



Recommendation for Action

File #: 19-1172, **Agenda Item #:** 16.

3/28/2019

Posting Language

Authorize negotiation and execution of an agreement with Payor Alliance for AT Home LLC, for a Pay for Success project delivering permanent supportive housing services for a 60-month period, for a total agreement amount not to exceed \$6,000,000. Related to item 19-1193.

Lead Department

Austin Public Health

Fiscal Note

Funding in the amount of \$1,200,000 is included in the Fiscal Year 2018-2019 Pay for Success Reserve Fund Operating Budget (Ordinance No. 20180911-001). Subsequent annual funding is contingent upon funding allocations in future budgets.

Prior Council Action:

On January 26, 2017, Council passed Resolution No. 20170126-043, directing the City Manager to develop a Pay for Success action plan for permanent supportive housing in which the City would be an end-payor, on a vote of 11-0. On November 20, 2014, Council passed Resolution No. 20141120-084, directing the City Manager to explore technical assistance and grant funding opportunities for studying the feasibility of social impact financing for community projects, on a vote of 7-0.

For More Information:

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Additional Backup Information:

Approval of this item will authorize Austin Public Health to negotiate and execute an agreement with Payor Alliance for AT Home LLC, a wholly owned subsidiary of Social Finance, Inc., for a Pay for Success project. This project will deliver wrap-around services in conjunction with permanent supportive housing (PSH) for up to 250 individuals who have experienced chronic homelessness and are among the highest cost utilizers of public services, including criminal justice interactions, emergency response encounters, and healthcare services. The City of Austin will be one of several end-payors for this project and will make payments to Payor Alliance for AT Home LLC based on positive outcomes demonstrated through housing stability for each formerly homeless individual participating in the program.

Payor Alliance for AT Home LLC is a limited liability company which partners with participating health care entities and municipalities to secure public/private funds towards the goal(s) of the project. Social Finance, Inc. is a 501(c)(3) nonprofit organization, which partners with governments, nonprofits, foundations, impact investors, and financial institutions to create innovative financing solutions to improve social outcomes.

As outlined in Austin Public Health memos to Mayor and Council on May 23, 2017, September 1, 2017 and August 17, 2018, multiple City departments have worked in response to Resolution No. 20170126-043 to develop a Pay for Success

action plan for a permanent supportive housing project in Austin/Travis County. A component of this project will be Austin Public Health's representation on a governance committee with other end-payors and project stakeholders to evaluate progress, address barriers to success, and negotiate any changes necessary to serve the interests of program participants, project stakeholders, and the City. Other planned end-payors and financial commitments currently include:

Travis County	\$600,000 annually	\$3 million for five-year project
Central Health	\$400,000 annually	\$2 million for five-year project
Community Care Collaborative	\$400,000 annually	\$2 million for five-year project
Episcopal Health Foundation	\$400,000 annually	\$2 million for five-year project

Additionally, on behalf of the community, the Ending Community Homelessness Coalition (ECHO) has received the following grant funding for this particular Pay for Success project:

- \$881,376 from the U.S. Department of Housing and Urban Development and the Department of Justice.
- \$885,373 from the St. David's Foundation to support a pilot program serving 24 PSH households.
- \$250,000 from the Nonprofit Finance Fund.

The \$6 million in City funding for this five-year project is helping to leverage over \$11 million in funding from other community partners, foundations, and grants from non-profits and the federal government.

ECHO will be responsible for coordinating housing location services and housing subsidies for the permanent supportive housing units secured for this project. Abt Associates, Inc. has been selected as the independent external evaluator that will provide evaluation and verification services for metrics designated as outcome payments, as well as broader evaluation reports for informing future PSH strategies and investments.

Performance Measures:

Outcome payment metrics and contract exhibits will be negotiated with Payor Alliance for AT Home LLC

Related Departmental Goal:

Provision: Social Services - Promote and foster increased self-sufficiency, healthy behaviors, and lifestyle among targeted populations.