

MEMORANDUM

TO: Clackamas County Board of County Commissioners
FROM: Rodney Cook, Director
RE: Supportive Housing Services Reform Activities, Impacts, and Priorities
DATE: November 26, 2024

REQUEST: Health, Housing & Human Services will brief the Board on Metro Supportive Housing Services reform activities and associated potential impacts to County revenue. Staff will also share recommendations for the County's priorities in upcoming discussions with Metro.

BACKGROUND:

On October 17, 2024, Metro Council passed a resolution related to Supportive Housing Services (SHS) reform activities to establish its priorities for an integrated and expanded regional supportive housing services and affordable housing program. The priorities in the resolution follow and expand on the Recommendation for the Future of Regional Housing Funding issued by the Metro Chief Operating Officer on July 9, 2024. Reform activities under consideration include:

- Making affordable housing development an allowable use of SHS funds and creating a program for cities to receive funding.
- Extending or eliminating the 2030 SHS tax sunset.
- Raising the SHS income threshold through indexing and/or reducing the tax rate.
- Establishing a new SHS governance structure.
 - Notably, the resolution passed by Metro Council provides key details on Metro's intention to expand its role through a Housing and Homeless Policy Advisory Committee that includes:
 - Oversight over housing production (land use planning and housing production strategies) and homeless services, including moving into the oversight of local implementation of state mandates under the Oregon Housing Needs Analysis.
 - Development of a Regional Housing and Homelessness Action Plan.
 - Regionalized goals and strategies.
 - Review of local plans for alignment with the regional action plan
 - Recommendation and approval of local plans before funds are distributed.
 - Outcomes-based, proactive budgeting process.
 - Potential for redistribution of revenues.
 - Technical advisory committee.

On November 19, as part of ongoing dialogue between Metro, representatives from the three counties, and other interested parties to these reform activities, Metro President Peterson provided a set of draft allocation scenarios (See Attachment 1). The two change scenarios contain these key features:

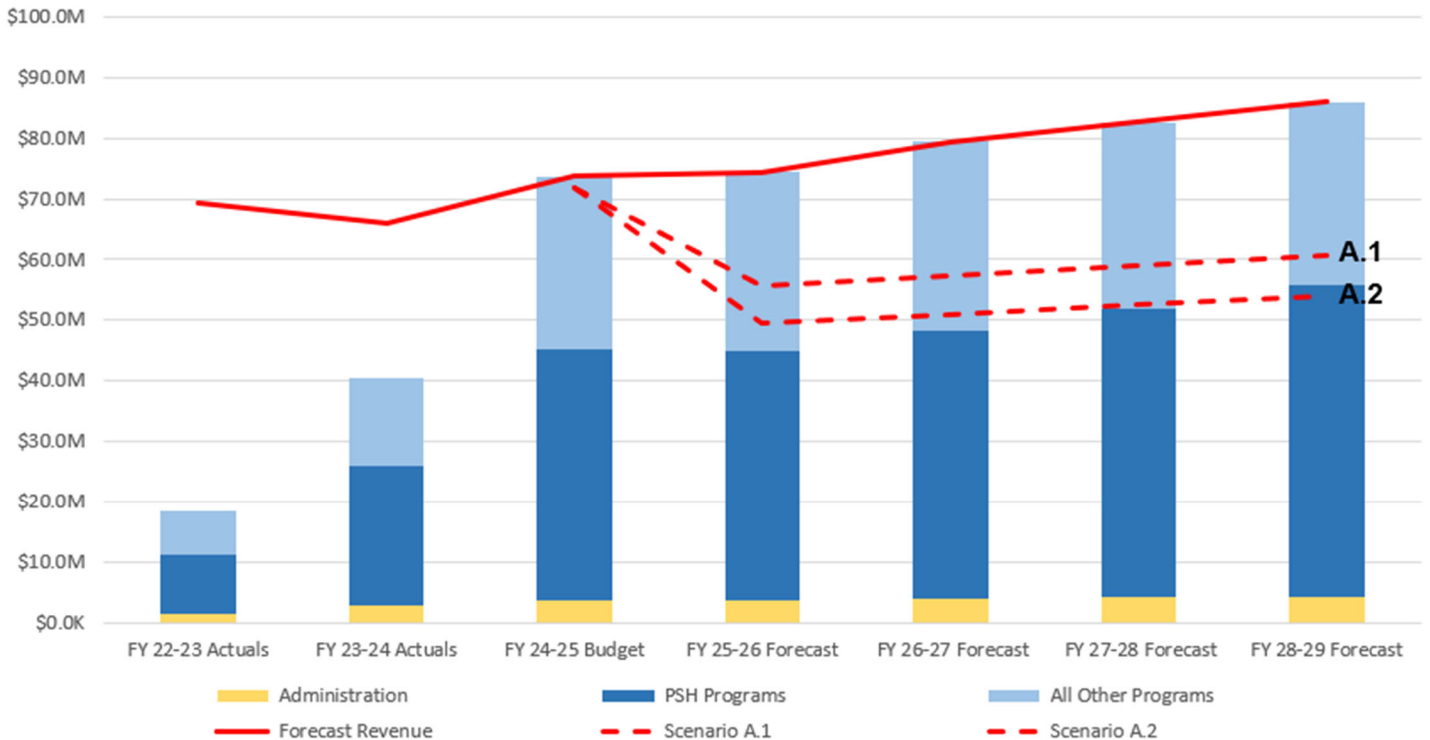
- Reduces personal income tax rate by 10% (lowered to 0.9%) starting in 2026 and 25% (lowered to 0.75%) starting in 2031.

