




## MEMORANDUM

**TO:** Mayor and Council Members

**THROUGH** Stephanie Hayden-Howard, Assistant City Manager

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

**DATE:** June 13, 2022

**SUBJECT:** Update on Finding Home ATX Fundraising Efforts and ARPA

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This memorandum provides an update regarding the Finding Home ATX (previously referred to as the Summit to End Unsheltered Homelessness) fundraising efforts, as well as the status of spending and plans for the use of American Rescue Plan Act (ARPA) funds dedicated to homelessness.

This memo is responsive to the Homeless Strategy Division's (HSD) commitment to provide quarterly updates to City Council regarding the Finding Home ATX fundraising goal; ARPA funding commitments, expenses, and investment plan for unobligated funds; and outcomes achieved.

### Executive Summary

- *Finding Home ATX Fundraising:* As of April 30, 2022, \$422M, or 82% of the \$515M goal, have been committed or are anticipated, representing an \$8.0M net increase since the February 2022 update to City Council. The Finding Home ATX committee has approximately 10-12 private funding prospects in the development pipeline.
- *CoA ARPA Allocation and Spending Plan:* ARPA encumbrances and expenditures are modest to date, as the majority of ARPA funds are still in the solicitation process. Nearly 65 percent (or \$69.3M) of the \$106.7M in ARPA funds dedicated to homelessness will be deployed via Austin Public Health (APH), which has initiated solicitations for \$60.5M in ARPA funds and is expected to solicit another \$4.5M by the end of the summer.
- *Community Engagement:* The Homeless Strategy Division (HSD) has held the first of planned quarterly community updates to provide information about the work being done to address homelessness and progress toward the Finding Home ATX goals.

### Background

The three-year Finding Home ATX plan calls for \$515M in investments from public and private sources to achieve three core objectives: (1) house an additional 3,000 individuals experiencing homelessness, (2) add 1,300 new units of affordable housing for the population experiencing homelessness, and (3) build a better Homelessness Response System by ensuring program access and outcomes are equitable, investing in social service provider capacity building, and developing stronger system oversight and performance management functions. The investment plan will fund capital expenditures, programs, and services across the Homelessness Response System (see Appendix Table 1 for details).

City Council committed \$106.7M of ARPA funds (\$95.3M in ARPA State and Local Fiscal Recovery Funds and \$11.4M in ARPA HOME-formula funds), which will be leveraged by an estimated \$124M from the General Fund, the Housing Trust Fund, and the 2018 GO Bond, to advance the goals of the Finding Home ATX initiative.

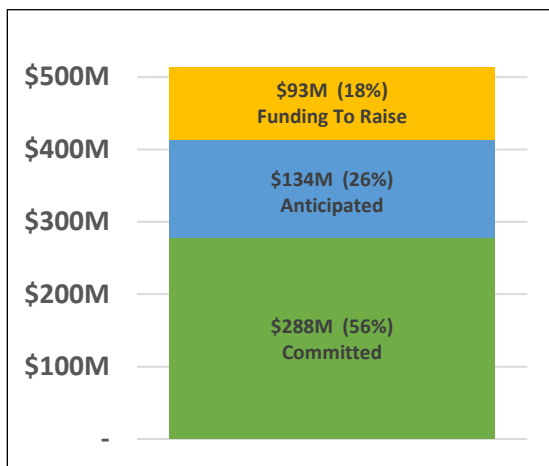
In October 2021, [HSD presented City Council](#) with a strategy for investing the City’s ARPA funds to:

- a) catalyze investments and implementation across the array of services and capital investments,
- b) retain a measure of flexibility to shift ARPA funds among spending categories, as needed, in response to funding provided by other private or public funders, and
- c) avoid the use of one-time ARPA funding to scale programs requiring on-going funding (e.g., Permanent Supportive Housing).

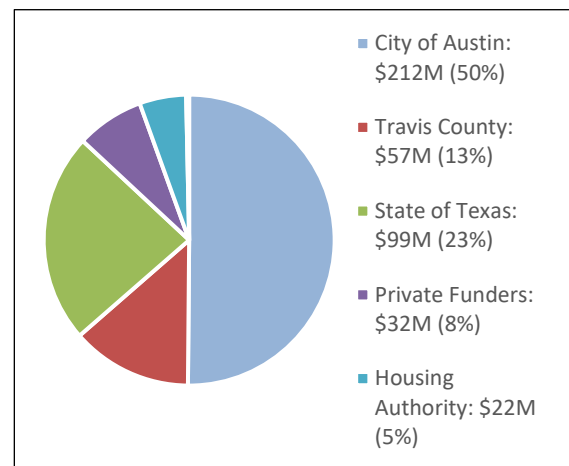
Appendix Table 2 details the Finding Home ATX investment plan and how the City’s ARPA funds will contribute toward this broader community effort.

