

**RESOLUTION NO. 20170126-043**

**WHEREAS**, Pay for Success, an innovative multi-stakeholder financing tool, allows governments to pay only for positive social outcomes by leveraging financing from the private sector to achieve positive social outcomes such as expanding effective social service programs; and

**WHEREAS**, Pay for Success is a way to foster innovation in social services by reducing the risk to taxpayers that they will be funding ineffective programs, and also by encouraging collaboration to deliver positive outcomes to multi-faceted problems; and

**WHEREAS**, Council, in Resolution 20141120-053, instructed the City Manager to study the feasibility of Pay for Success and to consider grant opportunities for Austin to participate; and

**WHEREAS**, three communities - Denver, Colorado; Santa Clara County, California; and the State of Massachusetts - have successfully used the Pay for Success funding model to deliver housing-first permanent supportive housing to address chronic homelessness; and

**WHEREAS**, Council, in Resolution No. 20100325-053, adopted a Permanent Supportive Housing Strategy for Austin to promote development of a community strategy to develop rental housing and the requisite support services to end chronic homelessness; and

**WHEREAS**, this strategy led to the creation of 350 units of Permanent Supportive Housing (PSH); and

**WHEREAS**, Resolution No. 20141002-043 directed the City Manager to promote the development of 400 additional PSH units and support services; and

**WHEREAS**, despite this progress, Austin still needs to create PSH for 1,000 households experiencing homelessness; and

**WHEREAS**, PSH requires affordable, low-barrier rental housing, rental subsidies, and funding for support services such as case management, access to health care, employment programs, and counseling; and

**WHEREAS**, the Ending Community Homelessness Coalition (ECHO), Social Finance, Inc. (a non-profit 501(c)(3) corporation), and Corporation for Supportive Housing (CSH) have developed the framework for a PSH Pay for Success project in Austin / Travis County informed by a feasibility study completed in 2016; and

**WHEREAS**, the ECHO feasibility study determined the top 500 most “expensive” homeless individuals in Austin / Travis County each incur an average annual public cost of \$101,218 resulting from the use of healthcare, criminal justice, and emergency services system; and

**WHEREAS**, the national and local data suggest that placing this population in PSH can reduce the annual public cost by approximately \$63,000 per individual, after accounting for the cost of support services; and

**WHEREAS**, the national and Austin / Travis County specific data, anticipates the following specific benefits would accrue if the chronically homeless population is provided with PSH:

- Emergency shelter cost elimination of \$600 per person per year, representing a 100% reduction in utilization of emergency shelter;
- Downtown Austin Community Court cost reduction of \$300 per person per year, a reduction of 82%;
- Hospital inpatient cost reduction of \$59,400 per person per year, a reduction of 86%;
- Emergency room cost reduction of \$11,600 per person per year, a 62% reduction;
- EMS cost reduction of \$4,000 per person per year, a reduction of 50%;
- Jail bed day cost reduction of \$2,200 per person per year, a reduction of 50%; and
- Jail booking cost reduction of \$200 per person per year, a reduction of 50%; and

**WHEREAS**, ECHO with support from Austin, Travis County and Central Health leadership, and in partnership with Social Finance and the CSH has been awarded \$1.3 million in federal funding to develop and execute this Pay for Success project in Austin / Travis County; and

**WHEREAS**, this project targets the 250 most frequent users of healthcare and criminal justice and considers outcome payments based on improved housing stability, improved health outcomes by reducing emergency room usage, EMS and inpatient costs and reduced jail system usage, and police interaction; and

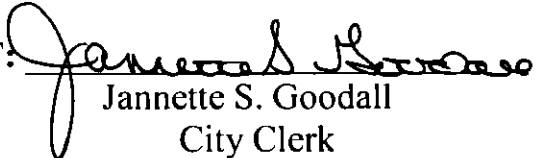
**WHEREAS**, this project envisions Austin, Travis County, and Central Health (or its partners) all serving as end-payors, making payments only if agreed-upon outcomes are achieved according to an independent evaluator; and

**WHEREAS**, members of the Austin Pay for Success Task Force, such as United Way for Greater Austin, Seton Healthcare Family, Workforce Solutions, Greenlights, and Austin Community Foundation, have unanimously endorsed this project and urge Council to commit the City to serve as an end-payor; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

The City Manager is directed to develop a Pay for Success action plan for PSH in which the City would be an end-payor, including project design elements such as payment-related outcome metrics(s), evaluation design, payment schedule, and a plan for the appropriation of funds, to be presented for Council consideration no later than March 2, 2017.

**ADOPTED:** January 26, 2017

**ATTEST:**   
Jannette S. Goodall  
City Clerk