- Extends the sunset from 2030 to 2050.
- Sets a fixed county allocation calculated from 2021 base amounts of \$250 million (Scenario A.1) and \$225 million (Scenario A.2), inflated at 3% each year from 2021 and into the future.
- Reallocates revenue in excess of county allocations to affordable housing, cities, and additional resources.
- Uses revenue assumptions that have not been provided to the counties and deviates from the most recent forecast (November 2023).

President Pederson requested that each county use the scenarios and come to the next meeting, two days later, on November 21, to discuss the following:

- For each scenario, share priorities for the stable ongoing county services and rent assistance allocation.
- Program-line details of recent SHS spending.
- Unit production potential of each scenario’s modeled housing program funding.

The scenarios provided by Metro reduce funding levels for County programs beyond those presented to the Board at the most recent update on October 1. Using the limited technical details provided by Metro on the scenarios, County staff have estimated the near-term impact on revenue through the current forecast period (See Attachment 2). **Starting in FY 2025-26, Clackamas County’s funding would be reduced from the current forecast amount of \$74.4 million to \$55.6 million under Scenario A.1 (25% reduction) and \$49.5 million under Scenario A.2 (34% reduction). This would require program reductions of \$18.8 million – \$25.0 million.**



Program Impacts:

Clackamas County has built a balanced homeless services system – a continuum of programs and services that supports people’s journey from homelessness or housing insecurity to permanent, stable housing. Modest investments have been made in front-end programs like outreach and shelter to provide for engagement and short-term stability. Those investments have been balanced with more substantial commitments in permanent housing opportunities, including permanent supportive housing. This ensures adequate pathways to housing stability and maintains the primary focus of the SHS program, which is to end chronic homelessness.

Because the County’s forecasted SHS revenue is fully committed to ongoing programs and services, reductions in revenue cannot be absorbed without cuts to those programs and services. See Attachment 3 for the ongoing investments in the county’s FY 2024-25 SHS budget. As can be seen in the chart above, approximately 60% of the budget is committed to sustaining Permanent Supportive Housing programming, with the remaining amount funding the rest of the continuum.

Should reform efforts result in these substantial revenue reductions, Clackamas County would prioritize maintaining a balanced system in absorbing the reductions. This would mean reductions in program capacity at each point along the services continuum, with the most significant reduction in permanent supportive housing capacity. Clackamas County would continue to maintain a continuum spanning homelessness prevention, street outreach, safety off the streets, and permanent housing support to people experiencing homelessness, but would necessarily serve fewer households in each of these programs than at the currently budgeted scale.

Next Steps & County Priorities:

The next meeting with Metro is scheduled for December 3. Clackamas County will have an opportunity to share how it would prioritize system investments with a reduction in revenue, the line-details of its program budget, and the unit production potential of each scenario’s housing allocation. Staff intend to share Clackamas County’s priority for focusing reform efforts around the following considerations:

- Preserve Local Decision-Making Authority
- Measured, Intentional Changes & Transition Period
- Maintaining a Balanced System
- Ensuring the Highest and Best Use of Resources
- Adequately Address Risks and Challenges

RECOMMENDATION: This is an update only. There is no recommendation or requested action at this time.

