

# Memo

Date: February 10, 2025

To: Metro Council

From: Supportive Housing Services Regional Oversight Committee

Subject: Regional annual report for July 1, 2023-June 30, 2024

## **A report to the Metro Council and the community from the Supportive Housing Services Regional Oversight Committee**

Greater Portland faces a widespread housing and homelessness crisis that is impacting communities across our region. Having a stable place to call home is a fundamental human need, but for tens of thousands of our neighbors, stable housing is increasingly out of reach. Incomes in the greater Portland area are not keeping up with rising rents, and the region's affordable housing supply has not kept up with demand. Insurmountable housing costs are a major contributor to evictions, which have risen sharply in recent years. For households facing housing instability, additional challenges such as a job loss, health crisis, lack of support networks or significant unforeseen costs can lead to homelessness.

In May 2020, voters in greater Portland took a historic step to address this crisis by approving a significant new funding source to support housing access and stability for people across our region. The supportive housing services fund, or SHS fund, reflects voters' commitment to address a problem that has been decades in the making due to chronic underinvestment in systems of care to meet community needs. It provides an unprecedented infusion of flexible resources that expands the region's capacity to meet the needs of people experiencing housing insecurity, with the goal of connecting at least 5,000 households experiencing prolonged homelessness with permanent supportive housing and stabilizing at least 10,000 households experiencing short-term homelessness or at risk of homelessness in permanent housing.

The Supportive Housing Services Regional Oversight Committee is tasked with monitoring the implementation of the SHS fund on behalf of the region's voters. Since the SHS fund's launch in July 2021, the committee has received quarterly and annual reports from Clackamas, Multnomah and Washington counties, which we have reviewed for consistency with the counties' approved local implementation plans, annual work plans and SHS regional goals. We have also received quarterly and annual reports on Metro's administration of the SHS fund. We have worked to promote accountability to voters and address implementation challenges, and we have made recommendations in an effort to strengthen the SHS fund's impact.

Our third annual regional report for the SHS fund covers the period from July 1, 2023 through June 30, 2024. The report provides a formal assessment of counties' performance, challenges and outcomes in year three of the fund's implementation. This memo highlights some of the key achievements that are summarized in more detail in the

report. It also identifies several critical challenges that will need to be monitored and addressed to continue the SHS fund's forward momentum.

Based on this assessment, along with our ongoing monitoring of performance to date, we believe that SHS implementation has reached a critical inflection point. **The growing pains of the first few years of implementation have been largely overcome, and the initial difficulties associated with rapid ramp up have transitioned to the challenges of building a stable and sustainable system of care.** Our 2025 recommendations to Metro Council aim to strengthen the SHS fund's impact as we move into this new phase of implementation.

## KEY HIGHLIGHTS

The results from the SHS fund's first three years of implementation demonstrate the promise of this historic investment in our region's homelessness response system. This section summarizes key accomplishments from the period that is the focus of the report, July 2023 through June 2024, though it is important to note that SHS implementation has continued to advance and evolve in the months since then.

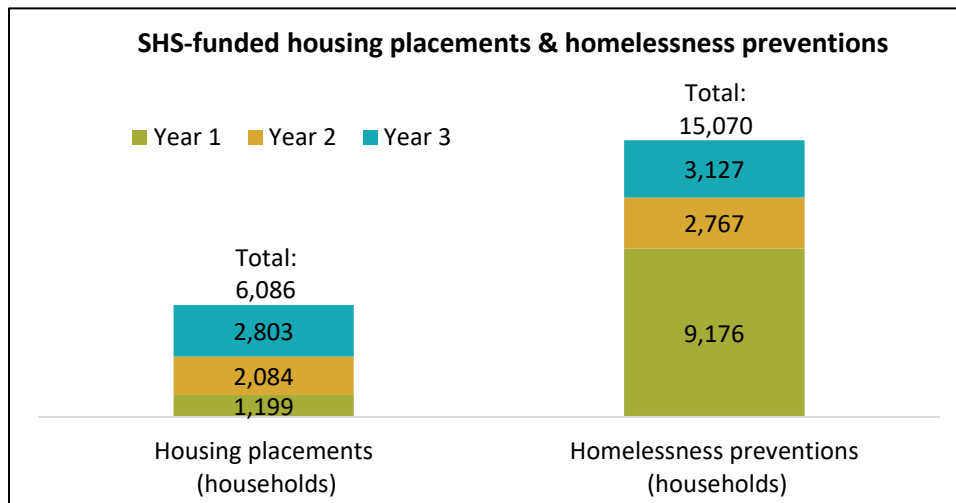
### Permanent supportive housing capacity

The SHS fund prioritizes solutions for people with disabilities experiencing prolonged homelessness through investments in permanent supportive housing, which pairs rent subsidies with ongoing access to services to support housing stability.

