

# 2021 Action Plan Addendum: Investment Framework for the Homelessness Resolution Fund

November 2020 PUBLIC REVIEW DRAFT

## Introduction

In November 2020, Denver voters established the Homelessness Resolution Fund, a dedicated revenue stream to support residents experiencing or exiting homelessness. This addendum to the [2021 Action Plan](#) provides a framework for how revenue from the Homelessness Resolution Fund will be used in the fund's first year. The 2021 Action Plan is foundational for this work because it is grounded in needs of [Denver residents experiencing homelessness](#) and housing instability. This investment framework advances the strategic priorities set forth in the 2021 Action Plan and deepens support in key areas identified through community engagement. Revenues in subsequent years will be incorporated in the strategic plans for the Department of Housing Stability (HOST).

## Background: Ballot Measure 2B

In August 2020, Denver's City Council forwarded question 2B to the ballot. The measure proposed a 0.25% sales tax increase to create a Homelessness Resolution Fund, a dedicated revenue stream to support housing, shelter and services for persons experiencing or exiting homelessness in the City. In November 2020, Denver voters passed the measure with overwhelming support.

As stated in the campaign, outcomes from the fund will focus on proven solutions to address homelessness grounded in needs of the people in Denver experiencing homelessness. This includes approaches like housing with wrap-around supportive services, around the clock [residential shelter](#) that focuses on rehousing and wrap-around services, catalytic developments that combine housing and shelter at the same site, and other innovations for those who are experiencing unsheltered homelessness. In the near term, the fund will also support Denver's continued response to and recovery from the COVID-19 pandemic.

While the total amount available will depend on actual sales tax collection, HOST is budgeting for collection of approximately \$37 million in 2021. The fund is projected to collect approximately \$40 million annually in future years under stronger economic conditions. As outlined in city ordinance, the Executive Director of the Department of Housing Stability (HOST) manages the Homelessness Resolution Fund. Permitted uses of its revenue include:

- Capital improvements, operations and maintenance, and services;
- New or renovated housing, rental assistance, or supportive services;
- New or existing shelter capacity, improvement, operations, services, and accessibility for those experiencing homelessness including underserved populations;
- Other services or supports for those experiencing homelessness, including for those who are unsheltered; and
- Administrative costs (up to 8% per year).

## ***Homelessness Resolution Fund within the Overall HOST Budget Context***

As shown in the 2021 Action Plan, HOST receives revenue from numerous private and public funding streams, and the Homelessness Resolution Fund builds upon that base of critical resources. HOST receives a city general fund allocation, dedicated local funds from the Affordable Housing Fund, federal funds from grants like Community Development Block Grant and Emergency Solutions Grant, and other funds, including private donations. Together, these existing funding streams are projected to provide \$103 million in revenue in 2021. The Homelessness Resolution Fund is estimated to provide an additional \$37 million in 2021, bringing the total amount available to \$140 million.

These existing funding streams are essential for the work, and they will continue under this plan. For the fund to infuse new capacity, the ordinance language stated that it may not replace or supplant general fund appropriations, and it is critical that other existing resources remain in place. Even with all of these resources, more will still be needed to continue to scale Denver's response to meet the needs of residents experiencing homelessness and achieve community-level impacts.

## ***Process for Determining Use of Homelessness Resolution Fund***

To inform how the Homelessness Resolution Fund would be used in 2021, HOST utilized analysis and input gathered through the development of the 2021 Action Plan and sought community input in several ways. First, HOST analyzed responses to the survey on the 2021 Action Plan to identify where the Homelessness Resolution Fund could fill important gaps. Second, HOST held listening sessions with stakeholders with professional and lived expertise in housing and homelessness services including housing developers, shelter and service providers, and philanthropic partners. Third, HOST engaged with representatives for the Five-year Strategic Planning process and sought input from the Mayor's Office and City Council. A public review draft is available for comment from the Denver community, and the final plan that incorporates this input will be reviewed and recommended for implementation by the Housing Stability Strategic Advisors in early 2021.

To allocate the fund in subsequent years, HOST will include the intended uses of the Homelessness Resolution Fund in its three- to five-year strategic plans and in its annual action plans. Public input is required by ordinance as part of the development of those plans. That engagement will provide the community with regular, ongoing opportunities to inform how the fund will be used in future years.

