

Homelessness in Denver

March 2023

2023 Local Elections and Homelessness

In 2023, Coloradans will have municipal elections in our most populated cities. To inform these debates, CSI produced reports on the most pressing issues facing Colorado cities: crime, housing, and homelessness in Denver, Grand Junction, Colorado Springs, Pueblo, Fort Collins, and Aurora.

Due to one of the country’s highest rates of outward migration, Denver’s population is declining for the first time in a decade. Rising crime, home prices, and homelessness are among the factors causing Denver to become less attractive to current and prospective residents. This brief report features data and insights into the state of homelessness in Denver, and you can find CSI’s other Denver research at <https://commonsenseinstitute.org/local-election-guide>.

The system of resources addressing homelessness is at a critical point. Though funding has increased significantly in recent years, much of the increase is from one-time federal, state, and municipal spending that will decline over the next few budget cycles. As spending on homelessness has increased annually, the unsheltered and chronically homeless populations have also increased. Housing affordability in Colorado has plummeted, overall price levels are at record highs due to inflation, and the state’s housing inventory is dangerously low. This is a concerning precursor for sustained elevated levels of newly homeless. The city of Denver is the focal point of Colorado’s homelessness problem—the state’s biggest population center also contains its highest concentration of homeless people (almost 70% of the metro area’s homeless despite less than a third of its total population) and receives the Denver metro area’s greatest share of municipal and charitable homelessness spending, both in absolute and per-person terms.

Population

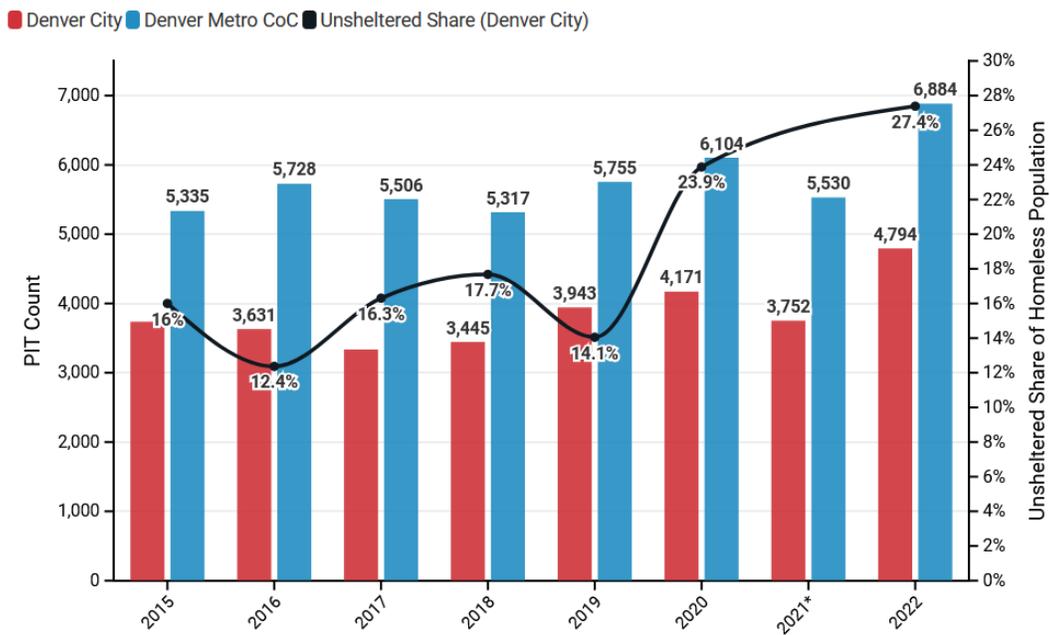
The following table presents three estimates of the homeless population in Denver: the PIT count, which is a survey of the homeless population on a single night in January, the PIT count multiplied by 2.5, which is the Colorado Coalition for the Homeless’ estimate of the number of homeless across a full year, and Denver’s imputed share of a metro-area estimate published by Metro Denver Homeless Initiative which counts the number of people who access homelessness services during the year.

Denver’s Homeless Population						
2022 PIT count			2022 PIT count * 2.5			MDHI State of Homelessness (est.)
Sheltered	Unsheltered	Total	Sheltered	Unsheltered	Total	
3,481 (73%)	1,313 (27%)	4,794	8,703	3,283	11,985	22,447

According to PIT counts, Denver’s homeless population was higher in 2022 than ever before.ⁱ Though some municipalities around the country and within Colorado experienced reductions in their homeless populations over the last several years, Denver’s has been growing substantially.

