

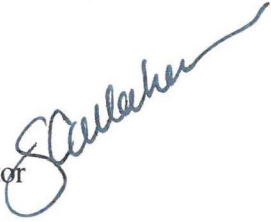


Portland Housing Bureau

Mayor Ted Wheeler • Interim Director Shannon Callahan

Date: September 7, 2018

To: City Council

From: Shannon Callahan, Interim Director 

Subject: Accept report *Scaling Smart Resources, Doing What Works: A System-Level Path to Producing 2,000 Units of Supportive Housing in Portland and Multnomah County* (Report)

The Portland Housing Bureau asks the City Council to accept the report "*Scaling Smart Resources, Doing What Works: A System-Level Path to Producing 2,000 Units of Supportive Housing in Portland and Multnomah County.*"

The report is responsive to City Council's request to bring back a plan for producing 2,000 new supportive housing units in Portland and Multnomah County by 2028, per Council's adopted Supportive Housing Resolution.

SCALING SMART RESOURCES, DOING WHAT WORKS: A SYSTEM-LEVEL PATH TO PRODUCING 2,000 UNITS OF SUPPORTIVE HOUSING IN PORTLAND AND MULTNOMAH COUNTY

Presented to a joint session of the Multnomah
County board of commissioners and Portland
City Council on September 11, 2018



About CSH

CSH has been the national leader in supportive housing for over 25 years. We have worked in 48 states to help create and promote stable, permanent homes for individuals and families. This housing has transformed the lives of over 200,000 people who once lived in abject poverty, on our streets or in institutions. A nonprofit Community Development Financial Institution (CDFI), CSH has earned a reputation as a highly effective, financially stable organization with strong partnerships across government, community organizations, foundations, and financial institutions. Our loans and grants totaling over \$750 MM have been instrumental in developing supportive housing in every corner of the country. Through our resources and knowledge, CSH is advancing innovative solutions that use housing as a platform for services to improve lives, maximize resources and build better and healthier communities. www.csh.org

About the Cover Photo:

The Bud Clark Commons is a 130 unit, low barrier supportive housing development in Portland and was awarded CSH's Silver Quality Certification for meeting National Quality Standards.

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Executive Summary

To ease the trauma of chronic homelessness in Portland, Multnomah County, progress must continue in a proven, cost-effective solution: supportive housing

The Charge: In late 2017, the Portland City Council and the Multnomah County Board of Commissioners adopted parallel resolutions directing the development of this plan to guide the production of at least 2,000 new units of supportive housing in Multnomah County by 2028 (the Resolutions). The Resolutions required that the plan include the actual need for supportive housing, the total cost of meeting the 2,000 unit goal, an assessment of resources currently and prospectively available to meet the goal, and the necessary next steps for implementation. CSH prepared this plan through extensive community stakeholder engagement, data gathering and analysis, and national best practices research.

The Need: The number of people with significant disabling conditions and long periods of homelessness has grown rapidly in Multnomah County over the past several years, and a disproportionate number are people of color. In order to escape the continuous and costly cycle of emergency room visits, incarceration and shelter stays, many of these highly vulnerable community members require supportive housing responsive to their particular needs.

Part I establishes the unmet need for supportive housing using the best available demographic data, the turn-over rate in the current local inventory of supportive housing, and an estimate of the chronically homeless population over time. Combined, the data show Multnomah County will need more than 2,000 additional supportive housing units over the next decade. Implementation will require periodic monitoring, which may result in changes to both need and cost estimates.

The Cost: Supportive housing is deeply affordable housing with ongoing wrap around support services attached. Extensive studies demonstrate that supportive housing is an effective and humane alternative to people with severe disabilities, including those with untreated or undertreated mental illness and addictions, living on our sidewalks, in our shelters, and cycling through our institutions. A strong evidence base also shows there can be significant financial savings to the community because it reduces emergency health care, public safety, Medicaid, other service costs, and institutional stays. Supportive housing requires significant coordinated investments to build and operate new units, lease existing units in the private market, and provide ongoing wrap around services to support successful tenancy.

Part 2 of this plan draws on extensive cost modeling using locally derived data to estimate the total funding needed to add 2,000 units is between \$592 and \$640 million dollars over the next ten years. Ongoing operating and services investments after the first ten years are estimated at approximately \$43-\$47 million per year.

Already Making Progress: In the time since the Resolutions were adopted, the City, County and Home Forward have been working on the development of this plan while advancing the development of supportive housing units. Part 3 documents 517 new units of supportive housing have already come on line or are in the pipeline. This includes a recently released notice of funding availability

targeting the creation of at least 50 new Single Room Occupancy units using a combination of City of Portland, Oregon Housing and Community Services, and Multnomah County funding. This work represents critical early implementation of some of the key strategies outlined in this plan.

A Shared Responsibility & Investment: The decision by Multnomah County and the City of Portland to create at least 2,000 units of supportive housing represents the kind of focused goal setting and local leadership required to scale the supportive housing response needed. Achieving the goal will require partnership and investment well beyond the City and County. That is why Part 3 of the plan places significant emphasis on aligning local efforts with current regional and statewide supportive housing planning and development efforts, and identifies a critical role for private, philanthropic, health care, state and federal funding streams in achieving the 2,000 unit goal.

Building on Success: Part 3 of the plan also illustrates how other communities around the country have taken on bold supportive housing plans and needed true inter-jurisdictional and cross-sector collaboration guided by clear outcome metrics. The City of Portland, Multnomah County, Home Forward and other local stakeholders have already demonstrated their capacity for this kind of collaboration through the success of A Home for Everyone. Over the past four years, that multi-sector initiative has led to significant expansion and improved alignment of the resources invested in ending homelessness in the community, and to annual outcomes that have routinely exceeded ambitious goals. Other examples include last year's investment of more than \$21.5 million by a consortium of health systems, a managed care organization, and three foundations to leverage public investments in the creation of 382 new units of affordable and supportive housing, and the current regional planning for supportive housing between community based organizations, healthcare providers, and Multnomah, Clackamas, and Washington counties. This work provides a solid foundation from which to achieve the ambitious objectives of this plan.

Implementation: Part 4 recommends priority next steps to achieve the creation of 2,000 supportive housing units. The plan recommends the creation of a funders collaborative charged with identifying and pursuing new and expanded sources of revenue to pay for the construction, operation, leasing and services associated with new supportive housing units.

Part 4 also recommends a standing implementation body that: (1) develops a comprehensive road map spelling out the guiding values for project selection, including racial equity, the specific mix of supportive housing types, unit sizes, subpopulations prioritized, and geographic distribution that is needed; (2) oversees the development of specific projects; (3) provides real time tracking of progress toward the overall unit creation goal and plan outcomes, as well as the specific targets set out in the road map; and (4) at least annually reassesses the total community need for supportive housing.

Few communities around the country have set such goals related to the expansion of supportive housing. However, those that have are succeeding in ways that other communities are not. This plan gives Portland and Multnomah County the framework to turn the ambitious goal to create at least 2,000 units of supportive housing by 2028 into a reality.

"FOR SOME PEOPLE, HAVING AN APARTMENT OR A ROOM THEY CAN AFFORD ISN'T ENOUGH ON ITS OWN TO END THEIR HOMELESSNESS. THEY NEED SUPPORTIVE HOUSING. WE NEED TO MAKE SURE THAT ONCE SOMEONE HAS A HOME, THEY GET THE SUPPORT THEY NEED TO STAY IN THEIR HOME."

MULTNOMAH COUNTY CHAIR DEBORAH KAFOURY

Portland Observer



Supportive Housing Snapshot:

The Ellington is a new project redeveloped with Portland Bond Resources. It has 163 units with 80 units set aside for 30% and below median income, 20 of those are reserved for supportive housing.

Part 1: Background

Guiding Principles and Commitment to Racial Equity

The effort to expand supportive housing must align with the principles set out in Multnomah County's Plan to End Homelessness, [A Home for Everyone](#) (AHFE) and the AHFE strategies for addressing chronic homelessness. AHFE's guiding values include:

- Prioritize the most vulnerable.
- Promote racial and ethnic justice.
- Hold the programs we fund accountable and use data to make decisions.
- Engage and involve the community.
- Strengthen system capacity and increase leveraging opportunities.

While this plan aligns with each of these values, the planning work was grounded in the value of promoting racial and ethnic justice and seeks to promote racial equity. Promoting racial equity requires recognizing the extent to which different communities of color are overrepresented in the homeless population, the causes of that overrepresentation, and implementing strategies to eliminate those disparities. The community process to create this plan sought to implement the commitment to racial and ethnic justice by engaging a diverse stakeholder group including culturally specific housing and service providers. This included grounding stakeholder engagement in shared definitions of racial equity and justice and applying a racial equity lens (see Appendix B); focusing stakeholder input toward consideration of existing racial disparities, mitigation and avoidance of unintended negative consequences of program and policy considerations for people of color; and focused strategies to improve positive outcomes for people of color. This feedback shaped recommendations throughout this report, including:

- Expanding capacity of culturally specific organizations to develop, operate and provide services in supportive housing.
- Collecting and reporting disaggregated baseline needs data and ongoing outcome measures by race.
- Using community level stakeholder input to expand understanding of need among communities of color rather than relying solely on exiting quantitative data that does not fully capture the needs and experience of communities of color.
- Integrating structural change objectives adopted in other community planning work focused on racial equity and justice.
- Continuing the focus on racial equity throughout implementation of this plan, including measuring and reporting the impacts on racial disparities.

Supportive Housing

Supportive Housing is a proven solution to some of communities' toughest problems. It combines affordable housing with tenancy support services to help people who face the most complex challenges to live with stability, autonomy and dignity. Supportive housing is more than affordable housing with resident services (a highly effective but less resource-intensive housing and services approach for people who can benefit from services but do not need them in order to access and remain in housing). Supportive Housing is an evidence-based intervention with specific staff-to-client ratios, approaches to services, and quality standards for housing and services operations.



The [AHFE Community Program Guidelines](#) provide locally adopted minimal and ideal operating standards for supportive housing, transitional housing and other interventions for people experiencing homelessness. While focused primarily on permanent supportive housing, the scope of the Local Supportive Housing Resolutions intends to include recovery housing, which is not necessarily permanent. (See Appendix C for the local definition of supportive housing.)

The following is a summary of key aspects of the [Dimensions of Quality](#) for supportive housing nationally, which can serve as a baseline to ensure outcomes are met when new units of supportive housing are produced. In some cases, local funders and providers in AHFE might vary from these guidelines when making decisions regarding financing and implementation.

