



Joint Office of Homeless Services

EXECUTIVE SUMMARY

The FY 2023-24 Joint Office of Homeless Services (JOHS or Joint Office) Requested Budget to the City is \$34.5 million, including \$31.5 million in General Fund resources, approximately \$345,000 of Recreational Cannabis Funds, and \$2.6 million of federal funds passed through the City of Portland. This represents a 24% reduction of the City's investment from the Joint Office's Adopted 2022-23 Budget, primarily due to expiration of one-time funding. To CBO's knowledge, the City is currently in negotiations for renewing the Intergovernmental agreement (IGA) with the Joint Office. This review highlights the financial impacts of the reliance on one-time resources as the only funds in the City's contribution to the Joint Office of Homeless Services at present represent the ongoing Current Appropriation Level (CAL) amounts. CBO analysis highlights the following:

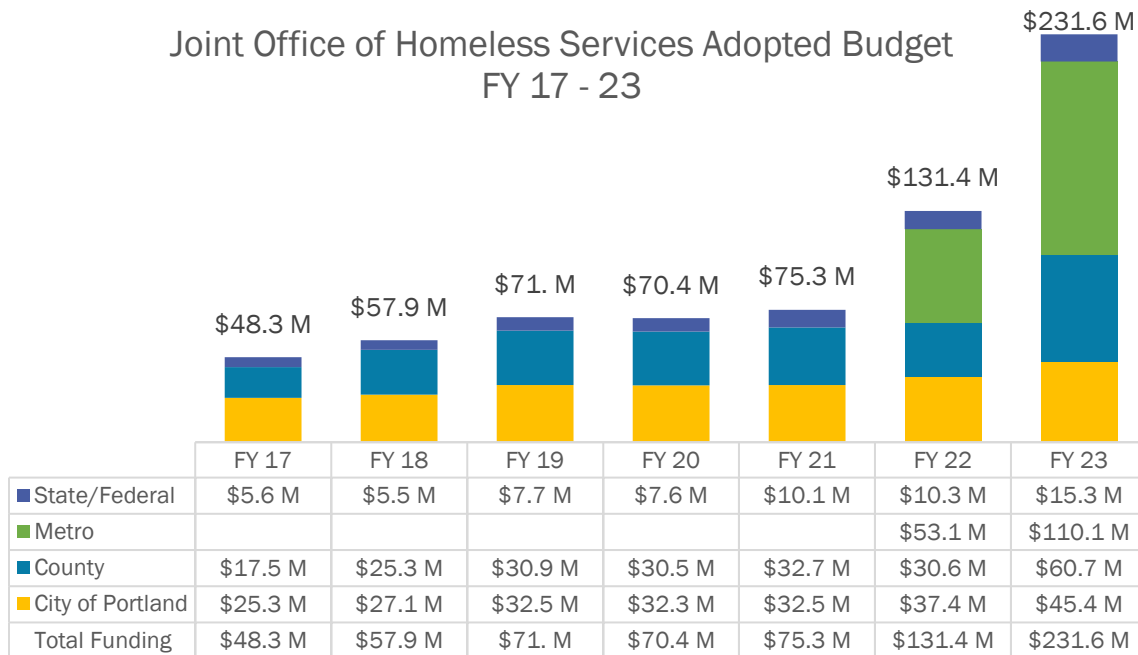
- **The estimated figure of unfunded ongoing need is \$9.375 million**, consisting of \$6.9 million from serial one-time funding for ongoing services, \$1.05 million for increased provider wages, and \$1.425 million of continued funding for direct engagement with high-need unsanctioned encampments and Street Service Coordination Center staffing.
- This risk has been highlighted in previous years analyses, as CBO recommended to either plan for scaling down services, reallocate resources from other programs to support this program with ongoing funds, or identify a new sustainable funding source to continue current service levels in a stable, ongoing way.¹

BASE BUDGET & KEY ISSUES

The JOHS FY 2022-23 Adopted Budget has grown significantly in size and in number of funding sources over its seven years of operation, increasing by \$183.3 million from FY 2016-17 to the current fiscal year (2022-23). **Excluding federal relief dollars, the FY 2022-23 Adopted Budget for the JOHS is 4.8 times greater than its FY 2016-17 inaugural budget**, as seen in the chart below.

