

# 2021 Action Plan Addendum

Investment Framework  
for the  
Homelessness Resolution Fund



**DENVER**  
HOUSING STABILITY



## Introduction

In November 2020, Denver voters established the Homelessness Resolution Fund, a dedicated revenue stream to support residents experiencing or exiting homelessness. Over the next 10 years, the fund will build 1,800 units of additional housing with support services and create 500-600 new units of shelter or housing in catalytic projects that combine shelter and housing at the same location. Long-term uses of the Homelessness Resolution Fund will be determined through strategic plans and subsequent annual plans. This addendum to the [2021 Action Plan](#) provides a framework for how revenue from the Homelessness Resolution Fund will be used to supplement other efforts in its 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 with providers, funders, advocates, those with lived experience, and other community members. Revenues in subsequent years will be integrated into the Department of Housing Stability's (HOST) strategic and annual plans.

## Background: Ballot Measure 2B

In August 2020, Denver's City Council forwarded Measure 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 passed the measure with more than 60% of voters providing support.

As stated in the campaign, outcomes from the fund will focus on proven solutions to address homelessness grounded in the needs of the people in Denver experiencing homelessness. This includes:

- approaches such as 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. Uses of the fund will align toward specific goals articulated in the campaign to build 1,800 homes with support services over 10 years and create 500-600 units of new shelter and housing in catalytic projects.

While the total amount available will depend on actual sales tax collection, HOST is budgeting for the 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).

The ordinance states that the fund must be used for people experiencing or exiting homelessness. As a result, funding may not be used for eviction prevention or other programs that aim to keep people in their homes prior to an episode of homelessness. Existing funding streams continue to support this work within HOST's housing stability division.

## Investment in Relation to Community Need

The Homelessness Resolution Fund provides critical new resources to help scale approaches to the needs of the Denver community. However, the fund alone does not fill the entire gap. Denver will continue to rely on existing City, State, Federal and philanthropic support to address needs.

On a single night in January 2020, 4,171 people were known to be experiencing homelessness in Denver, including 996 people who slept unsheltered that night. Because this is a single night count, it understates the total number of people who experience homelessness over the course of a given year. The economic impacts of the COVID-19 crisis have also likely led more people to lose their homes in 2020.

The Homelessness Resolution Fund provides important new dollars to address housing, shelter and service needs. The campaign goals that identified what can be achieved with this fund (e.g., 1,800 new units of housing and services over 10 years) also rely on leveraging existing resources and other tools to support housing development, such as Low-Income Housing Tax Credits. Even with these critical resources, overall resources to support those who are experiencing or exiting homelessness fall short of demonstrated need. As a result, these funds must be prioritized for the most impact over the long-term. It is critical that existing funds remain in place and that projects and programs continue to leverage other dollars so solutions can be scaled.

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

As shown in the 2021 Action Plan, HOST receives revenue from numerous public and some private funding streams. 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 \$106 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 just over \$142 million.

Existing funding streams are essential for the work of HOST and will continue under this addendum. 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 public and private resources remain in place.

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

To inform how the Homelessness Resolution Fund would be used in 2021, HOST used analysis and input gathered through the development of the 2021 Action Plan and sought additional community input through a combination of listening sessions and surveys. Specific activities included:

- Analysis of responses to the survey on the 2021 Action Plan to identify where the Homelessness Resolution Fund could fill important gaps;
- Listening sessions with stakeholders with professional and lived expertise in housing and homelessness services including shelter and service providers, housing developers, and philanthropic partners;
- Listening sessions with stakeholders focusing on preventing gentrification and involuntary displacement as well as the broader affordable housing development community;
- Discussion with the Housing Stability Strategic Advisors and Strategic Planning Executive Committee;
- Input from Mayor's Office and City Council;
- Analysis of responses to a survey conducted by Councilwoman Robin Kniech's office prior to the campaign that sought guidance from residents with lived expertise;
- Survey of guests at two shelters to get additional input on uses for the new fund; and
- Community-wide survey on the draft Investment Framework.

