

- Please break down the proposed spending for each area of the "Immediate Relief Needs." In particular, please detail the categories of spending related to the Hotel Occupancy Tax programs and planned spending within each category.

Staff presented [the American Rescue Plan Act Revised Spending Framework](#) to Council on May 18, 2021. The revised spending framework included a recommendation to allocate \$22.9M for three immediate relief needs: the Colony Park Sustainable Community Health Center (\$1.5M), Hotel Occupancy Tax (HOT) Programs (\$20M), and additional financial relief to individuals and households (\$1.4M).

COLONY PARK: Residents in Austin's Colony Park neighborhood have extremely limited access to health care. In fact, that there are no health facilities east of Highway 183. This is one major factor contributing to the disproportionately higher rates of COVID-19 hospitalizations, chronic diseases, and other health challenges for residents in and near Colony Park. The City of Austin and Central Health plan to open a Colony Park Sustainable Community Health and Wellness Center on City-owned land in the Colony Park neighborhood. Not only would the health center improve current health disparities, but also ensures the community is more resilient to overcome future health emergencies. Therefore, staff recommend allocating \$1.5M of the City's ARPA funds to this project to pay for the installation of water and wastewater infrastructure for the health center. The U.S. Treasury Department explicitly stated that municipalities could use ARPA allocations for water and wastewater infrastructure. The infrastructure investment would be a catalyst for the health center – as well as for the broader Colony Park Sustainable Community Project.

HOT PROGRAMS: Prior to the COVID-19 pandemic, Austin creatives struggled with a lack of affordability due to rising costs of living and static or shrinking annual revenues. The COVID-19 pandemic exasperated the issue, as many local creatives experienced significant revenue and job losses driven by a drastic decline in tourism. Cancelled events and conventions, public safety travel restrictions, and travelers' fears of contracting COVID-19 influenced tourists' decisions to cancel their trips. The reduction in visits to Austin meant fewer occupied hotel rooms in 2020, which will have a negative effect on local Hotel Occupancy Tax (HOT) revenues. The pandemic's financial impacts are clearly seen in data from economic relief programs administered by the City of Austin. For example, the Austin Creative Worker Relief Grant witnessed significant over-subscription of eligible applicants (5,090 of 1,866 awarded). Therefore, on May 18, staff recommended allocating \$20M of the City's ARPA funds to three HOT-funded programs – the Cultural Arts Fund, Historic Preservation Fund, and Live Music Fund. These allocations would replace lost revenues and make each fund whole, which would allow the City to continue offering financial support to sustain Austin's creatives until they are able to financially recover from the pandemic.

FINANCIAL RELIEF: Austin is experiencing a K-shaped recovery. While some residents are rapidly recovering from the pandemic, others continue to struggle with past-due bills and insufficient funds/resources to meet their basic needs (e.g. food, housing, sanitation, childcare). Therefore, City staff recommend allocating \$1.4M of the City's ARPA funds to help households meet their basic needs and/or pay for past-due rent. This funding could be rapidly deployed by replicating best practices – and avoiding pitfalls – from previous programs such as RISE and RENT.

- Please explain whether the Colony Park Sustainable Community Health Center could be funded via certificates of obligation. Please explain whether Central Health intends to contribute financially to this facility.

The \$1.5M ARPA funding request for the Colony Park Sustainable Community Health and Wellness Center is for the water and wastewater infrastructure needed on the parcel of land the City intends to sell to Central Health. At this time, Central Health is prepared to purchase this parcel of land on the condition that the City provides the utility infrastructure needed for developing the Health and Wellness Center. While the City will utilize all of the proceeds from the sale of the land for the street and utility infrastructure needed for this parcel, there is a \$1.5M deficiency which staff intends to address with ARPA funding (with Council approval). Central Health will solely fund the development of the Health and Wellness Center facility on this parcel which will include space leased by Austin Public Health and Austin Public Library for Colony Park community needs.

As advised by City bond counsel, the Texas Attorney General's Office would not approve certificates of obligation for this project because they would see this as the City lending its credit to Central Health.