

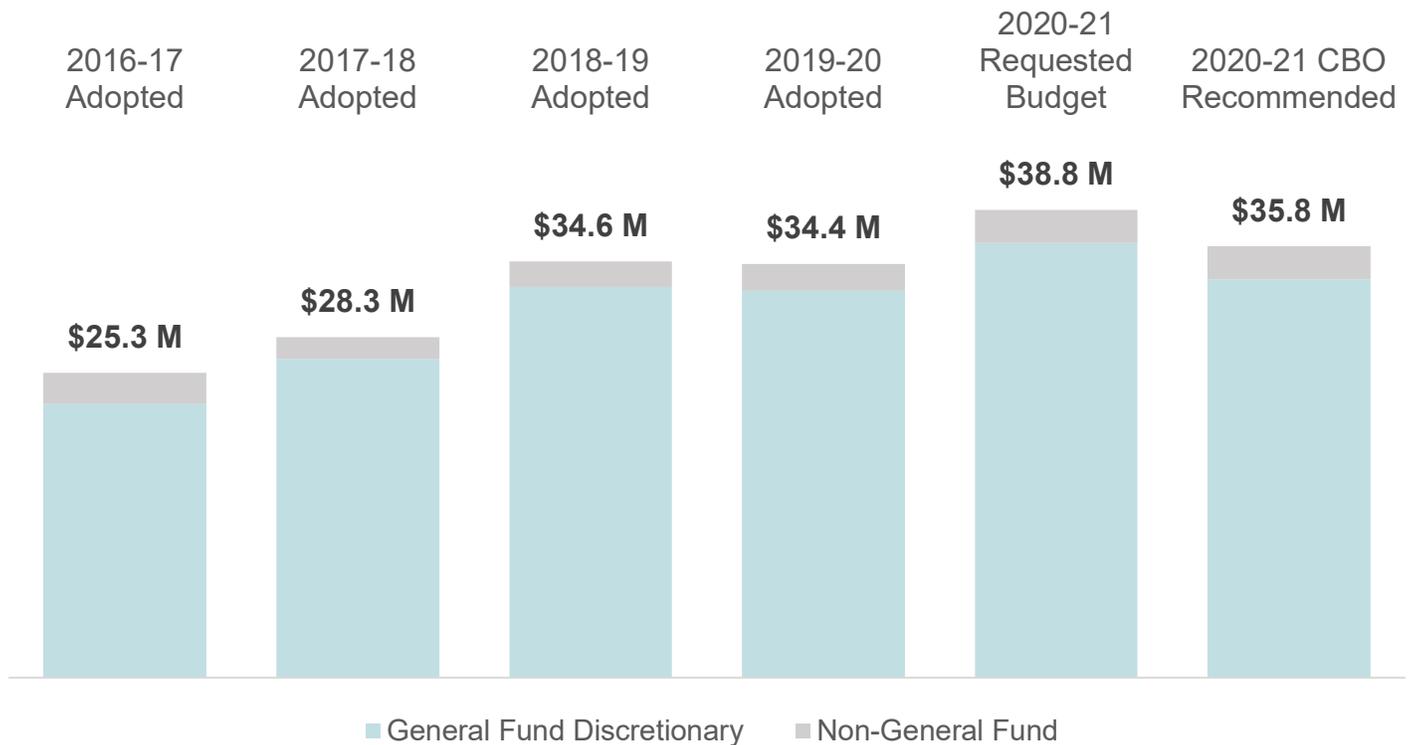


**City
Budget
Office**

Joint Office of Homeless Services

Analysis by Jane Marie Ford

City of Portland Adopted Budget Revenues | 5-Year Lookback



Change from Prior Year	2017-18	2018-19	2019-20	2020-21 Requested Budget	2020-21 CBO Recommended
	\$2,962,471	\$6,304,623	-\$204,066	\$4,449,106	-\$3,020,001
	11.7%	22.3%	-0.6%	12.9%	-7.8%

INTRODUCTION

Since July 2016, the Joint Office of Homeless Services (Joint Office or JOHS) has overseen a dramatic expansion of the local response to homelessness, including building capacity in culturally specific organizations in recognition of disparities and service levels and outcomes for communities of color. Through its providers, the JOHS not only met but significantly exceeded the service level targets identified

through the A Home for Everyone United Community Plan to End Homelessness¹, with a focus on increasing the number of households served through prevention, permanent housing, and shelter. There has also been significant progress made toward the joint City and County goal of adding 2,000 permanent supportive housing units over a decade, with the potential to expand that work regionally. These incredible accomplishments are tied to shared commitments at the intersection of the core services of the City and County.

