



Housing First Breaks the Homelessness-Jail Cycle

Results from Denver's five-year supportive housing program show a better way to invest in people and communities

July 15, 2021

Homelessness is growing in communities across the United States as housing becomes increasingly unaffordable and public systems fail to support people who need assistance, forcing thousands to sleep outside or in shelters. Without access to housing and services, many people experiencing chronic, or

long-term, homelessness are trapped in a [homelessness-jail cycle](#)—rotating in and out of jail, detoxification centers, and emergency health care. This cycle doesn't help people access the assistance they need to find stability, and it comes at a major cost to taxpayers.

Rather than paying for the consequences of leaving people in homelessness, communities could invest in housing and services that end this harmful pattern. Results from the five-year [Denver Supportive Housing Social Impact Bond Initiative](#) (Denver SIB) show how both people and public budgets benefit when communities take this proactive approach.

The Denver SIB, launched in 2016 by the City and County of Denver, aimed to increase housing stability and decrease jail stays among people who were experiencing chronic homelessness and who had frequent interactions with the criminal justice and emergency health systems. The Denver SIB, which provided supportive housing (a permanent housing subsidy and intensive services) to help participants stay housed, used a [Housing First](#) approach. Housing First programs don't require participants to meet any preconditions, and they are built on the idea that secure, affordable, and permanent housing must be available before people can work on other challenges, such as mental health or substance use disorders.

The Urban Institute, with partners from The Evaluation Center at the University of Colorado Denver, tracked implementation of the Denver SIB and [evaluated its effects](#) between 2016 and 2020. The evaluation used a randomized controlled trial, the gold standard for determining a program's impact, that included 724 people: 363 people were in the treatment group (referred to the supportive housing program) and 361 people were in the control group (receiving services as usual in the community).

The Denver SIB study is one of the most rigorous evaluations of how supportive housing affects people's interactions with the criminal justice system and emergency health services. It shows that supportive housing, through a Housing First approach, not only [ends chronic homelessness](#) and helps people find stability, but also reduces jail days and lowers the public costs of the homelessness-jail cycle.

When people experiencing homelessness were offered housing, most took it and stayed for the long term

The [Denver SIB results](#) debunk the [false narrative](#) that people experiencing homelessness choose to live on the streets, showing that people can stay in housing even after living outside or in shelters for years and grappling with mental health and substance use challenges.

Of the 363 people in the program treatment group, 79 percent (285 people) were located, engaged, and housed through two local service providers in Denver: Colorado Coalition for the Homeless (CCH) and

the Mental Health Center of Denver (MHCD). This high rate is impressive because the program reached out to a narrowly targeted population to offer supportive housing, showing that people experiencing chronic homelessness have a strong desire for housing.

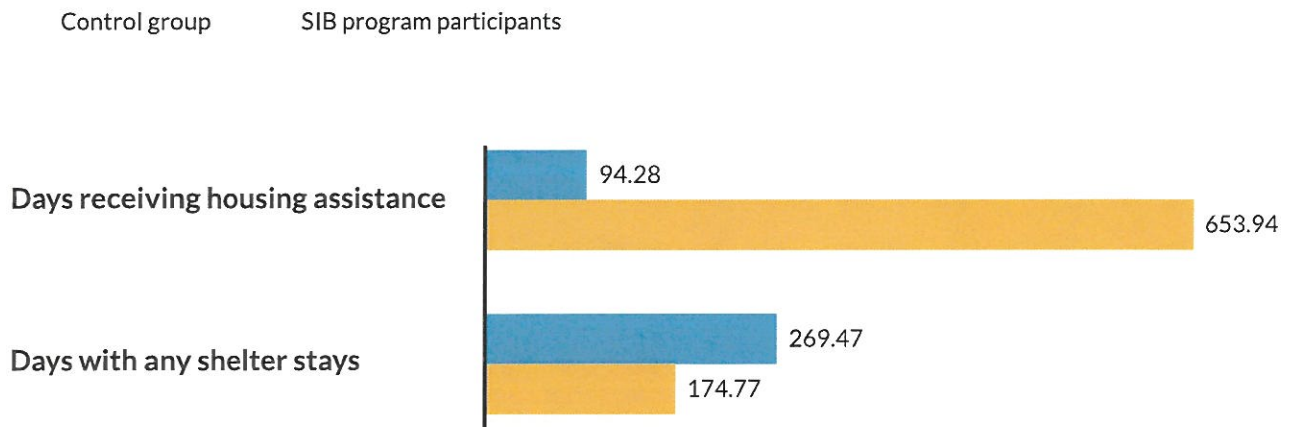


After three years in the supportive housing program, **77 percent** of participants remained in **stable housing**.