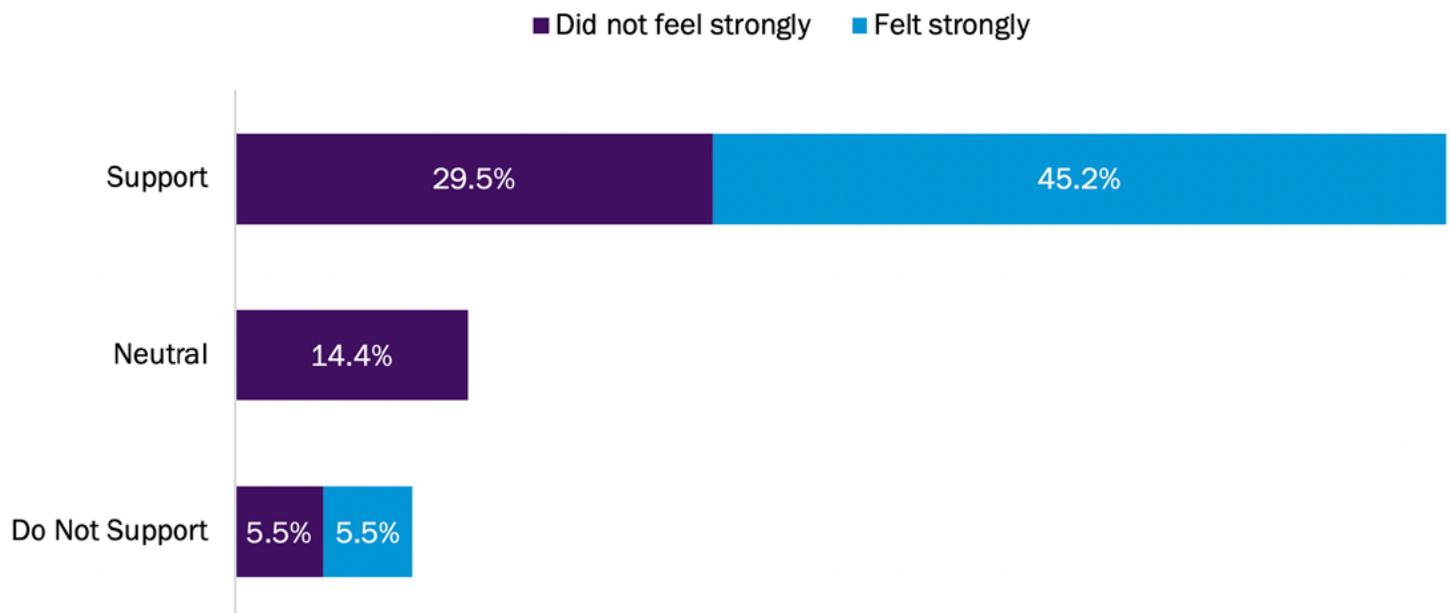
To allocate the fund in subsequent years, HOST will include the intended uses of the Homelessness Resolution Fund in its three- to five-year strategic plans and in its annual action plans. Public input is required by ordinance as part of the development of those plans. That engagement will provide the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

### ***Key Themes from Community Engagement Process***

HOST developed a draft investment framework after gathering initial community input. The draft was posted for public comment and presented and discussed in community listening sessions and surveys. Overall, the draft received strong support. Updates to the document were made based upon these additional discussions and

feedback. Of the more than 140 people who responded to the community survey, 75% supported or strongly supported the draft investment framework. Nearly half (45%) strongly supported it.

**Figure 1. Community Support for Draft Investment Framework**



Across all input forums, housing was consistently identified as the most important area for added investment. This feedback was given at the listening sessions and also came through in the survey results. Fifty-five percent of respondents to the community-wide survey said that the amount allocated to housing and services in connection with housing was too low, and 54% of 41 respondents to HOST’s survey of shelter guests identified investment in housing as most important. Housing also emerged as the most important area for new funding in the survey conducted prior to the campaign.

Participants in the process also recognized the importance of investing in a balanced way across the continuum from outreach to shelter to housing opportunities. In the community survey, respondents identified the following strategies as the most important:

- Transformation of the shelter system (52%);
- Funding for creation of new affordable and supportive housing (50%);
- Expansion of rehousing pathways (40%);
- Support for families experiencing homelessness (38%);
- Strategies to support those experiencing unsheltered homelessness (37%); and
- Strategies to provide integrated health services within programs (34%).

Similar trends were seen through other engagement efforts. The pre-campaign survey found high levels of support for funding housing and related services, improving shelter access, providing 24/7 shelter operations, and funding outreach. Listening sessions and surveys, including respondents with lived expertise, identified the importance of case management and peer support to navigate services in the process of regaining housing. Support for connecting to benefits and employment to increase their income is part of this case management approach.