**SHS-funded services and rent assistance supported 4,055 units of permanent supportive housing across the region through June 2024**, including 1,006 units added in year three. Once these units are fully leased up, they will be able to house 49 percent of the estimated households currently in need of this level of support.

### Housing placements and homelessness preventions

In the first three years of implementation, SHS-funded programs placed 6,086 households (9,817 people) experiencing or at risk of homelessness in permanent housing and prevented 15,070 households (23,902 people) from losing their housing.



Housing placements listed for each year represent new placements.

In year three, this included:

- **Permanent supportive housing:** 1,253 households (2,028 people) placed in permanent supportive housing for people experiencing prolonged homelessness
- **Rapid rehousing:** 1,347 households (2,503 people) placed in permanent housing through short- and medium-term rent assistance and services
- **Other permanent housing:** 203 households (244 people) placed in other types of permanent housing
- **Homelessness preventions:** 3,127 households (7,520 people) prevented from losing their homes through rent assistance and eviction prevention services

One of the key tools supporting the SHS fund's housing placements is the **regional long-term rent assistance** program, which provides rent subsidies for permanent supportive housing as well as other types of housing placements. Over the first three years of implementation, 3,132 households (5,179 people) were housed through this SHS-funded program, including 1,180 households newly leased up in year three.

Once households make the transition from homelessness into housing, SHS funding continues to provide rent subsidies and case management as needed to support housing stability. **Housing retention rates** from year three show that an average of 92% of households placed in permanent supportive housing remained housed 12 months later.

SHS funding also created or sustained 1,430 **emergency shelter** beds/units in year three, providing 2,698 households (3,828 people) experiencing homelessness with interim stability and support.

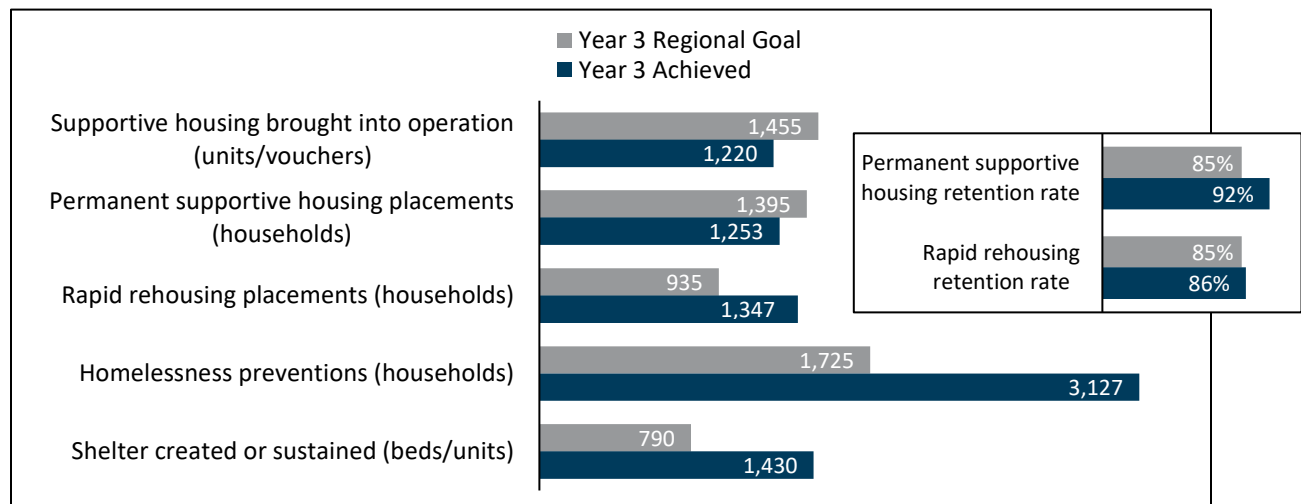
### Advancing racial equity

The SHS fund is guided by a commitment to lead with racial equity by improving access to services for communities of color disproportionately impacted by housing instability and homelessness. Data from year three demonstrate that **people of color are accessing**

