WORK SESSION

WASHINGTON COUNTY BOARD OF COMMISSIONERS

Session Date: August 26, 2025 **Length of Time Requested:** 30
Department(s): Housing Services
Presented by: Jes Larson, Assistant Director of Homeless Services

Title of Topic: **SHS One Time Funding Recommendation FY 25-26**

ATTACHMENTS:

One Time SHS Funds Aug 2025 Presentation BCC Copy
BCC Memo Draft Framework for One-Time Funding Investment 5.15.2025

PURPOSE & DESIRED OUTCOME:

Staff recommend a request to Metro Council for $10 million in unallocated SHS administrative funds to address emergent one-time needs in Washington County's homeless services system.

- Up to $4 million would be allocated to Eviction Prevention services, in alignment with the state's Eviction Prevention program to restore funding for the next two years.
- Up to $6 million would be allocated to Board approved homeless services capital projects under contract that demonstrate a funding gap due to cost escalations. It is estimated that these funds will be needed to address funding gaps in at least two capital projects underway. Staff will evaluate requests for increased capital resources to confirm budget gaps and value engineering steps to contain overall project costs, before approving additional funding.

POLICY QUESTIONS FOR THE BOARD TO CONSIDER:

- Are these emergent needs the right priorities for this one-time funding request to Metro Council?
- Should any other emergent needs be considered for this one-time funding opportunity?
- Does the Board support staff to make the funding request to Metro Council for $10 million in unallocated SHS admin funds?

SUMMARY OF TOPIC:

In the Spring 2025, Metro Council was engaged for financial support by Multnomah County and the City of Portland for homeless services urgently needed in the face of their budget reductions. Metro Council determined that unallocated funds from their portion of SHS funds for administrative operations could be used for this purpose and transferred approximately $15 million to Multnomah County.

Metro has invited Clackamas and Washington Counties to also request a redistribution of its unallocated administrative funds for emergent homeless service needs, in alignment with the SHS program. At the August 26th work session, Department of Housing Services staff will present a proposal for a request to Metro.

Available Funding

Metro staff reports that SHS revenues retain for the oversight and regional coordination of the program have not been fully allocated due to revenues greater than forecasted in the first two years of the program, and ramp-up time needed to build out their regional program. According to the regional Intergovernmental Agreement, Metro may retain up to 5% of the total revenues for Metro's administration. An estimated $33-35 million had not been allocated as of Spring 2025, of which approximately $10 million could be distributed to be reallocated to Washington County, proportionate to the regional funding distribution agreement, with Metro Council's approval.

This funding opportunity will not increase annual operating resources for ongoing programming and therefore, it is important to consider appropriate use of these funds for time-limited or one-time needs. Metro staff has also communicated that request should be for emergent community needs in order to address funding gaps in our homeless system. Washington County staff has used the "one-time funding investment framework" to evaluate opportunities with this one-time funding opportunity, as discussed at the May 27th, 2025 Board of County Commissioner presentation

Emergent One-time Needs

There is an emergent need to identify one-time funds for Eviction Prevention programming in Washington County. This year, funds for Eviction Prevention were reduced in Washington County as previously available one-time SHS funds had been fully allocated. This programmatic reduction was planned and anticipated, as funding had only been identified for 3 years to help community partners transition from COVID-era funding levels.

Continued funding for Eviction Prevention was fully expected as part of the state budget process, however in June, 2025, the state legislature decided to reduce funding by 60% for eviction prevention due to state-wide financial constraints. This sudden and significant reduction caused immediate ramifications in Washington County. Community Action reports that their eviction prevention hotline is no longer in operation because they are still assessing how to operate the program with significantly reduced funding for the next two years. These reductions come at a time when eviction rates remain at an all time high in Washington County.

The other emergent need for one-time funding is a growing gap in construction budgets for capital projects already under development. Project delays and increased costs due to tariffs have created funding gaps in these capital projects. Other than grass roots fundraising, there are generally no other available funding opportunities for shelters, access centers, or transitional housing capital projects, as these types of community investments cannot access traditional affordable housing capital resources. Further delay or risk of completion of these projects would be detrimental to the planned operations of the homeless services system.

