

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Sitting/Acting as Housing Authority Board

Policy Session Worksheet

Presentation Date: 11/3/2020 **Approx. Start Time:** 1:30 PM **Approx. Length:** 30 min

Presentation Title: Preparation for Supportive Housing and Services Measure 26-210

Department: Health, Housing & Human Services/Housing Authority of Clackamas County

Presenters: Jill Smith, Executive Director, Housing and Housing Services
Vahid Brown, Housing and Housing Services team lead

Other Invitees: Richard Swift, Director H3S
Elizabeth Comfort, Director of Finance
Chris Storey, WES

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Inform the Housing Authority Board and receive guidance on the process underway in preparation for Metro Measure 26-210 funding.

Approval to proceed with a Measure 26-210 readiness loan in the amount of \$1.1 M from the Clackamas County Department of Water and Environment Services.

EXECUTIVE SUMMARY:

In May 2020, Metro area voters approved Measure 26-210, a measure that will raise money for supportive housing and services for people experiencing homelessness or at risk of experiencing homelessness. Collection and disbursement of these funds to the three Metro counties will begin in the first quarter of calendar year 2021. Programming and services are planning to begin in the new fiscal year, July 1, 2021.

Prior Questions Received During 09-09-2020 Policy Session

- 1. The Board requested a solid guarantee that expenditures made with any loan \$ are eligible to be repaid with 26-210 dollars (written guarantee from Metro) – including the interest payments.**

The final IGA and work plans that will guide Measure funding have not been finalized. Metro staff provided the following guidance in an email:

“ Funds will be directly released to the County’s as revenue is collected each quarter. It will be the responsibility of the county to manage for the accounting of expenditures, and Metro’s role will be to evaluate program costs/investments/outcomes at time of annual reporting.

It is the policy of the Metro Council to maintain low administrative costs to ensure that the maximum amount possible of Supportive Housing Services revenue is used to fund supportive housing services. As described in the Measure language; Metro may retain up to 5 percent of funds to pay for the costs to disburse the funds and administer and oversee the program. This includes convening and supporting the Regional Oversight Committee, establishing a regional data collection and reporting program, and supporting tri-county regional collaboration. Administrative expenses incurred by Local Implementation Partners and service providers are recommended not to exceed 15 percent of total annual revenues allocated for provision of services.

Administrative expenses incurred by Local Implementation Partners and housing authorities for administering long-term rent assistance programs are recommended not to exceed 10 percent of total annual revenues allocated for long-term rent assistance. Administrative costs do not include costs directly associated with program and service delivery.”

- 2. Please provide a clear request for a loan and the loan amount**
 - a. The H3S Director approached the Director of Water and Environment Services seeking a loan and has agreed upon a loan amount and terms.
 - b. The amount of the loan from WES is \$1.1 million with an interest rate of 2.46% to be repaid over two years. A proposed loan repayment structure is attached.
- 3. Source of loan funding**
 - c. H3S lacks necessary funding to provide a loan to prepare the county to receive and implement Measure 26-210 funding.
 - d. WES has the level of funding needed and is willing to provide a loan in the amount of \$1.1M with an interest rate of 2.46% over a repayment period of two years from the effective date of the loan. H3S has heard BCC concerns regarding pressures on the General Fund due to the Pandemic and Wildfires. The loan arrangement with WES prevents further pressure.
- 4. Can you provide a budget analysis of state monies currently received for housing services and if any of those funds may be at risk (state pull-back) due to funding from 26-210**
 - e. Biennially, Social Services receives \$3,390,019 in state funds for housing programs. Funds are received as EHA (Emergency Housing Account) and SHAP (State Homeless Assistance Program). These are primarily state general funds but also include some Document Recording Fee revenue. Currently these funds are distributed statewide via a formula to Community Action Agencies. The formula includes factors for poverty and homelessness. Local funding is not a factor, so increased funding through the Metro measure will not impact this funding source.
 - f. There is no way to predict how the State will determine how it will prioritize or amend current funding distribution patterns.
- 5. Implementation planning (using loan proceeds) would include planning for urban and rural (per Rich’s statement 09-09-2020) – would any rural planning expenditures be included as eligible uses of 26-210 monies?**
 - g. Measure 26-210 funding cannot be utilized for services or planning outside of the Metro boundary.
 - h. HACC has contracted with the Coalition of Communities of Color to do some work focused on the needs of our county outside of the Metro boundary. That small portion of the contracted work will need to be repaid using other funding sources such as the Affordable Housing and Services fund. H3S will evaluate all housing dollars toward a funding strategy for the entirety of Clackamas County.

