



Department of Housing Services



To: Homeless Solutions Advisory Council
From: Nicole Stingh, Strategic Initiatives and Relations Manager
Date: December 13, 2024
RE: SHS Financial Overview and Budget Conversation

In preparation for difficult programmatic reduction conversations, this memo outlines key information about SHS revenue, expenditures of Washington County's homeless services system, and next steps in our budget process. As a reminder, and to ground the Solutions Council ahead of our December 19th meeting, staff are working off of the following principles in programmatic reductions.

Guiding Principles

- Maintain focus on housing for priority Populations A and B
- Apply equity lens to avoid increasing racial disparities
- Strive to maintain a balanced system so people can move from shelter to housing
- Keep commitments to capital investments with stable operational funding
- Balance quality and quantity; use approaches that are person-centered and sustainable long term
- Continue to seek funding from other public systems to address community needs
- Manage impacts to providers and participants with intentional ramp-down periods

During our time together, we will ask the following questions. As you read through this memo, please keep them in mind.

- In what programs might we have overbuilt our program capacity (see lavender column above)?
- How could our commitments better serve priority populations?
- Population A and B, with 75% of funds dedicated to Population A.
- How could our commitments better ensure equitable access and reach diverse communities while addressing racial disparities in historic housing outcomes?
- What commitments would we reduce to better balance our homeless services system in alignment with our shared guiding principles?
- Which programs can be scalable year over year as resources and needs change?

This memo is dense with a lot of context and information, please use the table of contents below to navigate and learn more.

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Revenue Update

Washington County received updated forecast information from Metro at the beginning of the month. Not to mince words, the updated forecast represents the worst-case scenario staff were planning for. Revenue is projected to be \$51.4 million lower, region wide, than the 2023 forecast. This represents over \$16.4 million less for Washington County **this** fiscal year.

FY 2024-25 – FY 2029-30 Forecast

Ended FY 2023-24 roughly 6% below forecast. Slower growth also expected in near term due to lower expectations for local economy.

| | FY 25 | FY 26 | FY 27 | FY 28 | FY 29 | FY 30 |
|-------------------------------|---------|---------|---------|---------|---------|---------|
| Forecasted Tax Revenue | \$323.1 | \$328.8 | \$349.7 | \$383.2 | \$408.7 | \$427.0 |
| Tax Collection Costs | \$11.1 | \$11.4 | \$11.8 | \$12.1 | \$12.5 | \$12.8 |
| Net Collections | \$312.0 | \$317.4 | \$337.9 | \$371.1 | \$396.2 | \$414.2 |
| Metro Admin | \$15.6 | \$15.9 | \$16.9 | \$18.6 | \$19.8 | \$20.7 |
| Partners | \$296.4 | \$301.5 | \$321.0 | \$352.5 | \$376.4 | \$393.5 |
| Clackamas | \$63.1 | \$64.2 | \$68.4 | \$75.1 | \$80.2 | \$83.8 |
| Multnomah | \$134.3 | \$136.6 | \$145.4 | \$159.7 | \$170.5 | \$178.3 |
| Washington | \$98.7 | \$100.4 | \$106.9 | \$117.4 | \$125.3 | \$131.0 |
| Nov 2023 Forecast | \$374.5 | \$378.7 | \$404.0 | \$420.2 | \$437.0 | -- |
| Forecast Difference | -\$51.4 | -\$49.9 | -\$54.3 | -\$37.0 | -\$28.3 | -- |

Cost of Washington County’s Homeless Services System

The below table outlines, at a high level, the total cost of our current homeless services, with the understanding that some programs are coming offline and are not included, and planned expansions. The total cost below is not a reflection of the cost of any given year.