After entering supportive housing, participants maintained high housing stability rates. Of those who were housed through the program (excluding those who died during the observation period), 86 percent of participants remained in stable housing at one year. At two years, 81 percent remained in stable housing, and at three years, 77 percent remained.

The Denver SIB significantly increased participants' access to housing assistance. Over three years, people referred to supportive housing received an average of 560 more days of permanent housing assistance per person than those who received usual services in the community. This shows the scarcity of housing assistance for people who aren't connected to a supportive housing program.

People in Supportive Housing Received More Housing Assistance and Spent Fewer Days in Shelters on Average than People Receiving Usual Services



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Sources: Colorado Division of Housing, Denver Housing Authority, Denver Police Department, Denver Sheriff Department, Metro Denver Homeless Initiative, and program data from Colorado Coalition for the Homeless and Mental Health Center of Denver.

Notes: SIB=Denver Supportive Housing Social Impact Bond. Sample for the treatment group is 363 people. Sample for the control group is 361 people. Results are for three years after people were randomized to the treatment and control groups. Results were estimated using ordinary least squares. The regression-adjusted models included the following control measures: age, gender, and race/ethnicity. In addition, the regressions controlled for days in jail, number of jail stays, number of arrests, and number of custodial arrests, all measured in the three years before randomization. This chart compares outcomes from the treatment group and control group using the intent-to-treat approach. The differences are statistically significant at the 0.01 level.

Denver SIB participants also spent significantly less time in shelters. When counting all instances of shelter during the day and at night over a three-year period, those referred to supportive housing had an average of 127 fewer unique shelter visits and 95 fewer days with any shelter stays than their peers in the control group. This represents a 40 percent reduction in shelter visits and a 35 percent reduction in days with any shelter stays because of supportive housing.

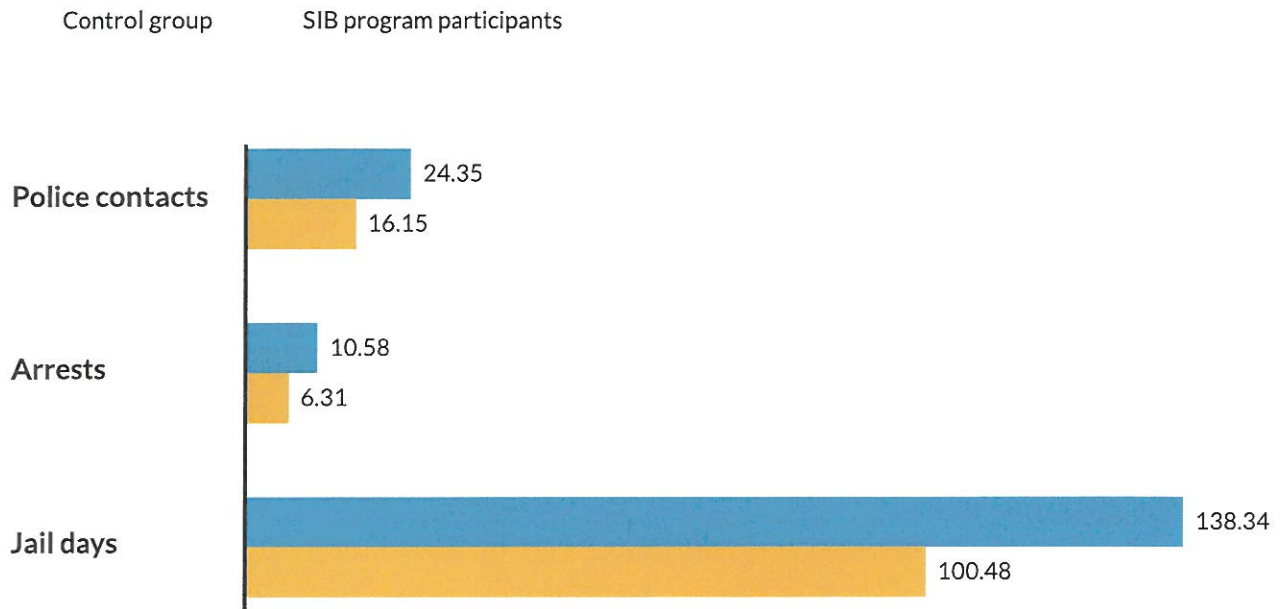
Supportive housing helped people avoid police contacts, arrests, and jail days

People experiencing homelessness, especially those forced to live outside, are more likely to interact with police and to face citations, arrests, and incarceration for low-level offenses like loitering or sleeping in parks. The criminalization of homelessness puts people at risk, and it puts the onus on police and jails to respond to homelessness—a problem they aren't equipped to solve.