Priority Populations: Supportive housing is for people who, but for the availability of services, do not succeed in housing or but for housing, are unable to access the preventative and ongoing healthcare and human services they need. Supportive housing is not the solution for everyone who is experiencing homelessness. It is prioritized for those who need it most. Supportive housing is for people who:

- Are chronically homeless (people who are living with one or more disabling condition and who have experienced long or repeated episodes of homelessness).
- Have a combination of barriers to housing such as complex disabling conditions and extremely low incomes.
- Cycle in and out of institutions (e.g. jails, prisons, hospitals, skilled nursing facilities, and other licensed care facilities).
- Are being (or could be) discharged from institutions and systems of care.

Services: The services in supportive housing are intensive, flexible, tenant-driven, voluntary and housing-based. There is no requirement placed upon tenants to participate in services. The responsibility of engagement lies with the service provider to use evidence-based approaches such as motivational interviewing and assertive engagement to draw tenants into the services that they are seeking. The core services in supportive housing are tenancy supports that help people access and remain in housing. Tenancy supports are delivered at staff-to-client ratios of 1-10 for scattered site supportive housing and 1-15 for clustered and single-site supportive housing. Tenancy Support Specialists are responsible for assisting with:

- housing search, documentation, and subsidy applications;
- helping to acquire furnishings, cleaning supplies, and household items;
- ensuring rent is paid and recertifications are completed;
- safeguarding that lease obligations are met and tenancy rights are upheld;
- providing conflict resolution and supporting moves to different apartments when necessary; and
- helping tenants to make connections in their communities.

Tenancy supports also include varying degrees of transportation to appointments, assistance with medication adherence, health and safety education, substance use disorder supports, nutritional counseling, and money management. Tenancy Support Specialists help tenants access other community-based services such as peer supports, outpatient behavioral health services (mental health or substance use disorder services), primary care, and education and employment. They also make connections with staffs of hospitals, health clinics and hospice when tenants receiving acute medical and/or palliative care are in need of support at home.

Services in many scattered-site and integrated units are provided by JOIN's Mobile PSH Team comprised of 7 staff that include; a masters-level mental health clinician through Cascadia, a peer support specialist from the Mental Health Association of Oregon, a nurse case manager from Coalition of Community Health Clinics, and culturally-specific case management/housing retention services from Urban League of Portland, Native American Rehabilitation Association of the Northwest, and El Programa Hispano.

Additional supportive housing service models include Intensive Case Management (ICM) and Assertive Community Treatment (ACT). These models integrate tenancy supports with traditionally clinic-based behavioral health services such as outpatient mental health through multidisciplinary teams. The mental health system funds these teams, most often, to adhere to specific fidelity measures. These models do not by definition require the delivery of pre-tenancy support services, but their low staff-to-client ratio affords services teams the ability to integrate pre-tenancy and tenancy support services.

Housing: The housing in supportive housing is affordable, not time limited (except, perhaps, in the case of recovery housing), and independent. Rather than screening people out, operators of supportive housing actively seek and "screen in" those who need it most. Tenants hold leases with property owners or service providers master lease units from property owners and sublet to tenants

through a lease. The tenant initiates roommate arrangements rather than the service provider. Rent and utilities are capped at 30% of a tenant's income, generally. Supportive housing apartments should be in healthy communities with access to amenities. Whenever possible, tenants have independent kitchens and baths, though in some cases, single-room-occupancy buildings (housing with shared kitchens and/or baths), and/or micro-apartments (with shared kitchens) are used for supportive housing. There are four housing models of supportive housing. Communities should have a balanced array of each to allow prospective tenants to make choices about where they live.

- Scattered-site: Housing is rented anywhere in a community.
- Clustered: similar to scattered-site, except that several units are leased within a larger rental development.
- Single-site: An entire housing development is for people who need supportive housing.
- Integrated: Affordable housing development has a set aside of supportive housing.

Any of these models can work well in urban communities. In suburban or rural communities where densities are lower, scattered-site and clustered housing are the most commonly used models.

Evidence Base

The National Alliance to End Homelessness names supportive housing as the solution to the problem of chronic homelessness (National Alliance to End Homelessness, 2014). The Substance Abuse and Mental Health Services Administration of the U.S. Department of Health and Human Services recognizes supportive housing as an evidence-based intervention for people with behavioral health conditions (SAMHSA, 2014). When implemented with fidelity to national quality standards, a growing body of research shows that supportive housing can improve health and lower system costs for highly vulnerable people. By providing stable, affordable housing and tenancy support services, supportive housing can help improve health, foster mental health recovery, and reduce alcohol and drug use among formerly homeless individuals.

The following chart illustrates the difference in local costs between supportive housing (as modeled in this report) and institutions that serve people who might need supportive housing.¹

Intervention	2018 Cost	Duration
In-patient stay in Oregon State Hospital	\$888	Per night
Emergency Department	\$500	Per average visit
Multnomah County Jail	\$210	Per night
Supportive Housing	\$59-64	Per night

Sources: State of Oregon, Center for Outcomes, Research and Evaluation (via Health Affairs), Multnomah County Chair's Office and CSH.

¹ (See Appendix D for additional detail on the evidence base for supportive housing.)

Existing Supportive Housing in Multnomah County

The Joint Office of Homeless Services (JOHS) reports that approximately 3,700 units of supportive housing are currently operating in Portland/Multnomah County. Of these, 3,582 are permanent supportive housing in the Housing Inventory Count (HIC) required by the U.S. Department of Housing and Urban Development (HUD). (The remainder of the units are transitional recovery housing.) These units achieve an annual utilization rate of 91.7%, have approximately a 10% annual turnover rate, and serve the following populations.

- **2,995 individuals without children.**
- **1,290 households experiencing chronic homelessness.**
- **587 families with children.**

Characteristics of People in Need

Priority populations served by supportive housing appear earlier in this document. This section summarizes local data regarding those priority populations, with focus on those experiencing chronic homelessness (people who have a disabling condition and experience homeless for an extended period).

Data Sources: Two primary data sources were used to understand the extent of homelessness in Multnomah County and the demographics and needs of that population. The Point in Time Count of Homelessness ([PIT Report](#)) and Coordinated Access data. People identified through the PIT include a census of people who are staying in emergency shelter, transitional housing, or living in places not meant for human habitation (e.g. unsheltered) on a single night. The most recent PIT was conducted in February of 2017. The other data set is from Coordinated Access. The purpose of Coordinated Access is to provide streamlined and equitable access to shelter and housing interventions for people experiencing homelessness in Multnomah County. Regardless of where someone first seeks services, vulnerability, eligibility and choice determines access. Coordinated Access data include information on individuals' levels of vulnerability that will help further refine local understanding of the priority populations for supportive housing, and the specific types of housing and services that will best address their needs. Because Coordinated Access data include people who are currently accessing services and prioritized for available housing support, it provides a more complete and "real time" picture of the people seeking services in the community. These data sources are used jointly in this report to describe the characteristics and housing needs of people experiencing homelessness throughout the county.

While these data sources provide a reasonably comprehensive picture, they are necessarily incomplete. In particular, they may undercount those who are cycling in and out of institutions, those who are doubled-up or in other unsafe or unstable housing situations and some communities of color.

Racial Disparities: The 2017 PIT count notes significant and continuing racial disparities in homelessness. The PIT count is a snapshot of a single night count conducted at least once every two years. Although communities of color make up only 28.7 percent of the total population of Multnomah County, they represent 36.6 percent of the homeless population, a one-percentage point increase from 2015. These racial disparities vary by race and ethnicity, with people of color 55 percent more likely to experience homelessness than those identifying as "White Alone, Not Hispanic." American Indian/Alaska Native, Native Hawaiian or other Pacific Islanders and African

Americans are respectively 402, 198 and 180 percent more likely than Whites to experience homelessness on a given night. These disparities persist among those experiencing chronic homelessness, and are even greater for American Indian/Alaska Natives among whom more than two-fifths (43.6 percent) of those experiencing homelessness are chronically homeless.

AHFE, through the Chronic Homelessness Framework, developed a slate of recommendations to address racial disparities in chronic homelessness. These recommendations may be scaled beyond the priority population of people who are chronically homeless to meaningfully address racial disparity for all households experiencing homelessness in Portland/Multnomah County. They include participating in the Supporting Partnerships for Anti-Racist Communities (SPARC) initiative, which centers the voice of people of color experiencing homelessness to better understand and address structural racism as a driver of racial disparities in homelessness. That work, as well as additional planned engagement within Latino, Asian and African immigrant, and Native American communities is intended to help better identify and quantify long-term housing and service needs across multiple communities of color and to guide strategies that specifically address racial disparities in homelessness. Emerging strategies from this work will require additional prioritization.

Individuals: Adults experiencing homelessness in households without children (“individuals”) represent 84% (3,506) of those counted in the 2017 PIT count. Among individuals counted, 35% (1,240) were chronically homeless, which by definition includes long periods of homelessness and a disabling condition. The count showed that chronic homelessness is one of the fastest growing categories of homelessness locally, up twenty-four percent (24%) over two years. Seventy-two percent (72%) of all people sleeping outside reported a mental illness, chronic physical condition and/or substance use disorder.

The Coordinated Access data for single adults is currently limited to a subset of people who meet the definition of chronic homelessness, and currently includes 1028 individuals. Among them, almost 50% are over the age of fifty, 60% are White, Non-Hispanic and 36% are people of color.

Families: People in families with children represent 16% (654) of those counted in the 2017 PIT count. Among them, only 8% (50) were chronically homeless, making people in families only 4% of all who were counted as chronically homeless. Stakeholders indicate that this is almost certainly an undercount, as the PIT count methodologies particularly underrepresent families.

Why Supportive Housing?

“It’s the most humane approach to creating stability for individuals and families.”

--Patricia Rojas, deputy director of the Joint Office of Homeless Services, former director of El Programa Hispano Católico (Multnomah County News)



The Coordinated Access list for families, by contrast, includes data from the 842 heads of households. Among those heads of households, 42% (357) report a disabling condition, 37% are White, Non-Hispanic, and 59% are people of color. Those 842 heads of households represent more than 2500 people in families.²



² Additional, detailed demographics from the Coordinated Access Lists for single adults and families are in Appendix E.

Part 2: Unit and Financial Modeling

The 2,000 Unit Goal

Local Supportive Housing Resolutions call for the creation of at least 2,000 new units of supportive housing. This represents a strong, directional target that will enable Portland and Multnomah County to focus the leadership, resources and implementation activities needed to scale a response to meet the need. Few communities in the country have given themselves such a public goal, and those that have are succeeding in ways that others who remain focused on piece-meal efforts cannot. Houston has reduced chronic homelessness by 70 percent because of working toward clearly delineated goals. Los Angeles County engaged in a financial analysis similar to the one in this report and went on to generate the resources to end chronic homelessness by creating 10,000 supportive housing apartments over ten years.