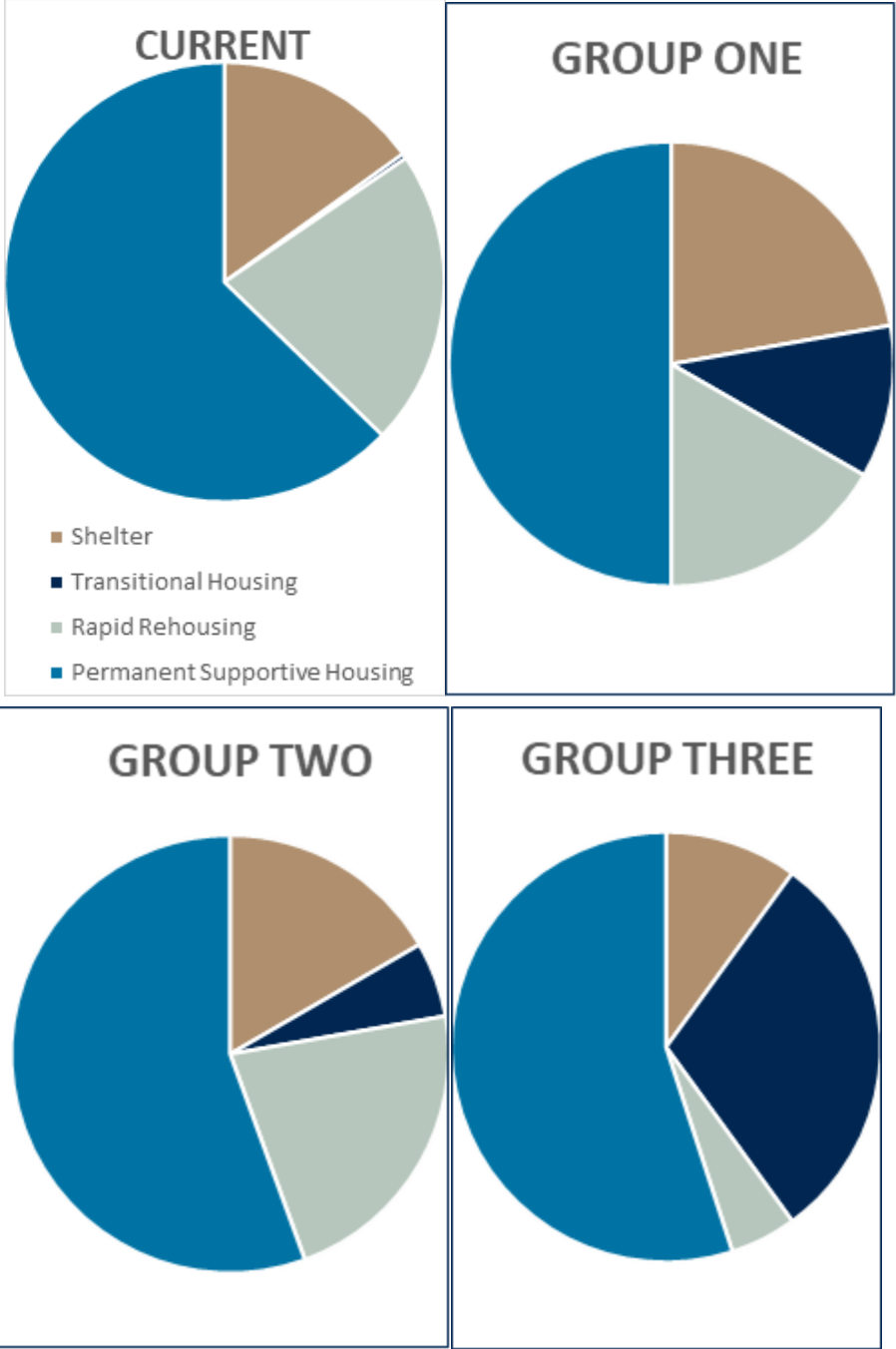
| Category and Capacity | Annual SHS Investment | Impacted Parties | Notes |
|--|---|--|---|
| <u>Access and Outreach</u> <ul style="list-style-type: none"> • 20 outreach workers (to serve 280 people at any given time) • 4 access centers distributed across the county | \$5.1 million | Forest Grove Foundation, Greater Good NW, HomePlate, Immigrant and Refugee Community Organization, Just Compassion, New Narrative, Open Door, Project Homeless Connect, Salvation Army, and potentially more | <p>The annual SHS cost assumes the operations of all four planned access centers, none of which are online, and represent approximately a third of access costs.</p> <p>To date, three access centers have been awarded a total of \$16 million. An additional access center will be placed in the Beaverton area with a procurement process anticipated in 2025.</p> |
| <u>Emergency Shelters</u> <ul style="list-style-type: none"> • 204 shelter units (not all SHS funded) • Inclement weather shelter <p><i>Two shelters will open, adding a total of 45 beds (125 total beds)</i></p> | <p>\$4.77 million for <u>current</u> operations</p> <p>\$5.25 million for <u>future</u> operations</p> | Open Door, Just Compassion, Boys and Girls Aid, Project Homeless Connect, and more | <p>The current operations includes one shelter that will close when the Hillsboro permanent shelter opens (system add of 25 beds). The Tigard shelter site is an expansion of 40 beds.</p> <p>Capital investments supported shelters in Beaverton, Tigard, and Hillsboro totaling \$17.95 million.</p> |
| <u>Alternative Shelters</u> <ul style="list-style-type: none"> • 90 pod units • 150 Project Turnkey shelters units (includes 10 Low Acuity Treatment Services (LATS)) • Total: 240 shelter units | <p>\$10.71 million</p> <ul style="list-style-type: none"> • \$4.26 million for pods • \$6.09 million for Project Turnkey • \$0.36 million for LATS | Open Door, Greater Good NW, Virginia Garcia Medical Center, Centro Cultural, Tualatin Valley Family Promise, Project Homeless Connect | <p>The LATS program, which offers shelter to people leaving a hospital setting, has 10 beds in a Project Turnkey shelter.</p> <p>Not included in the total is the \$3.52 million annual cost of the 65 hotel vouchers that will not continue next fiscal year.</p> <p>SHS has supported capital improvements at all pod and project turnkey sites. State Executive Order resources purchased 60 movable pods.</p> |