As part of FY 2020-21 Budget Development, JOHS' requests to the City include \$7.1 million in one-time General Fund resources to maintain current service levels, \$2.2 million for shelter capital costs, \$750,000 for alternative shelter programs, and \$70,000 for a joint City and County-funded position focused on community engagement. These decisions will take place in the context of rapidly evolving regional and statewide conversations about how to coordinate and fund homeless services across jurisdictional boundaries.

BASE BUDGET KEY ISSUES

Identifying and Addressing Unmet Housing Need

On the eve of the creation of the Joint Office, CBO reviewed the outcomes of the previous 10-Year Plan to End Homelessness (2005 – 2015). The Point-in-Time Count showed only a slight decline in the number of people experiencing homelessness over that time frame. However, based on the number of people served with prevention and permanent housing placements during just the first seven years of the plan, Portland would have solved homelessness six times over – if all households were able to retain their housing and if no new households had become homeless.²

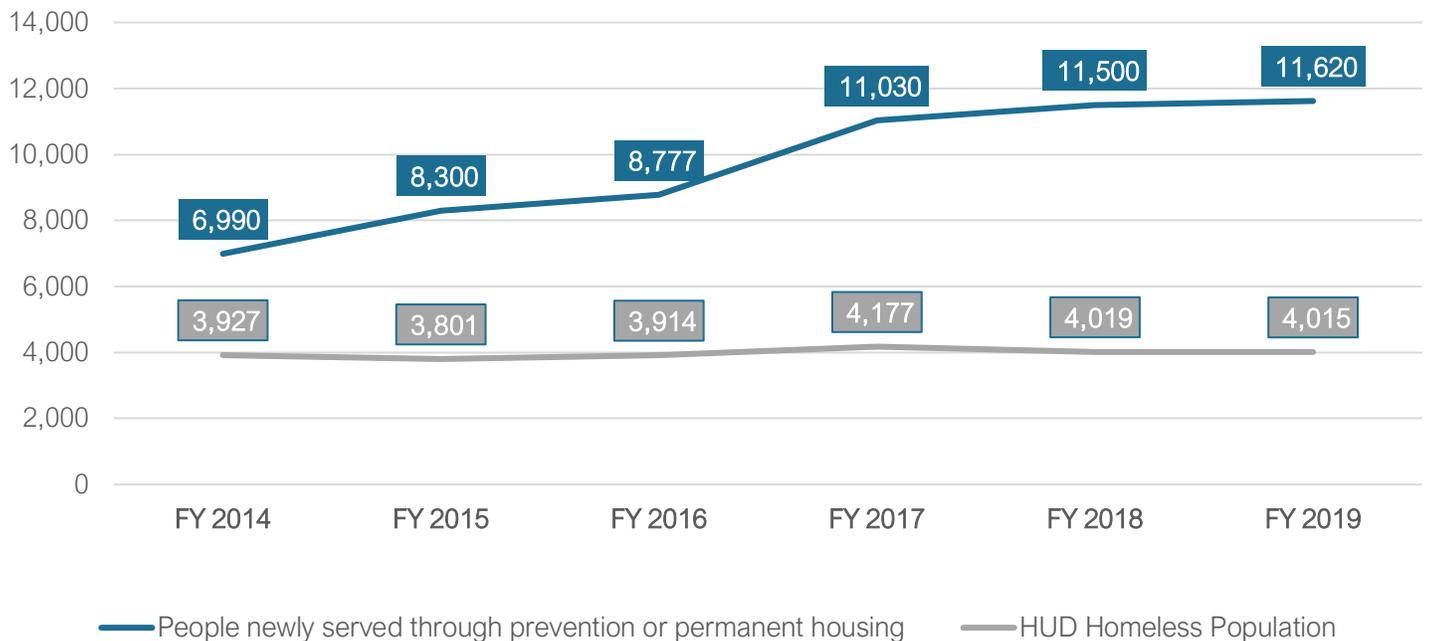
For comparison, in just the first three years alone of the new A Home for Everyone (AHFE) plan, providers served 30% more households with permanent housing placements and prevented almost four times as many people from becoming homeless.³ Overall, the total number of people newly served through prevention or housing placements annually has increased by approximately 66% since FY 2013-14, the AHFE baseline year used to model service level goals. During that same period, the federally defined homeless population has held relatively steady.

¹ Available at <http://ahomeforeveryone.net/the-plan>

² City Budget Office, FY 2016-17 Budget Review. March 2016. Available at <https://www.portlandoregon.gov/cbo/article/567859>.

³ This data reflects only the number of people newly served in prevention and placement. Additional households received continuing services.