Listening sessions provided additional detail on funding needs and approaches. 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 recognized a need to identify ways to better support guests who need a higher level of care, particularly those who need help completing activities of daily living (ADL) (e.g., showering, toileting, dressing). In the area of housing, participants expressed interest in expanding housing opportunities in ways that are less reliant on tax credit properties, outlined the importance of flexible rental assistance supports (e.g., deposit assistance), and the need for proactive landlord engagement efforts.<sup>1</sup>

<sup>1</sup> Metro Denver Homeless Initiative was recently awarded \$1.25 million from the [Day 1 Families Fund](#); part of the award is intended to be used to support landlord engagement.

Participants also emphasized innovative solutions and identified other needs. These include the Social Impact Bond project, temporary managed campsites and other strategies to support those experiencing unsheltered homelessness. There was also interest in how to further engage with impacted neighborhoods and provide greater outreach and community education. Across the continuum, there was a desire to ensure the Homelessness Resolution Fund can be used flexibly to meet the needs of groups that may be excluded from other funding streams (e.g., residents who are undocumented). Some participants suggested there needs to be a deeper focus on groups with unique needs (e.g., pregnant and parenting youth, Native persons, survivors of domestic violence, etc.).

Collectively, this feedback has informed the final 2021 Investment Framework for the Homelessness Resolution Fund while at the same time identifying topics that require deeper discussion and analysis through the development of HOST's five-year strategic plan. This process began in 2020 and will be completed by the end of 2021.

### **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 have the resources they need to regain housing and retain housing. This includes [residential sheltering](#) and support for people experiencing unsheltered homelessness. It also provides flexible dollars to allow Denver to pursue innovative approaches, catalytic projects, and serve those who may be excluded by other funding streams.

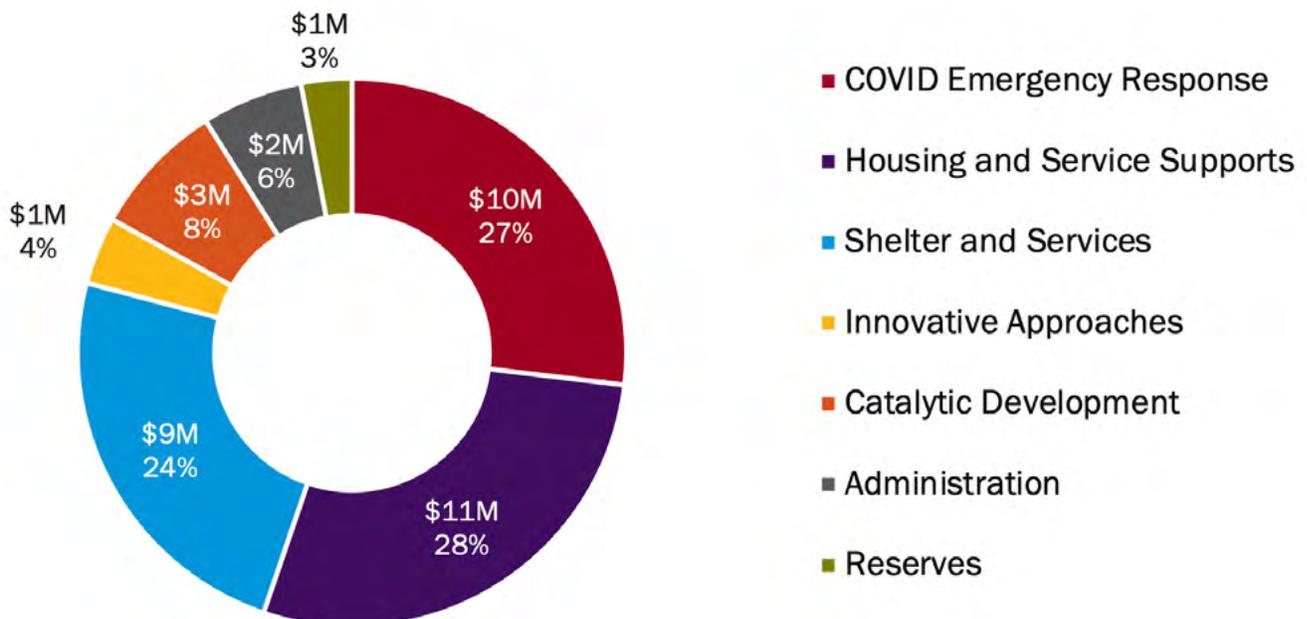
The fund also comes at a critical point in time. In 2021, Denver will continue to respond to and recover from the COVID-19 pandemic. The impact of COVID-19 on Denver residents experiencing homelessness has been significant. Due to social distancing requirements, available beds were initially decreased 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 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 safe and stable transitions out of temporary situations that were necessary in response to the public health crisis.