Working with Metro and our County Partners

Andrew Naylor from County Counsel is working with Counsel at Metro, Multnomah and Washington Counties. They are preparing language for the IGA in a process similar to the one we underwent for the Metro Affordable Housing Development Bond. A DRAFT IGA will come before the Board for approval and Clackamas County Counsel is actively at the table. We intend to have an IGA ready for your review by early 2021. Our Local Implementation Plan will be an addendum to that IGA and we intend to bring that before you for approval by February 2021. Staff is meeting weekly with Metro and our county partners to align planning efforts and discuss regional opportunities. This week I’ll be speaking at an event Metro is hosting called “The Supporting Housing and Services Measure is Housing!” Metro is hosting this event to ensure the private landlord community understands how critical they are to our success, that this measure is about housing and that we need them to be our partners. This is an opportunity to work together towards a common goal of ending chronic homelessness. This is an opportunity to build a regional system designed for the people we serve. There is no better way to instill

trust in Metro and across our Region than by doing this work well, having strong outcomes and being transparent with the voters.

Funding and Administrative Fees

Metro provided staff with the following information to guide our planning efforts for year one.

It is challenging to predict how much funding will be available in the first year, as is true with starting up any new tax collection program. A number of uncertainties remain including timing of estimated payments/employer withholding, awareness by taxpayers of these new taxes, impact of COVID-19 and its effect on businesses and employees, and the effects of final Metro code development.

This revenue estimation is deliberately conservative with the intention to ensure program and participant stability in the first years of implementation. It is extremely important to prevent funding reductions that would put highly vulnerable households served by the program at risk of losing housing and services.

Potential regional revenue for SHS programming fiscal year 2021-2022	Clackamas County (21.33%)	Multnomah County (45.33%)	Washington County (33.33%)
\$115 million	\$24,529,500	\$ 52,129,500	\$38,329,500

See attachment 1

These figures are provided for planning purposes only. Estimates are based on collection analysis available October 1, 2020. Revenue projections will be updated in 2021 as new data and information is available.

The Counties will receive quarterly payments to be distributed after the cost to collect the tax and the Metro Admin portion has been deducted.

1. Funds will be distributed to the Local Implementation Partner within each county using the following percentages: 21 1/3 percent to Clackamas County, 45 1/3 percent to Multnomah County and 33 1/3 percent to Washington County.
2. The percentages set forth in Section 4.1.B apply to revenue for the first two tax years. Thereafter, the percentages may be adjusted to reflect the portion of Supportive Housing Services revenue actually collected in each county.
3. It’s important to remember that the funding is being distributed based upon population NOT existing need. The intuition is to use this equitable funding distribution to build a system of care across our region.
4. In preparation for the receipt of these funds the Housing Authority of Clackamas County, a Division of the Health, Housing & Human Services Department (H3S) is working toward the development of a Local Implementation Plan (LIP).

Preparing a Local Implementation Plan, (LIP)

Each Local Implementation Partner must create a Local Implementation Plan outlining its proposed use of funds in accordance with the purposes of the program. Local Implementation Plans must include a commitment that funding will be allocated as follows:

Seventy-five percent of funds will be devoted to services for population A, defined as:

1. Extremely low-income; AND
2. Have one or more disabling conditions; AND

3. Are experiencing or at imminent risk of experiencing long-term or frequent episodes of literal homelessness.
1. Twenty-five percent of funds will be devoted to services for population B, defined as:
 4. Experiencing homelessness; OR
 5. Have a substantial risk of experiencing homelessness.

This distribution of resources to serve priority populations may be adjusted over time as chronic and prolonged homelessness is reduced.

