Two years after Denver launched its Social Impact Bond (SIB) for Permanent Supportive Housing, we are seeing promising results. The public, private, nonprofit partnership set out to prove that providing our community’s most vulnerable residents with a safe place to call home is not only the right thing to do, but also makes good financial sense.

People staying in their homes means better outcomes for individuals and also results in less financial strain on critical safety-net services. The SIB is focused on housing single adults experiencing homelessness—specifically those who are associated with the highest costs of emergency medical services, detox, and jail.

Investors in the SIB provide the capital needed to secure safe and reliable housing for program participants, and to ensure the availability of crucial supportive services to help participants stabilize their lives and remain in housing. Investments in the SIB come from public, private, and philanthropic sources, brought together by a common goal.

The Denver Foundation’s $500,000 investment in the $8.7 million SIB is a “co-investment” that includes support from donors and donor-advised fundholders, the Foundation’s Critical Needs Fund (a donor-supported resource to meet urgent community needs), and $200,000 from the Foundation’s Impact Investment Fund.

The SIB offers a number of outcome benchmarks to determine whether and how much investors are repaid. Aligned with The Denver Foundation’s community impact objective area of meeting basic human needs, our investment benchmark is the number of days that participants remain in housing. After one year, the program’s repayment indicators for this benchmark are extremely strong.

The SIB’s housing stability metrics and repayment benchmarks are carefully evaluated annually by The Urban Institute. Evaluation at the end of the first year of the program documented that 89% of people remained in housing after 12 months.

The SIB established the initial goal of providing 250 people with housing and supportive services. That goal increased to 257 and was achieved in January 2018.

These extremely promising early results have inspired the City of Denver to contribute additional performance-based funding into the SIB. The additional funding will enable an additional 75 extremely vulnerable people to receive supportive housing and services over the next 18 months.

The Denver Foundation commends the work of the housing and services providers, Colorado Coalition for the Homeless and the Mental Health Center of Denver. The organizations adopted a collaborative approach to community outreach, connecting with police officers, emergency service providers, and nonprofit and municipal outreach programs to identify the highest risk and most vulnerable individuals experiencing homelessness in Denver. The individual service providers have convinced people who have experienced severe trauma to trust them and to move off the streets. They have changed—and saved—lives.

Everyone deserves a safe place to call home. The early outcomes of the Social Impact Bond for Permanent Supportive Housing demonstrate that people who have lived for years on Denver’s streets will choose housing and remain there if given the choice and opportunity.

For a recent news article that provides additional details about the program, please visit https://www.denverpost.com/2018/03/19/denver-homeless-bonds/.
The Greenline Small Business Capital Fund (SBCF) is a national fund that invests in small businesses in economically distressed communities to preserve or create jobs with good wages, career mobility, and benefits, and that are strong employers of people with lower incomes and people of color.

The SBCF is a strong fit with The Denver Foundation’s Economic Opportunity program area, and has garnered co-investment from both the Foundation’s Impact Investment Fund, which has invested just over $200,000, and donor-advised fundholders, who have invested more than $2.2 million.

The Denver Foundation’s investments focus on job preservation and creation in the Metro Denver region, and the SBCF has made solid progress in this area. Since its inception in 2017, the SBCF made seven investments totaling $10 million throughout the U.S. Four of these investments, totaling almost $4.8 million, were to companies in the Denver area.

Investments made in Metro Denver include:

- A family-owned bicycle manufacturer and retailer in Lakewood, which used the financing as working capital to support its business growth plans.
- A candy maker in Globeville, which also used the financing as working capital to support business growth.
- A laser optics company in Lafayette that used the financing to grow its business and strengthen its position as a major employer in the local community.
- A fabricated metal manufacturing company in Englewood that used the financing to hire workers to keep up with construction industry demand and to add retirement benefits for its employees.

All of these companies are located in distressed or highly distressed communities, and several of them are using SBCF financing to hire underrepresented women workers, workers of color, and/or local workers who face transportation and education-related employment barriers.

Collectively these investments preserved 224 jobs in local communities, created four new jobs, and are projected to create an additional 120 jobs. The businesses in the SBCF portfolio are all performing well and repaying their loans, so both The Denver Foundation and its fundholder co-investors are receiving returns of interest on their investments.
IN BRIEF:
IMPACT INVESTMENT SOCIAL METRICS

1. CALVERT COMMUNITY INVESTMENT NOTE: OURS TO OWN DENVER
This real estate acquisition fund has been fully deployed by the Urban Land Conservancy to purchase three properties that are being used as offices by nonprofits serving the Denver community. These nonprofits include a home energy conservation program that helps struggling homeowners to reduce their energy costs, an ethical electronics recycler that trains and employs young people with developmental disabilities, and one of the region’s only refugee resettlement programs. Altogether these nonprofit tenants employ over 100 people and provide critical services to the metro region.

2. DENVER REGIONAL TRANSIT ORIENTED DEVELOPMENT FUND
The Denver Regional TOD Fund makes below market loans to acquire or preserve affordable housing close to public transit. The fund was created to ensure that some of the real estate value being created by the Denver region’s publicly funded light rail expansion would be captured for the benefit of local residents who cannot afford the area’s rapidly increasing rents. The Denver Foundation’s Impact Investment Fund has committed $250,000 to this $24 million fund, which has made fourteen loans that have created or preserved 1,212 affordable housing units close to high frequency public transit routes.

3. COMMUNITY ENTERPRISE DEVELOPMENT SERVICES (CEDS)
CEDS is a nonprofit lender that provides business startup training and micro loans to immigrant and refugee entrepreneurs, as well as entrepreneurs who face barriers accessing traditional sources of capital. The Foundation’s Impact Investment Fund has loaned $100,000 to CEDS’ loan pool, which has resulted in 16 loans to immigrant entrepreneurs that have created 28.5 jobs.

4. ROCKY MOUNTAIN MICROFINANCE INITIATIVE (RMMFI)
RMMFI is a microlender that provides a range of services to entrepreneurs from low-income and non-traditional backgrounds to help them explore business ownership. RMMFI’s signature program is a business “boot camp,” which leads committed entrepreneurs through a 12 week business design and launch program. The Foundation’s Impact Investment Fund has invested $50,000 in RMMFI’s business launch loan pool, which has directly resulted in 18 loans to low-income entrepreneurs that have created or retained 23 jobs.
5 Prodigy Ventures
Prodigy Ventures operates Prodigy Coffee House on 40th and Colorado, Westword’s Best New Coffee Shop of 2017. Prodigy works with 18-24 year old youth who are disconnected from school and employment, helping them gain job skills and plan for their future. The Denver Foundation’s Impact Investment Fund made a $25,000 low-interest loan to Prodigy to help it build out its coffee shop space as it was preparing to open. In 2017 Prodigy trained 29 pre-apprentices, hired 14 apprentices, and retained 73% of all the apprentices it has trained.

6 Hands of the Carpenter
Hands of the Carpenter is a nonprofit social enterprise that provides single moms with cars and car repair services that are critical to their education and employment. The Denver Foundation partnered with Social Venture Partners (SVP) Denver to help Hands buy a garage for its core work when its lease was not renewed in 2017. The Denver Foundation committed $37,500 from its Impact Investment Fund, and the Foundation’s donor-advised fundholders and members of SVP provided an additional $110,000 in funding for a low-interest loan. So far in 2018, Hands has served 76 women, provided cars to 13 women, and has repaired 102 cars.

To learn more about the Impact Investing Program, please call Kate Krebs Lyda in the Philanthropic Services Group at 720.974.2604, or email klyda@denverfoundation.org.