Respectfully Submitted,

Rodney Cook, Director

Attachments:

Attachment 1 – SHS Allocation Scenarios for November 21 2024 Discussion

Attachment 2 – Draft Impact of Metro Scenarios November 2024

Attachment 3 – FY 2024-25 Supportive Housing Services Budget – Ongoing Commitments

SHS Allocation Scenarios

November 21, 2024

Assumptions/Conditions

Scenario A.0

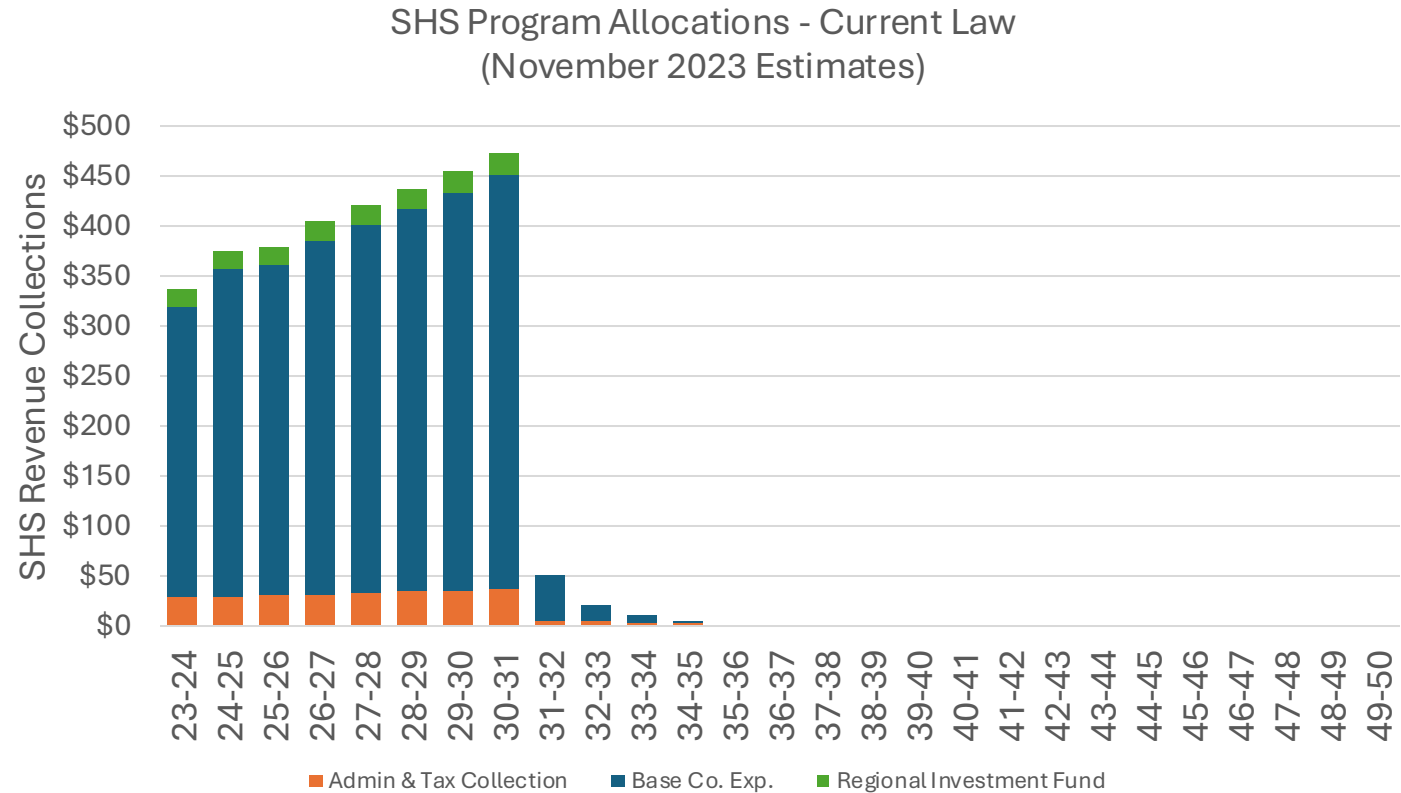
- Current Law
- November 2023 Forecast Figures

