

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Sitting/Acting as (if applicable)

Policy Session Worksheet

Presentation Date: December 18, 2024 **Approx. Start Time:** 11:00 AM

Approx. Length: 60 minutes

Presentation Title: Supportive Housing Services Spending Update

Department: Health, Housing & Human Services

Presenters: Rodney Cook, Director, and Adam Brown, Deputy Director

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Approval of recommended updates to the plan for one-time and limited-term investments funded by the carryover balance of Supportive Housing Services funds.

EXECUTIVE SUMMARY:

Now in the fourth year of programs and services funded by the Supportive Housing Services Measure, Clackamas County's new homeless services system is in a period of transition. The first three years were focused on designing and implementing a balanced, recovery-oriented system that supports the journey from homelessness or housing instability to permanent, stable housing. Modest investments have been made in frontend programs like outreach and shelter, balanced by more substantial commitments in permanent housing opportunities, including permanent supportive housing, to maintain focus on ending chronic homelessness. With the new system largely built, Clackamas County is transitioning to a new developmental phase.

As we enter this new developmental phase, Clackamas County is focusing on evaluating the effectiveness of our programs and refining our investments to ensure we are making the most of our SHS funding. This work comes at a critical time, as we are responding to a reduced funding forecast and potential changes by Metro that may further decrease program funds. Our goal remains to sustain a balanced system and strengthen our efforts despite these challenges. For these reasons, the updates we are proposing to the carryover plan seek to rebalance and affirm commitments made since the last update, and make additional investments in programs that will help Clackamas County transition to a lower level of system capacity without adversely impacting vulnerable households.

Background

At a Policy Session on June 14, 2023, staff presented the Board of County Commissioners with a plan for onetime and limited-term uses of the anticipated carryover balance of SHS funding going into Fiscal Year 2023-24. The Board unanimously approved of the plan to allocate the anticipated \$58.6 million across five priority areas. Staff committed to returning to the Board on an as-needed basis to update the plan. At a Policy Session on September 20, 2023, staff informed the Board that \$33.9 million was available to add to the plan, bringing the carryover balance available at that time to \$92.5 million. The Board approved of the staff recommendation to add 50% (\$16.95 million) of the additional carryover balance to the Capital Needs category and reserve the remaining 50% (\$16.95 million) for allocation by the Board at a later time. The Board also approved of staff recommendations for allocation of the \$33.75 million in Capital Needs funding to specific projects and priorities.

As of the September 20, 2023, Policy Session, the Board had approved of the following allocations:

Priority Area	Current Amount
1 - Financial Stability	11,400,000
2 - Expanding Capacity	13,200,000
3 - Upstream Investments	2,200,000
4 - Rent Assistance	15,000,000
5 - Capital Needs	
Clackamas Village	3,000,000
Crisis Stabilization Center & Shelter	3,500,000
Navigation/Resource Centers	10,000,000
City-led Initiatives	5,000,000
Recovery-oriented Infrastructure	10,250,000
Medical Respite/Transitional Housing	2,000,000
Available for Allocation	<u>16,950,000</u>
Total	92,500,000

Updates and Changes

Staff are recommending several changes to the carryover plan based on the following Board priorities, project updates, availability of additional one-time funds, and changes to the Supportive Housing Services revenue picture:

- **Board priorities:**

- Recovery-oriented infrastructure: Clackamas County is moving forward with the development of a recovery campus and the disposition of the Housing Authority's scattered sites to support recovery-oriented programming.

- **Project updates:**

- Clackamas Village: Changes were made to the scope of the project to accommodate items requested by the county, code requirements, and unforeseen site conditions. These changes have increased the project costs.
- Stabilization Center: The county was allocated \$4.0 million for this project by the State Legislature in 2024 House Bill 5204. This will allow the county to reallocate the \$3.5 million of SHS funds.

- **Additional one-time funds:**

- With FY 2023-24 now nearly closed, the county has an additional \$9.0 million of SHS funds that accumulated in the prior year as programs continued to ramp up.

- **Changes to the SHS revenue picture:**

- Metro's newly released five-year SHS revenue forecast decreases the county's anticipated revenue by over \$10 million per year (14%) starting in the current fiscal year. This, combined with the changes to the tax rate and allocation framework that Metro is considering, will require reductions in ongoing programming starting next fiscal year, FY 2025-26.