¹ See [CBO's review for Fiscal Year 2022-23](#)

Joint Office of Homeless Services Adopted Budget FY 17 - 23



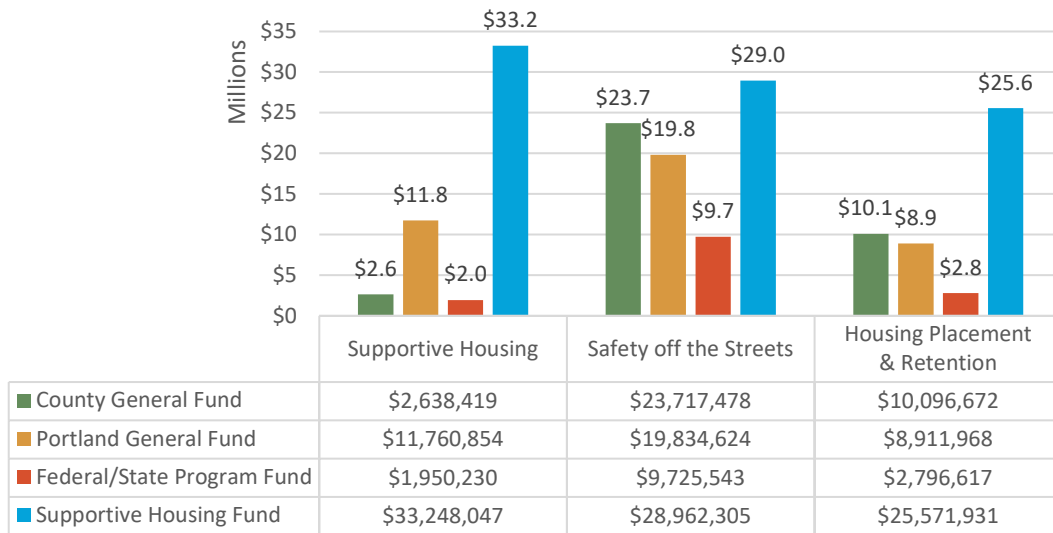
Although the City and County contributions have grown, the most significant impact came from the passage of the Here Together ballot measure, [Measure 26-210](#). This measure has positioned Metro as the majority funder of the office through the Supportive Housing Service (SHS) program, which is expected to generate up to \$100 million annually. The measure is expected to raise \$90.8 million in Fiscal Year 2022-23, and \$96.2 million in Fiscal Year 2023-24, which is greater than double the City of Portland's contribution of General Fund resources. The total budgeted amount in the chart above for Fiscal Year 2022-23 (\$110.1 million) also includes carryover resources. The measure has a focus on funding supportive services paired with rent assistance, including by leveraging affordable housing units developed through Portland and Metro housing bond resources.

Prioritization by funding participant

As discussed above, the Joint Office of Homeless Services is funded by a variety of sources including: State/Federal funds, [Metro](#), Multnomah County, and the City of Portland. As well as this, in recent years the Joint Office received a significant amount of Federal American Rescue Plan Act (ARPA) funding. ARPA funds primarily focused on COVID-19 emergency response, such as through operating physical distancing shelters, non-congregate motel shelter acquisition, and enhanced supplies and outreach for people who are living unsheltered in encampments and places not meant for human habitation.

CBO has referenced data shared from the County to analyze prioritization by funding source in the Joint Office of Homeless Services Fiscal Year 2022-23 Adopted budget (the current fiscal year).

Adopted FY 2023 Summarized Program Area Allocations by Funding Source in Millions



These figures represent summaries of program offer areas in FY 2023, with total amounts representing 68% of the total Joint Office budget, and the areas with the highest allocations of resources

As shown in the chart above, the Joint Office has prioritized using contributed City General Fund resource for funding of three program areas: Safety off the Streets (\$19.8 million of which \$1.5 million is for Safety on the Streets), Supportive Housing (\$11.8 million), and Housing Placement & Retention (\$8.9 million). These areas represent 86% of the City's \$45.4 million contribution to the Joint Office in the County's fiscal year 2023 Adopted Budget and are the three highest funded areas in the Joint Office budget overall.² The Safety off the Streets program offer prioritizes the development of various types of shelter, with the largest portion of the City funds (\$8.1 million) to provide operating support to maintain existing shelter capacity for adult-only households. Supportive housing primarily provides support in the form of limited-duration housing with intensive attached services, long-term rent assistance, and wraparound services. Finally, Housing Placement & Retention provides support through limited duration rental assistance, mobile housing placement and retention support staffing.

In the Fiscal Year 2022-23 Adopted Budget, the County's General Fund resource was budgeted primarily to Safety off the Streets (\$23.7 million), Capital Investments for acquisition and renovation of buildings to expand programming (\$15 million), and Housing Placement & Retention (\$10.1 million).

Metro funds, through the Supportive Housing Fund, was budgeted primarily to Supportive Housing (\$33.2 million), Safety off the Streets (\$29.0 million), and Housing Placement & Retention (\$25.6 million) as well.