Scenarios A.1 & A.2

- Indexing implemented for tax year 2026 and beyond
- Inflation assumed at 3% per year for all expenditures/buckets
- Sunset extended to 2050
- Personal Income Tax Rate: .9% FY2026-2030, .75% FY2031-2050
- State experience from 2001-2021 overlaid as example of volatility (only half of actual experience for readability, housing bubble “smoothed”)
 - A.1 sets County/Admin allocation ~\$250M
 - A.2 sets County/Admin allocation ~\$225M

Scenario A.0 – Current Law

- County allocations set by existing formula
- No additional allocations/distributions



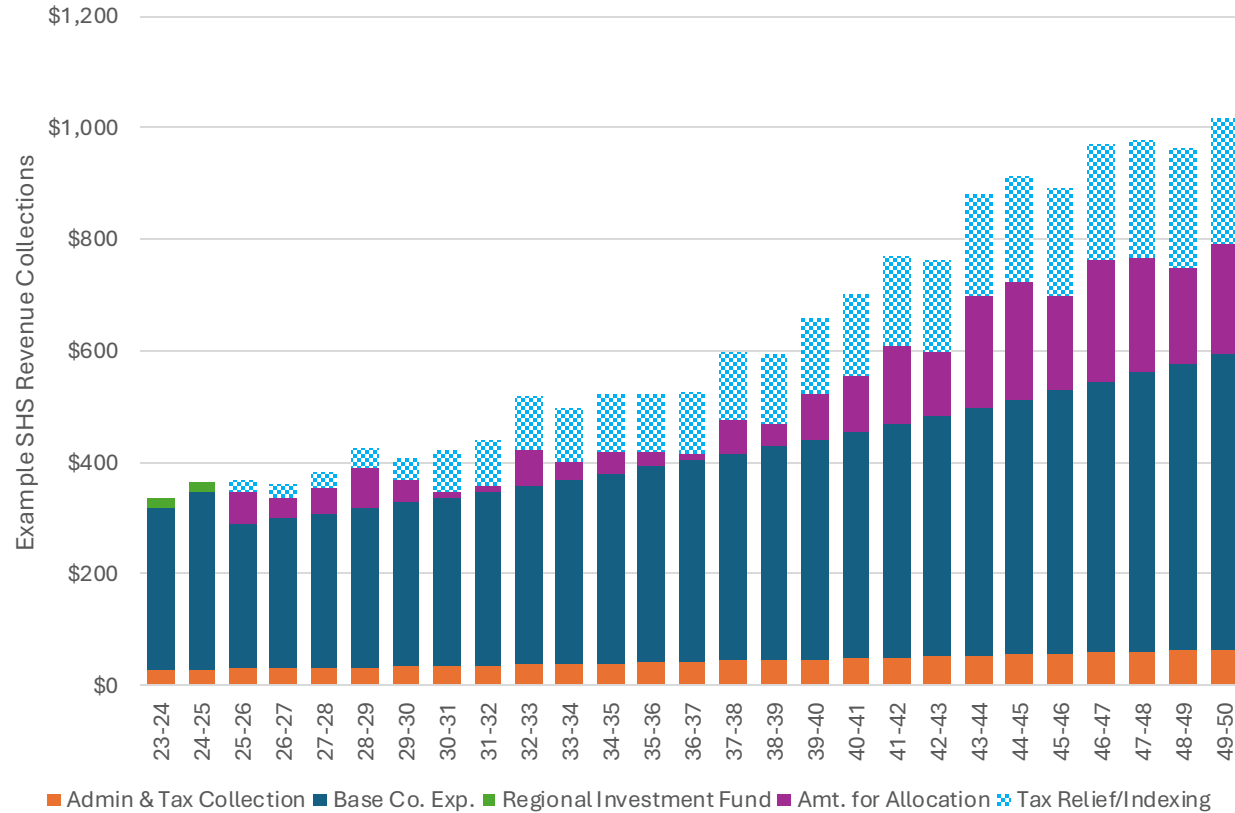
Average Annual Allocations (\$millions):

	Housing	Cities	Additional Services
FY2026-2030	\$0	\$0	\$0
FY2031-2035	\$0	\$0	\$0