**SHS-funded services at higher rates than their representation in the region’s homeless population:** people of color represent 28 percent of the region’s homeless population and 59 percent of SHS-funded housing placements and homelessness preventions. Housing retention rates for people of color in SHS-funded housing placements are also equal or better than the retention rates for non-Hispanic whites.

### Year three work plan progress

The counties exceeded their combined year three work plan goals for rapid rehousing placements, retention rates, homelessness preventions and shelter units. They achieved 84 percent of their combined goal for supportive housing brought into operation and 90 percent of their combined goal for supportive housing placements. They also made significant progress on qualitative goals related to racial equity and capacity building.



### Provider partnerships

The SHS fund’s achievements would not be possible without the on-the-ground work of more than a hundred nonprofit and community-based organizations that serve as the backbone of SHS implementation. **Counties contracted with 103 providers to deliver SHS services in year three, with contracts totaling \$234.4 million.** This includes contracts with 19 culturally specific organizations totaling \$42.1 million. The counties’ partnerships with culturally specific providers nearly doubled between years one and three, and the total value of their contracts was more than five times greater.

### Capacity building

Counties increased their capacity building supports to providers in year three, funding technical assistance and capacity building grants, providing expanded access to trainings and implementing strategies to address workforce challenges. **All three counties made improvements to contract administration practices to reduce invoice processing times and alleviate administrative and financial burdens for contracted providers.** They also strengthened contract monitoring and performance evaluation processes to support accountability and continuous improvement.

## Cross-sector alignment

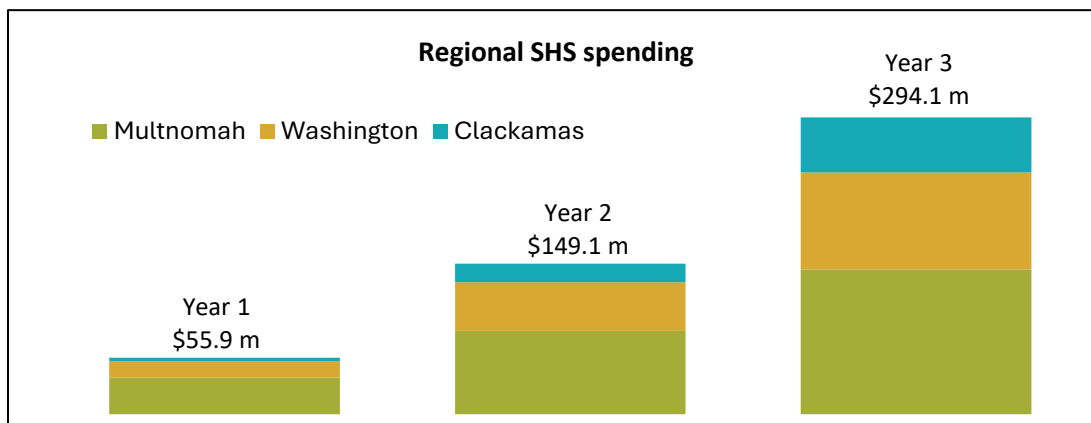
SHS funding has leveraged cross-sector resources and partnerships that are critical to building an effective regional homelessness response infrastructure. **The integration of SHS-funded supportive services and rent assistance with Metro affordable housing bond-funded capital investments has created 348 new permanent supportive housing units.** Counties have also used SHS funding to implement cross-sector initiatives and service integration in partnership with behavioral health, healthcare, community justice, workforce, housing and other systems.