In order to determine how much supportive housing a community needs, CSH first estimates the number of people who will experience homelessness and chronic homelessness over the course of a year. We estimate that 90 percent of people experiencing chronic homelessness and ten percent of all households experiencing homelessness will need supportive housing. We then review the annual turnover rates of the existing supportive housing stock to determine the number that will become available over the course of a year. We subtract this number of units from the total need to establish the gap. Essentially, the methodology used to establish the 2,000-unit goal uses the following formula: Annualized need – units available through turnover = new units needed.

Refinements to the exact number of units needed can and should be made on an annual basis to ensure that supply meets demand over time by taking into account fluctuations in the rental housing market; new policies that help or hinder unit creation; federal, state, and local resource alignment; and public support.

In 2018, this analysis was replicated for the purposes of this report and found a new need of 2,455 units. These estimates are based primarily upon a population of people in Multnomah County who have one or more disabling conditions and have been living outside for an extended period. Many more people who are living in or cycling between institutions and the streets could live in their own homes and communities if they had supportive housing. Data analysis through complementary efforts noted in Part 3 of this report will help to inform a more comprehensive estimate of total need.

Financial Model Assumptions

In order to establish the costs of creating and operating 2,000 units of supportive housing over a ten-year period, a number of essential costs drivers have to be evaluated. The total costs differ depending on whether the supportive housing is created through development of new affordable housing units or by leasing units on the private rental market. The cost of newly constructed units includes the one-time capital cost of acquiring land and building the units and the ongoing cost of maintenance and operation of the building. Housing leased in the private market requires the ongoing cost of rental assistance to make the rents affordable to people with very low incomes. Both leased and built units of supportive housing require the ongoing cost of providing support services to

the tenants in the units. This plan's working assumptions for these costs are summarized here and described in detail in Appendix F.

In order to create a financial model that estimates the total dollar amount needed to create 2,000 units, stakeholders worked together to establish several important assumptions about the costs of creating and operating supportive housing and the percentage of units to be built and leased.

Following are the working assumptions for each of these factors.

Cost Assumptions

Per-unit costs for newly constructed or rehabilitated housing

Uses	Units for Individuals	Units for Families
Capital Construction (one-time cost)	\$218,000	\$338,000
Housing Operations (annual cost)	\$7,000	7,000
Services (annual cost)	\$10,000	\$10,000

Per-unit costs for housing leased in the private rental market

Uses	Units for Individuals	Units for Families
Rental Assistance (annual cost)	\$13,000	\$19,600
Services (annual cost)	\$10,000	\$10,000

Sources:³

- Capital cost estimates are based upon actual costs reported by PHB and approved by stakeholder advisory groups. The traditional leveraged model involves the contribution of approximately \$100,000 to \$125,000 per unit in local development funds.
- Operating cost estimates are based upon a range of \$6-8,000 provided by PHB related to bond modeling.
- Rental Assistance estimate is based upon HUD's April 2018 fair market rents provided by PHB.
- Service cost estimates are based on stakeholder input and reflect the cost of tenancy support services at 1-10 staff-to-tenant ratio with flexible service funding for people with specific needs not covered by community-based and Medicaid-paid services.

³ Descriptions of capital, operating, rental assistance and services costs can be found in Appendix F.

Inflation Factor Assumptions

In order to model the cost of creating and operating 2,000 units of supportive housing over a ten-year period, stakeholders vetted the following inflation factors and sources.

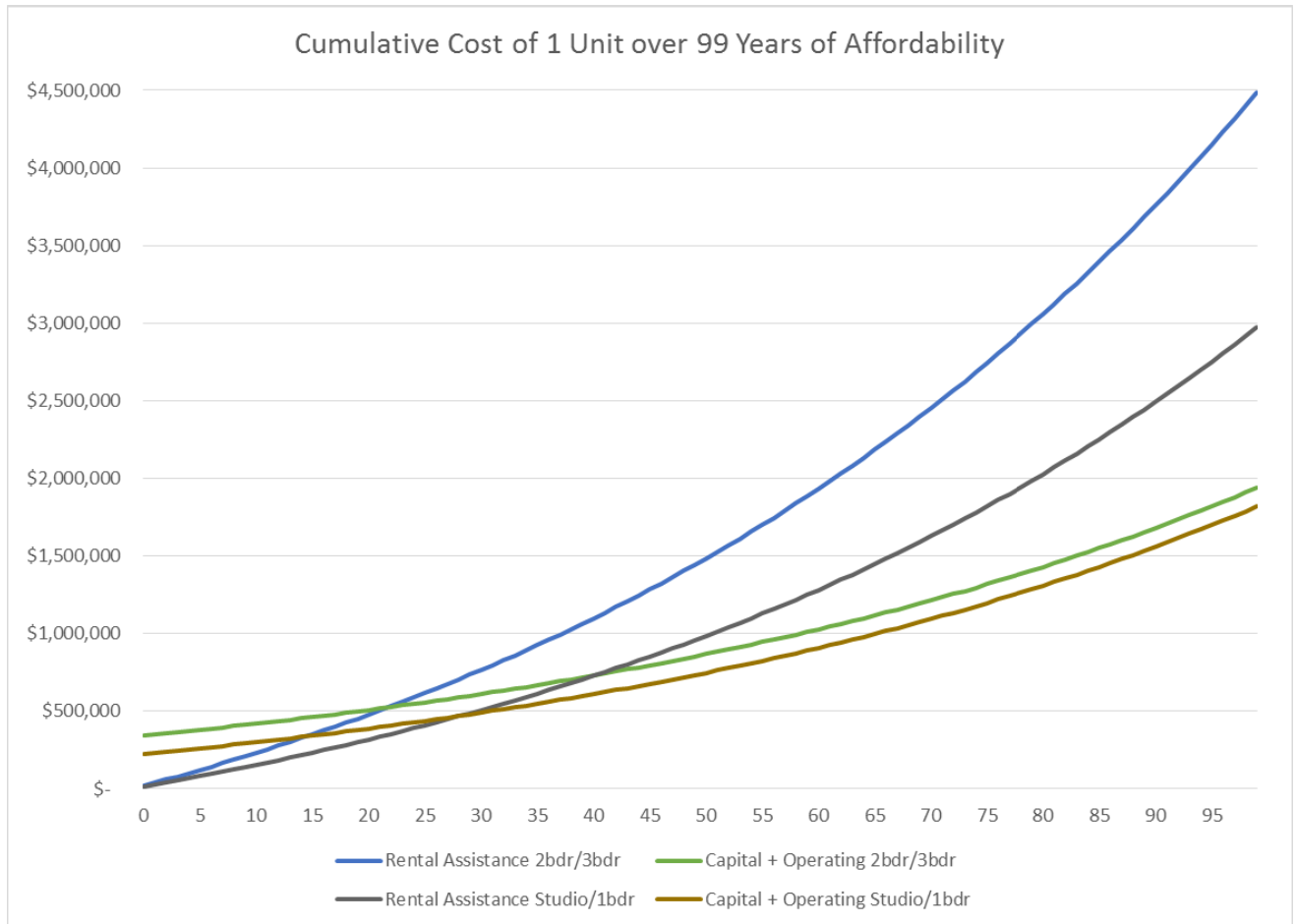
Cost Type	Inflation factor	Source
Capital	6%	National cost indexing surveys
Operating	1.5%	Information from Co-Star and provided by PHB
Rental Assistance	1.5%	information from Co-Star and provided by PHB
Services	2%	Consumer Price Index

Assumptions about the Percentage of Units to Be Newly Developed or Leased in the Rental Market

Because of the variable cost factors for developed/rehabilitated and leased private market units, modeling for the 2,000-unit goal requires determining the number of apartments that can realistically be constructed and the number that can be leased in the private rental market over a ten-year period. This question can have a significant impact on total cost projections, funder capacity and the timing of creating new units. Stakeholders shared a number of opportunities and challenges related to each approach:

Unit type	Opportunities	Challenges
Apartments leased in the private market	Lower up-front cost.*	Lack of affordable apartments in the private-market, increased risk of loss of affordability over time
	Potential to get people housed sooner.	Screening criteria.
	Increases tenant-choice about where to live.	Property owners who are unwilling to rent to people with low incomes or complex rental histories.
Newly-developed units	Engages community members (property owners) in ending homelessness.	Reductions in the affordable housing stock when “double-subsidizing” to increase affordability for people below 30 percent of area median income (AMI).
	Creates housing stock needed to address affordability long-term.	Higher up-front cost.*
	Design can include space for services on-site and assistive technology.	Takes at least two years for a project to move from concept to operations.
	Property owners are willing to “screen in” those who need it most.	Requires significant capitalized reserves to update systems during the required period of affordability.

* Because the ongoing costs of providing rental assistance for private market units is greater than the annual operating costs of newly constructed supportive housing units, the total cost of leasing supportive housing units in the private rental market becomes significantly more expensive in the long run than building new units. Using the cost and inflation assumptions above, the ongoing cost of newly developed units becomes lower than the cost of leased units in year 30 for studio and one-bedroom units and in year 30 for studio and one-bedroom units and in year 23 for two and three-bedroom units. The affordability covenant for most new publicly financed affordable housing in Multnomah County is 99 years. See chart below:



Financial Models

For illustration purposes, this report models the costs of creating 2,000 units based upon a range represented by two scenarios for balancing the mix of newly developed and leased units from 50 percent developed/50 percent leased to 70 percent developed/30 percent leased. A “road map” to be developed by JOHS and PHB that balances the various models within local opportunities and constraints will determine the final mix.

Model 1: 50% developed/50% leased

Supportive Housing	Developed (50%)	Leased (50%)	Total
Studio/1-bedroom (Individuals)	850	850	1,700
2-3 bedroom (Families)	150	150	300
Total	1000	1000	2,000

Total cost over 10 years: \$592 million

Total capital cost: \$283 million

Combined, ongoing operating, rental assistance, and services for 2,000 units (at year 10 and beyond)⁴:

\$47 million total annually (built up over time)

\$23,436 per person per year

\$64 per person per day

Model 2: 70% developed/30% leased

Supportive Housing	Developed (70%)	Leased (30%)	Total
Studio/1-bedroom (Individuals)	1,190	510	1,700
2-3 bedroom (Families)	210	90	300
Total	1,400	600	2,000

Total cost over 10 years: \$640 million

Total capital cost: \$498 million

Combined, ongoing operating, rental assistance, and services for 2,000 units (at year 10 and beyond)⁵:

\$43 million total annually (built up over time)

\$21,600 per person per year

\$59 per person per day

⁴ Per year investment in Appendix G

⁵ Per year investment in Appendix G

Potential distribution of units: For the 50:50 model, approximately 1000 would be scattered-site, 900 would be integrated and 100 would be single-site. For the 70:30 model, approximately 600 would be scattered-site, 950 would be integrated and 450 would be single-site.