Scenario A.1 – Half of State Revenue Variability Adjusted (County/Admin Base = \$250M Infl. Adj. FY21)

- Initial County allocations set at \$250M (including collections and Metro admin)
- Initial Housing allocation: up to \$50M
- Initial City allocation: Up to \$15M
- Additional Available For Allocation: Remainder

Scenario A.1 – County/Admin Allocation @ \$250M

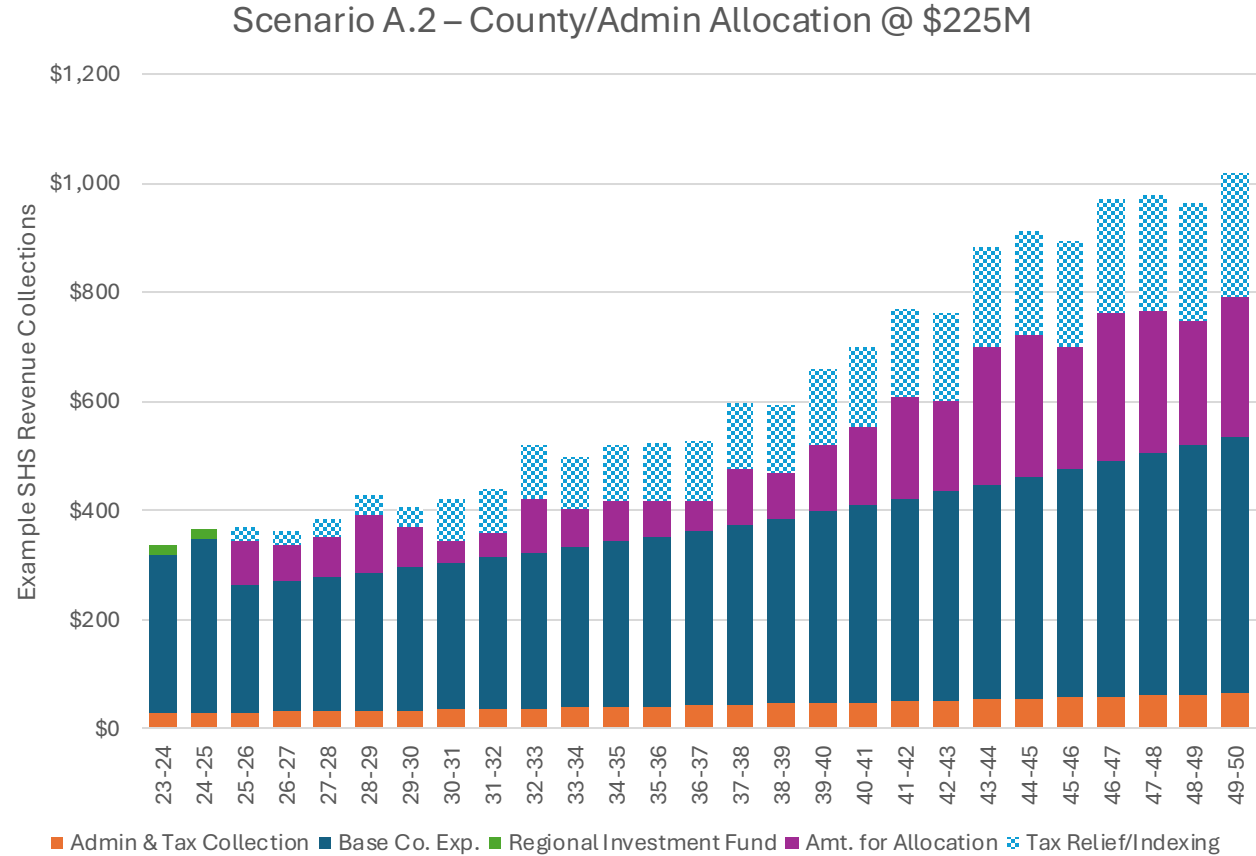


Average Annual Allocations (\$millions):

	County Base + Admin/Collection	Housing	Cities	Additional Resources
FY2026-2030	\$308.9	\$0 - \$42.2	\$0 - \$2.4	\$0.0
FY2031-2035	\$358.6	\$0 - \$61.5	\$0 - \$18.5	\$0.0 - \$61.9