The Denver SIB shows that supportive housing [reduces people's interactions](#) with the criminal justice system. In the three years after being randomized into the evaluation, people who were referred to supportive housing had an average of eight fewer police contacts and four fewer arrests than those who

received usual services. This represents a 34 percent reduction in police contacts and a 40 percent reduction in arrests because of supportive housing.

People in Supportive Housing Had Fewer Interactions with the Criminal Justice System on Average than People Receiving Usual Services



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Sources: Denver Police Department and Denver Sheriff Department.

Notes: SIB=Denver Supportive Housing Social Impact Bond. Sample for the treatment group is 363 people. Sample for the control group is 361 people. Results are for three years after people were randomized to the treatment and control groups. Results were estimated using ordinary least squares. The regression-adjusted models included the following control measures: age, gender, and race/ethnicity. In addition, the regressions controlled for days in jail, number of jail stays, number of arrests, and number of custodial arrests, all measured in the three years before randomization. This chart compares outcomes from the treatment group and control group using the intent-to-treat approach. The differences are statistically significant at the 0.01 level.

SIB participants also spent less time in jail. In the three years following referral to the program, participants who were referred to supportive housing had an average of almost two fewer jail stays and spent an average of 38 fewer days in jail than those who received usual services. This represents a 30 percent reduction in unique jail stays and a 27 percent reduction in total jail days.

Supportive housing helped people use less emergency health care and more office-based health care

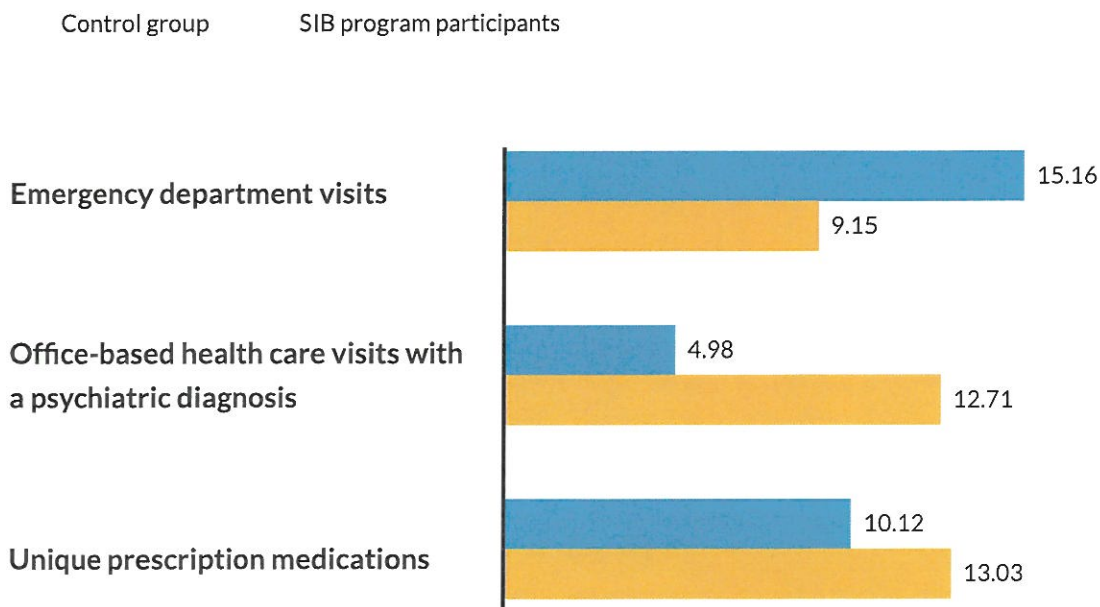
People experiencing chronic homelessness are [more likely](#) to have physical or mental health challenges, but the homelessness-jail cycle does not connect them with the health services they need. As a result,

they often use emergency services like detoxification facilities and emergency rooms for their health problems.