Note about per-person cost changes between models: Ongoing costs at year ten and beyond decrease in models with higher amounts of newly-constructed units because ongoing operating subsidies that pay for housing operations in publicly-financed supportive housing are lower than the cost of rental assistance to secure housing in the private market.

Summary: Based on the best available current estimates of the various cost drivers for supportive housing and depending on the ratio of built to leased units, the total ten-year cost to achieve the 2,000-unit goal will be between \$592 and \$640 million. In years 10 and beyond, in order to maintain this inventory, there will be ongoing costs of between \$43 and \$47 million annually.

I used every resource that was available. I kept taking my meds, kept doing the next right thing. I got my driver's license. I graduated a pre-apprentice program. Now I'm a taxpayer, and I would like nothing more than my tax dollars to go toward more housing opportunities, like I got." — Justin Martinez, who'd struggled on the streets with addiction and mental illness, for years, before obtaining supportive housing (Oregon Public Broadcasting)

Part 3: Resources and Alignment

Existing and Potential Resources

Portland/Multnomah County is fortunate that state and local agencies generate, leverage, and successfully manage many of the existing financing sources available to create supportive housing. The majority of these sources are dedicated to capital construction and ongoing operating and rental assistance and have strong potential to be dedicated toward the 2,000-unit goal. The following chart highlights current and potential sources of financing for supportive housing.

Capital funds that can be used for acquisition, construction, and rehabilitation of Supportive Housing

Source	Managing Entity	Description
9% Low Income Housing Tax Credits	OHCS	Competitive source of equity financing for affordable housing.
4% Low Income Housing Tax Credits and Bonds	OHCS	Non-competitive source of equity financing for affordable housing.
LIFT	OHCS	State of Oregon competitively awarded debt financing for affordable housing. Important restrictions because funds come from general obligation bonds.
GHAP	OHCS	State of Oregon grants for affordable housing
Mental Health Housing Fund	OHCS	This includes rental assistance subsidy, barrier removal funds and supportive peer services for people with SPMI; there are approximately 1,200 slots serving all Oregon counties.
Oregon Affordable Housing Tax Credit	OHCS	Lowens the cost of financing by as much as four percent for housing projects or community rehabilitation programs serving low-income households to directly reduce tenant rents.
Metro Housing Bond	Metro	Proposed November 2018 ballot measure to create 3,900 affordable housing units regionally. Bond goals include 1,600 units for households at or below 30 percent of AMI. Multnomah County would receive roughly 45 percent of bond funds and would be expected to produce roughly that proportion of units.
PHB Housing Development Resources	PHB	Gap financing for affordable housing projects. Funding includes federal sources such as HOME and Community Development Block Grant, and local sources such as tax increment financing and construction excise tax.
Portland Housing Bond	PHB	\$258.4 million general obligation bond for acquisition and development of affordable housing. Bond program includes goal of 1300 total units and up to 300 units for supportive housing.
Regional Health Systems	Health systems, Managed Care Organizations & potentially private insurance companies	Major gifts may be made through community benefit dollars or other philanthropic grant making, with or without additional assurances related to service provision. Example is regional health systems collaborative \$21.5 M capital investment to create 382 units of affordable and supportive housing. In Multnomah County and in other communities across the country these entities have also funded rent assistance and services.

Operating Subsidies and Rental Assistance

Source	Managing Entity	Description
HUD Continuum of Care	JOHS	Ongoing resources for rental assistance or operations for supportive housing
City/County General Funds	JOHS	Ongoing resources for operating or rental assistance for supportive housing often paired with flexible support services staffing and client assistance.
Housing Choice Vouchers	Home Forward	Federal rental assistance
VASH Vouchers	Home Forward	Housing Choice Vouchers paired with Veteran Affairs Administration Services
HUD 811 Project Rental Assistance Program	OHCS	Competitive federal rental assistance program for housing for households with a disabling condition (serious and persistent mental illness and/or intellectually or developmental disability)
Mainstream Vouchers	Home Forward	Competitive federal rental assistance program for non-elderly disabled population targeted for those experiencing or at-risk of homelessness and those transitioning out of institutions such as jail/prison, treatment, and hospitalization
State Mental Health Services Fund	OHA	Rental assistance subsidy, barrier removal funds and supportive peer services for people with SPMI; approximately 1,200 slots serving all Oregon counties.

Services funding for tenancy supports and community-based services

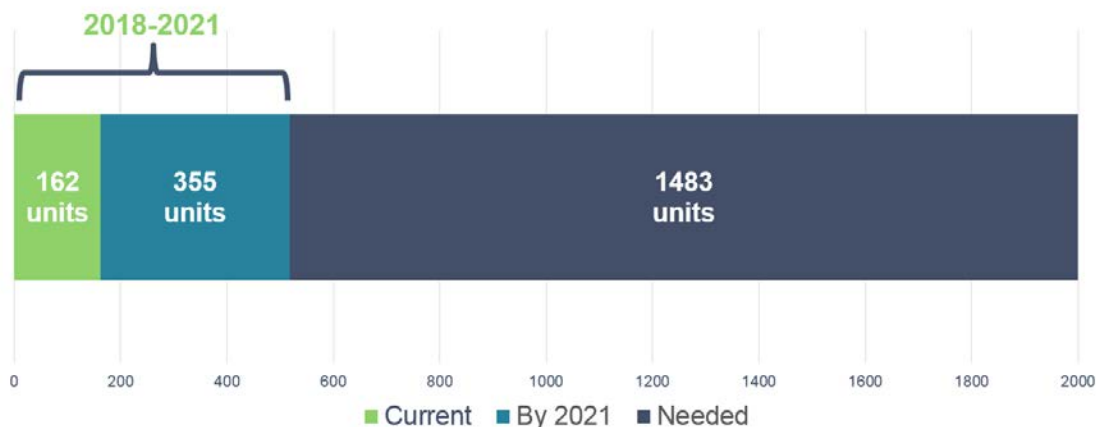
Source	Managing Entity	Description
County General Funds	JOHS	Services for people experiencing homelessness such as the mobile permanent supportive housing team
SAMHSA	OHA	Competitive and block grant to serve people with behavioral health needs such as recovery housing, Substance Use Disorder rental assistance program and Assertive Community Treatment.
Medicaid	OHA	Standard Oregon Health Plan benefits cover behavioral health, primary care, and long-term services and supports. Tenancy supports currently allowed as part of long-term services for specific populations, including SPMI and I/DD. Social determinants of health (SDOH) focus in the next CCO RFA (out in 2019) may drive additional focus on housing, including guidance on using health-related services dollars (HRS) on tenancy supports. HB 4018 (2018) required CCO spending on SDOH, but did not indicate a required amount.
HUD Continuum of Care	JOHS	Ongoing resources for supportive services, generally combined with CoC rental assistance or operations funding
Philanthropy	Grant makers	Direct grants to providers. Philanthropy also funds capital and rent assistance.

Quantifying existing, dedicated resources

Since the City and County adopted the Local Supportive Housing Resolutions in October 2017, progress is already being made toward the 2,000-unit goal. In the nine months since the resolutions' adoption (Oct 2017 to June 2018), Portland/Multnomah has **already added 162 units**. Of this total, 35 units are new construction or acquisition and 127 are leased in existing units.

In addition, the City estimates **355 new supportive housing units will come online by 2021**. Of this total, 280 units will be new construction or acquisition funding through pipeline projects, the Portland Housing Bond and the PHB Summer 2018 Notice of Funding Availability (NOFA). The remaining 75 units will be scattered-site leased units using federal Veterans Affairs Supportive Housing vouchers. The total units already in operation or in the pipeline reflects capital commitments sufficient to produce enough units to reduce the estimated cost by \$92 million.

Supportive Housing Goal – 2,000 units by 2028



Other resources may also be available:

- The pending application for Continuum of Care funds could fund approximately sixty units.
- If passed, the Metro affordable housing bond could provide as much as \$652.8 million in capital financing to create as many as 3,900 affordable homes throughout the tri-county region, approximately 45 percent of which would be located in Multnomah County. Of the total 3,900 homes, roughly 1,600 will likely be affordable to people with very low incomes and could be set aside as supportive housing if leveraged services are identified.
- Portions of the new allocations to the JOHS budget are dedicated to supportive housing activities, but are not yet fully committed to specific projects. These resources could be used to fund tenancy support services, rental assistance or operating subsidies across a range of units.

Generating New Resources

Based on the above analysis, a substantial funding gap exists that will need to be filled with new resources in order to reach the 2,000-unit goal. Because the cost-saving evidence for supportive housing is so compelling, however, other communities with similar, and much larger, gaps have successfully built multi-sector collaborations to generate the necessary funding. Moreover, we have already seen the emergence of similar collaborations locally. Communities that have successfully generated new resources for supportive housing have brought non-traditional partners to the table and engaged in federal, state and local advocacy. The local effort to engage health systems in contributing \$21.5 million in health system investments to fund the construction of supportive housing was unprecedented nationally.

More than a dozen states have executed or are pursuing new Medicaid authorities from the federal Centers for Medicare and Medicaid Services to create sustained funding for tenancy support services. An 1115 Medicaid Waiver in Washington State created a supportive housing services benefit that will fully-fund tenancy supports for 4,000 people state-wide.

Alignment with Complementary State and Local Initiatives

The Local Supportive Housing Resolutions call on the Conveners to determine how to align local efforts with regional efforts that will bring together multiple interested parties in Multnomah, Clackamas and Washington Counties to meet the regional supportive housing need. Following is an overview of key efforts occurring on a parallel track to this plan.

Portland's Housing Bond

Portland's Housing Bond is a voter-backed initiative to create affordable housing in Portland for households earning at or below 60% of Area Median Income (AMI.) The \$258.4 million general obligation bond was passed in November 2016 by Portland voters and will create 1,300 new affordable homes over the next several years. Portland's Housing Bond Policy Framework, a set of community priorities, guides investments. The Bond includes the goal to create 300 units of Supportive Housing for very low-income households and households exiting from homelessness.

Metro-wide Planning Effort for Permanent Supportive Housing

The Metro regional government has funded a tri-county effort, currently underway, in which Washington and Clackamas Counties are joining Multnomah County in reviewing their data to establish a target number of supportive housing units needed and the cost for creating them. This report will supplement findings to identify Metro-wide needs as well as associated potential resource development and alignment strategies. Each County's efforts will ensure that the entire Metro region is moving forward in an aligned manner.