Scenario A.2 – Half of State Revenue Variability Adjusted (County/Admin Base = \$225M Infl. Adj. FY21)

- Initial County allocations set at \$225M (including collections and Metro admin)
- Initial Housing allocation: up to \$50M
- Initial City allocation: Up to \$15M
- Additional Available For Allocation: Remainder



Average Annual Allocations (\$millions):

	County Base + Admin/Collection	Housing	Cities	Additional Resources
FY2026-2030	\$278.1	\$53.1	\$9.6	\$5.5 - \$50.0
FY2031-2035	\$323.0	\$45.0 - \$61.5	\$3.7 - \$18.5	\$1.2 - \$83.3

Attachment #2

DRAFT Supportive Housing Services Revenue Change Scenarios

Last updated: 11/20/2024

Current 5-Year Forecast (Extended through FY 2031)						
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Forecast Revenue	378,700,000	404,000,000	420,200,000	437,000,000	454,477,994	477,201,841
Tax Collection Costs	(11,426,546)	(11,769,342)	(12,122,423)	(12,486,095)	(12,860,678)	(13,246,498)
Metro Administration (5%)	(18,363,673)	(19,611,533)	(20,403,879)	(21,225,695)	(21,225,695)	(21,225,695)
Collections for Distribution	348,909,781	372,619,125	387,673,698	403,288,210	420,391,621	442,729,648
Multnomah County (45.33%)	158,172,433	168,920,669	175,745,409	182,823,987	190,577,533	200,704,105
Washington County (33.33%)	116,303,259	124,206,374	129,224,565	134,429,402	140,130,539	147,576,548
Clackamas County (21.33%)	74,434,086	79,492,079	82,703,721	86,034,817	89,683,544	94,448,990
Regional Strategies Funds	17,445,489	18,630,956	19,383,685	20,164,410	21,019,581	22,136,482

Scenario A.1						
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Forecast Revenue	368,870,000	362,930,000	383,800,000	427,410,000	444,390,000	462,030,000
Rate Reduction	(20,290,000)	(19,960,000)	(21,110,000)	(23,510,000)	(24,440,000)	(63,530,000)
Indexing	(3,200,000)	(6,500,000)	(9,890,000)	(13,390,000)	(16,450,000)	(19,130,000)
Collection Costs	(11,670,000)	(12,020,000)	(12,380,000)	(12,750,000)	(13,130,000)	(13,530,000)
Metro Administration (5%)	(18,210,000)	(18,850,000)	(19,510,000)	(20,190,000)	(20,900,000)	(21,630,000)
Collections for Distribution	315,500,000	305,600,000	320,910,000	357,570,000	369,470,000	344,210,000
Housing	50,000,000	36,940,000	44,190,000	54,640,000	56,280,000	41,840,000
Cities	4,670,000	-	-	16,390,000	16,880,000	-
Additional Funds	-	-	-	1,520,000	2,730,000	-
Counties	260,830,000	268,660,000	276,720,000	285,020,000	293,580,000	302,370,000
Multnomah County (45.33%)	118,242,932	121,792,532	125,446,399	129,209,066	133,089,599	137,074,399
Washington County (33.33%)	86,943,332	89,553,332	92,239,999	95,006,666	97,859,999	100,789,999
Clackamas County (21.33%)	55,643,732	57,314,132	59,033,599	60,804,266	62,630,399	64,505,599
Counties (Difference vs. Current)						
Multnomah County	(39,929,501)	(47,128,136)	(50,299,009)	(53,614,921)	(57,487,934)	(63,629,706)
Washington County	(29,359,927)	(34,653,041)	(36,984,566)	(39,422,736)	(42,270,540)	(46,786,549)
Clackamas County	(18,790,353)	(22,177,946)	(23,670,122)	(25,230,551)	(27,053,145)	(29,943,391)
Total	(88,079,780)	(103,959,124)	(110,953,697)	(118,268,209)	(126,811,620)	(140,359,646)