	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
November 2023 Forecast	73,650,336	74,434,087	79,492,080	82,703,722	86,034,818	N/A
December 2024 Forecast	63,232,000	64,320,000	68,480,000	75,200,000	80,298,667	83,946,667
Difference	(10,418,337)	(10,114,087)	(11,012,080)	(7,503,722)	(5,736,151)	N/A
% Decrease	-14%	-14%	-14%	-9%	-7%	N/A

Updates to Carryover Plan

As of the September 20, 2023, Policy Session, there was \$16.95 million in SHS funds available for allocation. With the additional \$9.0 million from FY 2023-24, the total new amount available for allocation is \$25.95 million. In addition, the rebalancing of existing Capital Needs commitments makes an additional \$4.75 million available for reallocation.

Priority Area	Previous Amount	New Amount	Difference
5 - Capital Needs			
Clackamas Village	3,000,000	3,750,000	750,000
Crisis Stabilization Center & Shelter	3,500,000	-	(3,500,000)
Navigation/Resource Centers	10,000,000	10,000,000	-
City-led Initiatives	5,000,000	5,000,000	-
Recovery-oriented Infrastructure	10,250,000	10,250,000	-
Medical Respite/Transitional Housing*	2,000,000	-	(2,000,000)
Total	33,750,000	29,000,000	(4,750,000)
<i>*Included in Scattered Site Disposition</i>			
Previously Available for Allocation	16,950,000		
FY 2023-24 Carryover Funds	9,000,000		
Total Available for Allocation	25,950,000		

Based on the above, staff are proposing the following commitments:

- **Recovery-oriented Infrastructure – \$10,250,000** – The prior allocation for Recovery-oriented Infrastructure was \$10.25 million. This allocation was made prior to specific commitments for the recovery center and disposition of the Housing Authority’s scattered sites to support recovery-oriented programming. The proposal here doubles the initial allocation, bringing the total to \$20.5 million, to allow \$10 million in funding for the recovery center and \$10.5 million in funding for scattered site disposition.
- **City-led Initiatives – \$605,000**
 - **\$355,000 – Milwaukie Severe Weather Shelter** – The City of Milwaukie has requested onetime funds for site improvements at a church in Milwaukie that would enable the church to offer severe weather shelter, as well as limited term operational funding for shelter services. The investment proposed here includes an approximately \$55,000 one-time investment in church site improvements and \$300,000 total for three years of operations support for severe weather shelter operations. This request was submitted by the City of Milwaukie after the initial round of allocations from the city-led initiatives notice of funding opportunity.
 - **\$250,000 – Tualatin Food Pantry** – The Tualatin Food Pantry (TFP) works to alleviate food insecurity for low-income households through its emergency food distribution program. The City of Tualatin is requesting funding for TFP to make infrastructure upgrades to its existing pantry space, including installing a new Heating, Ventilation, and Air Conditioning (HVAC) system to provide climate control to better preserve food and regulate the temperature for

clients and volunteers, and make repairs to its walk-in freezer/cooler unit. The City of Tualatin did not submit a proposal to the initial city-led initiatives notice of funding opportunity.

- **Veteran’s Village – \$2,000,000 – Capital improvements to extend useful life and expand capacity** – The common facilities at the Veterans Village – two modular structures with bathrooms, laundry, meeting spaces, and food storage and kitchen areas – are nearing the end of their useful life. Additionally, the number of available bathrooms is insufficient to meet current site capacity, so some of pods are currently vacant. Replacing the common facilities would therefore not only ensure the ongoing viability of the village but also allow it to serve more people through fully utilizing the existing sleeping structures.
- **Reserved for Investments to Support Reductions in System Capacity and Preserve System Stability During Transition – \$17,845,000** – In FY 2024-25, including a small number future commitments to bond-funded projects and initiatives like scattered-site disposition, Clackamas County was on track to achieve its share – 1,065 households – of the regional goal to place 5,000 households in permanent supportive housing over the 10-year life of the SHS measure. While this milestone is something to celebrate, the cost to sustain rent assistance and services for these 1,065 households will exceed the resources available to maintain a balanced system in the context of a decrease in forecasted revenue and measure changes. Clackamas County is assessing the number of households that can be sustained by the current forecast and will continue to assess additional impacts from measure changes, but we need to start planning for and transitioning to an ongoing level of service well below the current goal.