| Category and Capacity | Annual SHS Investment | Impacted Parties | Notes |
|---|---|---|---|
| <u>Transitional Housing</u> <ul style="list-style-type: none"> • 119 SHS units • 41 CoC units • Total: 160 units | \$2.49 million | Boys and Girls Aid, Domestic Violence Resources Center, Salvation Army, Central City Concern, Transcending Hope | <p>The ongoing cost represent the costs for operating 119 units awarded capital funds in December 2024. Currently, SHS is not support any units.</p> <p>The two awarded transitional housing sites received a conditional award of \$37.5 million (SHS and health system funds), and the Salvation Army CoC transitional housing received SHS capital funds.</p> |
| <u>Short-term Solutions</u> <ul style="list-style-type: none"> • 22 housing liaisons • 200 Move-In Only households • 200 Short-Term Solutions households • 40 careers started | \$5.22 million <ul style="list-style-type: none"> • \$3.8 million for housing liaisons • \$0.39 million for move-in only assistance • \$0.27 million in Short-Term solutions • \$0.78 million for Housing Careers | Bienestar, Tualatin Valley Family Promise, Greater Good NW, New Narrative, Open Door, Community Action, Project Homeless Connect, and Worksysetms | Eviction prevention is not included in this category as it has been funded with one-time resources (\$12.42 million to support 1,500 households) and is not planned to continue next fiscal year. |
| <u>Permanent Housing</u> <ul style="list-style-type: none"> • 707 Rapid Rehousing slots (includes 115 CoC slots) • 2,033 PSH slots (includes 209 CoC slots) • 100 long term rent assistance vouchers without case management | \$76.68 million <ul style="list-style-type: none"> • \$18.09 million for rapid rehousing • \$54.61 million for PSH • \$2.23 million for the Move On Program | Boys & Girls Aid, Bienestar, Centro, Cascade Aids Project, Community Action, CDP, CPAH, Centro, Easter Seals, Family Promise of GWC, Family Promise of TV, Good Neighbor Center, Greater Good, HomePlate, Housing Independence, Housing Authority of Washington County, | <p>The county is planning on downsizing the rapid rehousing program this fiscal year and are asking providers to voluntarily “remove” capacity from their rapid rehousing program, which is in alignment with Solutions Council feedback from the November meeting.</p> <p>Of the PSH units, 1,920 are tenant-based. There is a goal for 500 site-based PSH units, and the county plans to shift tenant-based</p> |