**Finding Home ATX Fundraising Update**

As of April 30, 2022, \$422M, or 82% of the \$515M investment plan, have been committed or are anticipated from ongoing funding sources. This represents an \$8.0M net increase since the February 2022 update. The largest new sources of funding were from Emergency Rental Assistance Program at the Texas Department of Housing and Community Affairs, as well as private philanthropy, including Austin FC and John Paul DeJoria of Paul Mitchell Hair Care. Figures 1 & 2 show the progress toward the \$515M fundraising goal, as well as the sources of current funding commitments.



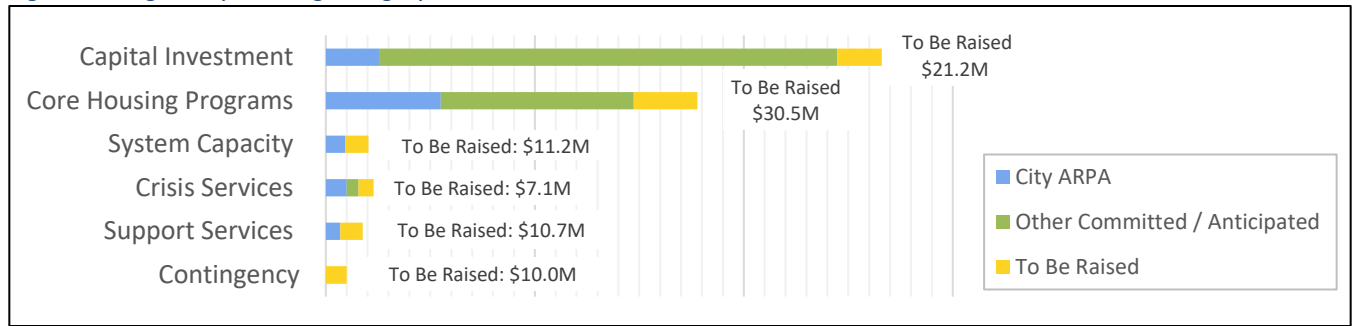
*Figure 1: Finding Home ATX Funding Status as of 4/30/2022*



*Figure 2: Finding Home ATX Committed and Anticipated Funding Sources*

Much of the funding secured to date has been directed toward the largest funding categories – capital investment and core housing programs. The majority of private funding has been dedicated to the creation of affordable housing units (i.e., capital investment). While we are pleased with the progress to date, there is a need to better balance fundraising between capital investments and critical support services, crisis services, and system capacity needs. Finding Home ATX leadership has approximately 10-12 private funding prospects in the development pipeline that will help close the remaining funding gap if commitments are secured. Figure 3 describes the current progress toward each funding priority’s goal.

Figure 3: Progress by Funding Category



**CoA ARPA Allocation and Spending Plan**

Nearly all the City’s ARPA funding for homelessness will be deployed through three City departments: Austin Public Health (\$79M), Housing & Planning (\$19M), and the Downtown Austin Community Court (DACC) (\$7M).

ARPA encumbrances and expenditures have been modest to date because most of the funds are in the solicitation process.

- Nearly 65 percent of the ARPA funds will be deployed via Austin Public Health (APH), which has initiated solicitations for \$60.5M in ARPA funds and is expected to solicit another \$4.5M by the end of the summer. Table 1 below provides additional details on the APH solicitation process.
- As of the end of March, \$4.8M (or 4%) of the \$106.7M ARPA funding has been spent on capital investments related to the City’s purchase of hotels, with an additional \$3.9M approved by City Council on May 19<sup>th</sup>. A spending plan for the \$11.4M of HOME-ARP funds must be approved by the U.S Department of Housing and Urban Development (HUD) before it can be spent. The Housing and Planning Department is currently collecting community feedback on the proposed HOME-ARP spend plan and will submit the plan to HUD for approval late in the summer.
- The \$7.0M allocation to the DACC will be used by DACC to (a) sustain the expansion of their Intensive Case Management Team that provides Rapid Rehousing services and (b) fund behavioral health and primary care services for individuals experiencing homelessness through a partnership with Integral Care’s Homelessness Health and Wellness Center.

It is important to note that of the \$95.3 in ARPA State and Local Fiscal Relief Funds that City Council dedicated to homelessness, only \$11.7M was made available through the Fiscal Year 2020-21 appropriation. The remaining \$83.6M will be made available when City Council approves the second tranche of ARPA funding. Therefore, approval of the second tranche of ARPA funding will be necessary before most of the ARPA-funded contracts, especially those disbursed by APH, can be executed.