The total number of people newly served through prevention and in permanent housing has increased by approximately 66% since FY 2013-14. The HUD-defined homeless population increased by 2% during that same time frame.



Although the modeling for service level goals focused on the narrower HUD definition of homelessness, AHFE adopted a broader definition of homelessness that included households at risk of losing access to or unsafely sharing housing. It was estimated that this would increase the total Multnomah County HUD homeless population to 16,344.⁴ The rapid rise in rents over the last five years likely significantly increased the number of people that would fit under this expanded definition, as more households struggled to afford Portland’s higher cost of living. In the first three years of operation, the JOHS served over 21,000 people who were considered “newly homeless,” meaning that they had not accessed services in the prior two years.

Officials credit the unprecedented investments in homeless services through the Joint Office, a total of \$244.3 million allocated over the last four years⁵, with preventing a more substantial increase in the number of people experiencing literal homelessness as measured in the Point-in-Time Count. The data that is collected from the count is a snapshot with significant limitations. It does not track the experience of individual households, and the methodology has also changed over time, including an intentional choice to increase outreach that in turn likely increased the number of people identified as experiencing homelessness. That being said, comparing these snapshots⁶ of a single night in January over the past few biannual counts shows an increase the unsheltered population, the number of people who are chronically homeless, and the number of people who identify as having a disability.

⁴ 2015 Point-in-Time Count. Available at <https://tinyurl.com/squll88>.

⁵ Based on Adopted Budget figures from Multnomah County.

⁶ Point-in-Time Count reports are available at <http://ahomeforeveryone.net/streetcount>.

In short, the local system is working to support not only more people than ever, but more people with complex needs that require services beyond temporary assistance to stay safely and stably housed. **It is clear that the Joint Office, its providers, and elected officials have worked to adapt to changing realities, but the funding structure and service level goals must be recalibrated accordingly.**

Looking Beyond Local

FY 2020-21 is the final year of operation under the original intergovernmental agreement establishing the Joint Office. The timing of this renewal coincides with major developments in conversations about regional unmet housing need. Analysis from the Portland State University Homeless Action Research Collaborative suggests that an estimated 38,000 people in 24,000 households experienced homelessness in Multnomah, Washington, and Clackamas Counties in 2017, including not only the official Point-in-Time Count figures but families who were doubled-up and unaccompanied youth. The report suggests that a total of up to 107,000 households earning up to 80% of Area Median Income were rent burdened, housing insecure, or at risk of becoming homeless.⁷

Lack of affordable housing units, and the overall regional housing shortage driving up housing costs, underlies the entire issue of homelessness. Metro voters adopted a regional housing bond in November 2018 creating \$652.8 million in capital resources to create 3,900 permanently affordable homes, approximately 40% of which are dedicated for the lowest income households. A key outstanding question has been how to fund the operating, rent, and service dollars required to help the most vulnerable households stay safely and stably housed. The possible answer to this may come in the form of a measure referred by Metro for the May 2020 ballot to raise \$250 million annually for supportive housing and increasing the number of housing vouchers available to provide ongoing rent assistance for rent-burdened households.⁸

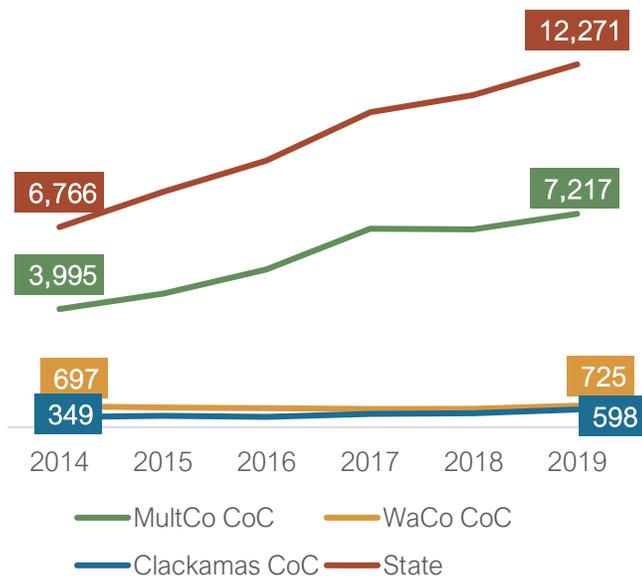
Should the measure pass, this would represent a significant increase in resources for homeless services in Multnomah County and potentially radically shift the balance of service levels in regional jurisdictions. Over the last five years, the Continuum of Care that includes Portland, Gresham, and Multnomah County has been responsible for the majority of statewide growth in the number of beds and units available for people experiencing homelessness. This includes approximately 59% of the permanent housing beds and 78% of the emergency year-round shelter beds identified in the annual HUD Housing Inventory Count.⁹

⁷ Zapata MA, * Liu J, ** Everett L, Hulseman P, Potiowsky T, & Willingham E. 2019. Governance, Costs, and Revenue Raising to Address and Prevent Homelessness in the Portland Tri-County Region. Portland State University. Available at <https://tinyurl.com/sbe3lan>.