| Category and Capacity | Annual SHS Investment | Impacted Parties | Notes |
|--|--|---|--|
| (Move On Program) <ul style="list-style-type: none"> Required CoC match funds | <ul style="list-style-type: none"> \$1.78 million in CoC match | IRCO, Just Compassion, LifeWorks NW, NARA, New Narrative, Open Door, Project Homeless Connect, Salvation Army, Sequoia Mental Health Services, and Urban League | capacity to new PSH sites as they are planned and brought online. Washington County has invested non-SHS resources into Heartwood Commons. |
| <u>Permanent Housing</u> | | | |
| <u>System Support</u> <ul style="list-style-type: none"> Community Connect Risk Mitigation Program (insurance for landlords) 19 data quality staff across providers 3 city liaisons Furniture services for clients | \$5.71 million <ul style="list-style-type: none"> \$0.49 million for Community Connect \$1.27 million for Risk Mitigation \$1.99 million for data quality \$0.65 million for city coordination \$1.31 million for furniture services | Cities of Beaverton, Hillsboro, Sherwood, Tigard, and Tualatin, Bienestar, Boys & Girls Aid, Centro Cultural, Community Action, Community Partners for Affordable Housing (CPAH), Easter Seals, Family Promise of Greater Washington County (GWC), Family Promise of Tualatin Valley (TV), Good Neighbor Center, Greater Good NW, HomePlate Youth, Immigrants and Refugee Community Organization (IRCO), Just Compassion, Native American Rehabilitation Organization (NARA), Open Door Housing Works, Project Homeless Connect, New Narrative, Sequoia, Urban League, and, Community Warehouse | As we consider system constraints, staff are especially interested in Solutions Council feedback on the system support elements. The forecast represents a nearly 15% reduction in anticipated resources last year. How should the county reduce system supports for a system that is shrinking? |
| <u>County Admin</u> <ul style="list-style-type: none"> Staff Supplies Operational needs | \$5.56 million | Department of Housing Services | Washington County's administrative allowance is 5%. |
| Total System Cost: \$116.72 million <i>This includes the future shelter cost instead of the current.</i> | | | |

Portion of Intervention Types for Washington County's Homeless Services System

During the last Solutions Council meeting, we discussed proportionality of our homeless services system. As a reminder, staff leads worked in three teams to imagine three balanced system of care. Those were compared with our current system, and the Council advised staff that the group three appeared to best meet the needs of our community. One Council member made the observation that group one and two can help bridge us to a system with more transitional housing.



Understanding the Need of Washington County's Residents

To support our conversation, the data team prepared the summary below that speaks to the identified needs of the interventions. It's important to note that this data is not reflective of total community need and represents system data.

- Outreach:** Over the last 12 months, we have had 1,400 participants enrolled with a Street Outreach program at some point in the year. In that same time period, we saw an average of 87 new participants enrolled into a Street Outreach program each month. It is possible that the need is beginning to trend downward after a significant increase in the first part of the year, but it is a bit too early to tell.
- Access Centers:** These needs are somewhat hard to predict and we also know that the new SHS funding for Access Centers will bring on additional expectations for what services they provide. It is likely that **the** need for Access Centers will increase over time. That said, our current Access Centers have averaged serving 75 participants per day over the last 12 months with 2,900 unique participants engaging with Access Centers at some point during the year.
- Shelter:** As of 12/9, we have 980 households on the shelter waitlist. Of those, 364 households have indicated they have a medical vulnerability that would make them not a fit for congregate shelter settings (would need alternative shelter options). We do anticipate that there is some refinement needed in the way we ask this question and additional criteria that should be added to better define what makes someone unfit for congregate. Additionally, with the design of the new permanent congregate shelters, more people may be willing to go to congregate than before. The chart below shows those needs, and interest from participants in pod shelters, by household type.

