

Social Impact Bonds Explained

October 10, 2022

Florida Alliance for Community Solutions

Question:

By solving affordable housing challenges in our communities, what other issues or conditions could also improve?

Name a few, please.

Health outcomes?

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Health outcomes?

Reduced emergency room visits?

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Health outcomes? Fewer police interventions?

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Question:

By solving affordable housing challenges in our communities,
what other issues or conditions could also improve?

Name a few, please.

Consistent employment? Fewer missed school days?

Better academic performance? Etc. Etc.

Health outcomes? Fewer police interventions?

Reduced emergency room visits? Fewer jail days?

Next Question:

What if we prove we can achieve these outcomes AND reduce the overall expense of existing interventions?

Consistent employment? Fewer missed school days?

Better academic performance? Etc. Etc.

Health outcomes? Fewer police interventions?

Reduced emergency room visits? Fewer jail days?

Next Question:

What if we prove we can achieve these outcomes AND reduce the overall expense of existing interventions?

Would government agree to assume the cost going forward?

Consistent employment? Fewer missed school days?

Better academic performance? Etc. Etc.

Social Impact Bonds

- Intended to evidence efficacy of safety-net spending.
- Multi-party contracts that pay for service delivery aimed at achieving desired social / environmental outcomes over time.
- Investors bear the cost of implementation but are repaid if outcomes are achieved.
- Save tax dollars which can be focused on successful programs and services.

Example Social Impact Bond Framework

- ▶ Upfront / implementation funding
- - - - -▶ Potential outcomes / repayment based on performance



Adapted from US Government Accountability Office and Urban Institute

Denver SIB: Supportive Housing Program

The particulars:

City signed contract to leverage \$8.6M from eight investors for upfront and implementation costs.

Provide supportive housing for people who experience homelessness and have frequent interactions with criminal justice system.

If the program kept people housed and reduced the number of jail days, city would repay investors. If not, the city would not pay.

Denver SIB: Supportive Housing Program

Five-year Outcomes:

Housing stability: Of 365 participants, 301 met requirement of being housed for at least a year or having a planned exit.

Partners: Federal & State (housing vouchers); Colorado Coalition for the Homeless; Mental Health Center of Denver; City & County (referrals).

Jail reduction: Evaluators measured a 38% reduction in jail days between participants and a control group.

Partners: Denver Police Dept. and Denver Sheriff Dept (administrative data).

Denver SIB: Supportive Housing Program

Five-year Outcomes:

Housing:

Y1 86% Y2 81% Y3 77% retention; 40% reduction of shelter stays

Criminal Justice:

40% reduction in arrests; 34% reduction in police contacts
30% reduction in unique jail stays & 27% reduction in total jail days

Health:

65% reduction of detox services; little change in emergency medical services

Denver SIB: Supportive Housing Program

Repayment:

Total payments: \$9.6M (~\$1M return to investors)

Housing stability repayment: \$4.5M

Jail reduction repayment: \$5.1M

“Approximately half of the total per person annual cost of the Denver SIB was offset by cost avoidances in other public services, with some of the biggest avoidances in reduced jail, ambulance, and emergency department costs.”

Urban Institute

SIB Pros:

Can attract and leverage considerable private capital to achieve better social / environmental outcomes.

Data and evaluation to support use of public tax dollars for the social safety net.

SIB Cons:

Could negatively impact funding for harder-to-measure efforts and services and nonprofit innovation.

Crucial to get the “right” outcomes determined at the outset.

Unseen external factors could influence performance.

Questions?

Soñadores 518,182