⁸ Memo to Metro Council, February 18th, 2020 on Potential Regional Supportive Housing Services Program Implementation. Available at <https://tinyurl.com/u2qmthg>.

⁹ CoC Housing Inventory Count Reports available at <https://tinyurl.com/w6z84es>. Permanent housing units includes permanent supportive housing, rapid re-housing, and other permanent housing.

Number of Permanent Housing Units



Number of Year-Round Emergency Shelter Beds



Regardless of whether the ballot measure moves forward, CBO supports efforts to develop a long-term strategy that includes and leverages the ability for local, regional, state, and private funding partners to determine how to fund and prioritize both new and existing public dollars addressing homelessness. The sheer number of households served since the creation of the Joint Office is an unqualified success; that so many people continue to newly enter homelessness, require continued services to stay housed, or remain unsheltered is indicative of how much greater and more complex the need is than what the local system can support on its own.

DECISION PACKAGES

Due to the timing of the County’s budget process, information about the total JOHS Requested Budget (all funding sources and requests) will not be available until March. As such, CBO’s analysis focuses only on the requests to the City of Portland and does not include the context of the entire budget.

Ongoing Services Funded with One-Time Resources

DP 9618, \$7,146,765, 0.00 FTE

Request Summary

The City’s General Fund contribution to the JOHS in FY 2019-20 is \$32.1 million, including \$6.9 million in one-time resources. With inflation, this equates to approximately \$7.1 million in one-time resources that would be required in FY 2020-21 to maintain current funding levels. This represents approximately 10% of the total JOHS budget and 22% of the City’s spending on homeless services through the Joint Office and is currently programmed toward:

- 300 year-round emergency shelter beds serving approximately 1,600 people annually;
- Placing at least 130 people from shelter into permanent housing;

- Providing 28 units of youth transitional housing with 24/7 support services;
- Maintaining 50 units of supportive housing;
- Providing diversion and employment assistance to 775 people; and
- Supporting a multi-disciplinary outreach team that provides housing placement services and rent assistance.

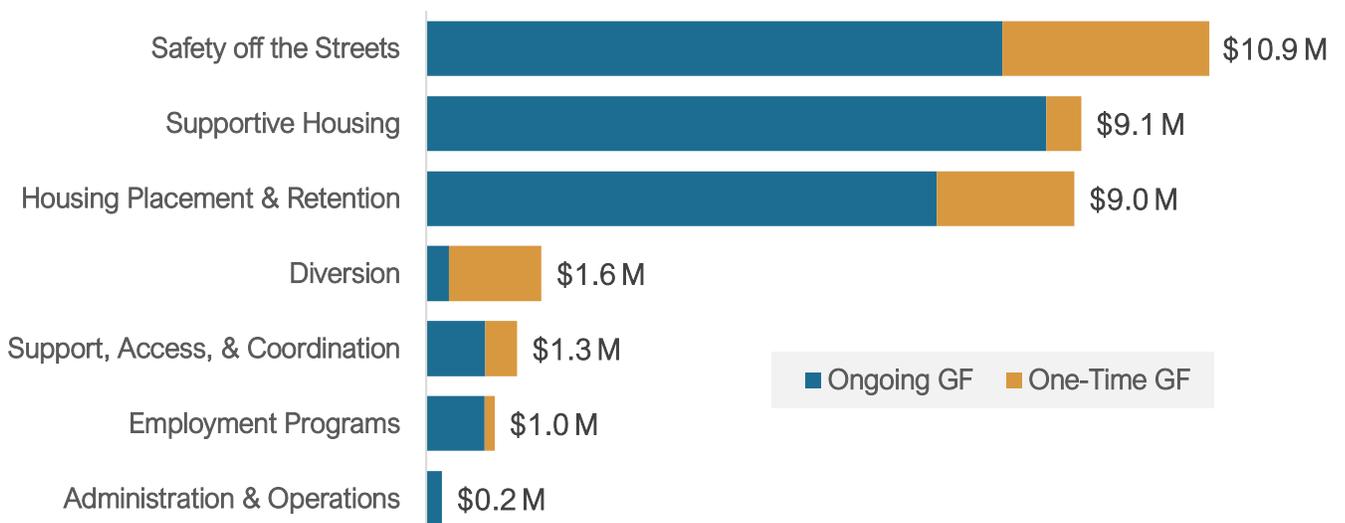
Offset Summary

The Mayor’s additional budget guidance exempted the Joint Office of Homeless Services from identifying an offset or match in requests for new resources.