| Population Type | Households | Not fit for Congregate | Interested in pods |
|-----------------------|------------|------------------------|--------------------|
| Total | 980 | 364 | 627 |
| Family | 220 | 40 | 22 |
| Transition Aged Youth | 36 | 12 | 29 |
| Adult 55+ | 150 | 75 | 108 |
| Adult | 574 | 237 | 468 |

- Transitional housing:** Until we have defined the eligibility requirements for our Transitional Housing programs, it will be tricky to fully predict the needs for this service type. However, some preliminary analysis completed earlier this year indicated the need might be around 200 households per year. We anticipate that this is likely an undercount though, as the Solutions Council identified there are households entering Rapid Rehousing that would likely be better served in transition housing. In addition, the [Oregon Health Authority has reported on the need for more behavioral health beds](#). As we begin developing these programs further and potentially add questions to our Phase I Assessment, we will be better equipped to predict these needs.

- **Short-term solutions & Move-In Only funds:** The need for these funds is harder to predict since we do not have a waitlist for these services. Instead, we analyzed historical utilization to estimate needs. Please note that we are currently working on changes to this program which may allow it to serve more households.

| Program | Households served per month | Annual household need |
|----------------------|-----------------------------|-----------------------|
| Short-Term Solutions | 3 | 36 |
| Move-in Only | 9 | 108 |

This funding source is something that could likely be expanded to better support households on the Rapid Rehousing and Supportive Housing waiting lists, specifically if targeted at households at risk of homelessness.

- **Rapid Rehousing:** As of 12/9/24, we have 1,090 Households waiting on medium-term services. Of those, 708 are literally homeless and 20 of those are also chronically homeless. Most of the need is for either Families or adult only households under the age of 55. Based on our current contracted capacity and vacancies, we have 107 slots available, leaving a gap of 983 households who cannot be served right now. That said, we have upcoming program exits that will help fill some of this gap. We have noticed recently that the volume on the waitlist has been stabilizing, with some very slight signals that the volume may be trending down.

| | Total Households | Chronically Homeless | Literally Homeless | Avg. Days on Waitlist | Total Available Capacity | Needs Gap | Chronic Needs Gap |
|-----------------------|------------------|----------------------|--------------------|-----------------------|--------------------------|------------|-------------------|
| Total | 1090 | 20 | 708 | 134 | 107 | 983 | 0 |
| Family | 400 | 2 | 249 | 121 | | | |
| Transition Aged Youth | 93 | 4 | 57 | 113 | | | |
| Adult 55+ | 74 | 0 | 41 | 99 | | | |
| Adult | 523 | 14 | 361 | 153 | | | |

- **Supportive Housing Needs (Permanent, site based and tenant based):** As of 12/9/24, we have 733 households who are on our waitlist for long-term services. Of those, 569 are literally homeless and 399 of those are also chronically homeless. Most of the need is in Adult only households. Based on our current provider vacancies, we have 143 slots available, leaving a gap of 590 households who cannot be served right now. Of those left unserved, about 256 are chronically homeless. The table on the next page displays this data. We do anticipate that we will be able to serve all chronically homeless Families, Transition Aged Youth, and Adults 55+ in the next few months. We have noticed recently that the volume on the waitlist has been stabilizing, with some very slight signals that the volume may be trending down.

