

04/12/2021

MEMORANDUM: Analysis of Transitional Housing

TO: Jill Smith, Director of Housing and Housing Services

FROM: Joe Vennes, Project Manager

This analysis provides a high-level consideration of comparing the ownership and operations of a transitional housing project versus contracting with a social services agency and a privately owned hotel. The calculations have been provided to HACC during our recent exploration with Project Turnkey by local agencies currently operating the type of supportive services that would be envisioned in a future project in the county.

The supportive services scope would include a staffing model of 15 FTE with 24/7 coverage at the property with no less than three staff on duty at all times. There would be extensive case management including mental health evaluations, health care referrals, permanent housing referrals, securing food options and providing transportation access.

Option 1: HACC Owned and Operated

This option would require HACC to purchase a hotel and operate as a transitional housing property. HACC would contract with a local non-profit service agency to provide supportive services but would manage the asset through our existing staffing model with Asset Management administering the project and overseeing the contract with the agency.

The hotel would have traditional overhead and expenses associated with running the hotel. These expenses would be incurred only if HACC owned the property and includes utilities, room supplies, routine maintenance repair and insurance. These would be items purchased and provided by HACC. For a 36 unit hotel this is estimated to run \$250,000 annually.

The transitional housing program would be contracted with a third party agency to provide the services to the clients. This would include all staffing (non maintenance), supplies, food boxes as needed, training, and laundry. This is estimated at \$840,000 annually.

Additional costs for this option would include replacement and operating reserves. As there is still potential for grants and other funding opportunities, this analysis does not include debt service.

The total projected operating costs in Option 1 is \$1,196,000 per year for a 36 unit property (\$33,000 per unit per year).

Option 2: Contracted Services

This option would be similar to the current with the same amount of supportive services as provided in Option 1. The County would pay an agency for supportive services including staffing, training and programs. The difference from Option 1 is that Clackamas County would also pay a nightly fee to the owner of the hotel

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to reserve the rooms regardless of the room being occupied. At EconoLodge we currently pay the owner \$100 per night per room.

The analysis calculates operational expenditures and extrapolates to a 36 unit property as described in Option 1. The total for contracting with a hotel and a service provider is estimated at \$1,866,000 annually (\$51,833 per unit per year).

Transitional Housing - County Ownership and Operations

Total Budget **Units** **36**

Staffing

Description	Annual	Monthly
Staffing (Wages) - 15 FTE	\$ 624,000	\$ 52,000
Benefits	\$ 45,000	\$ 3,750
Taxes	\$ 80,280	\$ 6,690
Total	\$ 749,280	\$ 62,440

Program Operations

Description	Annual	Monthly
Cleaning Supplies	\$ 12,000	\$ 1,000
On-Call	\$ 4,800	\$ 400
Laundry	\$ 21,600	\$ 1,800
Food Boxes	\$ 37,440	\$ 3,120
Supplies/ office supplies, etc.	\$ 10,200	\$ 850
Transportation	\$ 2,400	\$ 200
Total	\$ 88,440	\$ 7,370

Trainings & Education

Description	Annual	Monthly
Mental health 101	\$ 2,000	\$ 167
Total	\$ 2,000	\$ 167

Administration

Description	Annual	Monthly
Insurance	\$ 12,480	\$ 1,040
Asset Management Fee	\$ 40,000	\$ 3,333
Admin Support	\$ 23,000	\$ 1,917
Bookkeeper	\$ 6,000	\$ 500
Total	\$ 81,480	\$ 6,790

Hotel Expenses

Description	Annual	Monthly
Room/Supplies	\$ 115,716	\$ 9,643
Phone	\$ 1,635	\$ 136
Utilities	\$ 78,141	\$ 6,512
Repairs and Maintenance	\$ 56,000	\$ 4,667
Total	\$ 251,492	\$ 20,958

Reserves

Description	Annual	Monthly
Reserves	\$ 24,000	\$ 2,000

TOTAL: **\$ 1,196,692** **\$ 99,724**

Transitional Housing - Contracted Services

Total Budget **36 Units**

Program Staffing

Description	Annual	Monthly
Staffing (Wages) - 15 FTE	\$ 624,000	\$ 52,000
Benefits	\$ 45,000	\$ 3,750
Taxes	\$ 80,280	\$ 6,690
Total	\$ 749,280	\$ 62,440

Program Operations

Description	Annual	Monthly
Cleaning Supplies	\$ 12,000	\$ 1,000
On-Call	\$ 4,800	\$ 400
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Total	\$ 88,440	\$ 7,370

Trainings & Education

Description	Annual	Monthly
Mental health 101	\$ 2,000	\$ 167
Total	\$ 2,000	\$ 167

Administration

Description	Annual	Monthly
Insurance	\$ 12,480	\$ 1,040
Office Rent	\$ -	\$ -
Admin Support	\$ 23,000	\$ 1,917
Bookkeeper	\$ 6,000	\$ 500
Total	\$ 41,480	\$ 3,457

Hotel Expenses

Description	Annual	Monthly
Rent (\$75 per night per room)	\$ 985,500	\$ 82,125
Phone	\$ -	\$ -
Utilities	\$ -	\$ -
Repairs and Maintenance	\$ -	\$ -
Total	\$ 985,500	\$ 82,125

Reserves

Description	Annual	Monthly
Reserves	\$ -	\$ -

TOTAL: **\$ 1,866,700** **\$ 155,558**

Example Hotel/Motel Program Staffing

FTE	SHIFTS	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Day Shift								
1	7am-4pm	Manager	Manager	Manager	Manager	Manager		
2	7am-4pm							
3	7am-4pm							
4	7am-4pm							
5	7am-4pm							
Swing Shift								
6	12pm-9pm							
7	12pm-9pm							
8	12pm-9pm							
9	12pm-9pm							
Night Shift								
	////	TEAM A	TEAM A				Team A or B	TEAM A
10	8:30pm-7:30am	X	X					X
11	8:30pm-7:30am	X	X					X
12	8:30pm-7:30am	X	X					X
	////			TEAM B	TEAM B	TEAM B	Team A or B	
13	8:30pm-7:30am			X	X	X		
14	8:30pm-7:30am			X	X	X		
15	8:30pm-7:30am			X	X	X		