Local Implementation Plans must include a commitment that any documentation required for determining program eligibility will be low barrier and include self-reporting options.

1. Administrative expenses incurred by Local Implementation Partners and service providers are recommended not to exceed 15 percent of total annual revenues allocated for provision of services.
2. Administrative expenses incurred by Local Implementation Partners and housing authorities for administering long-term rent assistance programs are recommended not to exceed 10 percent of total annual revenues allocated for long-term rent assistance.

Administrative costs do not include costs directly associated with program and service delivery

A Local Implementation Plan should describe local housing and homeless service needs, current programming and unmet programming capacities, and proposed use of funds in accordance with the purposes of the regional Supportive Housing Services program.

HACC has contracted with the Corporation for Supportive Housing (CSH) to provide technical expertise in the writing of our Local Implementation Plan. CSH is working with Washington County to prepare their plan and is creating a template for all three counties to ensure regional consistency and alignment while taking into account local needs and priorities.

An analysis of gaps in existing homeless services as compared to need, as well as a racial equity analysis of outcomes in our current homeless services system are currently underway and will be incorporated into the Local Implementation Plan.

Community Engagement

To ensure engagement with Black, Indigenous, and People of Color in the development of the Plan, we have contracted with Unite Oregon, in partnership with the Coalition of Communities of Color, to lead engagement with communities of color over the coming months.

A Local Implementation Plan steering committee, made up of community members with an emphasis on racial equity and inclusion, and of people with lived experience of homelessness has been assembled and includes one Board member or their appointee as a non-voting member. This short term Task Force will be responsible for analyzing the data and community engagement information and helping staff prepare our plan priorities and goals. Staff will also be meeting with numerous other local advisory bodies to inform the development of the Plan including the Community Health Council, Continuum of Care, Housing Advisory Board, Early Learning Hub, Family Violence Coordinating Council, Youth Action Board, Community Action Board, Mental Health and Addiction Council, and others.

Our goal is to complete a DRAFT plan to bring before the Housing Authority Board for review and adoption in February 2021. The LIP will then go before the Regional Oversight Committee for review and onto Metro Council for final adoption in March 2021.

Building Capacity across Clackamas County

Measure 26-210 will provide financial resources that dwarf existing federal, state, and local housing and services funding. This new resource also enables us to prioritize existing resources to serve our neighbors outside of the Metro boundary. We have contracted with Unite Oregon and the Coalition of Communities of Color to engage with Clackamas County communities outside of the Metro regional boundary and provide recommendations on prioritization of resources in order to meet the housing and homeless services needs of these communities as well. This engagement will begin following the work required to inform the LIP, (in spring 2021).

The Housing Authority of Clackamas County, (HACC) intends to focus funding generated through development fees and the disposition of existing public housing to work in partnership with cities and public/private development partners to develop affordable housing outside of the Metro Boundary.

Preparation

In order to expand HACC's capacity to administer these resources, the Housing Authority is working to develop a Housing Services Team. This team will focus on recruiting, training and investing in the creation of an expanded web of culturally specific Community Based Organizations that meet the needs of our most vulnerable homeless neighbors.

Upfront investments are necessary to ensure contracts are in place and service delivery can begin in July 2021.

The Department of Health, Housing and Human Services, (H3S) on behalf of the Housing Authority of Clackamas County is seeking a loan from Water Environmental Services (WES) in order to scale up its programming for funding from measure 26-210. The funding from 26-210 is anticipated to be available in the spring 2021. The amount of the loan from WES is \$1.1 million with an interest rate of 2.46% to be repaid over two years.

Anticipated year one priorities and investments

Community engagement will help us understand local needs and priorities but there are a few areas staff intends to present as **essential investments** during year one including:

- Rent Assistance to ensure continued housing stability for disabled seniors housed through the Kaiser/Health Share Metro 300 program.
- Additional rent assistance with contracted wrap around services for 100 homeless disabled.
- Development of emergency shelter for single adults experiencing homelessness
 - Researching motel acquisition
- Expanding capacity for outreach to people experiencing homelessness
- Wrap around services to be provided to residents at Webster Road project in Gladstone.