CBO Analysis

The Joint Office FY 2020-21 Requested Budget includes \$25.9 million in City ongoing General Fund and \$7.1 million in one-time General Fund to maintain existing service levels.

FY 2020-21 Requested Current Service Level Budget, City General Fund



While the joint City and County commitments have significantly increased funding and service levels over the last five years, need continues to outpace available resources. Although the most recent data available suggests a small decline in the percentage of people accessing services for the first time in Multnomah County, there is an increase in the average length of service being provided. This aligns with reports from providers that more households are requiring a longer period of assistance and additional wraparound services to remain in housing.

Since the first year of the Joint Office, a significant portion of the City’s General Fund contribution has been one-time both based on revenue available during the economic expansion as well as the original premise that services would shift toward prevention and scale down due to the reduction of unmet housing need. Although the City has increased its ongoing General Fund contribution by over \$8 million since FY 2016-17, much of those resources have gone toward new programming rather than supporting the services funded on a one-time basis.

	FY 2016-17 Adopted Budget	FY 2017-18 Adopted Budget	FY 2018-19 Adopted Budget	FY 2019-20 Adopted Budget
Baseline	15,000,000	15,337,570	17,230,823	24,948,055
New Ongoing		1,704,100	7,000,000	250,000
One-Time	7,730,074	9,416,171	8,228,220	6,945,350
Total City GF JOHS Budget	22,730,074	26,457,841	32,459,043	32,143,405

The local response to homelessness has been calibrated on the assumption of continued funding to maintain current service levels for the foreseeable future. Given the ongoing unmet housing need and immediate lack of alternative funding available, CBO recommends allocating \$7.1 million in one-time General Fund resources to fund this decision package.

CBO Recommendation: \$0 ongoing | \$7,146,765 one-time | 0.00 FTE

Community Engagement Specialist Position

DP 9619, \$70,000, 0.00 City FTE (1.0 FTE in the Joint Office)

Request Summary

The Joint Office is requesting \$70,000 each from the City and County to support a new Community Engagement position focusing on effectively engaging the community about meeting the needs of those who are experiencing homelessness. The goal is to improve community understanding of the work currently overseen and funded by the JOHS, increase the presence and accessibility of the JOHS in community forums, meetings, and stakeholder groups, and enhance the communication and engagement materials related to proposed and ongoing projects.

Offset Summary

The Joint Office is requesting 50% of the total funding for this position from Multnomah County.

CBO Analysis

Respondents of the 2019 Portland Insights Survey identified homelessness as the top challenge facing Portland, with a majority of respondents indicating that they were dissatisfied with the City's response to homelessness.¹⁰ This result highlights the continued visible need Portlanders encounter in public spaces, a need that persists despite dramatic increases in funding and service levels over the past five years.

Elected officials have stated the desire to increase capacity for providing more proactive communication around these significant efforts to address homelessness. A new position was requested as part of FY 2019-20 budget development to work with the existing County communications position assigned to the Joint Office, which primarily responds to inquiries from elected officials and media. The new position

¹⁰ 2019 Portland Insights Survey Final Report, August 2019 (updated October 2019). Available at <https://www.portlandoregon.gov/cbo/article/740406>.

would focus on providing more proactive communications with the public.¹¹

The request put forward by the Joint Office in FY 2020-21 focuses more on engagement, but highlights similar goals of strengthening dialogue with community members about current efforts to serve those experiencing homelessness as well as potential future investments. There are certainly benefits to adding such a position in the Joint Office if the goal is to focus engagement around JOHS activities. CBO also suggests that the City consider:

- What is the desired level of engagement not only around homeless services funded through the Joint Office but other related efforts to serve those who are living outside, such as the Homelessness and Urban Camping Impact Reduction Program, Service Coordination Team, Portland Street Response, Derelict RV Program, and other efforts?
- Are different strategies required for proactively engaging the community around service investments, such as a shelter opening in a new neighborhood, versus responding to feedback, such as addressing reports generated through the One-Point-of-Contact system?
- What is the role of other existing communications and community engagement capacity in the Portland Housing Bureau, Office of Community & Civic Life, and Council Offices?

