social innovation and improve the results they obtain with their social spending. An important part of the research model involves providing pro bono technical assistance to state and local governments implementing pay-for-success contracts using social impact bonds. Through this hands-on involvement, the lab gains insights into the barriers that governments face and the solutions that can overcome the barriers. By engaging current students and recent graduates in this effort, the lab is able to provide experiential learning as well.

Social Impact Solutions—Together, Mary Wickersham and Ken Weil have several decades of high level policy development, financing and implementation experience. Through SIS, they are leading Pay for Success / Social Impact Bond efforts throughout the state. They support clients in positioning successful programs for innovative finance through feasibility studies, financial modeling, identification of funders and structuring deals.