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? \$0

What is the funding source? Measure 26-210 funding

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department's Strategic Business Plan goals?
 - Improved community safety and health
 - Efficient & effective services
 - Individuals and families in need are healthy and safe

- How does this item align with the County's Performance Clackamas goals?
 - Ensure safe, healthy and secure communities

LEGAL/POLICY REQUIREMENTS:

Chris Storey legal counsel for WES is reviewing and recommending loan terms.

PUBLIC/GOVERNMENTAL PARTICIPATION:

None

OPTIONS:

1. Receive this update and provide staff with guidance on the process underway in preparation for Metro Measure 26-210 funding. Approve staff to proceed with a Measure 26-210 readiness loan in the amount of \$1.1 M to be repaid with an interest rate of 2.46% over a period of two years from the Clackamas County Department of Water and Environment Services.
2. Receive this update and provide staff with guidance on the process underway in preparation for Metro Measure 26-210 funding. Provide staff with an alternate approach to prepare for Measure 26-210 funding that does not include a loan from Water and Environment Services.

RECOMMENDATION:

Staff recommends the Board receive this update and provide staff with guidance on the process underway in preparation for Metro Measure 26-210 funding. Approve staff to proceed with a Measure 26-210 readiness loan in the amount of \$1.1 M to be repaid with an interest rate of 2.46% over a period of two years from the Clackamas County Department of Water and Environment Services.

ATTACHMENTS:

Metro memo 10/19/2020

Budget for WES loan

WES to HACC Loan Schedule

SUBMITTED BY:

Division Director/Head Approval _____
Department Director/Head Approval _____
County Administrator Approval _____



For information on this issue or copies of attachments, please contact Jill Smith at 503-502-9278

Memo



Metro

600 NE Grand Ave.
Portland, OR 97232-2736

Date: Monday, October 19, 2020

To: County Implementation partners in the regional Supportive Housing Services Program:

From: Jes Larson, Housing Policy Program Manager, Metro Planning and Development Department

Subject: Potential revenue for planning purposes only

In support of County implementation planning efforts currently underway, we are providing this high-level information regarding potential program revenue in the Regional Supportive Services program. This information is provided to help inform county planning efforts as they consider scaling current programming and adding additional programming with new program funding in the early years of implementation.

It is challenging to predict how much funding will be available in the first year, as is true with starting up any new tax collection program. A number of uncertainties remain including timing of estimated payments/employer withholding, awareness by taxpayers of these new taxes, impact of COVID-19 and its effect on businesses and employees, and the effects of final Metro code development.

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Housing Authority of Clackamas County
 Budget for Measure 26-210 (Supportive Housing Services Measure)

Salary	HACC Deputy Director	138,775
Salary	Administrative Services Manager	99,371
Salary	Program Planner Senior	81,022
Salary	Additional Staff Capacity	<u>148,500</u>
Salaries		467,668
Benefits	HACC Deputy Director	62,449
Benefits	Administrative Services Manager	44,717
Benefits	Program Planner Senior	36,460
Benefits	Additional Staff Capacity	<u>66,825</u>
Benefits		210,451
Office	Technology/Office/Overhead	46,767
Office	Community Outreach/Meetings	50,000
Office	Contingency	<u>50,315</u>
Office		147,082
Contracts	Local Implementation Plan	84,000
Contracts	Community Engagement Contracts	195,000
Contracts		<u>279,000</u>
	Estimated Total	<u><u>1,104,200</u></u>

LOAN AMORTIZATION SCHEDULE

ENTER VALUES

Loan amount	\$1,100,000.00
Annual interest rate	2.46%
Loan period in years	2
Number of payments per year	12
Start date of loan	12/15/2020

Optional extra payments \$0.00 TBD

LOAN SUMMARY

Scheduled payment	\$47,017.03
Scheduled number of payments	24
Actual number of payments	24
Total early payments	\$0.00 TBD
Total interest	\$28,408.77

LENDER NAME Water Environment Services (WES)