On an organizational level, CBO notes the challenges of adding new positions to the Joint Office if the City and County are not in alignment about where to prioritize workload. Last year, the JOHS put forward requests for two new FTE to be funded equally by the City and County: a new data analyst and the communications position discussed above. The County chose to fund the former and the City, based on resources available, created a limited-term public information officer in the Portland Housing Bureau with the intention of co-locating the position in the Joint Office. This position has not yet been filled as of the writing of this review, so it is not possible to highlight any “lessons learned” about this approach. It is ultimately a Council decision whether to add a new position, where it should be located, and to what extent existing staff capacity could be redirected to fill this need.

CBO Recommendation: \$0 ongoing | \$0 one-time | 0.00 FTE

Emergency Shelter Strategic Capital Investment

DP 9620, \$2,200,000, 0.00 FTE

Request Summary

While there has been no formal or public commitment made, the JOHS states that the City and County agreed to contribute \$5.0 million each to support shelter capital development, with the goal of converting temporary shelter capacity into long-term, high-quality sites that will serve both seasonal and year-round needs. To date, the City has invested \$2.8 million. This request includes the balance of the presumed \$5.0 million commitment.

Offset Summary

The Mayor’s additional budget guidance exempted the Joint Office of Homeless Services from identifying an offset or match in requests for new resources.

CBO Analysis

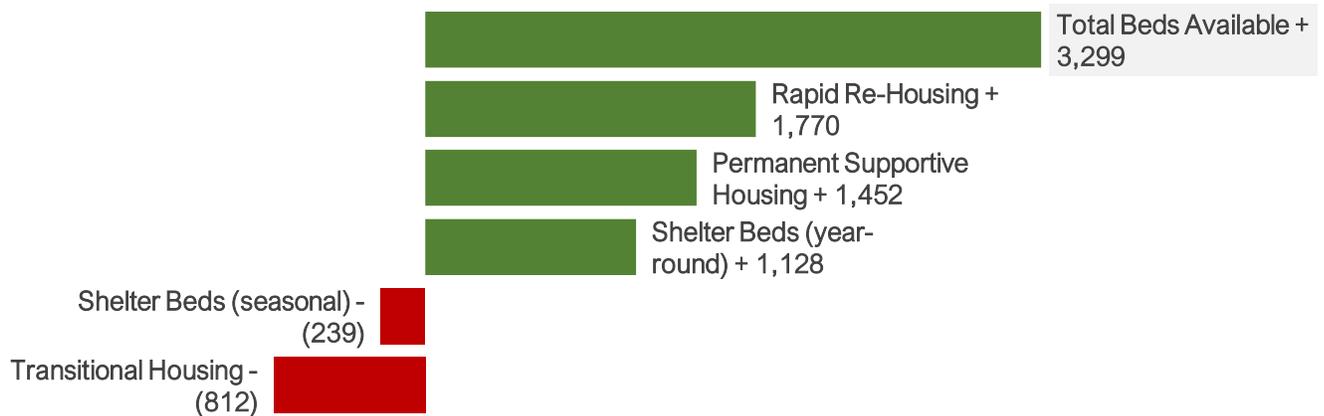
¹¹ See CBO’s analysis of this FY 2019-20 request at <https://www.portlandoregon.gov/cbo/article/725382>.

The City and County have doubled the number of emergency shelter beds over the past five years, including more than tripling year-round shelter capacity. However, the total number of people served in emergency shelter peaked in the first year of JOHS operation at over 8,500 and has dropped by more than 25% since that time. The JOHS notes that this is largely due to the end of a no-turn-away shelter policy and limiting the number of motel vouchers for families, reducing the number of people in families being served through emergency shelter. Additionally, the average number of days spent in shelter has increased, which reduces the number of people who can be served.

This trend is reflected in the most recent Point-in-Time Count, which showed a 22% increase in the number of people who were unsheltered. The last two winters have also been milder, which potentially contributed to the lower utilization rate in both publicly and privately funded shelter beds (from 98% in 2017 to 86% in 2019).¹²

Although the City and County have significantly expanded investments in affordable and supportive housing, it will take time for those new units to come online. Additionally, like jurisdictions across the country, Portland has been phasing out transitional housing options, which are short-term, service-intensive placements typically for those transitioning from jail, from hospitals, into recovery, or those who recently became homeless. Shelter capacity can help to bridge that service gap and fills an immediate need for those who are unsheltered.¹³

Five-Year Housing Inventory Changes



This chart shows the net change in the number of beds by type since 2014, the baseline year for A Home for Everyone service level targets. Total overall system capacity has increased by 3,299 beds or over 50% in the last five years. This request would maintain current capacity but upgrade the quality of the sites to help improve services.

Data comes from the annual Housing Inventory Count submitted to HUD.