Transitioning to a lower level of system capacity will require pausing on new, ongoing programs and placements, and investing in limited-term programs to help transition households from of current programs without adversely impacting housing stability. After programs plans are more clearly developed, staff will come back to the board before proceeding with specific investments. Proposed programs are likely to include the following:

- **Housing for Success Programs** – To immediately reduce the number of households currently being sustained or in the pipeline for permanent supportive housing, the Housing & Community Development Division will identify households that are likely to be successful in “moving on” from county supportive housing assistance and place them on a path to self-sufficiency. A “Housing for Success” program will provide a limited-term rent subsidy (up to three years), intensive case management support, and a gradual reduction in housing assistance as households increase their self-sufficiency. Capacity for 100 households would cost approximately \$8,000,000 over a three-year period.
- **Self-Sufficiency Programs** – Self-sufficiency programs involve workforce development, barrier reduction services for those seeking employment, and programs that increase benefits access, including to Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI). These services will be provided to households in current permanent supportive housing programs to increase their household income, thereby reducing the county’s ongoing contribution to housing costs and helping people to “move on” from supportive housing assistance. Three years of comprehensive self-sufficiency programming would cost approximately \$5,000,000.

Priority Area	Previous Amount	New Amount	Difference
5 - Capital Needs			
Clackamas Village	3,000,000	3,750,000	750,000
Crisis Stabilization Center & Shelter	3,500,000	-	(3,500,000)
Navigation/Resource Centers	10,000,000	10,000,000	-
City-led Initiatives	5,000,000	5,605,000	605,000
Recovery-oriented Infrastructure	10,250,000	20,500,000	10,250,000
Medical Respite/Transitional Housing*	2,000,000	-	(2,000,000)
Veterans Village	-	2,000,000	2,000,000
Support for Reductions in System Capacity & System Stability During Transition	-	17,845,000	17,845,000
Total	33,750,000	59,700,000	25,950,000

*Included in Scattered Site Disposition

FINANCIAL IMPLICATIONS (current year and ongoing):

Is this item in your current budget? YES NO

What is the cost? \$25,950,000

What is the funding source? Supportive Housing Services Revenue

STRATEGIC PLAN ALIGNMENT:

- How does this item align with your Department’s Strategic Business Plan goals?
 - This item aligns with the following Department strategic priorities:
 - Assist individuals and families in need to be healthy and safe
 - Increase self-sufficiency
 - Increase community safety and health
 - Continually improve the efficiency and effectiveness of services

- How does this item align with the County’s Performance Clackamas goals?
 - This item aligns with the following County strategic priorities:
 - Ensure safe, healthy and secure communities
 - Grow a vibrant economy
 - Build a strong infrastructure
 - Build public trust through good government

LEGAL/POLICY REQUIREMENTS: N/A

PUBLIC/GOVERNMENTAL PARTICIPATION:

At a Policy Sessions on June 14 and September 20, 2023, staff presented the Board of County Commissioners with a plan for one-time and limited-term uses of the anticipated carryover balance of SHS funding going into Fiscal Year 2023-24. The Board unanimously approved of the plans to allocate \$75.55 million and leave \$16.95 million unallocated.

OPTIONS:

Option 1: Approve recommended updates to the plan for one-time and limited-term investments funded by the carryover balance of SHS funds.

Option 2: Modify recommended updates to the SHS plan.

Option 3: Reject recommended updates to the SHS plan.

RECOMMENDATION: Option 1: Approve recommended updates to the plan for one-time and limited-term investments funded by the carryover balance of SHS funds.

ATTACHMENTS:

None

SUBMITTED BY:

Division Director/Head Approval: Shannon Callahan, Housing & Community Development Director

Department Director/Head Approval: Rodney Cook, Director

County Administrator Approval _____

For information on this issue or copies of attachments, please contact _____ @ 503-_____