



Recommendation for Action

File #: 23-2695, **Agenda Item #:** 68.

9/14/2023

Posting Language

Authorize negotiation and execution of Amendment No. 3 to the agreement with Caritas of Austin for the ImpACT Program to provide permanent supportive housing to individuals who have experienced chronic homelessness and are the highest utilizers of crisis services, to add funding in an amount not to exceed \$3,820,000 to the 24-month term beginning on October 1, 2023, and add five 12-month extension options beginning on October 1, 2025, each in an amount not to exceed \$660,000, for a revised total agreement amount not to exceed \$7,660,000.

Lead Department

Austin Public Health.

Fiscal Note

Funding in the amount of \$660,000 is included in the Fiscal Year 2023-2024 Austin Public Health Department Operating Budget. Funding in the amount of \$2,500,000 is available from the Pay for Success Reserve Fund. Funding for the remaining terms is contingent upon available funding in future budgets.

Prior Council Action:

May 6, 2021 - Council authorized negotiation and execution of an agreement with Caritas of Austin for the ImpACT program, on an 11-0 vote.

March 28, 2019 - Council authorized 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 approved Resolution No. 20170126-043 directing the City Manager to develop a Pay for Success type of contract proposal for permanent supportive housing for the homeless population in which the City would make payments based on specific outcomes that include a reduction in City costs relating to the homeless population, on an 11-0 vote.

For More Information:

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Additional Backup Information:

This action will authorize negotiation and execution of Amendment No. 3 with Caritas of Austin for the ImpACT Program to add funding in an amount not to exceed \$3,820,000 to the 24-month term beginning on October 1, 2023 and add five 12-month extension options each in an amount not to exceed \$660,000, for a revised total agreement amount not to exceed \$7,660,000.

Amendment No. 1 exercised the first extension option in the amount of \$600,000.

Amendment No. 2 exercised the second extension option in the amount of \$660,000.

The purpose of the ImpACT Program is to test the program design and initial operations of the Pay for Success permanent supporting housing (PSH) program that aims to house and support individuals experiencing homelessness and severe mental health issues who are frequent users of the criminal justice and emergency healthcare system in Austin/Travis County. The target population, support services delivery model, and program evaluation will be defined in conjunction with plans for the larger initiative. Support services will follow a modified model of Substance Abuse and Mental Health Services Administration's (also known as SAMHSA) Assertive Community Treatment model.

Caritas will help clients (i) address barriers to housing stability, (ii) manage mental illness and other disabling conditions, (iii) reduce interaction with the criminal justice system and number of jail days, and (iv) improve health outcomes.

As outlined in Austin Public Health's memorandums issued to Mayor and Council on [May 23, 2017](https://services.austintexas.gov/edims/document.cfm?id=277563) <<https://services.austintexas.gov/edims/document.cfm?id=277563>>, [September 1, 2017](https://services.austintexas.gov/edims/pio/document.cfm?id=283305) <<https://services.austintexas.gov/edims/pio/document.cfm?id=283305>>, and [August 17, 2018](https://services.austintexas.gov/edims/document.cfm?id=304281) <<https://services.austintexas.gov/edims/document.cfm?id=304281>>, multiple City departments have worked in response to Resolution No. 20170126-043 to develop a Pay for Success action plan for a PSH 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 for a total \$3 million for a five-year project
- Central Health \$400,000 annually for a total \$2 million for a five-year project
- Community Care Collaborative \$400,000 annually for a total \$2 million for a five-year project
- Episcopal Health Foundation \$400,000 annually for a total \$2 million for a five-year project

Additionally, on behalf of the community, the Ending Community Homelessness Coalition (ECHO) has received the following grant funding for the 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.