



Department of Housing Services



To: Homeless Solutions Advisory Council
 From: Nicole Stingh, Strategic Initiatives and Relations Manager
 Date: January 15, 2025
RE: Homeless Services Fiscal Year 2025-26 Budget

This week we continue the hard conversations on programmatic reduction, focusing on the next fiscal year. The recommendations staff shared last week were the first set, additional staff recommended reductions are presented in this memo for feedback. We’re in a hard but surmountable moment where the work we do in the coming months will improve our homeless services system of care to be more efficient and sustainable.

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

Discussion Questions

- Where do these proposed reductions align with our guiding principles?
- Do you have suggestions for any proposed reductions where you see potential misalignment with guiding principles?
- Do you have any concerns about this proposed budget for our homeless services system? What suggestions do you have to address those concerns?
- How can the county work to mitigate the impacts of these reduction on those we serve and the organizational partners delivering services?

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What we have heard

At our last meeting it was brought up that members would like a recap of feedback given at previous meetings, particularly in relation to our ongoing budget discussions. Below are the key points noted from December’s meeting and previous Solutions Council meetings. Members are welcome to call out any takeaways missing from this list.

- Limit impact on clients and the organizations you partner with.
- There seemed to be general agreement about ramping down rapid rehousing and ramping up transitional housing, taking into account the needs of current participants and leverage Medicaid.
- Put the highest pressure (of reductions) on system support and county admin, then on access and outreach. Keep housing and shelter capacity to serve those in need.
- There was support for the transitional fund as the proposed reductions will not be sufficient to close the expected \$15 million gap.
- State Executive Order funding uncertain after June 2025, and HUD funding levels are not expected to increase in the Trump Administration.
- The Solutions Council has asked questions that will likely inform the next step of preparing for Fiscal Year 2025-26, turning budget categories into capacity plans and contracts as well as considering programmatic improvements that increase cost efficiency. These include:
 - Are contracts being fully utilized?
 - Could peer support specialists with lived experience help offset cost of behavioral health needs while still providing high quality of care?
 - Are folks being admitted to RRH that aren’t ready and is that presenting a significant cost burden on the system? Could criteria for RRH be reviewed to ensure folks who receive services are ready and able to be successful?
 - How can individual organizations reassess spending on utilities and flex funds?

Homeless Services FY25/26 DRAFT Budget Proposal

The table below includes the current staff thinking regarding next fiscal year’s budget. This looks similar to what was presented in December ([available at this link for your reference](#)) but includes the planned budget of SHS and other homeless services funding. Along with the targeted reductions outlined below, the county anticipates forgoing COLAs in contracts and making further adjustments to our system ahead of the FY 26/27 budget. The county is working to hold harmless partner admin rates that allow for livable wages for the workforce.

Category & Capacity	Investments	Reductions
<u>Access and Outreach</u> <ul style="list-style-type: none"> • 16 outreach workers • Tigard (perm) and Hillsboro (temp) Access Centers • 14-18 Liaisons 	\$6.21 million	Reduce outreach workers by three positions and reduce flex funds to \$15,000 per worker Open one permanent access center (JC) and fund one temporary access center (PHC).

Category & Capacity	Investments	Reductions
		<p>Need to plan for additional access center capacity in FY 26/27.</p> <p>Reduce Housing Liaison Program, prioritizing shelters and system access points. Reduce flex funds to \$25,000 per worker (see note in Short Term Solutions).</p>
<p><u>Emergency Shelters</u></p> <ul style="list-style-type: none"> • 175 shelter units • Inclement weather shelter 	<p>\$6.35 million</p>	<p>Discontinue Temporary Motel Shelter program.</p> <p>Increased permanent shelter capacity with two new expanded shelter sites: Beaverton and Tigard.</p> <p>Standardize day rates across emergency shelters for a total cost savings.</p> <p>Reduce anticipated nights of inclement weather.</p>
<p><u>Alternative Shelters</u></p> <ul style="list-style-type: none"> • 60 pod units • 150 motel shelters for families and medically needy • Respite shelter care • Total: 210 shelter units 	<p>\$8.63 million</p>	<p>Maintain reduced pod shelter capacity at 60 beds for FY 25/26.</p> <p>Standardize day rates across alternative shelter types for a total cost savings.</p> <p>No changes to Low Acuity Transition Services (respite shelter), but additional funding needed for the program to continue beyond FY 25/26.</p>
<p><u>Transitional Housing</u></p>	<p>No investments; no reduction</p>	<p>No Transitional Housing online in FY 25/26, need to plan for up to 119 unit capacity in FY 26/27.</p>
<p><u>Short-term Solutions</u></p> <ul style="list-style-type: none"> • 200 Move-In Only households • Eviction Prevention 	<p>\$4.32 million</p>	<p>Continue some funding for eviction prevention to provide emergency housing resources in conjunction with move-in only funding, as a pooled, flexible, accessible fund for the whole system. This program would need to be developed to focus on household experiencing homelessness or at greatest risk of homelessness. About \$4 million in total annual funding.</p>