## ***Key Themes from Community Engagement to Date***

From community engagement completed to date, HOST heard several themes. First, there is recognition that investing across the entire continuum from outreach to shelter to housing opportunities is critical. Participants with lived experience also underscored the importance of building in peer support across the continuum. In the area of sheltering, participants recognized the importance of integrated clinical services, the challenges of staffing front line, essential service positions during the COVID-19 pandemic, and identified a need to identify ways to better support guests who need a higher level of care. In the area of housing, participants expressed interest in expanding housing opportunities in ways that are less reliant on tax credit properties and the importance of flexible rental assistance supports (e.g., deposit assistance). Participants also emphasized innovative solutions like the Social Impact Bond project and ways to better support residents who are unsheltered, like temporary managed campsites.

## ***Homelessness Resolution Fund 2021 Investment Framework***

Housing is the solution to homelessness. The Homelessness Resolution Fund provides critical additional resources to deepen the [continuum of supports](#) needed to increase access to housing with appropriate supportive services and ensure people are supported while they regain housing, including [residential sheltering](#) and support for people experiencing unsheltered homelessness. It also provides flexible dollars to allow Denver to pursue innovative approaches and catalytic projects.

The fund also comes at a critical point in time. In 2021, Denver will continue to respond to and recover from the COVID-19 pandemic. The impact of COVID-19 on Denver residents experiencing homelessness has been significant. Due to social distancing requirements, it initially decreased available beds by more than 56%, and unsheltered homelessness visibly increased. To maintain available indoor space, the City and its partners set up hotel and motel rooms to support isolation and auxiliary congregate shelters to provide relief for existing shelters. The City also began work to establish temporary managed campsites where people could safely continue to live in tents temporarily as part of its response to the public health crisis. Due to the uncertainty of federal funding to support emergency response, HOST anticipates using a portion of the Homelessness Resolution Fund in 2021 to ensure a safe and stable transition out of temporary facilities.

HOST will allocate 2021 Homelessness Resolution Fund dollars to achieve the goals established during the “Yes on 2B” campaign and honor commitments made to the voters, which were grounded in needs of people in the community. These recommendations are further informed by uses of other restricted funding streams, the costs of various eligible uses and program models, and the recognition that, while the longer-term strategic plan is forthcoming, many efforts require multi-year and sustained funding. Taking these factors into account, HOST projects that 2021 dollars will be allocated in **approximately** the following manner:

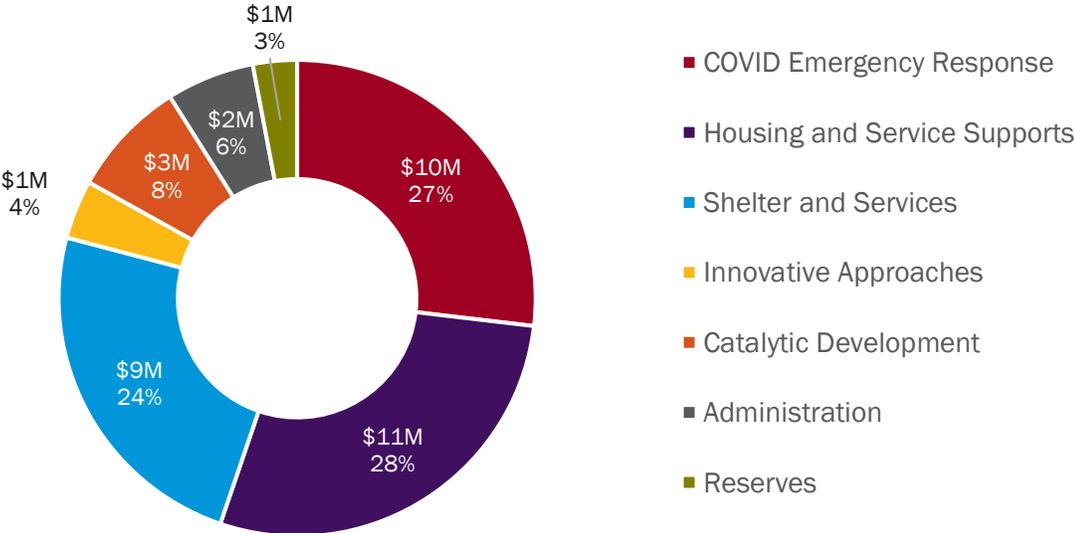
- **COVID Emergency Response (27%, \$9,900,000)**
  - Support pandemic response including the operations of around **800 rooms** of Activated Respite (for those medically referred for isolation) and Protective Action (for those who are high risk) to limit spread of COVID-19 and support guests safely transitioning from those programs.
  - HOST anticipates leveraging other funding streams as the primary strategy for funding emergency response but expects to use some of Homelessness Resolution Fund dollars in 2021 dollars to meet these needs. If the amount required is less than this projection, funds will be reallocated to other uses, primarily to housing support and services, innovative approaches, and catalytic developments.
- **Housing Support and Services (28%, \$10,545,000)**
  - Support for housing and supportive services to help **at least 500 additional households** regain housing from sheltered and unsheltered homelessness. Investments in this area may include rapid rehousing, supportive housing, bridge housing, etc. To more rapidly expand rehousing opportunities in 2021, particularly to aid in transitioning from emergency facilities, HOST anticipates prioritizing models that use existing housing stock in 2021.
- **Shelter and Services (24%, \$8,880,000)**
  - Support shelter operations and services (e.g., case management, integrated clinical service) for individuals, youth, and families. HOST projects the investment will