- Over the last 5 years, Denver’s homeless population has risen by almost 44%—nearly 12 times faster than the city’s total population growth between 2016 and 2021. The total population in Denver actually declined by over 4,000 people in 2021.
- Since 2015, the Denver metro area’s homeless count has grown at a slightly faster average rate than the city of Denver’s. Since 2017, however, Denver’s growth rate outpaces that of the metro area by almost 75%.
- Since a low in 2016, the unsheltered share of Denver’s homeless has more than doubled to just over 27%.
 - This has occurred despite an available supply of approximately 4,500 shelter beds. Previous reporting from the city has indicated that there consistently remain vacancies across these bed types.

Denver's Homeless Population over Time (PIT)



* The 2021 PIT count does not include an estimate of the unsheltered homeless population, so its reported counts are lower than the actuals

Spending and Workforce

Money directed toward homelessness resolution in Denver comes from three cardinal sources: charitable organizations, governments, and the medical profession. In Denver, dozens of non-profits are dedicated at least partially to serving the homeless; together, these produce over 40% of CSI's estimate of 2023 spending on homelessness within the city. Much of the funding

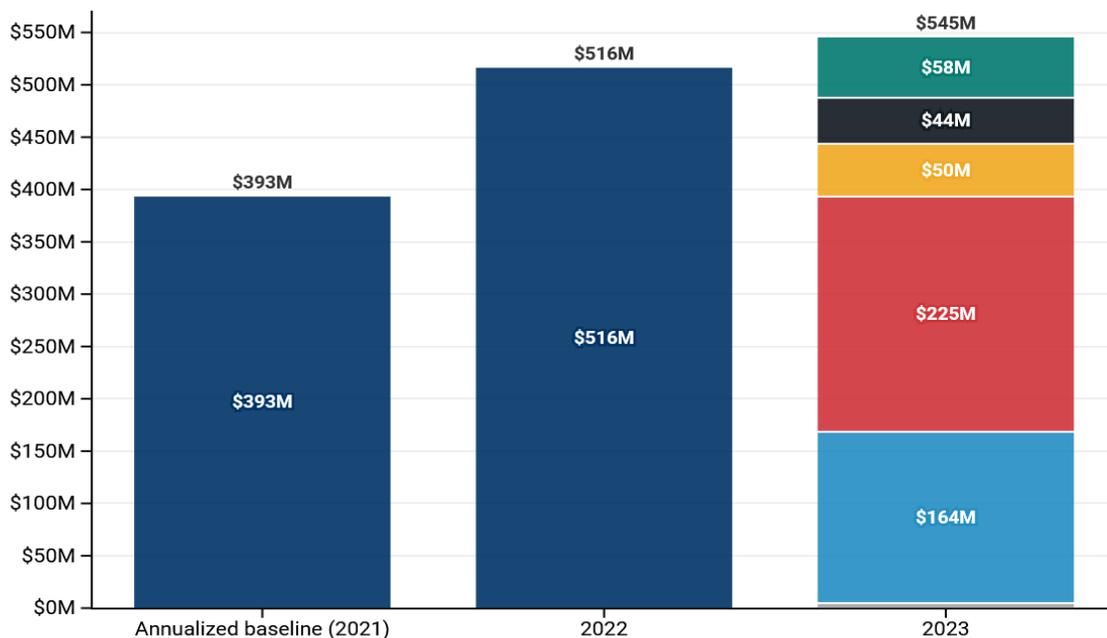
managed by these organizations comes from the City of Denver’s municipal budgets, which also set aside smaller quantities of money for direct spending on homelessness resolution. The State of Colorado and the federal government have funded much of the spending that will occur in 2023, but their recently increased contributions are not ongoing. Finally, medical institutions provide homeless Denverites costly compensated and uncompensated care—of these, only Denver Health was included in CSI’s analysis because it directly reports amounts spent on homeless patients.

Summary Findings from CSI’s 2022 Report “Homelessness in Metro Denver: An Opportunity to Transform Resources and the Existing System”:ⁱⁱ

- CSI estimates that total budgeted homelessness spending in Denver will grow from \$393.2 million in 2021 to \$545.3 million in 2023 (38.7%) and total \$1.45 billion over those three years.