Scenario A.2						
	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	FY 2030-31
Forecast Revenue	368,870,000	362,930,000	383,800,000	427,410,000	444,390,000	462,030,000
Rate Reduction	(20,290,000)	(19,960,000)	(21,110,000)	(23,510,000)	(24,440,000)	(63,530,000)
Indexing	(3,200,000)	(6,500,000)	(9,890,000)	(13,390,000)	(16,450,000)	(19,130,000)
Collection Costs	(11,670,000)	(12,020,000)	(12,380,000)	(12,750,000)	(13,130,000)	(13,530,000)
Metro Administration (5%)	(18,210,000)	(18,850,000)	(19,510,000)	(20,190,000)	(20,900,000)	(21,630,000)
Collections for Distribution	315,500,000	305,600,000	320,910,000	357,570,000	369,470,000	344,210,000
Housing	50,000,000	51,500,000	53,050,000	54,640,000	56,280,000	57,960,000
Cities	15,000,000	15,290,000	15,910,000	16,390,000	16,880,000	17,390,000
Additional Funds	18,650,000	-	5,980,000	33,190,000	35,350,000	80,000
Counties	231,850,000	238,810,000	245,970,000	253,350,000	260,960,000	268,780,000
Multnomah County (45.33%)	105,105,333	108,260,533	111,506,399	114,851,999	118,301,866	121,846,932
Washington County (33.33%)	77,283,333	79,603,333	81,989,999	84,449,999	86,986,666	89,593,332
Clackamas County (21.33%)	49,461,333	50,946,133	52,473,599	54,047,999	55,671,466	57,339,732
Difference vs. Current						
Multnomah County	(53,067,100)	(60,660,136)	(64,239,009)	(67,971,988)	(72,275,668)	(78,857,173)
Washington County	(39,019,927)	(44,603,041)	(47,234,566)	(49,979,403)	(53,143,873)	(57,983,215)
Clackamas County	(24,972,753)	(28,545,946)	(30,230,122)	(31,986,818)	(34,012,079)	(37,109,258)
Total	(117,059,780)	(133,809,124)	(141,703,697)	(149,938,208)	(159,431,619)	(173,949,646)

Attachment #3

FY 2024-25 Adopted Budget - Supportive Housing Services Ongoing Commitments

Program No.	Program Name	Description	Provider	Amount
400701	Administration & Operations			5,768,949
		Administrative Staff & Related Costs (18.0 FTE)	Housing & Community Development Division	2,524,818
		Program Staff & Related Costs (8.0 FTE)	Housing & Community Development Division	1,872,766
		Available for Ongoing Programming	Housing & Community Development Division	216,879
		Behavioral Health Program Enhancements	Behavioral Health Division	539,487
		Healthcare Program Enhancements	Health Centers Division	350,000
		Public Health Program Enhancements	Public Health Division	250,000
		Resource Guide Support	Street Roots	15,000
400702	System Support & Coordination			7,181,244
		Administrative Staff & Related Costs (6.0 FTE)	Housing & Community Development Division	1,142,699
		Program Staff & Related Costs (4.0 FTE)	Housing & Community Development Division	768,917
		Coordinated Housing Access	211	819,437
		Coordinated Housing Access	Social Services Division	632,853
		Stipends for Lived Experience	Housing & Community Development Division	10,000
		Youth Engagement Coordination	Children, Family & Community Connections Division	84,821
		Homeless Management Information System	Multnomah County	40,000
		Furniture Provision	To Be Determined	317,240
		Placeholder - TCPB Landlord Recommendations	To Be Determined	1,000,000
		Regional Strategies Staff & Related Costs (4.0 FTE)	Housing & Community Development Division	601,919
		Regional Strategies Unallocated	To Be Determined	993,625
		Risk Mitigation Program	Housing Development Center	769,733
400704	Outreach and Engagement			3,246,337
		Law Enforcement Assisted Diversion	Central City Concern	1,096,575
		Outreach & Engagement Services	Clackamas Service Center	298,853
		Outreach & Engagement Services	Immigrant & Refugee Community Organization	157,740
		Outreach & Engagement Services	LoveOne/The Father's Heart Street Ministry	1,412,285
		Outreach & Engagement Services	Up and Over	280,884
400705	Safety off the Streets			11,369,853
		Aunties Place	Native American Youth and Family Center	1,297,987
		Casa Esperanza	Northwest Family Services	498,770
		Clackamas Village	Sunstone Way	750,000
		Domestic Violence Shelter	Clackamas Womens Services	1,033,565
		Family Shelter	Northwest Housing Alternatives	769,870
		Hotel Vouchers	N/A	2,326,384
		Hotel Shelter Supportive Services	The Father's Heart Street Ministry	1,977,234
		Safety off the Streets Flex Funds	Housing & Community Development Division	75,000
		Serenity/Haven House	Bridges to Change	474,800
		Severe Weather Programming	N/A	500,000
		Stabilization Center	The Father's Heart Street Ministry	750,000
		Veterans Village	Do Good Multnomah	379,986
		Youth Safety off the Streets Services	Northwest Family Services	536,256