Decision Making Process and Next Steps

Staff presented these emergent needs to the Solutions Council for their consideration and feedback on July 17th. The Solutions Council was supportive of these recommendations and advised that any one-time investments for these emergent community needs include thoughtful planning to support long-term sustainability of overall program operations and supported the recommendation that up to 40% of available funding be allocated for Eviction Prevention, and up to 60% for capital projects 'gap funding' with consideration for flexibility to respond to changing circumstances.

With Board of County Commissioners further consideration and support, Washington County staff will present the funding request to Metro Council as invited, after their return from summer recess, anticipated in September. The objective is to move swiftly with reallocation of these Metro administrative one-time funds, to be responsive the identified emergent community needs.

Concurrently, staff are closing the FY 24/25 fiscal year and determining Washington County's carry-forward balance of SHS funds. These resources will be allocated using the Board adopted "One-Time Funding Investment Framework". A recommendation will be prepared for the Board's consideration and direction on these one-time investments this fall, including recommended and required reserves, other one-time investments, and any additional funds approved by Metro Council.

Department of Housing Services

Request to Metro for 'SHS Admin funds' allocation

Jes Larson, Assistant Director of Homeless Services

August 26, 2025

As you may recall...

- Metro has unallocated SHS funds from their administrative allowance
- Metro approved the reallocation of $15M to Multnomah County/City of Portland
- Funds have been made available to Clackamas and Washington Counties by request to Metro Council
- Metro's approval will be based on **emergency need**. Funds must be for **one-time use**.
- Estimated up to $10M for Wash County's request

One-time Funding Investment Framework

Board adopted framework May 27, 2025

First priorities: (financial protections)

- Address unanticipated funding gaps due to revenue reductions
- Restore funding in reserve accounts that have been spent down

Second priorities: (long-term sustainability)

- Address current capital project funding gaps
- Seed reserve fund for capital reinvestment needs of homeless system infrastructure
- Temporary expansion of services to address current community needs

Third priorities: (community opportunities)

- Invest in system and provider capacity building projects
- Invest in new capital projects to further expand homeless services capacity

Staff Recommendation: Eviction Prevention

- 60% of State funding to eviction prevention was reduced this fiscal year with no notice. All eviction prevention currently 'on hold' in Washington County

- Last year, Oregon Eviction Diversion & Prevention (OREDAP) funds invested $3.8 million in Washington County
  - $5900 average household assistance to prevent eviction
  - 91% served remained stably housed with one-time intervention
  - The household served are single moms, age 25 – 44
  - Washington County's OREDAP program is operated by Community Action

- Recommendation to restore eviction prevention funding to previous funding levels, and restart eviction prevention program

Staff Recommendation: Capital Projects

- Some capital projects underway are challenged to complete due to increased costs and timeline constraints

- Project budget gaps primarily due to widespread increase in construction costs

- One-time capital project 'gap funding' would be only for Board approved projects, under legal contract with the Department of Housing Services

Draft Proposal

One-time Metro admin funds to be used for:

- Up to $4 million (40%) to restore eviction prevention funding and restart eviction prevention services, over two years
- Up to $6 million (60%) to address verified capital budget gaps for eligible projects
- With recommendation for funding to be adjusted as needed to best address these one-time needs.

Process to date and next steps

- Staff developed recommendations based on identified one-time community needs
- Homeless Solutions Advisory Council engaged for feedback and support of recommendation
- Recommendation provided to BCC for consideration
- Official request made to Metro Council for approval, anticipated September 2025

Discussion Questions

- Are these two emergency needs the right priorities?
- Are there other emergency needs that are well suited for one-time funds?
- Do you approve staff bringing forward this funding request to Metro Council ?

Thank you

To: Board of County Commissioners
From: Jes Larson, Assistant Director, Department of Housing Services
RE: Draft framework to guide future one-time funding investments in Homeless Services
Date: May 15, 2025

Overview

Washington County has responded with urgency to the region's housing and homelessness crisis; quickly scaling programs and investing in infrastructure to fully deploy the regional Supportive Housing Services tax. In the early years of the program, new revenues were collected beyond the forecast modeling and flowed faster than new programs could expend.

