

## MEMORANDUM

**TO:** Mayor and Council Members

**FROM:** Dianna Grey, Homeless Strategy Officer 

**DATE:** December 17, 2021

**SUBJECT:** Staff Response Budget Rider 9 – FY 20-21 Homelessness Response Investment

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During the Fiscal Year 2020-2021 City of Austin Budget adoption process, City Council approved Budget Rider 9 – Homelessness Response Investment. This directive called for increasing investments in prevention, diversion, emergency shelter, transitional housing, rapid rehousing, and permanent supportive housing (see table below for specific amounts) to significantly reduce the unsheltered population in Austin.

Since then, a number of events have taken place that have positioned the City, and the community, to significantly expand the spectrum of services for people experiencing homeless and to make critical investments to strengthen the homeless response system. Specifically:

- **The Summit to Address Unsheltered Homelessness in Austin (Summit):** In the Spring of 2021, the Mayor, City Council Members, and the Homeless Strategy Division (HSD) worked closely with community leaders to develop a community-wide implementation strategy based on data-driven analysis, public input, and client and provider voices. The Summit resulted in an ambitious three-year community-wide investment plan to (a) house 3,000 people, (b) create 1,300 new affordable housing units; and (c) to strengthen the homeless response system.
- **Enactment of the American Rescue Plan Act (ARPA):** The City of Austin received \$195.8M in ARPA stimulus funds from the federal government to respond to the COVID-19 pandemic. City Council allocated \$106.7M (\$95.3M in ARPA State and Local Fiscal Recovery funds and \$11.4 in ARPA HOME-formula funds) of this funding to support the Summit goals. On October 21, 2021, I presented City Council with a plan for investing \$106.7M in ARPA funds (see details below).
- **The Re-launch of the Continuum of Care (CoC) Leadership Council:** As a representative of the City on the Council, I will be working with this group to help align the CoC's policies and investments with the Summit goals.



The Summit's three-year \$515M investment plan funds the full spectrum of services for people experiencing homelessness identified in Budget Rider 9. HSD developed the ARPA allocation strategy to (a) support the goals of the Summit; (b) be flexible and fill gaps between private and other government funders to ensure the Summit investment plan is fully funded; (c) catalyze investments and implementation across the array of services and capital investments; and (d) limit the use of one-time ARPA funding to scale programs requiring on-going funding (e.g., permanent supportive housing). The table below details the Summit's investment plan and how the City's ARPA funds will contribute toward this broader community effort.

COMMUNITY INVESTMENT PLAN		Three-Year Investment Plan		Suggested Investments - Budget Rider 9 <sup>1</sup>
		Summit Investment Plan	City of Austin ARPA Allocation	
Programmatic Investments	<b>1. Crises Services</b>	<b>\$22.8M</b>	<b>\$10.0M</b>	
	Diversion	\$3.9M	-	\$1.0M
	Shelter	\$5.0M	\$5.0M	\$1.8M
	Outreach Services	\$3.9M	\$2.0M	
	To Be Determined	\$10.0M	\$3.0M	
	<b>2. Core Housing Programs</b>	<b>\$177.8M</b>	<b>\$55.0M</b>	
	Permanent Supportive Housing (PSH)	\$56.1M	-	\$14.9M
	Rapid Rehousing <sup>2</sup>	\$85.5M	\$45.0M	\$4.3M
	Rapid Exit	\$2.6M	-	
	Targeted Prevention	\$11.9M	\$2.5M	
	Other <sup>3</sup>	\$21.8M	\$7.5M	
	<b>3. Other Services</b>	<b>\$17.7M</b>	<b>\$7.0M</b>	
	Mental Health & Substance Use	\$8.9M	\$3.0M	
	Employment Services	\$6.5M	\$3.0M	
	Benefits Access	\$2.3M	\$1.0M	
System Investments	<b>4. System Capacity Building</b>	<b>\$20.4M</b>	<b>\$9.2M</b>	
	Provider Capacity Building	\$3.9M	\$3.0M	
	System Oversight & Performance Management	\$4.6M	\$3.5M	
	Communications	\$1.9M	\$0.5M	
	Equity	\$5.0M	\$1.0M	
	Innovation	\$5.0M	\$1.2M	
Unit Creation	<b>5. Capital Investment (Housing Units)</b>	<b>\$266.0M</b>	<b>\$25.5M</b>	
	PSH	\$206.0M	\$22.5M	
	Rapid Rehousing	\$60.0M	\$3.0M	
Contingency	<b>6. Contingency</b>	<b>\$10.0M</b>	<b>-</b>	
<b>TOTAL</b>		<b>\$514.7M</b>	<b>\$106.7M</b>	<b>\$22.0M</b>

<sup>1</sup> Includes suggested investments for single adults, youths, and families.

<sup>2</sup> Includes bridge housing to PSH.

<sup>3</sup> Includes housing navigation, landlord outreach and incentives, and move in supplies.

The City Council appropriated \$65.2M in baseline funding for homelessness in FY21-22. This funding will be supplemented with \$101.7M in ARPA funding (note: approximately \$5.0M of ARPA funding was spent in FY20-21), which will be committed over fiscal years 2022 through 2024, and additional investments from Travis County and private funders directed towards the



Summit investment plan. These funding sources, working in concert and coordination with HSD, Summit leadership, and the CoC Leadership Council, will allow us to fulfil the intent of Budget Rider 9, therefore staff considers this directive completed. Please feel free to contact me at [dianna.grey@austintexas.gov](mailto:dianna.grey@austintexas.gov) should you have questions.

Cc: Spencer Cronk City Manager  
Anne Morgan, Interim Deputy City Manager  
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