Estimated Denver Total Spending on Homelessness (2021–2023)

■ Baseline municipal spending and contracts ■ Baseline Denver Health spending ■ Baseline non-profit spending
 ■ New budgeted HOST spending ■ New budgeted state funding ■ New budgeted federal funding ■ Total



- The \$152 million increase in spending, which is primarily non-recurring, will come from three sources:
 - \$50.4 million from Denver’s Office of Housing Stability (HOST) and the Denver Police Department
 - \$44 million from Denver’s estimated portion of an increase in state homelessness spending
 - \$57.7 million from additional city expenditure of one-time federal relief funds

- The estimated 2023 spending per person experiencing homelessness or in permanent supportive housing (according to a range of daily count estimates) in Denver is expected to be between \$37,309 and \$73,450. In contrast, a typical rent in Denver, according to Zillow’s rent index, is \$23,580 per year.
- In looking at Denver’s estimated share of the yearly cumulative count reported by MDHI, total 2023 spending per homeless person is expected to be \$24,291.
- Denver’s estimated workforce of individuals employed at both private and public organizations that provide care and support services for individuals experiencing homelessness is between 3,080 and 5,380 or approximately 77% of the 4,000 to 7,000 estimated across metro Denver.
- Total personnel exclusively dedicated to homelessness within Denver’s Department of Housing Stability(HOST) increased from 23 jobs in 2021, to 51 in 2022 and are budgeted to be 53 in 2023, more than doubling the number of total personnel. This includes 21 new jobs in 2023 dedicated to an early intervention team, funded through marijuana sales tax revenue.

Below is a detailed overview of Denver homelessness spending identified by CSI.

Estimated 2023 Expenditures: City of Denver		
Baseline	Direct municipal spending and contracts	\$4,810,894
	Denver Health	\$163,665,974
	Non-profits	\$224,722,949
New 2023	Department of Housing Stability (HOST) general fund	\$10,002,066
	Denver Police Department	\$1,630,118
	HOST special funds	\$38,792,671
	State funds	\$43,982,301
	Federal funds	\$57,650,000
Total 2023 spending		\$545,256,973

State Budgeting and Local Policy

As homelessness has emerged as a growing problem in Colorado, particularly in the Denver metro area, many municipalities appear to have dramatically increased their direct and indirect spending on homelessness resolution. Likewise, the state government has decided to undertake homelessness spending obligations that dwarf its usual ongoing contributions: through FY24, it plans to spend an additional \$200 million on homelessness initiatives atop another \$45 million that it already distributed in FY21.

New State Homelessness Spending Initiatives			
Bill	Description	Year	Amount
SB21-242	Funds local purchases of hotel/motel space to be repurposed into homeless shelter	FY21	\$45,063,310
SB22-211	Repurposes an existing youth services center in Watkins into a residential facility for the homeless	FY23	\$45,126,522
HB22-1377	State-run grant program for local governments' homelessness reduction efforts	FY23 and FY24	\$104,800,000
HB22-1378	Grant to be awarded to one new or repurposed homelessness-prevention facility in metro Denver	FY23	\$50,081,965
TOTAL:			\$245,071,797

Much of this and other new spending, especially in Denver, has been enabled by a windfall of federal funds—an exhaustible resource which governments cannot expect to persist long into the future. With this in mind, leaders in Denver, where homelessness continues to be an increasingly severe problem, should strive to adopt practices conducive to the proper management of public resources, transparent recordkeeping, and efficacious policy. The upcoming local election presents Denverites an opportunity to steer policy in a beneficial direction and help their city reverse its inauspicious trajectory.

CSI’s 2022 report on homelessness spending in metro Denver finds that, though it’s possible to track most of the money spent on homelessness, understanding the actual supply of homelessness resources is much more difficult. It’s important that, at both the state and local levels, policymakers develop frameworks for understanding what kinds of support (like shelter, medical care, mental health treatment, and skills training) are lacking, in excess, or in need of redeployment. CSI supports local and statewide efforts to increase public oversight of homelessness initiatives and resource allocation and recommends that governments facilitate these for the sake of finding effective solutions.

About the Authors

Erik Gamm – Erik is a Research Analyst for Common Sense Institute

Chris Brown – Chris is the VP of Policy and Research for Common Sense Institute

Teams & Fellows Statement

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans and Arizonans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is driven by data-driven research and evidence. The views and opinions of fellows do not reflect institutional views of CSI. CSI operates independently of any political party and does not take political positions.

ⁱ <https://www.mdhi.org/pit>

ⁱⁱ <https://commonsenseinstitute.co.org/homelessness-in-metro-denver/>