HOST will allocate 2021 Homelessness Resolution Fund dollars to achieve the goals established during the "Yes on 2B" campaign and honor commitments made to voters. These are grounded in the needs of people in the community and are 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. Where possible, HOST will pursue responses that support long-term solutions.
  - Services should be person-centered, culturally competent, and trauma-informed and integrate peer support and health services as appropriate.
- **Housing Support and Services (28%, \$10,545,000)**
  - Support for housing and supportive services in connection with housing to help **at least 500 additional households** regain housing from sheltered and unsheltered homelessness through housing programs. Investments in this area may include rapid rehousing, supportive housing, or bridge housing. 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.
  - Providing financing for development of supportive housing, which may include additional funding for services in at least two projects in 2021 to create approximately **80 additional units**.
  - Across all investments, services should be person-centered, culturally competent, and trauma-informed and integrate peer support and health services as appropriate.

- **Shelter and Services (24%, \$8,880,000)**
  - Support shelter operations and services (e.g., case management, integrated clinical services, and outreach) 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. These investments will include opportunities to deepen supports for families accessing shelter.
  - Services should be person-centered, culturally competent, and trauma-informed and integrate peer support and health services as appropriate.
- **Innovative Approaches (4%, \$1,480,000)**
  - Support for smaller-scale and pilot projects that advance 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>2</sup>
  - Services should be person-centered, culturally competent, and trauma-informed and integrate peer support and health services as appropriate.
- **Catalytic Developments (8%, \$2,960,000)**
  - Provide gap funding to support acquisition and/or development of at least 100 units of shelter or housing at catalytic development sites that combine multiple uses (e.g., shelter and supportive housing) at the same location.<sup>3</sup>
  - Services should be person-centered, culturally competent, and trauma-informed and integrate peer support and health services as appropriate.
- **Administration (6%, \$2,220,000)**
  - Support for HOST to successfully administer and report on outcomes achieved through the fund. This includes support for finance; contract and program management; data and reporting; and communications, including community engagement. To infuse as much funding as possible into direct supports, HOST anticipates using less than the allowable 8% cap.
- **Reserves (3%, \$1,110,000)**
  - Support to meet unforeseen needs through a flexible resource and to buffer against lower than expected sales tax collection. If these funds are not needed, reserves are expected to roll over to the next year to be allocated to meet community needs.

Figure 2. Proposed Uses of Homelessness Resolution Fund in 2021



<sup>2</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.

<sup>3</sup> HOST counts units toward outcomes that the time they receive HOST funding. Due to development timelines, units may not be ready for occupancy until a future year.

## Resource Allocation Process and Reallocation Strategy

While HOST may use the Homelessness Resolution Fund in 2021 to support operation of city-owned facilities (e.g., Crossroads and 48th Avenue shelters) outside of the administrative cap, HOST intends to focus primarily on funding community partners to provide services and develop housing. To allocate these funds, HOST will use standard city procurement processes in conformance with city regulations. Understanding the intensive nature of these procurement and contracting processes, HOST will leverage existing and recent processes where appropriate. This may also include issuing new or amended requests for proposals (RFP) for additional uses to allow for new proposals and applicants. Any new RFPs will align with the investment and programmatic priorities articulated above. HOST anticipates issuing a solicitation for catalytic projects in 2021 to further define the pipeline and estimate demand for gap financing in this area of investment.

It should be noted that the amounts articulated above are estimates. Funding within each category may be reallocated during the course of the year if assumptions made in the planning process do not hold. In particular, there is uncertainty around the federal funding available for COVID-19 response and timing of federal reimbursement. HOST seeks to leverage federal funds as the primary strategy for supporting the city's emergency response, particularly Federal Emergency Management Agency (FEMA) resources. However, FEMA funding is collected on a reimbursement basis, which requires the City and County of Denver to outlay city dollars up front in order to be paid back for up to 75% of the costs. HOST expects to use Homelessness Resolution Fund dollars for continued emergency response in 2021. Upon reimbursement, dollars will accrue back to the fund and be available for reinvestment at a later date. HOST will focus any reallocated dollars on housing and services, innovative approaches, and catalytic development.