## Regional coordination

The tri-county planning body, or TCPB, worked with Metro, the counties and other partners in year three to develop implementation strategies for six regional goals focused on landlord recruitment, healthcare system alignment, employee recruitment and retention, coordinated entry, training and technical assistance. **The first approved TCPB strategy directs \$8 million to support a menu of interventions to increase participation from landlords in SHS housing programs.** Metro's new regional capacity team partnered with the counties to develop regional training and technical assistance programs to support nonprofit providers. The counties and Metro also coordinated in year three to advance regional health and housing integration strategies, further align regional data collection and reporting, negotiate a data sharing agreement to facilitate regional evaluation that will launch in 2025, coordinate implementation of regional long-term rent assistance and share best practices.

## Spending

Total SHS spending by the counties nearly doubled between years two and three, even though tax collections in year three were slightly lower than the previous year. **County spending was equivalent to 95 percent of the tax revenue collected in fiscal year 2023-24** and represented 45 percent of the total available resources including carryover from previous years. The remaining 55 percent of carryover funds have now been fully committed, and counties anticipate fully spending SHS resources in future years to meet current commitments and ongoing program costs.



## CHALLENGES

The first three years of SHS implementation focused on rapid development and scaling up of the region's homeless services infrastructure. The next stage of implementation will focus on building a stable and sustainable regional system of care. As we transition into this next stage, we will need to address several key challenges.

### Growing need

The impact of SHS housing placements and preventions is being outpaced by growing need as broader systemic factors continue to push more people out of their homes. The counties' inflow and outflow data show that in every county more households are entering homelessness in an average month than the number of households placed into housing. **Across the region, for every 10 households who exited the homeless services system to permanent housing in year three, 15 new households entered the system.** The number of households in need of permanent supportive housing across the region has increased by more than 20 percent since SHS launched, even after accounting for the thousands of households that SHS-funded programs have already housed. The need for eviction prevention services has also increased, while pandemic-era federal assistance has become more limited.

### Competing priorities

As we move into the next phase of implementation, **we will need to make difficult decisions about resource allocations to make sure the SHS fund achieves its goals and racial equity commitments.** This includes determining the right balance between competing priorities, such as preventing homelessness through eviction prevention services, managing homelessness by increasing emergency shelter capacity, or creating pathways out of homelessness by investing in permanent supportive housing. These decisions should be informed by a comprehensive understanding of how SHS fits within the context of other available resources, the totality of needs and the areas with the greatest gaps. **However, no entity is currently responsible for compiling and analyzing that information, making it difficult to get a full picture of the overall system needs and gaps.**

### Financial oversight

Improvements have been made in the quality and consistency of counties' data reporting, but **key gaps remain that undermine the committee's ability to provide effective oversight of the SHS fund.** The most critical gap is in the reporting on expenditures by Population A and B. Since the start of SHS implementation, there was a recognition by all parties that consistent reporting on spending by Population A and B would take additional time, as it required that Metro develop a consistent methodology with the three counties. This information therefore was not provided by the counties in their year one reports. For year two, the committee was not able to conduct regional analysis of the counties' submitted data due to variances in reported service types, data availability and methodologies. In preparation for the year three reports, Metro staff provided a financial

reporting template and detailed guidance for reporting on Population A and B expenditures. The counties' year three reports included more robust data, but there were still inconsistencies in service type categories, allocation methodologies, assumptions and definitions that undermined regional analysis. Work is underway to address these issues, but the delay in providing consistent, regionwide information on Population A/B expenditures has undermined the transparency and accountability that voters deserve.

## Regional evaluation

While some progress has been made to strengthen regional data collection and reporting, **it is essential that additional work is completed in the near term to develop an effective framework for regional evaluation of the SHS fund's impact.** The four jurisdictions do not share consistent interpretations of some of the key concepts and program components in the SHS work plan, making it difficult to roll up county-level data into a comprehensive analysis of progress toward the SHS fund's numerical goals. Differences in the methodologies and comparison data used for the counties' annual equity analyses make it difficult to conduct a regional analysis based on each county's findings. The regional outcome metrics in the SHS work plan also do not provide a clear framework or methodology for measuring the achievement of the 10-year regional goals. The counties' local implementation plans provide high-level guidance for SHS implementation, but they do not offer consistent or comprehensive metrics for measuring ongoing progress. As the SHS fund enters the next phase of implementation, having an effective regional framework for evaluating progress will be essential to guide effective stewardship of the fund into the future.