AHFE Chronic Homelessness Strategic Framework

Following a broad range of stakeholder engagement, AHFE adopted a comprehensive framework for addressing chronic homelessness in Multnomah County in March 2018. The core strategies within the framework focused on the expansion of supportive housing, which this plan intends to address at scale.

Supporting Partnerships for Anti-Racist Communities

Multnomah County is one of a national cohort of communities addressing structural racism as a driver of homelessness through the SPARC initiative, led by the Center for Social Innovation. Through SPARC, a broad range of stakeholders in Multnomah County are identifying opportunities for achieving structural change objectives which will include reorganization and alignment of Continuum of Care (CoC) governance, redistribution of funding (e.g., increased braided funding and aligned budget cycles), and incorporating Human-Centered Design for assessment to implement continuous quality improvement strategies. Each of these objectives will have implications for achieving racial equity through implementation phases of this plan and align well to specific identified strategies such as those outlined in part 4 of this report.

Multnomah County Mental Health System Analysis

Multnomah County released a comprehensive funding and services analysis in June 2018. This report details the county's existing publicly funded mental health system, with a focus on the system's alignment with community needs. The report specifically identifies housing as an integral part of a good and modern behavioral health system, and includes recommendations on ways to improve service to individuals with complex needs and opportunities to improve alignment of service intensity and level of need throughout the housing service continuum. This report may help reinforce efforts to expand supportive services in the region, and help guide opportunities to integrate community services for people living in supportive housing and people experiencing homelessness.

Supportive housing is "the most crucial investment we can make right now as a community." Commissioner Sharon Meieran (Oregon Business Journal)

Regional Supportive Housing Impact Fund

The Regional Supportive Housing Impact Fund is guided by a group that includes health systems (Providence, Legacy, Kaiser Permanente, Oregon Health and Sciences University, Adventist, CareOregon, and Cambia) and foundations (Meyer Memorial Trust, Oregon Community Foundation, and Collins Foundation) and is exploring opportunities to provide resources to create a collective investment fund for Supportive Housing. They approved a proposal to create a data driven strategic plan to guide investments in a flexible funding pool structure that could pay for capital, operating, rental assistance and/or services.

Frequent User Systems Engagement (FUSE)

Myer Memorial Trust funded CSH to lead a local FUSE initiative to use data to identify people who make frequent use of jails, shelters, hospitals, and/or other crisis public services because they do not have access to the housing and services that they need. This effort will include Unity. JOHS will work with the FUSE initiative to develop a system that will allow the identification and prioritization into supportive housing of people identified through this process. The work is currently in early planning stages and will continue through 2019. In addition to identifying and housing high utilizers, the process expected to identify opportunity areas of collaboration across health, criminal justice and homeless systems for supportive housing expansion in alignment with this plan.

Oregon Health Authority and Oregon Housing and Community Services Statewide Supportive Housing Strategy Workgroup

The Local Supportive Housing Resolutions promote alignment with existing and planned supportive housing services through planning with the Oregon Health Authority (OHA) and Oregon Housing and Community Services (OHCS). The local planning process included OHA and OHCS staff to develop this report to ensure alignment with the work of the Statewide Housing Strategy Workgroup, convened to advise OHA and OHCS on key program and policy considerations and develop an implementation framework to support the housing services and health service needs of individuals experiencing or at risk of homelessness. The workgroup will leverage legislative, local and state agency (OHA and OHCS) investments to develop strategies for increased supported and supportive housing capacity across the state. Additionally, in order to meet conditions of a settlement with the U.S. Department of Justice, OHA and OHCS plan to make 2,000 placements of individuals experiencing mental illness from more restrictive institutionalized settings into community-based supportive housing by 2019. Conveners will work to align unit production with these efforts and pair OHA-funded services whenever possible.

Resource Alignment

Aligning the three legs of the stool to finance supportive housing is a complex undertaking. Leveraging the perfect combination of sources can feel like solving a Rubik's Cube. The average supportive housing project has at least seven sources of financing, each with their own policy, underwriting, and social justice standards such as environmental requirements, wage rate standards and population priorities. Although some existing resources can leverage others to create 2,000 units of supportive housing, repurposing funding, already dedicated to other local affordable housing and service priorities, must be considered carefully.

Because funding supportive housing, especially at scale, requires a large number of fund sources, aligning the efforts of funders is critical to ensuring that leveraging is maximized and providers are receiving the financing they need in order to deliver outcomes. Traditionally, the work of aligning resources has fallen to providers who apply for multiple fund sources and attempt to “demonstrate leverage” to each funder individually. Funders have relied on providers to align their resources, which puts undue administrative burden on providers who are also doing the work of creating and operating supportive housing. Adding to this pressure is the fact that most funders have their own application and budget forms, which requires developers and providers to show their requests and track awards in multiple ways. Communities with a stake in producing supportive housing like Portland/Multnomah County are recognizing that this method of funding has significant limits. They are finding new ways to align the offerings and contracting. This streamlines system-wide approaches and provides transparent processes that reduce administrative burden. Following are two primary ways communities are aligning their financing.

Combined NOFA: A combined funders notice of funding availability or request for proposal (RFP) provides opportunity to streamline the availability of resources to create supportive housing from multiple funders who manage multiple fund sources. This might include cities, counties, states, housing finance agencies, United Ways and philanthropy. A combined or “umbrella” RFP or NOFA announces the offering of all available resources needed to create supportive housing for a specific funding round and allows funders to make decisions together. Each funder maintains its individual contracting practices. Funders can start small, build upon their alignment of many aspects of the application, review and award process. Combined offerings usually happen once or twice per year. Following are key opportunities for alignment.

1. **Shared priorities:** Each funder that is offering capital, operating, rental assistance, and/or services funding aligns their priorities to seek proposals from developers that will create a specific type of affordable housing that serves a specific population.
2. **Shared focus on racial equity:** Funders that work together to integrate racial equity into allocation practices ensure that people of color inform the questions asked in applications and final funding decisions. Aligned funders ask questions about each applicant's focus on racial equity. They combine their financing practices with training and technical assistance to build the capacity of organizations that are led by people of color and that serve communities of color to develop, operate and provide services in supportive housing.
3. **Common applications:** Funders agree upon the questions they ask in narrative application forms so that providers can respond to one set of questions and funders all receive the same answers. Funding applications ask the right questions to determine if a project can be pre-qualified to meet quality certification standards. All funders use the same excel workbook to request information about capital budgets and operating and services Pro Formas. Budgets

link to demonstrate the interdependence and need for financing of each of the three legs of the stool.

4. **Timelines:** An umbrella RFP or NOFA ensures funders ask for information at the same time and have one due date for applications. This prevents developers and providers from having to apply for funds out of sequence and wait for awards from one funder that are required to receive funds from another.
5. **Integrated reviews:** Capital operating, rental assistance, and services funders divvy up the work of reviewing and scoring applications and meet to discuss and finalize their ratings. Capital funders learn about the services plan from funders who understand services and vice versa. Racial equity analyses are conducted in all policy and funding decisions. Each funder offers their experience with the developer/operator and has input into final decisions.
6. **Aligned Asset Management:** Some funders take their alignment into operations by aligning their monitoring of asset management and outcomes. This can be done through monitoring visits, reporting and quality certification.

Benefits of a combined NOFA include:

- Significantly reduces time and administrative burden for providers.
- Ensures projects are able to start as soon as possible.
- Increases the intentional leveraging of multiple funding sources to increase capacity and ability to serve the greatest number of households possible in an equitable way.

A promising early example of this approach is the July 2018 PHB NOFA, which combines state and local capital funding with flexible, local operating and services funding in a single solicitation for approximately 50 units of supportive housing.

Flexible Housing Subsidy Pool: A flexible subsidy pool takes alignment and integration to the next level by literally combining funds into one pool of funding under a single management entity. This model allows public and private investment to leverage each other and gives significant flexibility to providers who are administering the funds to do what they see is needed in the field while remaining accountable to reporting outcomes. Funding can go toward capital gap financing, operating subsidies, rental assistance and/or services. Intergovernmental agreements or memoranda of understanding allow entities to pass their resources to the managing entity to streamline applications, reviews, and awards and contracts. This can be especially appealing to non-traditional funding partners such as businesses and individuals who want to see their dollars used quickly in a way that is needed most. Los Angeles County has administered and evaluated the use of this model with great success. Contracted providers are able to use funding for rental assistance and services, and do whatever it takes to help people get housed and stay housed. They report housing placement and stability outcomes to the managing entity who reports these to the collective funders for shared accountability and learning. The process also outlines clear roles and responsibilities for participating entities to support the implementation and evaluation of the model.

Local Examples: Through the creation of the JOHS, the City of Portland and Multnomah County have built an important cross-jurisdictional infrastructure to allow for flexible contracting and alignment, including a significant range of sources to fund supportive housing. Additional partnerships between JOHS and Home Forward to administer flexible pools of short-and long-term rental assistance could be easily adapted to accommodate expanded supportive housing resources. Existing JOHS investment in scalable system-level supportive housing resources like the Landlord

Recruitment and Retention Team at JOIN or the multi-agency Mobile Permanent Supportive Housing team also hold significant promise for expansion to a scaled flexible housing subsidy pool.

Another early example of aligned resources is a multi-agency collaborative effort among Home Forward and a broad range of supportive housing services funders brought together by JOHS and other Multnomah County departments such as the Health Department and Aging and Disability Services came together to opportunistically leverage new federal housing resources to create supportive housing. This effort exemplifies the ongoing coordination and responsiveness that will be required to take advantage of resource expansion opportunities as they arise.

Other communities that use combined funding rounds include Seattle/King County, Denver, Minneapolis/St. Paul and the District of Columbia. A number of resources from these communities are readily available to start the work of aligning application forms and processes. Los Angeles County administers the country's largest and most established flexible housing subsidy pool. Seattle/King County's All Home connects housing first and racial equity principles into all aspects of their administration and funding decisions. Houston, Los Angeles, San Jose, Santa Clara, San Diego and the states of Connecticut and Indiana are integrating national supportive housing quality standards into their application processes.



Supportive Housing Snapshot

The Martha Washington was completely renovated in 2010. It has 108 studios, 50 of which are dedicated to Supportive Housing. The building is owned by Home Forward and managed and served by Central City Concern.

Part 4: Recommendations for Implementation

Realizing the goal of creating 2,000 units or more of new supportive housing within ten years requires active and collaborative leadership across multiple government, nonprofit and private sector partners. City Council, the County Commission and the Home Forward Board will have important roles, and should support implementation at several levels. While Portland and Multnomah County have already made significant progress toward the goal, bringing supportive housing delivery systems to this broader scale will require new or expanded structures for governance, funding, coordination, communications and monitoring of outcomes.