## Data Collection, Evaluation, and Community Accountability

HOST will provide transparency on how funds are allocated 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 continue to 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.<sup>4</sup>

HOST will report out on outcomes to demonstrate 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; the number of shelter beds supported; and the number of households served and housed. Progress on these outcomes in the first year will be reported in HOST's 2021 Annual Report in addition to 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. The reports are also made available to the public through the HOST website and public presentations to City Council.

## Topics Referred to 5-year Strategic Planning Process

Some topics raised in the community engagement process merit further discussion during the development of HOST's 5-year strategic plan because they involve other approaches beyond investment (e.g., policy and systems change), require coordination with partners or related systems, or introduce new strategies for consideration. Topics to be further discussed include:

- **Work to more deeply engage residents and professionals with lived expertise of homelessness:** In the five-year planning process, HOST will seek to provide community engagement opportunities to those with lived expertise of homelessness and housing instability, while recognizing those with lived experience who may not want to share it openly (e.g., residents of affordable housing, older residents have lived beyond

<sup>4</sup> Please note that while the Metro Denver region [plans to conduct the Point-in-Time count in 2021](#) at the time of this plan, the count will not be conducted if any county in the metro region is under a Stay-at-Home Order, and further waivers may still be requested. If the count is conducted, the methodology will differ significantly from previous years and will collect limited data. As a result, 2021 data on unsheltered homelessness should not be used to draw conclusions about trends over time.

their savings). As part of this planning, HOST and stakeholders will discuss how to incorporate ongoing quantitative and/or qualitative feedback from those directly impacted by the Homelessness Resolution Fund.

- **Greater clarity of roles of non-profit partners and the city within service provision:** Because of the unique circumstances of the COVID-19 pandemic in 2020, the City took on increased responsibilities for direct service provision. Outside the circumstances of emergency response, HOST prefers that partners provide direct service and housing. HOST expects the five-year planning process will identify areas where further expansion of programs and development are needed and involve an analysis of where capacity exists to support those expansions (e.g., within existing partnerships, with new partnerships, etc.).
- **Ability to fund design, feasibility work, and other costs to further the affordable and supportive housing pipeline:** HOST currently provides funding for gap financing for affordable and supportive housing development. The role of HOST in support and development costs requires further consideration.
- **Support for residents experiencing unsheltered homelessness:** Realizing that some people need additional alternatives beyond the existing shelter and service systems, this discussion will consider a range of approaches for integration into the five-year plan.
- **Support for persons experiencing homelessness with accessibility needs:** Persons experiencing homelessness have high rates of disabling conditions. While shelter providers made important accessibility improvements in 2020, and the 2021 Action Plan prioritizes improving data collection on accessibility needs, the five-year planning process should discuss additional strategies or investments to make shelter, housing, and other service sites accessible to those with hearing impairments, vision impairments, who use wheelchairs, etc.
- **Identify strategies for those who need help with activities of daily living (ADL):** Particularly as other systems (e.g., jail, hospitals) have released people from their care as a result of the COVID-19 pandemic, the homeless service system is seeing an increase in the prevalence of persons who cannot independently complete ADLs like toileting, showering, and dressing. Help with these tasks is more commonly found in skilled nursing or assisted living setting, and the shelter system is not configured to provide this high-level of care. Providing durable solutions for residents experiencing homelessness with ADL needs requires a thoughtful blend of policy work, partnerships with related systems and processes (e.g., adult protection, Medicaid long-term care assessment, development of mechanisms to provide Medicaid-billable health services onsite with shelter and housing), and funding approaches that leverage existing health care funding whenever possible. While the one-year investment framework for the Homelessness Resolution Fund allows for the integration of health services across the continuum, this broader conversation will be examined within the five-year strategic planning process.
- **Specific strategies for groups with unique needs:** Consistent with the 2021 Action Plan, HOST aims to focus on approaches that are [person-centered](#), meeting the unique needs of each individual, and maintain flexibility in the Homelessness Resolution Fund . The 2021 Action Plan also identified strategies to coordinate with partners to create safe and welcoming spaces for LGBTQ and other underserved guests in shelter and services and refine strategy for providing rehousing and emergency support for families experiencing homelessness. Further discussion of strategies for groups with unique needs within the context of a person-centered response system will be part of the five-year planning process.
- **Neighborhood Impacts and Response:** There is a growing desire for community understanding, impact mitigation, and service integration within existing communities. These efforts require engagement and education as well coordination with other city agencies. The discussion should include how neighborhoods are impacted by housing and services that have also experienced current and historic issues of displacement and forces of neighborhood change.

The five-year strategic planning efforts will commence upon approval of this addendum.

***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. 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.