support **more than 430 beds** at existing shelters in a 24/7 model and deepen services at **more than 700 additional beds** to better support rehousing, health, and other needs.

- **Innovative Approaches (4%, \$1,480,000)**
  - Support innovative solutions such as manufactured housing, tiny homes, expanded outreach or other services, with emphasis on but not limited to approaches for those who are currently unsheltered to connect to stable housing.<sup>1</sup>
- **Catalytic Developments (8%, \$2,960,000)**
  - Support to acquire and/or develop at least **100 units** at catalytic development sites that provide housing, shelter and services.
- **Administration (8% allowed) (6%, \$2,220,000)**
  - Support for HOST to successfully administer and report out on the fund. HOST anticipates using less than the cap to infuse more money into programs.
- **Reserves (3%, \$1,110,000)**
  - Support to meet unforeseen needs through a flexible resource. If these funds are not needed, reserves are expected to roll over to the next year to be allocated to meet community needs.

Across the programs the fund will support, HOST seeks to support trauma-informed, person-centered, culturally competent, and data-driven approaches that include peer support.

**Figure 1. Proposed Uses of Homelessness Resolution Fund in 2021**



<sup>1</sup> Funding for temporary managed campsites or safe outdoor spaces has already been identified in 2021 through the General Fund due to its role in pandemic response. A request for proposals for this service was released in October 2020.

## ***Resource Allocation Process***

To allocate these funds, HOST will use standard city procurement processes, which are required and regulated under city executive order. Understanding the intensive nature of these procurement and contracting processes, HOST will leverage existing procurement processes where appropriate. This may also include issuing new or amended requests for proposals for additional uses to allow for new proposals and applicants. HOST will incorporate community input on specific needs within these larger investment categories as part of the resource allocation process.

## ***Data Collection, Evaluation, and Community Accountability***

HOST will provide transparency on how funds are used and track outcomes achieved in 2021. HOST will expand current [public dashboards](#) to include information on the awards made from the Homelessness Resolution Fund, so Denverites can see how dollars are being invested. To track the impact of investments from the Homelessness Resolution Fund at the community-level and ensure data can be evaluated through an equity lens, HOST will require funded programs to utilize Colorado's Homeless Management Information System (HMIS). HMIS is an integrated data system for homelessness services, which is overseen locally by [Metro Denver Homelessness Initiative](#). HOST will also monitor the extent of unsheltered homelessness through the annual Point-in-Time Count.

HOST will report out on outcomes in alignment with its [Impact Framework](#) as well as key goals of the campaign. These include the number of apartments built, number of units of shelter and housing created in catalytic projects, and the number of shelter beds supported. Progress on these outcomes in the first year will be reported in HOST's 2021 Annual Report as well as in other intermittent reporting to the community, City Council, and the Mayor of Denver. These reports will be reviewed by the Housing Stability Strategic Advisors, the publicly appointed board advising the Executive Director of the Department of Housing Stability.

## ***Thank you, Denver!***

The Department of Housing Stability would like to thank the Mayor and City Council for their support for this measure, everyone who worked on the "Yes on 2B" campaign, and, most importantly, the voters of Denver who made this new resource possible. Making homelessness rare, brief, and one-time is possible, but only with the support of the whole community working together to achieve collective impact by scaling proven solutions and providing the flexibility to innovate. The creation of the Homelessness Resolution Fund is a testament to Denver's commitment to that goal and to the vision of a healthy, housed, and connected Denver.