Program No.	Program	Description	Provider	Amount
400706	Housing Placement & Retention			8,978,750
		Eviction Prevention	Clackamas Womens Services	680,208
		Eviction Prevention	Impact Northwest via HACC	406,178
		Eviction Prevention	Mental Health Association of Oregon	123,281
		Eviction Prevention Mediation	Children, Family & Community Connections Divisi	371,960
		Housing Navigation & Placement	Clackamas Womens Services	417,594
		Housing Navigation & Placement	EI Programa Hispano Catolico	501,487
		Housing Navigation & Placement	Greater New Hope	395,412
		Housing Navigation & Placement	Health Centers Division	238,266
		Housing Navigation & Placement	Immigrant & Refugee Community Organization	212,056
		Housing Navigation & Placement	Impact Northwest	279,969
		Housing Navigation & Placement	LoveOne/The Father's Heart Street Ministry	130,295
		Housing Navigation & Placement	Northwest Family Services	1,508,073
		Housing Navigation & Placement	Up and Over	212,630
		Housing Navigation & Placement - Youth	Northwest Family Services	388,225
		Rapid Rehousing	Clackamas Womens Services	599,490
		Rapid Rehousing	Northwest Housing Alternatives	574,983
		Rapid Rehousing - Native American Families	Native American Youth and Family Center	328,905
		Rapid Rehousing - Youth	Northwest Family Services	293,243
		Resident Services	Housing Authority of Clackamas County	310,973
		Resident Services Flex Funds	Housing Authority of Clackamas County	55,000
		Shelter Navigation Services	The Father's Heart Street Ministry	344,503
		Shelter Navigation Services - Domestic Violence	Northwest Family Services	156,146
		Shelter Navigation Services - Native American Families	Native American Youth and Family Center	313,913
		Short Term Rent Assistance	Northwest Family Services	135,960
400707	Supportive Housing			37,105,204
		Population B Case Management for RLRA	Social Services Division	174,120
		RLRA Program	Housing Authority of Clackamas County	23,324,215
		RLRA Program - Administration	Housing Authority of Clackamas County	2,332,421
		Renaissance & Rain Garden Case Management	Cascadia	368,577
		Shelter + Care Supportive Housing Case Management	Impact Northwest	242,030
		Supportive Housing Case Management	Clackamas Womens Services	1,251,731
		Supportive Housing Case Management	EI Programa Hispano Catolico	501,985
		Supportive Housing Case Management	Greater New Hope	352,013
		Supportive Housing Case Management	Health Centers Division	228,293
		Supportive Housing Case Management	Immigrant & Refugee Community Organization	202,233
		Supportive Housing Case Management	Impact Northwest	429,245
		Supportive Housing Case Management	LoveOne/The Father's Heart Street Ministry	203,940
		Supportive Housing Case Management	Northwest Family Services	1,456,917
		Supportive Housing Case Management	Northwest Housing Alternatives	648,243
		Supportive Housing Case Management	The Father's Heart Street Ministry	456,572
		Supportive Housing Case Management	Up and Over	295,345
		Supportive Housing Case Management - Clackamas Apartments	Just Compassion	750,000
		Supportive Housing Case Management - Clayton Mohr Commons	Do Good Multnomah	263,078
		Supportive Housing Case Management - Good Shepherd Village	Catholic Charities	1,095,166
		Supportive Housing Case Management - Hillside Park	To Be Determined	250,000
		Supportive Housing Case Management - Mercy Greenbrae	Mercy Housing	580,000
		Supportive Housing Case Management - Tukwila Springs	Home Forward	682,274
		Supportive Housing Case Management - Tukwila Springs	Native American Rehabilitation Association	326,216
		Supportive Housing Case Management - Vuela	To Be Determined	240,000
		Supportive Housing Case Management - Youth	Northwest Family Services	450,591
			Total	73,650,337