Staff is also monitoring significant increases in capital costs and rents over recent months and will be assessing any necessary adjustments to the Finding Home ATX and/or ARPA investment strategies.

Table 1: Schedule of Solicitations for Finding Home ATX

Solicitation Schedule	Phase #1	Phase #2	Phase #3	Phase #4
Focus Area	Housing Stabilization	Crisis Response	Supportive Services	Capacity Building
ARPA-Eligible Project Types	<ul style="list-style-type: none"> <li>Rapid Rehousing</li> <li>Landlord Engagement, Navigation, Move-In Costs</li> </ul>	<ul style="list-style-type: none"> <li>Shelter</li> <li>Street Outreach</li> <li>Day Resource Centers</li> <li>Respite Care</li> </ul>	<ul style="list-style-type: none"> <li>Employment Services</li> <li>Behavioral Health</li> <li>Benefits Access</li> <li>Capacity Building</li> </ul>	Organizational Capacity Building Innovation Equity
Total Solicitated Amount (ARPA Funds)	\$53M (\$45M of ARPA)	\$10M (\$9M of ARPA)	\$7.5M (\$6.5M of ARPA)	~\$4M (100% ARPA)
Timeline	Released: January 31, 2022 Closed: March 9, 2022 Awardees notified: June 2022	Released: March 31, 2022 Closed: May 12, 2022 Awardees notified: July 2022	Released: May 31, 2022 Closes: July 7, 2022 Awardees notified: August 2022	TBD

**First Quarterly Community Engagement Session**

To increase awareness and engagement with community stakeholders, HSD has launched quarterly update events to provide information about the work being done to address homelessness, including progress toward fulfilling the goals of Finding Home ATX. The first round of updates were provided in virtual meetings on April 28, May 2<sup>nd</sup>, and May 3<sup>rd</sup>. In total, approximately 275 individuals attended the sessions.

Should you have any additional questions regarding this information, please feel free to reach out to me at [dianna.grey@austintexas.gov](mailto:dianna.grey@austintexas.gov).

CC: Spencer Cronk, City Manager  
CMO Executive Team  
City Department Directors and Assistant Directors

Table 1: Finding Home ATX Investment Plan

Spending by Category <sup>1</sup>	People Served or Housing Units				Funding Needs			
	Year 1	Year 2	Year 3	Totals	Year 1	Year 2	Year 3	Totals (\$)
<b>PROGRAMMATIC EXPENDITURES</b>	<b>1,008</b>	<b>2,203</b>	<b>2,089</b>	<b>5,300</b>	<b>\$38M</b>	<b>\$75M</b>	<b>\$105M</b>	<b>\$218M</b>
1. Crisis Services (HH Stabilized) <sup>2</sup>	110	220	330	660	\$9M	\$7M	\$7M	\$23M
2. Core Housing Programs (HH Stabilized) <sup>2</sup>	898	1,983	1,759	4,640	\$20M	\$63M	\$94M	\$178M
3. Other Services <sup>3</sup>	TBD	TBD	TBD	TBD	\$8M	\$6M	\$4M	\$18M
<b>SYSTEM INFRASTRUCTURE</b>								
4. System Capacity Building	N/A	N/A	N/A	N/A	\$7M	\$7M	\$6M	\$20M
<b>CAPITAL INVESTMENTS</b>								
5. Capital Investment (Housing Units)	-	700	600	1300	\$140M	\$126M	-	\$266M
<b>CONTINGENCY</b>								
6. Contingency	N/A	N/A	N/A	N/A	\$2M	\$4M	\$4M	\$10M
<b>TOTALS</b>					<b>\$187M</b>	<b>\$213M</b>	<b>\$115M</b>	<b>\$515M</b>

<sup>1</sup> Figures may not add up exactly due to rounding.

<sup>2</sup> Unduplicated individuals

<sup>3</sup> Includes mental health, employment services, and benefits access

Table 2: Finding Home ATX and ARPA Investment Plan, Detailed

FINDING HOME ATX AND ARPA INVESTMENT PLAN		Three-Year Investment Plan	
		Summit Investment Plan	City of Austin ARPA Allocation
Programmatic Investments	<b>1. Crisis Services</b>	<b>\$22.8M</b>	<b>\$10.0M</b>
	Diversion	\$3.9M	-
	Shelter	\$5.0M	\$5.0M
	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	-
	Rapid Rehousing <sup>2</sup>	\$85.5M	\$45.0M
	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>	

<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.