Governance

As described in Section 3, multiple communities have successfully taken on ambitious supportive housing expansion goals. In many of those communities, two critical governing bodies are present in some form, one to coordinate fund source development and alignment and another to coordinate and monitor implementation efforts. Successful implementation in Multnomah County would benefit from similar structures, which will be aligned with the committees and boards of A Home for Everyone in order to ensure that work under this Plan is connected to ending homelessness, including commitment to racial equity. Additionally, these bodies will ensure that the strong collaboration that already exists continues and grows. Recommendations for the structure and purpose of those bodies follows.

Supportive Housing Funders Collaborative (SHFC): The purpose of this group is to identify and collaborate to obtain new or expanded revenue sources to fund the development, operations, rent assistance and services for supportive housing. It will operate under the leadership of the AHFE Executive Committee. In addition to reviewing the resource picture and recommending strategies, the SHFC should take the lead on constructing and disseminating the vision for supportive housing in Multnomah County. In light of the current regional planning efforts underway around supportive housing, we recommend that other regional stakeholders assess whether the approach could potentially expand or integrate into a similar entity with regional scope.

"It's time for us to be bold... and invest in a national best practice that gets people off the streets and into recovery with the hope of a productive life."

— Portland Commissioner Nick Fish (The Oregonian)



The potential range of funders is broad, therefore development of the group should be evolutionary, beginning with a core of key government (Local, State and Federal) staff, foundation and health system representation and expanding to other entities as gaps and opportunities are identified. The Executive Committee of A Home for Everyone includes Portland's mayor, the County chair and several other elected and appointed representatives of local government, philanthropy, and faith and business communities; This body could act quickly (within three-to-six months) following adoption of this plan to convene the initial iteration of the SHFC. From there, expanding, creating and sustaining the SHFC will require coordinated political leadership and an investment of resources to staff the SHFC adequately. Identifying an appropriate coordinator for the SHFC is critical. This could be a foundation or, as in some communities, an organization like the United Way or CSH.

Timeline for Start-Up – While there will be opportunities for early coordination; this body should be fully convened and functioning within six months to one year of adoption of this recommendation.

Supportive Housing Implementation Committee (SHIC): This standing committee will bring together key existing supportive housing implementation entities to:

1. refine, and periodically update the recommendations in this Plan into specific targets for types of units, types of supportive housing, and sub-populations served – i.e. develop a “road map” to prioritize future supportive housing investments;
2. given the “road-map,” work with federal, state, and regional government partners, as well as philanthropic and private sector partners, to continuously monitor opportunities for additional funding for supportive housing, and work with the SHFC to pursue those opportunities;
3. track projects against the progress metrics identified later in this section and adjust investment priorities and strategies as needed; and
4. provide regular reports to the SHFC, AHFE, and other community-facing bodies on these progress metrics.

Again, pending ongoing regional supportive housing planning conversations, the SHIC could be expanded or at least aligned to develop parallel regional and county-specific memberships and work plans. Multnomah County's SHIC members should include representatives of the Portland Housing Bureau, Home Forward, the Joint Office of Homeless Services, the Multnomah County Health Department, affordable and supportive housing developers and operators, supportive service providers and other entities required for implementation coordination. Regional partners of the SHIC could include representatives from the other counties, OHA, OHCS and HealthShare. Successful operation of the SHIC will require adequate staffing resources to convene and facilitate the planning work and to conduct ad hoc and ongoing needs assessment and evaluation work. In Multnomah County, this staffing will align with the staffing infrastructure for AHFE.

Timeline for Start-Up – While there will be opportunities for early coordination; this body should be fully convened and functioning within three to six months of adoption of this recommendation.

Centering the voices of people with lived experience: The stakeholder engagement, giving rise to this plan, included the perspectives and guidance of people with lived experience of chronic homelessness, as well as the insight of service providers who work daily with them, including culturally specific service providers. Expansions of supportive housing infrastructure will be significantly more likely to address the varied needs of people with lived experience of homelessness if the implementation phase intentionally and meaningfully involves their voices. Specifically, without

centering on the voices of people of color and the culturally specific organizations they created to meet the needs of their communities, racial disparities in homelessness will not change.

People with lived experience must help drive and inform decisions of the SHFC and the ongoing engagement of the SHIC. Early development of each of these bodies should include intentional infrastructure and resource to elicit, hold up and act upon this insight.

A Home for Everyone Board and Committees: Multnomah County has a robust multi-sector multi-jurisdictional governance structure charged with overseeing planning and implementation of community-wide ending homelessness strategies, including those specifically addressing chronic homelessness and racial equity. In order to ensure ongoing alignment of the community's supportive housing work with the broader efforts of A Home for Everyone, the SHIC should routinely seek input from the AHFE Health, Housing, Equity Committees and the Coordinating Committee as it develops and modifies its work plan, and should annually seek approval of its work plan from the AHFE Executive Committee.

Raising the Necessary Funding

The success of this plan depends on the ability of the SHFC to secure the funding needed to create, operate, and provide ongoing support services for at least 2,000 new units of supportive housing over the next ten years. As described in Part 2, different types of activities that need to be funded (capital, operations, leasing, services), and the specific amounts in each category will depend on the mix of developed vs. leased units that the SHIC determines is most appropriate (see below). The total amount will range from \$592 million to \$640 million over 10 years, with ongoing annual operating and services costs of \$43 to \$47 million thereafter.

Part 1 and Part 3 of this plan illustrate strong evidence that supportive housing leads to significant quality of life improvements for our community's most vulnerable residents and is less expensive than not providing it. It is the role of the SHFC to articulate this vision for the larger community, as well as raise the needed funding, and the SHIC will provide support and coordination.

The work that has occurred just within the past year to begin development of the first 517 units under this plan demonstrates the type of steady progress that can be made through intentional focus and prioritization of resources. Collectively, the total number of built units already functioning or with identified capital in the pipeline effectively reduce the total ten-year capital cost estimate to produce 2000 units by more than \$92 million. Part 3 of this report also identifies several other promising funding sources, including the Metro Bond and potential expansions of certain types of federal Housing Choice Vouchers.

Units already in operation or in the pipeline are below:

	Total	Estimated # family units (built)	Estimated # single units (built)	Estimated # family units (leased)	Estimated # single units (leased)
New in FY17-18	162	35	0	8	119
Online by 2021	355	160	120	8	67

Remaining sums need to be raised over the course of ten years. An early implementation task should include assessment of remaining resources to be raised (including types), after accounting for the units and resources that have already been identified, and dividing those into 2 year increments to yield specific fundraising targets over time.

Such analysis of target funding levels need to be reassessed periodically using the most current data on supportive housing populations, and the fundraising targets adjusted accordingly. Appendix G summarizes a potential distribution of fundraising targets over the ten-year period.

Develop a “Road Map”

Part 2 provides high-level guidance on the mix of units by household size and an estimated range of costs depending on the ratios of developed vs. leased units. An initial task of the SHIC should be to answer a number of critical questions that will allow this high-level guidance to be translated into a road map for specific fundraising targets and project investment priorities.

Those critical questions include:

- What are the core values -- for example racial equity, geographic equity, access to amenities, cost-control innovations and resident choice -- that should guide the design and selection of specific supportive housing projects?
- What is the ideal target ratio of developed to leased units?
- Within that ratio, what is the target number of single and family sized units to be developed and leased?
- What supportive housing models and approaches are most appropriate and effective for serving people from culturally specific communities?
- Within those targets, what are the proposed numbers of different types of supportive housing, including, e.g., permanent supportive housing, structured mental health housing, and transitional recovery housing?
- Of those respective unit types, what are the target number of units in single-purpose supportive housing buildings, clustered in affordable housing buildings, and scattered in affordable housing and private market complexes?

A road map that answers these questions will be critical to the SHFC’s task of identifying the most appropriate new and expanded revenue streams. It will also be a critical foundation for the ongoing implementation and monitoring work of the SHIC. Nonetheless, the road map is not set in stone. Reaching an ambitious supportive housing goal will require the SHIC and SHFC to be opportunistic and adaptable. With the annual reassessment of the supportive housing need, it also will be necessary for the SHIC to adjust the road map to address emerging demographic and market conditions over the coming decade.

Resource Braiding and System Capacity Building

Part 3 illustrates the range of current funding streams for supportive housing and ways in which other communities have sought to align and braid those streams to maximize the production of supportive housing. Los Angeles, in particular, stands out. Part 3 also identifies multiple, relevant planning processes that are ongoing at the local, state, and regional levels. The SHIC should learn from the success of other communities and leverage the current planning processes to develop

resource-braiding strategies that yield the maximum number of supportive housing units in keeping with the Road Map.

One of the ongoing planning processes discussed in Part 3 is a flexible supportive housing pool. The JOHS and Home Forward set the foundation of such a pool with the creation of a local long-term rental voucher program aligned with CareOregon.

In addition to means of braiding resources, the SHIC would evaluate the capacity of current community based organizations to support a dramatic expansion of supportive housing, especially those that would be best positioned to meet the Plan's racial equity and other Road Map goals. As we have seen in other communities, as new resources come into the system, developers, operators, service providers and funders may all struggle to scale their operations quickly enough, especially as scale demands that they transition from comparatively independent program-based models into coordinated system-based models. The expansion will create challenges for the community's coordinated access and data systems that will need to be addressed. Depending on how funds are braided and deployed, elements may be missing from the system entirely. The SHIC will need to develop a set of system capacity and expansion strategies to accompany the Road Map. The SHIC should seek support from the members of the SHFC to fund necessary system improvements identified through those processes.

PHB, the JOHS and OHCS recently modeled one such braiding strategy in their joint Notice of Funding Availability that combined development, operating and services funding into a single solicitation for permanent supportive housing units.

Monitoring and Reporting

The Local Supportive Housing Resolutions call for the Conveners to develop and approve an annual review of progress and challenges to be delivered to the AHFE Executive Committee, City Council and the Board of Commissioners. This report will align with current accountability under AHFE and cover the key deliverables below. The Conveners will develop a format and timeline for the report delivery by the end of 2018.

Tracking new and ongoing outcomes will require a backbone organization to coordinate data collection and analysis. JOHS is well positioned to take on this role, in collaboration with the Portland Housing Bureau. Evaluating progress will require new methodologies and additional staffing capacity to collect, analyze and report data specific to the new goals in alignment with data currently entered into the regional Homeless Management Information System (HMIS) and data systems used by the Portland Housing Bureau and Home Forward for ongoing affordable housing asset management activities. Additionally, the FUSE effort as well as the Regional Supportive Housing Impact Fund Strategic Plan data analysis will provide information on other individuals who need supportive housing. These will need to be able to "talk to" existing data systems. With multiple agencies and partnerships aligning to support the Multnomah County Supportive Housing Plan, it will be important that the SHIC develop a shared vision for the data to be collected, shared and evaluated.