Supportive housing through the Denver SIB [broke this harmful pattern](#) by decreasing people’s visits to emergency departments and short-term detoxification facilities, and by increasing their use of office-based care for psychiatric diagnoses and their access to prescription medication.

Two years after Denver SIB participants were referred to supportive housing, they had an average of six fewer emergency department visits than people who received usual services, and they had an average of eight more office-based health care visits with a psychiatric diagnosis. Participants also received an average of three more unique prescription medications over two years than those in the control group. This represents a 40 percent decrease in emergency department visits, a 155 percent increase in office-based visits with a psychiatric diagnosis, and a 29 percent increase in unique prescription medications. A large share of the increase in office-based care is linked to the clinical services participants received from the SIB service providers.

People in Supportive Housing Used Less Emergency Health Care and Received More Office-Based Care on Average than People Receiving Usual Services



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Sources: Colorado Access, Denver Health and Hospital Authority, Denver Police Department, and Denver Sheriff Department.

Notes: SIB=Denver Supportive Housing Social Impact Bond. Sample for the treatment group is 275 people. Sample for the control group is 274 people. Results are for two years after people were randomized to the treatment and control groups. Results were estimated using ordinary least squares. The regression-adjusted models included the following control measures: age, gender, race/ethnicity, days in jail in the three years prior to randomization, and number of arrests in the three years prior to randomization. In addition, each regression controlled for the value of the outcome in the year before randomization. The differences are statistically significant at the 0.01 level.

The Denver SIB also helped people reduce their use of short-term or city-funded detoxification facilities. In the three years after participants were referred to the supportive housing program, they had an average of four fewer visits to a detoxification facility than those who received services as usual in the community—representing a 65 percent reduction in the use of detoxification facilities that aren't equipped to provide follow-up treatment.

Supportive housing reduced the public costs of the homelessness-jail cycle

Supportive housing is an intensive intervention that carries significant costs across local, state, and federal funding sources. But supportive housing can also help people avoid other costly outcomes, such as jail stays and emergency room visits, and [offset a major share of the program's costs](#).

The total cost of a full year of the Denver SIB program varied between the two providers, with a total annual per unit cost of \$22,265 for CCH and \$35,770 for MHCD. Supportive service costs for SIB participants were ultimately paid by Denver, through a pay for success contract with private investors, and by federal Medicaid resources that reimbursed some of the providers' costs. Housing assistance for the program was provided through vouchers funded at the state and federal levels. The Denver SIB also leveraged housing resources through federal low-income housing tax credits for new construction of supportive housing to increase options for SIB participants.

Federal, State, and Local Government Funding Sources Contributed to the Denver SIB's Total Supportive Housing Costs

Housing assistance (funded primarily by state and federal vouchers)

Supportive services (funded by the SIB)

Supportive services (funded by Medicaid)

CCH total full-year, per unit cost: \$22,265



MHCD total full-year, per unit cost: \$35,770



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Sources: Cost of services is estimated from CCH and MHCD program budgets and provider data on program entries and exits. Cost of housing is estimated from housing assistance payment data from Colorado Division of Housing and Denver Housing Authority.

Notes: SIB=Denver Supportive Housing Social Impact Bond. CCH=Colorado Coalition for the Homeless. MHCD=Mental Health Center of Denver. The Medicaid-funded share of supportive service costs is based on reported Medicaid revenue from Colorado Coalition for the Homeless (19 percent of service costs) and Mental Health Center of Denver (63 percent of service costs). MHCD used both SIB funding and other revenue sources for the share of services not funded by Medicaid.

To analyze the Denver SIB's effects on public costs, the study looked at the program's per person costs—which estimate the actual costs for the average participant based on the average number of days they spent in SIB housing per year—and compared them with the cost reductions in other emergency services.