| | Total Households | Chronically Homeless | Literally Homeless | Avg. Days on Waitlist | Total Available Capacity | Needs Gap | Chronic Needs Gap |
|-------------------|------------------|----------------------|--------------------|-----------------------|--------------------------|------------|-------------------|
| Total | 733 | 399 | 569 | 195 | 143 | 590 | 256 |
| Family Transition | 37 | 23 | 32 | 151 | | | |
| Aged Youth | 15 | 6 | 12 | 108 | | | |
| Adult 55+ | 220 | 47 | 133 | 156 | | | |
| Adult | 461 | 323 | 392 | 219 | | | |

Planned Programmatic Reduction for FY 2025-26

Since the close of the fiscal year, staff have been preparing for program reductions due to revenue collections below the previous forecast. These preparations came from the direction of the Board of County Commissioners during an October 25th, 2024, work session. As discussed in previous meetings, staff have put on hold any new program launches or contract expansions. Temporary programs, including eviction prevention and motel voucher funds that extended COVID-era programs, have been notified that funding will not be available in the coming year and planning is underway to ramp down these programs.

The first quarter financial report found spending on track at 15% of the authorized annual budget, a rate expected in the first quarter and not yet signifying sufficient reductions in spending. In addition, the forecast presents a worst-case scenario for the program, and further actions will be necessary to mitigate overspending in relation to anticipated reduced revenues **this** year. In addition, our conversations will inform how staff plan for Fiscal Year 2024-2025 targeting a \$100 million a year system.

Next week, on December 17th, Assistant Director Jes Larson will present the updated revenue forecast to the Board of County Commissioners and seek additional direction on mitigating the shortfalls between this year’s revenue forecast and last year’s forecast. The staff memo, presentations, and video of the Board Work Session will be available online before our meeting [at this link](#). Staff recommendations were made in alignment with Solutions Council conversations to date and include:

1. Accelerate the ramp down previously identified programming (eviction prevention and motel voucher shelter units).
2. Signaling further, necessary programmatic reductions for next fiscal year to include reducing capacity for rapid rehousing, the housing careers program (including a potential elimination), and reductions to data quality staffing. These were programs with lower impact to clients and in alignment with the feedback from Solutions Council to right size the rapid rehousing program as we prepare for additional transitional housing capacity.
3. Using carryover funds to establish a “Transition Fund” that will support our system in a gentle downsizing that seeks to protect the people we serve and limits impact to partner organizations.
4. Request repurposing of the Regional Investment Fund to add to the proposed “Transition Fund”. Per the Intergovernmental Agreement, the Tri-County Planning Body approves use of the Regional Investment Funds.

5. Given the dramatic change in the forecast, we understand that the forecasted figure is more accurately reflecting the resources we expect to receive this fiscal year. Staff recommended to the Board of County Commissioners that we budget to the forecasted number, meaning our base budget would be \$98.7 million (instead of roughly \$80-85 million).

Discussion Questions for December 19th

The majority of our time will be focused on this topic. Staff will briefly present this information and pose the questions below, aiming to keep most of our time together focused on collaborative dialogue.

1. In what programs might we have overbuilt our program capacity (see lavender column above)?
2. How could our commitments better serve priority populations?
 - a. Population A and B, with 75% of funds dedicated to Population A.
3. How could our commitments better ensure equitable access and reach diverse communities while addressing racial disparities in historic housing outcomes?
4. What commitments would we reduce to better balance our homeless services system in alignment with our shared guiding principles?
5. Which programs can be scalable year over year as resources and needs change?

Next Steps

County staff are eager to hear your feedback next week. Staff will hear feedback from the Board of County Commissioners ahead of the Solutions Council conversation, which may impact what is described above. Our presentation next week will address any differences. We will use these conversations to inform our approach to building the Fiscal Year 2025-26 budget.

This memo and the Solutions Council conversation is focused on the current revenue realities. As the Council knows well, the pending revenue reduction conversations led by Metro would represent future dramatic cuts to our homeless services system of care. It is not yet clear if staff will need to prepare two budgets, one with the reality of where we are and one if Metro refers a measure and that measure passes.