Unspent funds from these years were carried forward as one-time funding with which the Board directed strategic investments in new capital investments, building out community spaces to respond to unsheltered homelessness, including shelters, access centers, and transitional housing capacity. One-time funds were also invested in capacity building for our emerging network of community-based providers and short-term continuation of programs expanded during COVID, including eviction prevention and motel-based shelter capacity.

As the program nears the end of year 4, revenue projections are trending downwards, and program capacity has reached revenue collection levels. It is likely that the program will collect less revenue than expended in Year 4. The current carry-forward balance will be used to cover the anticipated deficit in revenues and to fund long planned capital investments as they move into the construction phase. With the potentiality of a further declining forecast, reserve accounts may need to be accessed to cover program expenditures that exceed revenues this year, and potentially again in program year 5 (fiscal year 25/26).

As the program matures and faces uncertain revenue collections ahead with competing programmatic priorities to address fiscal stability, growing community need, and long-term stability for new capital infrastructure, the Department recommends a policy framework to guide future investments of one-time funding in the Supportive Housing Service program. This framework will support staff planning and future recommendations to the Board to specifically guide investments for available one-time funds.

Staff will provide an overview of this draft framework at the May 27, 2025, Board meeting as part of the quarterly SHS presentation. We look forward to receiving your Board's guidance and direction as this framework is developed.

Draft One-Time Investment Priorities Framework

To organize the competing priorities of fiscal stability, responding to urgent community needs, and ensuring long-term stability of the homeless services system that has been built over the first four years of the SHS program, staff recommend future one-time funding investments be generally prioritized according to these needs:

First Priorities: Long-term Financial Stability

- Address unanticipated revenue or grant reductions from funders including HUD, OHCS, and Metro, to stabilize current programing with gap funds if the funding reduction is short term, or transition funding to mitigate community impacts as programs are necessarily ramped down due to permanent revenue reductions.
- Restore reserve funds to full capacity after having been drawn down during economic recessions or for programmatic emergencies.

Second Priorities: Urgent Community Needs

- Address unplanned funding gaps for approved homeless services capital projects during the capital development process.
- Establish a new capital reserve for homeless system infrastructure to address otherwise unfunded and long-term building needs. Funding would be available according through a procurement process for building owners of shelters, access centers, transitional and permanent supportive housing.
- Increase capacity in service programs where one-time funds can be used effectively for short-term program expansion such as homeless prevention and move-in funds.

Third Priority: New Community Opportunities

- Invest in one-time needs for system improvement projects and capacity building or technical assistance for providers.
- Fund new capital projects that increase the capacity of the homeless system to respond to community need, such as more shelter or transitional housing capacity.

Draft One-Time Investment Plan Process

Available one-time funding will be determined at the end of the fiscal year when revenues and expenditures are fully accounted and the year-end balance is calculated. In the Supportive Housing Services program, this balance cannot be determined before August 15th when the last monthly revenue installment is received from Metro for the previous fiscal year. Once the balance is determined, staff will prepare a recommendation to the Board for their consideration based on the above One-time Investment Priorities Framework for their further direction and approval.

Any one-time funding determined to be invested in the current fiscal year will be advanced through a budget adjustment, and staff will proceed with necessary contracting and fund distribution as directed. The remaining available one-time funding will be held for the future fiscal year budget process to be invested according to the Board approved plan. In order to be responsive to urgent and emerging community needs or newly available one-time funding, the Board may also update the one-time investment plan at any time during the fiscal year.

Next steps

This Draft Framework will be presented to the Board at the Tuesday, May 27th Board meeting. Staff are seeking feedback and direction to finalize the framework in advance of the upcoming end to the fiscal year. Washington County is also anticipating Metro Council to consider a transfer of unspent SHS admin funds for programmatic uses. This Draft Framework and the Board discussion is intended to support the Board and staff in determining the potential uses of that one-time funding transfer.