## RECOMMENDATIONS

The oversight committee issued a comprehensive package of recommendations in March 2024 to strengthen SHS implementation. Most of these recommendations are multi-year bodies of work. While Metro is responsible for coordinating implementation, many partners, including the counties, service providers and the tri-county planning body are engaged in carrying this work forward. Exhibit C summarizes progress to date on these recommendations and identifies the entities responsible for moving forward the remaining tasks. Over the upcoming year, the oversight committee will continue to monitor and support the work that is underway to further advance each of the recommendations.

Our 2025 recommendations to Metro Council focus on several critical issues that will affect the long-term success of the SHS fund's implementation:

### 1. Data integrity and evaluation

Providing transparency and accountability to voters requires regionally consistent data. Metro and the counties should work collaboratively and with urgency to continue to align financial and programmatic data reporting. This includes, but is not limited to, addressing the challenges preventing consistent reporting on the Population A/B financial split.



Metro and the counties will also need to work collaboratively toward shared operationalization of the definitions in the SHS work plan for critical program components such as Population A and permanent supportive housing.

As we move into the next phase of implementation, further work is needed to develop clear frameworks for evaluating progress toward the regional 10-year goals and the SHS fund's commitments to advancing racial equity. This will require updates and refinements to the regional outcome metrics in the SHS work plan and the development of consistent methodologies and comparison data for county and regional racial equity analyses. Updates to the counties' local implementation plans should also be considered to provide more consistent and comprehensive frameworks to guide ongoing implementation and measure each county's progress toward the regional goals.

## **2. Provider partnerships**

The region's nonprofit and community-based organizations are the backbone of the SHS fund's success. SHS jurisdictional partners and the tri-county planning body should work to advance critical strategies that will support the capacity and stability of these organizations, with a particular focus on small, emerging and culturally specific providers. This includes:

- Engaging providers as full partners in SHS planning and decision making
- Expediting the development and implementation of regional strategies to provide equitable and livable wages for all frontline workers
- Continuing to improve counties' contract administration practices to address challenges related to payment delays and cash flow issues
- Improving contract administration consistency across all three counties to ensure alignment
- Building on promising practices to expand and institutionalize advance payments, multi-year contracts with annual rate increases and capacity building investments

## **3. Regional priorities**

The SHS fund has supported a significant expansion in regional resources to address homelessness, but these resources will not be sufficient to meet the need. As we move into the next stage of SHS implementation, in the near term Metro Council should convene stakeholders to develop a clear articulation of regional priorities to ensure we are using SHS resources as strategically as possible to achieve the goals and racial equity commitments set forth in the SHS measure. This includes resolving how to allocate SHS funds between different priorities such as homelessness prevention, emergency shelter and permanent supportive housing.

This discussion must bring together counties, service providers and other stakeholders to learn about how counties are approaching these difficult decisions and engage in shared decision making about regional priorities. It should be rooted in the values and guiding principles articulated in the counties' local implementation plans and the Metro SHS work



plan and informed by input from the service providers doing the on-the-ground work to implement SHS. It should also be grounded in an understanding of how SHS fits within the context of other available funding and where there are the greatest needs and gaps. To facilitate this conversation, Metro and the counties should ensure that comprehensive and consistent data are readily available to support data-informed decision making.

#### **4. Oversight and accountability**

Appropriate levels of oversight and accountability are essential to ensure effective stewardship of tax dollars. As we enter the next phase of SHS implementation, it is critical for Metro and the oversight committee to be able to effectively monitor progress, measure impact, and perform their oversight and accountability roles. The oversight committee, through Metro staff, should be empowered to conduct core oversight functions in alignment with funder best practices. This includes performing monitoring, evaluation and compliance activities on a regular basis. Data and updates from these oversight activities should be provided to the oversight committee and Metro Council so they have the necessary information to operationalize their charge. Metro should have mechanisms to take corrective action as needed based on its performance monitoring to ensure regional accountability to the goals and commitments in the SHS work plan.