¹² 2019 Point-in-Time Count.

https://static1.squarespace.com/static/566631e8c21b864679fff4de/t/5d434f685800cf0001847e20/1564692373569/2019+PIT+Report_FINAL.pdf

¹³ U.S. Department of Housing & Urban Development Office of Community Planning & Development. January 2020. The 2019 Annual Homeless Assessment Report (AHAR) to Congress. Available at <https://files.hudexchange.info/resources/documents/2019-AHAR-Part-1.pdf>.

CBO's understanding is that conversations took place between the City and County about the need to identify one-time capital dollars to bring shelter bed sites up to a higher quality standard. Council formally approved carrying over \$1.25 million in the FY 2017-18 Spring Supplemental Budget from JOHS City General Fund underspending for capital shelter development, and the Portland Housing Bureau allocated \$600,000 in Lents Urban Renewal Area resources for an eastside family shelter. The JOHS has set aside approximately \$1.1 million in additional resources from City from underspending to put toward this purpose. In addition to Council's option to allocate new one-time General Fund discretionary resources as part of the FY 2020-21 budget process, CBO notes the following alternative considerations:

- As City contributions for shelter capital development to date have come from JOHS underspending, it may be possible to identify underspending for carryover in the FY 2019-20 Spring Supplemental Budget. Although expenditures through Quarter 2 puts the JOHS exactly on track to spend down its full General Fund allocation, it is possible that mild winter weather will reduce the need for severe winter weather shelter operations.
- There is not a specific opportunity driving the timing of this request. JOHS is focused on finding a replacement for the closure of the Salvation Army Women's Shelter and women's day space downtown, as well as meeting a geographical service gap for high quality shelter in North/Northeast Portland. The timeline will depend on appropriate real estate opportunities becoming available. As such, it may be possible for the JOHS to bring forward a request for specific shelter funding opportunities in the Fall or Spring Supplemental Budget processes in FY 2020-21.
- The JOHS has historically had some underspending of federal dollars. As of halfway through the current fiscal year, the JOHS had not spent any of its Emergency Solutions Grant resources passed through from the City for shelter services, although the Joint Office notes that it does plan to fully expend those resources before the end of FY 2019-20. Given the amount of additional carryover resources in the current year budget, however, it is possible that there may be some additional General Fund available for more flexible shelter spending.
- CBO notes that the funding requested from the City and County does not fully address the anticipated shelter capacity needs. As such, it may be desirable to develop a financing plan that fully funds the overall system plan for upgrading and increasing shelter capacity rather than paying cash, given the relatively low interest and debt issuance rates.

The total impact of this investment will depend on what projects move forward, what level of ongoing operating funds are added or prioritized, and what level of service is provided at each site.

- CBO's understanding is that the goal is to move forward with purchasing property as soon as possible and as resources are available. The opportunities available on the market will influence what projects move forward based on fit with service needs.
- Although the requested investment would go toward physical improvements, the quality of shelter is also impacted by the level of services provided. In FY 2019-20, the opening of two new permanent 24/7 adult shelters increased JOHS shelter operating costs by \$500,000. This is not necessarily a baseline for additional site upgrades, but illustrates the potential fiscal impact of increasing service levels.
- At this time, the JOHS is planning to maintain operations within existing ongoing funding allocations. Using this assumption, the capital investments would likely be used to convert

approximately 240 adult shelter beds into high-quality year-round programs. The JOHS would consider renovating an existing 125-bed men’s shelter if additional ongoing operating funds were allocated.

In summary, maintaining shelter capacity while new permanent housing options are being developed aligns with national recommendations to fill immediate needs for those who are currently unsheltered. Increasing the quality of these sites and accompanying services can help to improve the outcomes for those being served. It will be helpful to review data from the first full year of Navigation Center operations to understand what strategies and investments support successful exits to permanent housing and connections to other services.

CBO recommends that Council consider this decision package alongside other competing General Fund requests, noting potential alternative funding strategies that could be explored. CBO notes that, given the organizational structure of the Joint Office, Council will not necessarily have the opportunity to weigh in on specific real estate transactions as would typically be the case for other City investments. An overall shelter funding strategy with specific priorities and goals for shelter capital development would allow Council to have that discussion, recognizing the need for the JOHS to be nimble in responding to real estate opportunities. This is also important given that Multnomah County includes service areas outside of the City of Portland that CBO recommends should be funded with a source other than City General Fund.

Alternative Shelter Operations and Transgender-Specific Services

DP 9621, \$750,000, 0.00 FTE

Request Summary

The Joint Office is requesting \$750,000 in ongoing General Fund resources to expand alternative shelter capacity to serve the needs of members of the unsheltered population who are not well-served by traditional larger-scale emergency shelters. These resources would fund operations for a transitional living village, a transgender-specific shelter program, and a “rest stop” alternative emergency shelter program.