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULE D PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
1	12/15/2020	\$1,100,000.00	\$47,017.03	\$0.00	\$47,017.03	\$44,762.03	\$2,255.00	#####	\$2,255.00
2	1/15/2021	\$1,055,237.97	\$47,017.03	\$0.00	\$47,017.03	\$44,853.79	\$2,163.24	#####	\$4,418.24
3	2/15/2021	\$1,010,384.17	\$47,017.03	\$0.00	\$47,017.03	\$44,945.74	\$2,071.29	\$965,438.43	\$6,489.53
4	3/15/2021	\$965,438.43	\$47,017.03	\$0.00	\$47,017.03	\$45,037.88	\$1,979.15	\$920,400.55	\$8,468.67
5	4/15/2021	\$920,400.55	\$47,017.03	\$0.00	\$47,017.03	\$45,130.21	\$1,886.82	\$875,270.33	\$10,355.50
6	5/15/2021	\$875,270.33	\$47,017.03	\$0.00	\$47,017.03	\$45,222.73	\$1,794.30	\$830,047.61	\$12,149.80
7	6/15/2021	\$830,047.61	\$47,017.03	\$0.00	\$47,017.03	\$45,315.43	\$1,701.60	\$784,732.17	\$13,851.40
8	7/15/2021	\$784,732.17	\$47,017.03	\$0.00	\$47,017.03	\$45,408.33	\$1,608.70	\$739,323.84	\$15,460.10
9	8/15/2021	\$739,323.84	\$47,017.03	\$0.00	\$47,017.03	\$45,501.42	\$1,515.61	\$693,822.42	\$16,975.71
10	9/15/2021	\$693,822.42	\$47,017.03	\$0.00	\$47,017.03	\$45,594.70	\$1,422.34	\$648,227.73	\$18,398.05
11	10/15/2021	\$648,227.73	\$47,017.03	\$0.00	\$47,017.03	\$45,688.17	\$1,328.87	\$602,539.56	\$19,726.91
12	11/15/2021	\$602,539.56	\$47,017.03	\$0.00	\$47,017.03	\$45,781.83	\$1,235.21	\$556,757.74	\$20,962.12
13	12/15/2021	\$556,757.74	\$47,017.03	\$0.00	\$47,017.03	\$45,875.68	\$1,141.35	\$510,882.06	\$22,103.47
14	1/15/2022	\$510,882.06	\$47,017.03	\$0.00	\$47,017.03	\$45,969.72	\$1,047.31	\$464,912.33	\$23,150.78
15	2/15/2022	\$464,912.33	\$47,017.03	\$0.00	\$47,017.03	\$46,063.96	\$953.07	\$418,848.37	\$24,103.85
16	3/15/2022	\$418,848.37	\$47,017.03	\$0.00	\$47,017.03	\$46,158.39	\$858.64	\$372,689.98	\$24,962.49
17	4/15/2022	\$372,689.98	\$47,017.03	\$0.00	\$47,017.03	\$46,253.02	\$764.01	\$326,436.96	\$25,726.51
18	5/15/2022	\$326,436.96	\$47,017.03	\$0.00	\$47,017.03	\$46,347.84	\$669.20	\$280,089.12	\$26,395.70
19	6/15/2022	\$280,089.12	\$47,017.03	\$0.00	\$47,017.03	\$46,442.85	\$574.18	\$233,646.27	\$26,969.88
20	7/15/2022	\$233,646.27	\$47,017.03	\$0.00	\$47,017.03	\$46,538.06	\$478.97	\$187,108.22	\$27,448.86
21	8/15/2022	\$187,108.22	\$47,017.03	\$0.00	\$47,017.03	\$46,633.46	\$383.57	\$140,474.76	\$27,832.43
22	9/15/2022	\$140,474.76	\$47,017.03	\$0.00	\$47,017.03	\$46,729.06	\$287.97	\$93,745.70	\$28,120.40
23	10/15/2022	\$93,745.70	\$47,017.03	\$0.00	\$47,017.03	\$46,824.85	\$192.18	\$46,920.84	\$28,312.58
24	11/15/2022	\$46,920.84	\$47,017.03	\$0.00	\$46,920.84	\$46,824.66	\$96.19	\$0.00	\$28,408.77