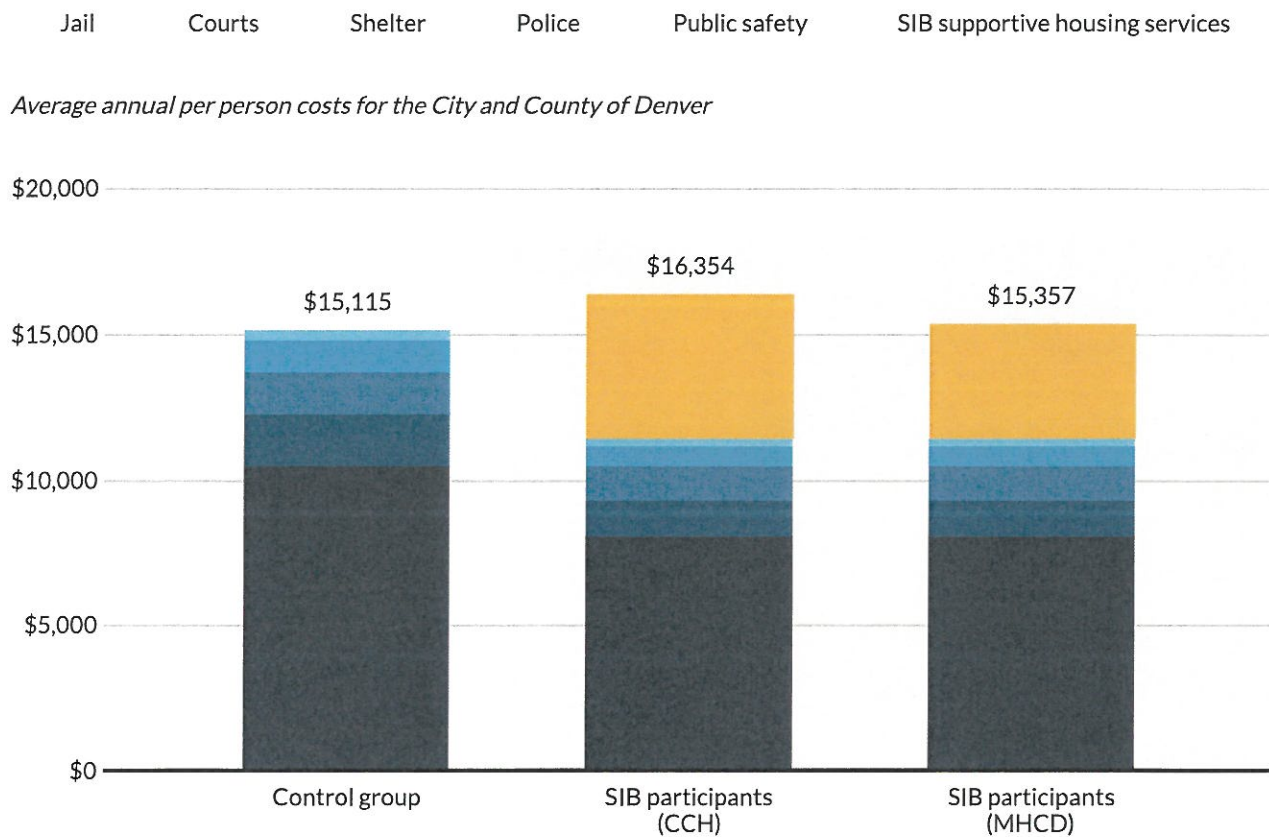
Denver SIB participants had \$6,876 less in total annual, per person costs associated with other emergency public services compared with the control group, with some of the biggest avoidances in reduced jail, ambulance, and emergency department costs. That means about half of the total per person annual cost of the Denver SIB (\$12,078 for CCH and \$15,484 for MHCD) was offset by cost avoidances in other public services.

About half of the total per person cost of the Denver SIB was **offset** by avoided costs for other public services, such as jails and emergency departments.



Because housing assistance was provided through vouchers funded at the state and federal levels, most of Denver's local costs for SIB supportive services were offset by reductions in costs for local emergency services. Within services funded by Denver's budget, the city avoided \$3,733 per person in annual costs for people in supportive housing compared with the control group. The city paid \$4,972 for supportive services for each participant referred to CCH and \$3,975 for each participant referred to MHCD. That means 75 percent of Denver's cost for CCH participants and 94 percent of its cost for MHCD participants was offset by other avoided costs.

Most of Denver's Supportive Housing Costs Were Offset by Reductions in Costs for Other Local Services



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Sources: Jail and booking data are from the Denver Sheriff Department. Court data are from the Denver County Court. Shelter data are from the Metro Denver Homeless Initiative and costs are estimated from selected programs. Police and arrest data are from the Denver Police Department. Detoxification, EMS, and 911 data are from Denver Department of Public Safety. SIB services data are from CCH and MHCD.

Notes: SIB=Denver Supportive Housing Social Impact Bond. CCH=Colorado Coalition for the Homeless. MHCD=Mental Health Center of Denver. Public safety includes EMS, 911, and detoxification services. Denver's costs for the SIB are estimated as the cost of services minus the average share of Medicaid revenue. Denver's offsets are estimated as the costs associated with outcomes paid by the city budget. Cost of services represents the share of services (not including permanent housing) not funded by Medicaid based on authors' analysis. MHCD used both SIB-funding and other revenue sources for these services.