Offset Summary

The Mayor’s additional budget guidance exempted the Joint Office of Homeless Services from identifying an offset or match in requests for new resources. The Joint Office has requested \$250,000 from Multnomah County as a match for the transgender-specific shelter program.

CBO Analysis

The original State of Housing Emergency was declared in order to address “urgent and unmet needs to provide safe, warm, and habitable shelters experiencing homelessness.”¹⁴ The initial actions focused on short-term efforts related to temporary housing, emergency mass shelters, day storage units, sanitation facilities, and trash containers.¹⁵ This has evolved over time to include what is now part of the “alternative shelter” program, a term that appears to be unique to Portland and is used to describe facilities like villages, rest stops, or other safety off the street interventions outside of traditional shelter models. Alternative shelter recognizes that traditional shelter setups do not work well for all members of

¹⁴ Ordinance 187371 As Amended, October 7, 2015. Available at <https://efiles.portlandoregon.gov/Record/8148694/>.

¹⁵ Strategic Framework to Address Chronic Homelessness, March 5, 2018. Available at <https://tinyurl.com/vla5ke9>

the unsheltered population.

Since FY 2016-17, the City has funded alternative shelter capital costs and programming with a mix of one-time and ongoing resources allocated to the Joint office and Homelessness and Urban Camping Impact Reduction Program. Currently, the JOHS has approximately \$350,000 in ongoing resources for outreach for Dignity village, social services, and services, utilities, and site management for other sites, including Kenton Women's Village.

The JOHS has put forward a decision package in FY 2020-21 for \$500,000 in ongoing City-only General Fund resources for two new alternative shelter sites serving an estimated combined total of 80-100 people. This includes funds to operate a transitional living village and a "rest stop," a facility that provides basic services to unsheltered populations. In addition, the JOHS is requesting another \$250,000 each from the City and County for ongoing support for a transgender-specific shelter, which will only move forward if both parties agree to fund the project. Data from the most recent Point-in-Time Count suggests that those who identified as transgender are served in emergency shelter and transitional housing at close to the same rate as the overall population, and, similarly, counted as unsheltered at approximately the same rate. However, CBO acknowledges the limitations of the PIT data, and the JOHS note that those who are transgender face "unique forms of prejudice, discrimination, and too often violence based on their gender identity, including in traditional shelter programs."

CBO notes that the resources above are only for ongoing services and operations; implementing these programs will require a total of \$450,000 to \$500,000 in additional capital dollars that are included in the Emergency Strategic Capital Investment package described above.

Although alternative shelter strategies may help to address unmet needs among the unsheltered population - expanding the number of immediate options for shelter off the street, addressing hygiene needs, and connecting individuals to services - there are tradeoffs with other service capacity and funding levels. **This is an unresolved policy issue that CBO recommends Council consider in conjunction with the overall emergency shelter planning process and alongside other competing General Fund requests.** If Council decides to move forward, CBO does recommend that all services for alternative shelter transition to the Joint Office in order to ensure that clients receive the same level of quality and connection to services as other safety off the streets programming.

SUMMARY OF REQUESTS AND RECOMMENDATIONS

Below is a summary of the City’s contribution to the Joint Office of Homeless Services. Due to the timing of the County’s budget process, details about the full Requested JOHS Budget will not be available until March 6th.

As noted above, CBO has recommended funding the full one-time General Fund request to maintain current service levels. CBO has also recommended that Council consider the request for emergency shelter capital investment and alternative shelter programming alongside other competing General Fund requests, noting potential other funding strategies that could be explored and policy issues to be clarified.

		2019-20 Adopted Budget	2020-21 Requested Base (A)	Bureau Decision Packages (B)	CBO Recommended Adjustments (C)	Total Recommended Budget (A+B+C)
Expense	External Materials & Services	\$34,365,398	\$28,647,738	\$10,166,766	(\$3,020,000)	\$35,794,504
	Total	\$34,365,398	\$28,647,738	\$10,166,766	(\$3,020,000)	\$35,794,504
Revenue	General Fund Discretionary	\$32,143,405	\$25,928,799	\$10,166,766	(\$3,020,000)	\$33,075,565
	Recreational Cannabis Tax	\$0	\$190,000	\$0	\$0	\$190,000
	Federal Funding	\$2,221,993	\$2,528,939	\$0	\$0	\$2,528,939
	Total	\$34,365,398	\$28,647,738	\$10,166,766	(\$3,020,000)	\$35,794,504