Reporting baselines should track the number of units produced and progress toward 2,000-unit goal with a focus on the:

- Number of newly constructed, rehabilitated, and leased units beyond those that existed at passage of the Local Housing Resolutions;
- Amount of services funding for new projects on a per-person basis, including disaggregation of project funding to culturally-specific housing and service providers;
- Additional following outcome and process measures for key categories of the plan.

Resources and Alignment Process Measures

- Status of funding alignment efforts;
- Status of development and integration of shared quality standards and racial equity outcomes into braided solicitations;
- Status of racial equity integration in governance and funding decisions;
- Schedules and sources of offerings in subsequent affordable housing development and supportive service solicitations to create supportive housing;
- Status of capacity building efforts for funders and providers in meeting quality standards and ensuring racial equity;
- Costs and sources of capital, operating, and services per unit;
- Number and types of capacity building training in supportive housing best practices and racial equity;
- Policies developed and enacted to expedite siting of new supportive housing developments.

Resource Generation Process Measures

- Number of new prospective funders engaged;
- Status of exploration and possible implementation of a flexible housing subsidy pool;
- Public education efforts regarding the need for additional resources;
- Status of efforts to generate new capital, operating, rental assistance, and services resources.

Target Population Outcome Measures

- Number of people experiencing chronic homelessness disaggregated by race (measured through PIT counts and coordinated access data);
- Number of people housed disaggregated by race;
- Housing retention disaggregated by race.

As other regional and local funding partners are identified, they may identify additional outcome measures of interest. For example, health systems may want to track improved health outcomes and reduced use of emergency services.

The SHIC should develop a methodology for tracking these process and outcome measures, as they relate to this Plan and the more specific goals set out in the Road Map. In addition, the SHIC and SHFC should approve and implement a reporting plan that includes periodic progress updates to AHFE. The update should document the cumulative progress made toward the Plan and Road Map goals, and highlight specific revenue streams and projects that have opened or are in the pipeline.

This update will also describe the results of the periodic updated analysis of the unmet need for supportive housing. This should include recommendations for changes in the target number of units and any strategy adjustments resulting from the updated analysis and/or changes in demographics and market conditions.

Communication

Successful implementation of this Plan will require a comprehensive communications strategy that helps build community understanding of the need for supportive housing, each of the significant funding initiatives identified by the SHFC, and the implementation strategies pursued by the SHIC. A larger shared messaging frame backed up by ongoing progress reporting will be essential elements of this communications plan, but each new funding initiative will need its own communications strategy, whether a voter-backed initiative or an effort to bring new funders to the table.

For example, In Los Angeles County, a broad coalition of labor unions, builders, real estate and investment companies, entertainers, lawyers, and nonprofits collaboratively invested in the campaign for Measure H, which created a dedicated local revenue source to fund homeless programs that passed by a 67 percent vote of the public. These organizations were motivated to collaborate because they saw the growing need in their community, and they were educated about solutions through events such as United Way's HomeWalk, a 5K walk to end homelessness and CSH's Speak Up! program, a supportive housing tenant empowerment and advocacy program in which people with lived experiences tell their stories to encourage the creation of more supportive housing.

Other communities have also found it essential to have specific communications campaigns to, for example, recruit new private market owners of multi-family housing to accept supportive housing residents with rental vouchers, and to reduce neighborhood opposition to the siting of supportive housing developments. The members of the SHFC should work with the SHIC to identify the resources to prepare the larger communications strategy and be prepared to launch funding and strategy-specific communications campaigns as needed.

"Supportive Housing is the right response. It is both a compassionate and effective response that addresses chronic homelessness in our community. We know this works... and we are demonstrating to communities up and down the West Coast how to make progress to end people's homelessness." - Mayor Ted Wheeler (Portland City Council, October 18, 2017)

Closing Statement

CSH applauds the Multnomah County Board of Commissioners and the Portland City Council for their leadership in establishing a goal of 2,000 units for some of the community's most vulnerable citizens. Nationally, CSH sees Portland and Multnomah County among the leaders in a movement to create supportive housing through systems change and resource development. It has been the pleasure of CSH staff to work with the Conveners, and especially the JOHS staff, to complete this report and its recommendations for how to move forward. Thank you for the opportunity.

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Appendix A: Stakeholder Engagement

Two groups met on a regular basis to provide the information necessary to complete this report:

The Conveners included funders from multiple agencies across the City of Portland, Multnomah County, Home Forward, the State of Oregon (including Oregon Housing and Community Services and the Oregon Health Authority), and CareOregon. This group met bi-weekly beginning in December 2017 through September 2018.

Provider Advisory Group – a subcommittee of this process that was specifically created to dedicate time and energy to reviewing recommendations from Conveners and holding discussions regarding implementation of 2,000 units from the provider perspective. Members were diverse and included representation from culturally specific organizations, providers who focus on behavioral and primary health care services, community development corporations, and supportive housing developers and providers. Interestingly, in the first meeting, not everyone knew others in the room, indicating that partnerships that could develop from this group will increase the overall capacity to create supportive housing. This group met three times and focused on addressing racial disparities, verifying cost assumptions, and reviewing opportunities for improved cross-system alignment.

Presentations and discussions also occurred with the following groups:

A Home for Everyone Executive Committee and Coordinating Board (link to description here: <http://ahomeforeveryone.net/governance/>)

A Home for Everyone subcommittees:

- Health Workgroup – (link to description here: [AHFE Health Workgroup](#))
- Housing Workgroup – (link to description here: [AHFE Housing Workgroup](#))

Portland Business Alliance Housing Subcommittee

Staff of the Joint Office of Homeless Services and CSH met on May 30, 2018, with a housing-focused subcommittee of the Portland Business Alliance's board to share information about and receive feedback on the supportive housing planning framework.

Related direct consumer feedback: As noted in Part 3, this plan was informed by and developed in alignment with two initiatives that involved broader direct engagement of people with lived experience of homelessness and chronic homelessness. Specifically, the AHFE Chronic Homelessness Strategic Framework was developed through key-informant interviews with twenty-five people with lived experience of chronic homelessness, with focus on people of color. Similarly, research for the Supporting Partnerships for Anti-Racist Communities initiative included approximately thirty life-history interviews and one focus group with people of color with lived experience of homelessness. Each of those sets of interviews identified expansion of supportive housing as a core strategy to addressing identified needs.



Supporting Partnerships for Anti-Racist Communities

Glossary of Terms

Race - A social and political concept created in the 17th century by Europeans and European Americans seeking to categorize the physical differences of humans to justify social inequalities as natural.

Ethnicity - A social construct that divides people into smaller social groups based on characteristics such as culture, language, political and economic interests, history, and ancestral geographical base.

Disparities - Differences in outcomes between population groups.

Inequities - Differences in outcomes between population groups that are rooted in unfairness or injustice.

Equity - A situation where all groups have access to the resources and opportunities necessary to eliminate gaps and improve the quality of their lives.

Prejudice - A preconceived judgment or opinion, usually based on limited information. Stereotypes, omissions, and distortions all contribute to the development of prejudice.

Racism - A system of advantage/oppression based on race. Racism is exercised by the dominant racial group (Whites) over non-dominant racial groups. Racism is more than just prejudice.

Internalized Racism - The set of private beliefs, prejudices, and ideas that individuals have about the superiority of Whites and the inferiority of people of color. Among people of color, it manifests as internalized oppression. Among Whites, it manifests as internalized racial superiority.

Interpersonal Racism - The expression of racism between individuals. It occurs when individuals interact and their private beliefs and prejudices affect their interactions.

Institutional Racism - Discriminatory treatment, unfair policies and practices, differing opportunities, and disparate impacts within institutions, based on race. Institutional racism routinely produces racially inequitable outcomes for people of color and advantages for White people. Individuals within institutions take on the power of the institution when they reinforce racial inequities.

Structural Racism - A system by which public policies, institutional practices, cultural representations, and other norms work to perpetuate racial inequality. It is racial bias among institutions and across society. It involves the cumulative effects of history, culture, and ideology, and it systematically privileges White people and disadvantages people of color.

Privilege - Refers to the unearned set of advantages, benefits, and choices bestowed on people solely because they belong to a dominant group. We often talk about White Privilege. Often, White people who experience such privilege do so without being conscious of it.

Ally - A person of one social identity group who stands up in support of members of another group; typically member of dominant group standing beside member(s) of targeted group; e.g., a male arguing for equal pay for women.

Appendix C: Local Definition of Supportive Housing

The following working definition of supportive housing has been adopted by the Conveners to guide these planning efforts in Multnomah County.

Definition:

Supportive housing (SH) is affordable housing with wrap-around services that assist households in which one or more members has a disabling condition and is at imminent risk of or has experienced homelessness (usually prolonged or recurrent episodes of homelessness). Our community operates two primary models of supportive housing:

1. permanent supportive housing for populations with more complex needs
2. facility-based transitional housing for populations with shorter-term needs

Our [A Home for Everyone Community Program Guidelines](#) further describe these housing types (permanent supportive housing and transitional housing), the populations served and prioritized, effective practices, and minimum and ideal operating standards for these models.

Supportive Housing Approaches:

Several supportive housing approaches have been used successfully, both locally and nationally:

- **Purpose-built or single-site housing:** Apartment buildings designed to primarily serve tenants who are formerly homeless with the support services typically available on site.
- **Unit set-asides:** Affordable housing owners agree to lease a designated number or set of apartments to tenants who have exited homelessness or who have service needs, and partner with supportive services providers to offer assistance to tenants.
- **Scattered-site housing:** People who are no longer experiencing homelessness lease apartments in private market or general affordable housing apartment buildings using rental subsidies. They can receive services from staff who can visit them in their homes as well as provide services in other settings.

Populations served by Supportive Housing:

Supportive housing is for those who would not be successful in their housing without additional supportive services, and for whom services would be less effective without stable housing.

Permanent supportive housing serves those with long-term disabilities, including mental illness and addictions, who usually have long-term or cyclical homelessness in their background.

Transitional housing serves those who require a level of intensive services, but not necessarily permanently and are at high risk of becoming chronically homeless. Tenants of supportive housing can include (though aren't limited to):

- People in early recovery including those exiting substance abuse treatment and detox
- People with acute medical conditions that require advanced care outside of a hospital setting
- Families whose head of household is disabled, including mental illness and addictions – often with involvement in the child welfare system
- People cycling through institutions such as jail, inpatient psychiatric care and hospitals
- Survivors of domestic or sexual violence engaged in safety- and trauma-focused services
- Other distinct subpopulations, like transition-aged youth (aged 18-25) and veterans

Appendix D: Evidence Base for Supportive Housing

Following are additional examples of the evidence base for supportive housing.