What's next for the Denver SIB and efforts to end homelessness in the US?

The Denver SIB results show that supportive housing leads to better outcomes for people and reduces the public costs for emergency services that don't solve homelessness.

To fund part of the SIB, Denver leveraged \$8.6 million in upfront financing from private investors, making the initiative one of the first supportive housing programs funded through a [social impact bond](#), or pay for success, financing mechanism. This structure allowed Denver to shift the financial risk to investors and only pay them back if the program achieved positive outcomes, and it allowed investors to

make a return on their investment if certain outcomes were achieved. Because of the program's success, [the city will repay](#) the initial investment and more than \$1 million more than the investors contributed.

The program's success provides compelling evidence that supportive housing is worth the investment and that, going forward, the city could directly fund part of the supportive services without needing to shift the financing risk to private investors. In fact, Denver has already begun this type of direct investment, through both an expansion of the original SIB and an extension of funding (from Denver, state and federal vouchers, and Medicaid) to continue to house and support people remaining in the program.

Expanding the supportive housing program to serve more people would require blending additional resources from all levels of government, but it would also allow the government funding sources to realize the maximum cost benefit and potentially recapture avoided costs if a fully scaled up effort could reduce the number of jail beds and the number of emergency services staff.

Scaling up the program to serve all 1,209 people experiencing chronic homelessness in Denver County would cost \$14.6 million to \$18.7 million annually, with funding needed from Denver's budget, state and federal vouchers, and Medicaid resources. If this group of people had similar cost avoidances as those in the Denver SIB, the cost of scaling the program to end chronic homelessness in the county could be offset by \$8.3 million in avoided costs for other public services.

Expanding the supportive housing program to serve all 1,209 people experiencing chronic homelessness in Denver County would cost between \$14.6 million and \$18.7 million annually, but **\$8.3 million of that total cost could be offset by savings in other services.**

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Among the government funding sources, Denver would see the largest share of those cost offsets, with \$4.5 million in reduced emergency service costs offsetting a large share of the \$4.8 million to \$6.0

million contribution Denver would need to make for supportive services. The state and federal government would see the remaining smaller cost offsets as savings in reduced prison costs, housing assistance outside the SIB, and health care billed to Medicaid.

But scaling the program to serve all 1,209 people experiencing chronic homelessness in the county would require \$5 million to \$7 million in new state and federal housing assistance per year dedicated to supportive housing for this population. This level of housing assistance is not currently available at any level of government. Housing voucher programs have long been underfunded, and only [one in five people](#) who qualifies for housing assistance receives it.

Despite the [demonstrated success](#) of supportive housing and Housing First models, most communities continue to manage homelessness through punitive strategies and fail to invest in programs that would end homelessness, leaving tens of thousands of people in the US experiencing chronic homelessness.

Shifting the country's current approach to homelessness would require a combination of local, state, and federal resources and a desire to invest in better outcomes for people and communities. The Denver SIB proves that such a transformation would be a more effective use of public dollars, end chronic homelessness, and achieve better results critical to the well-being of people and communities.

As one Denver SIB participant, who asked to go by the name Malcolm, [told us in 2018](#), "On so many different levels this has changed me, how I see things, how I see life, how I see the future."

ABOUT

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RESOURCES

- [Breaking the Homelessness-Jail Cycle with Housing First: Results from the Denver Supportive Housing Social Impact Bond Initiative](#) (report)
- [Breaking the Homelessness-Jail Cycle through a Housing First Approach](#) (fact sheet)

- [Denver Supportive Housing Social Impact Bond Initiative: Final Outcome Payments](#) (report)
- [Final Investor Payments for Denver's Innovative Supportive Housing Program](#) (fact sheet)
- [Costs and Offsets of Providing Supportive Housing to Break the Homelessness-Jail Cycle](#) (report)
- [Analyzing the Costs and Offsets of Denver's Supportive Housing Program](#) (fact sheet)
- [Improving Health Care through Housing First](#) (working paper)
- [Breaking the Homelessness-Jail Cycle with Housing First](#) (event)
- [Denver Supportive Housing Social Impact Bond Initiative](#) (project page with additional resources)

PROJECT CREDITS

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