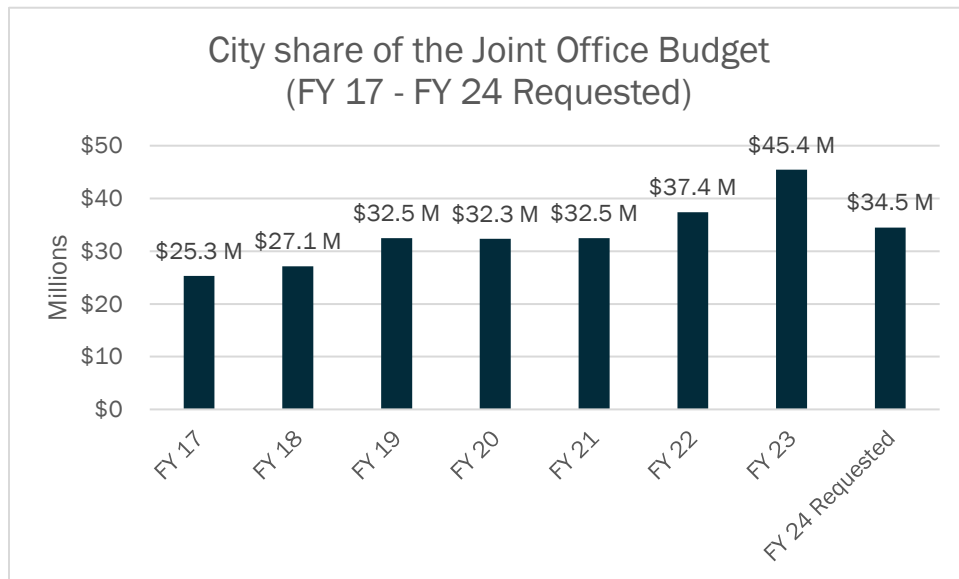
The FY 2023-24 Joint Office Requested Budget to the City has consolidated program offers, with most City ongoing funds allocated to the "Safety Off the Streets – Adult Emergency Shelter in the City of Portland" program offer (\$21.4 million or 68.0% of the requested ongoing City resources). This allocation is meant to more easily delineate the nature of City investments and better align with the City's funding priorities. Increased allocations in this program area are offset by reductions of City funds in other areas, which will be filled using other funding sources.

² \$45.4 million in Fiscal Year 2022-23 includes both ongoing and one-time funds, including \$6.2 million of one-time funding for capital projects

With this information and the growth of new funding streams into the region, the City has the opportunity to assess its priorities and how well these historical funding allocations align with City priorities. As IGA negotiations are ongoing, the City should clearly define its role in the allocation of City funds to ensure agreement and cohesion between the various organizations participating in the funding of the Joint Office of Homeless Services.

Financial Uncertainty Due to Programmatic Reliance on One-time Only Funds

Due to the lack of one-time General Fund resources available this budget cycle, the City's investment in the Joint Office budget is reduced by 24% from the Adopted 2022-23 Budget.



In the last four budget cycles, the City allocated serial one-time funding to the Joint Office, to the extent that these resources have been assumed by the County in the current homeless services system. The Joint Office estimates that if City one-time funding is not appropriated in Fiscal Year 2023-24, this would result in reductions equivalent to 410 year-round shelter beds.³ CBO notes that there is currently no one-time resource available in the forecast. The effect of this absence will ultimately be determined by the relationship between the City and the Joint Office and the new IGA. Due to the timing of County budget submissions (not available until late February), it is difficult for CBO to determine whether these ongoing needs can or will be absorbed by the Office's budget through other resources, but there is real potential that service levels will diminish without expected funding levels by the City.

CBO has consistently recommended to either plan for scaling down services, reallocate resources from other programs, or identify a new sustainable funding source to continue current service levels in a stable, ongoing way. Ongoing service levels and funding support is an important part of the negotiations over the renewal of the Joint Office of Homeless Services intergovernmental agreement. Once a new agreement is finalized, the Council should ensure stable ongoing funding for committed service levels. Below are ongoing needs that have been historically funded with one-time resources:

One-time funding for Ongoing Services

In typical years, the City allocated serial one-time funding in a package title "Ongoing Services Funded with

³ [FY 2023 Joint Office of Homeless Services Transmittal Letter](#), p. 14

One-time Only Funding”. This figure was estimated to be \$6.9 million for FY 2023-24, were there to be decision packages requesting new General Fund. The Joint Office has since had an expectation that these one-time services should be considered ongoing, since it has become part of the services continuum.

Provider Funding

In the FY 2021-22 Fall BMP, the Mayor's Office made a commitment of \$1.0 million in resources for increasing provider wages as a recruitment and retention strategy. One-time funding of \$1.0 million was allocated in the FY 2022-23 Fall BMP, which, similar to previously mentioned investments, was expected to be ongoing. The ongoing estimate for FY 2023-24 is \$1.05 million.

Continuation of City/County Strategic Investments in Houselessness

The FY 2022-23 Adopted Budget also included \$925,000 of General Fund one-time which continued funding for 20 additional outreach workers and positions in the Joint Office that support the City's Street Services Coordination Center. While the amount allocated was \$925,000, this amount assumed carryover of \$500,000 to fully fund the package, bringing ongoing need to \$1.425 million.