Category & Capacity	Investments	Reductions
<p><u>Permanent Housing</u></p> <ul style="list-style-type: none"> • Approx 540 Rapid Rehousing (RRH) slots (includes 115 CoC slots) • Approx 1,900 PSH slots (includes 209 CoC slots), blending Housing Case Management Services (HCSM) with Regional Long Term Rental Assistance (RLRA) • 250 long term rent assistance vouchers without case management (Move On Program) • Required CoC match funds 	<p>\$74.13 million</p>	<p>Budget reduce for Rapid Rehousing program capacity by approximately 90 slots in FY 25/26, with additional reductions likely in FY 26/27. This will require program ramp down through attrition and higher caseload rates as capacity transitions downward. The county is considering increasing tenant’s portion of their rent. This reduction will require a slowdown of the program <u>this</u> fiscal year.</p> <p>Budget increase for RLRA as more households are placed in permanent housing programs in FY 25/26, a total of 1,924 RLRA vouchers (PSH, HCSM, and Move On). There are expected to be 200-300 new placements through attrition.</p> <p>Slot capacity will decrease in HCSM to 1,640 (reduce worker capacity by 7-10 in HCMS/PSH), which will occur through attrition and the Move On/RLRA only Program. Site based PSH ensures we meet our SHS regional commitment of 1,667 PSH slots. This reduction will require a slowdown of the program <u>this</u> fiscal year.</p> <p>HCMS and RRH budgets reduce flex fund budgets to approximately \$12,500 per worker, with funds set aside to fully fund move in costs.</p>
<p><u>System Support</u></p> <ul style="list-style-type: none"> • Community Connect • Risk Mitigation Program (insurance for landlords) • Data Quality Assurance Program • 3 city liaisons • Furniture services for clients 	<p>\$4.32 million</p>	<p>Fully fund Community Connect; no change.</p> <p>Data Quality Assurance Program adjusted to reduce total number of FTE. Organizations with less total program FTE offered an “agency rate” for data quality, rather than a full-time FTE.</p> <p>No change to the Risk Mitigation Program</p> <p>Housing Careers program reduced to coaching services only.</p>

Category & Capacity	Investments	Reductions
		Furniture services, reduced anticipated households from 600 to 400 given we will see less people move into new apartments.
<u>County Operations and admin costs</u> <ul style="list-style-type: none"> • Staff to operate programs • Consultants • Operational needs • County overhead 	\$3.3 million	Department of Housing Services program costs reduced by 5-6 FTE through attrition, and respective staffing costs. Budget for consultant services reduced by 30% Further refinement is occurring.
<u>Cost of this system:</u>	\$107.26 million	The county would need to leverage the transition fund for this fiscal year (2024-25) and likely next fiscal year (pending state funding).

Mitigating the Impact of Reductions

Each piece of our system will be impacted by reduction, and we are mindful about where we can support providers and their staff in navigating these changes. There are a few ways we’re thinking through mitigating the impact of SHS revenue trending downward:

1. In cases where an organization is facing a staff reduction, we will offer transitional resources. Staff positions would be funded three months into the next fiscal year to allow for ramp down and, if the staff person has a caseload, then we would offer an additional three months of funding to transition caseloads. This allows organizations time to plan and will help avoid layoffs.
2. Our hope and efforts are to avoid layoffs by communicated as soon as we can and allowing for the 3-6 month transition; FTE reductions ideally occur through attrition. However, should they occur, the Department’s staff development coordinator will offer support to any employee impacted by layoffs (resume support and more).
3. Seeking additional funds to add to our system is an important strategy for the Department. This includes funding through Oregon Housing and Community Services, which was included in the Governor’s Recommended Budget is pending before the Legislature this upcoming session. We are also continuing to bring in healthcare resources into the homeless services system and are continuing to work with HealthShare, Care Oregon, and other partners to do so.

Discussion Questions for January 16th

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

1. Where do these proposed reductions align with our guiding principles?

2. Do you have suggestions for any proposed reductions where you see potential misalignment with guiding principles?
3. Do you have any concerns about this proposed budget for our homeless services system? What suggestions do you have to address those concerns?
4. How can the county work to mitigate the impacts of these reduction on those we serve and the organizational partners delivering services?

Next Steps

County staff are under a tight time constraint to finalize the high-level programmatic budgets to meet county deadlines. This is the January Solutions Council meeting is the last opportunity to inform the high-level programmatic budget planning. The next step for County staff will be to begin planning for program changes with contracted service provider partners and recommending contractual adjustments consistent with the recommended budget. The county is working to provide contractual commitments, not contracts themselves, to service provider partners by early April. Our February Solutions Council meeting will focus on considerations and advise for staff that will turn budget categories into capacity plans and contracts.