#### **5. Jurisdictional partnerships and decision making**

The development of a cohesive regional system of care requires effective coordination between the three counties and Metro. Further work is needed to clarify the roles and relationships between Metro and the counties and how decisions are made. This includes clarifying who makes what decisions, what is the process for making decisions and how is input incorporated into the final decision. Improved decision making is particularly needed in relation to the development and implementation of regional definitions and standards as well as reporting and monitoring tools and requirements. This requires a reassessment of the decision-making and reporting processes laid out in the counties' intergovernmental agreements with Metro and updates to these processes to support more effective decision making and oversight moving forward. This reassessment should be a priority and should happen in the near term.

Effective regional coordination must be rooted in mutual trust and respect between Metro and the counties; the clarification of decision-making processes should include a shared commitment to dialogue and mutual listening to facilitate those relationships. The oversight committee recommends that collaborative efforts to shape the processes and requirements of the SHS measure are consistently used. The committee requests that a framework for decision making be agreed upon by the counties and Metro with a process that ensures the committee itself can enact decisional authority on key topics relating to the oversight of the SHS fund.

#### **Next steps**

The oversight committee charges Metro staff with developing a work plan for moving forward these recommendations over the upcoming year, with a timeline that reflects the

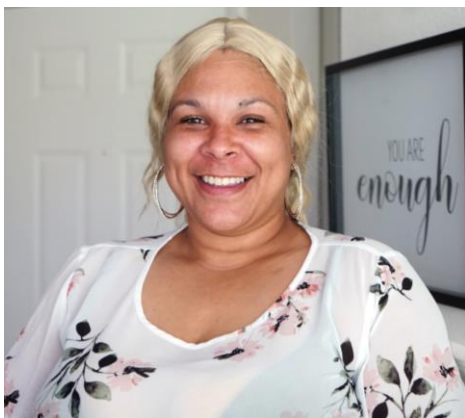
urgency of these priorities. The annual work plan should also include Metro's plans for advancing the elements from the committee's previous recommendations that are multi-year bodies of work and have not yet been completed. Metro should facilitate a process for the committee to assess, update and re-prioritize these previous recommendations to inform the development of the new work plan.

To support the committee's oversight role, we ask Metro to provide regular reports on annual work plan progress so that the committee can monitor the work happening across the region to move forward our recommendations.

## TRANSFORMING LIVES

**Behind the numbers in this report are thousands of people in our region whose lives have been transformed by the housing and services made possible through the SHS fund.**

Metro and the counties have shared many moving stories of community members supported by SHS-funded programs, like Nicole in Washington County:



Nicole is a survivor of domestic violence and human trafficking from a young age. Originally from Eugene, she came to Portland with some friends who left her stranded. She stayed at a women's shelter for about three months before connecting with Washington County's SHS-funded rapid rehousing program. From there it was only a week between getting her first call from her case worker Amanda, with the Urban League, and moving into her new home in Beaverton.

At age 34, Nicole is living alone for the first time in her life. "It means more than life itself," she explained. "This program has done more for me than people will ever know." The apartment is more peaceful than other places she's lived, many of which weren't in a good neighborhood or environment. The apartment windows look out onto a little creek and Nicole finds the water relaxing. Home finally feels like a sanctuary: "Once I close the door, everything out there is out there and it's not here."

Amanda helps with necessities like furniture and food boxes, along with providing support and encouragement. "It's easy to feel like a statistic, but Amanda makes you more than a statistic; she makes you a success story, and she goes above and beyond to do so."

Now that Nicole has a safe, stable place to live, she's able to process and heal from a lifetime of trauma and living in survival mode. She plans to go back to school and ultimately would like to start a nonprofit to help other people who have

experienced domestic violence and human trafficking. She wants to provide hope and a way out; she wants to be a light like Amanda has been for her.

Stories like Nicole's demonstrate the transformative potential of our region's commitment to invest in services that help people exit homelessness and transition into stable housing.

We are honored to have the opportunity to provide oversight for this important work and would like to thank Metro, the counties and especially the nonprofit and community-based organizations across the region working to implement SHS programs and services.

Thank you,

*Supportive Housing Services Regional Oversight Committee members:*

Mike Savara (Co-chair)

Mandrill Taylor (Co-chair)

Jim Bane

Dan Fowler

Cara Hash

Kai Liang

Jenny Lee

Carter MacNichol

Felicita Montebianco

Jeremiah Rigsby

Peter Rosenblatt