



## Recommendation for Action

**File #:** 20-1669, **Agenda Item #:** 28.

3/26/2020

### **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 54-month term, for a total agreement amount not to exceed \$6,000,000.

### **Lead Department**

Austin Public Health.

### **Fiscal Note**

Funding in the amount of \$1,200,000 is included in the Fiscal Year 2019-2020 Pay for Success Reserve Fund Operating Budget. Remaining funding of \$4,800,000 is available in the Pay for Success Reserve Fund and is planned to be appropriated in future budgets.

### **Prior Council Action:**

March 28, 2019 - Council authorized the 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 on an 11-0 vote.

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.

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:**

Stephanie Hayden, Director, 512-972-5010; Adrienne Sturup, Assistant Director, Health Equity and Community Engagement Division, 512-972-5167, Vella Karman, Interim Homeless Services Officer, 512-972-5064; Lucy Thompson, Agenda Coordinator, 972-5045.

### **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 (Project). This Project will deliver wrap-around services in conjunction with permanent supportive housing (PSH) for up to 225 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 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 Project.

Payor Alliance for AT Home LLC is a limited liability company that partners with health care entities and

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municipalities to secure public/private funds towards the goal(s) of various Pay for Success projects. Social Finance, Inc. is a 501(c)(3) nonprofit organization that 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 Project participants, Project stakeholders and the City. Other potential end-payors and potential financial commitments currently include:

Central Health	Outcomes End-payor	\$3 million for 54-month Project
Episcopal Health Foundation	Outcomes End-payor	\$2 million for 54-month Project
HUD/DOJ	Outcomes End-Payor	\$500,000 for 54-month Project
HUD/DOJ Grant	Grant towards Project	\$900,000 for 54-month Project
Ascension-Seton Grant	Grant towards Project	\$1 million for 54-month Project
St. David's Foundation Grant	Grant towards Project	\$4 million for 54-month Project

Additionally, on behalf of the community, the Ending Community Homelessness Coalition (ECHO) has received the following grant funding for program development and a pilot program serving 24 PSH households:

- Over \$1M from the St. David's Foundation to support the pilot and ECHO's leadership in system-level work
- \$250,000 from the Nonprofit Finance Fund

The \$6 million in City funding for this four-and-a-half 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 and 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

**Strategic Outcome(s):**

Health and Environment, Economic Opportunity and Affordability.