Bud Clark Commons (BCC), a supportive housing development in Portland, has 130 apartments that are prioritized for people with long experiences of homelessness and complex health needs. In the year before they moved into BCC, residents on Medicaid averaged total monthly health care costs of \$1,626. In the year after moving in, average costs were \$899 per month, a 45% decline. Total Medicaid cost reductions were greater than \$.5 million in the first year.¹

Similarly, a supportive housing project in Washington State, 1811 Eastlake, is nationally recognized for its documented success in improving health outcomes and reducing Medicaid costs by housing people experiencing chronic homelessness who have severe alcoholism and high use of crisis services. A research study on the project was published in the *Journal of the American Medical Association* (Larimer, et al., 2009)². Ninety-five tenants of 1811 Eastlake had total costs of \$8,175,922 in the year prior to the study, which decreased to \$4,094,291 in the year after enrollment, showing a 53 percent total cost rate reduction for housed participants relative to wait-list controls and historical data on service usage. Total emergency costs for this sample declined by 72.95 percent, or nearly \$600,000 in the two years after the program's launch. The project also found that supportive housing tenants dramatically reduced alcohol use within 12 months of tenancy (24 percent fewer drinks per day and 65 percent fewer days intoxicated).

A cost benefit analysis of the Denver Housing First Collaborative examined system costs of 19 supportive housing residents for two years prior to, and two years post, housing (Perlman & Parvensky, 2006)³ The post-period had 34 percent fewer emergency room visits, 40 percent fewer inpatient visits, 82 percent fewer detox visits, and 76 percent fewer incarceration days.

In a comprehensive examination of the evidence on supportive housing's outcomes, Rog, et al. (2013)⁴, recommended that policy makers consider including supportive housing as a covered service for individuals with mental illness and substance use disorders.

For a more comprehensive listing of the evidence base for supportive housing, see this [literature review](#) compiled by CSH.

¹ Source: Joint Office of Homeless Services

² Larimer, M. E., Malone, D. K., Garner, M. D., Atkins, D. C., Burlingham, B., Lonczak, H. S., . . . Marlatt, A. (2009). Health Care and Public Service Use and Costs Before and After Provision of Housing for Chronically Homeless Persons With Severe Alcohol Problems. *Journal of American Medicine*, 1349-1357.

³ Perlman, J., & Parvensky, J. (2006). *Cost Benefit Analysis and Program Outcomes Report*. Denver: Denver's Road Home.

⁴ Rog, D. J., Marshall, T., Dougherty, R. H., George, P., Daniels, A. S., Gose, S. S., & Delphin-Rittmon, M. E. (2013). Permanent Supportive Housing: Assessing the Evidence. *Psychiatric Services in Advance*.

Appendix E: Characteristics of People in Need

Coordinated Access List – Single Adults

Data pulled Jun 4th, 2018 from the "CAA/BNL for Case Conferencing-WIP2.5", available in ServicePoint HMIS

Clients with VI-SPDAT scores of zero (0) excluded

Only scores from most recent assessment included

Total Unique People: 1028

Grouping by Race (primary HUD race field used)

Race	#	%
White (HUD)	709	69%
Black or African American (HUD)	193	19%
American Indian or Alaska Native (HUD)	59	6%
<i>null</i>	20	2%
Asian (HUD)	14	1%
Native Hawaiian or Other Pac Islander (HUD)	13	1%
Client refused (HUD)	12	1%
Client doesn't know (HUD)	4	0%
Data not collected (HUD)	3	0%
Other Multi-Racial	1	0%
Grand Total	1028	100%

Ethnicity	#	%
Non-Hispanic/Non-Latino (HUD)	918	89%
Hispanic/Latino (HUD)	61	6%
Indeterminate	49	5%
Grand Total	1028	100%

White, Non-Hispanic/People of Color	#	%
White, Non-Hispanic	618	60%
People of Color	367	36%
Indeterminate	43	4%
Grand Total	1028	100%

Gender	#	%
Male	515	50%
Female	464	45%
Trans	22	2%
Indeterminate	19	2%
Gender Non-Conforming	8	1%

Grand Total	1028	100%
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Age group	#	%
18-24	30	3%
25-29	69	7%
30-39	176	17%
40-49	248	24%
50-59	349	34%
60-69	124	12%
70-79	16	2%
80-89	2	0%
<i>null</i>	14	1%
Grand Total	1028	100%

Coordinated Access List – Families (Data for heads of household)

Data pulled Jun 8th, 2018 from the "Family Queue Transition Report v1.5", available in ServicePoint HMIS

Clients with null VI-SPDAT scores
excluded

There are no households on the Family Queue with multiple
assessments

Total Unique Heads of Households: 842

Race (primarily HUD race fields used)	#	%
White (HUD)	378	45%
Black or African American (HUD)	282	33%
American Indian or Alaska Native (HUD)	71	8%
<i>(blank)</i>	40	5%
Asian (HUD)	20	2%
Native Hawaiian or Other Pac Islander (HUD)	20	2%
Client refused (HUD)	15	2%
Client doesn't know (HUD)	10	1%
Data not collected (HUD)	6	1%
Grand Total	842	100%

Ethnicity	#	%
Non-Hispanic/Non-Latino (HUD)	631	75%
Hispanic/Latino (HUD)	118	14%
Indeterminate	93	11%
Grand Total	842	100%

White, Non-Hispanic/People of Color	#	%
People of Color	499	59%
White, Non-Hispanic	308	37%
Indeterminate	35	4%
Grand Total	842	100%

Gender not available on the Family Queue.

Age group	#	%
18-24	115	14%
20-29	178	21%
30-39	340	40%
40-49	135	16%
50-59	43	5%
60-69	8	1%
70-79	1	0%
null	22	3%
Grand Total	842	100%

Disabling Condition	#	%
No (HUD)	471	56%
Yes (HUD)	357	42%
(blank)	14	1%
Grand Total	842	100%

Household size	#	%
1	28	3%
2	279	33%
3	261	31%
4	155	18%
5	57	7%
6	22	3%
7	13	2%
8	4	0%
10	1	0%
<i>null</i>	22	3%
Grand Total	842	100%

Appendix F: Detailed description of supportive housing costs

Financing to develop or rehabilitate new units of supportive housing in clustered or single-site settings can be thought of as a three-legged stool. With only two legs, the stool will not stand. The three legs are:

- Capital funds for new construction and rehabilitation.
- Operating subsidy to pay the difference between the cost of operating the rental housing and the total amount that tenants can pay in rent and utilities.
- Services funding to pay for tenancy support services.

When financing scattered-site housing in the private rental market, two types of subsidies are needed:

- Rental assistance to pay the difference between “tenant rents” and the market rent on an individual apartment.
- Services funding to pay for tenancy support services.

Capital Costs:

Capital costs make up the “bricks and sticks” of supportive housing. They cover acquisition, construction, and rehabilitation. Costs typically fall into three categories:

- Acquisition costs generally include land, buildings, and holding costs.
- Hard costs include items such as construction and rehabilitation work, offsite improvements (such as sewers, utilities, etc.), and building materials.
- Soft costs include fees and services such as architectural services, appraisals, engineering, legal costs, municipal fees, and permits.

Once a building is up and running, capital costs include the replacement of major structures and systems such as roofs, heating and cooling, and electric, and plumbing upgrades.

Capital Financing:

By definition, housing affordable to people below thirty-percent (30%) of AMI cannot generally support debt. Similar to requirements for a single-family-home mortgage, banks that lend to multifamily housing developers require proof of income (revenue) to make loan payments (debt service). When tenants with extremely low incomes pay 30 percent of their incomes toward rent and utilities, this doesn’t come close to covering the full cost of operations, and there is clearly no profit to pay debt service. When housing people with no or extremely low incomes, public subsidy is necessary to pay for capital construction and rehabilitation so that debt is not required in the operating budget. Modeling for this Plan is based on an average current capital cost of \$218,000 per unit for studios and 1-bedroom apartments. (This is notably lower than in most west-coast cities.) Two and three bedroom apartments are modeled at an average per-unit cost of \$338,000. These estimates are based upon actual costs reported by PHB and approved by stakeholder advisory groups. The traditional leveraged financing model, which includes a myriad of resources, involves the contribution of approximately \$100,000 to \$125,000 per unit in local development funds.

Operating Costs:

This cost category covers everything it takes to operate a building and generally falls into four categories:

- Fees and services include management fees, office supplies, legal services, accounting, taxes, insurance, and marketing.
- Maintenance and repair costs generally cover repairs, trash removal, supplies, pest control, grounds upkeep and landscaping, elevator maintenance, painting, carpets, and decorating.
- Utilities generally include heating and air conditioning, electric, common area utilities, water and sewer, and telephone.
- In the case of supportive housing, many Multnomah County providers also provide resident services, which provide an additional level of on-site (generally front-desk) staff to the operations and management of housing.

Operating Subsidies: Supportive housing ensures that tenants pay no more than thirty percent (30%) of their incomes toward rent and utilities (often referred to as the “tenant rent”). To fill the gap between what supportive housing tenants can pay and the cost of building operations, an operating subsidy is needed. Operating subsidies are generally considerably lower than rental assistance subsidies because they only fill the gap to cover costs rather than providing rents comparable to those in private rental market. Financial modeling for this Plan estimates a cost of \$7,000 per unit in operating costs. This is based upon a range of \$6-8,000 provided by the PHB related to bond modeling.

Rental Assistance: Rental assistance subsidizes the difference between tenant paid rent, based on income, and the market-rate rent on an apartment.

Rental Assistance Resources:

The largest program that provides this type of subsidy is the Section 8 Housing Choice Voucher (HCV) program. HCV subsidy limits (payment standards) are based on HUD-determined fair market rents (FMRs), which are designed to ensure that tenants renting in the private market will have access to forty-percent of the total units available in any Office of Management and Budget-defined metropolitan area. This goal is established to ensure a plentiful array of rental housing options while not driving local market rents to chase subsidy rates. Due to significant increases in the cost of rental housing, average rents throughout Multnomah County consistently exceed the payment standards, especially for studio and one-bedroom units. As a result, approximately 23% of people with rental assistance are currently unable to find housing even with a subsidy. This lack of available market-rate units drives voucher holders to use their vouchers in developments that are already subsidized by capital financing to offer rents affordable to people at fifty and sixty percent (50 and 60%) of AMI. When supportive housing tenants use rental assistance designed for the private market in affordable housing, the result is a net loss in total affordable housing. Decreases in affordable housing lead to increases in homelessness and often additional disparities in access to affordable housing for people of color. In some markets such as San Francisco, homeless service providers have used enhanced rates on rental subsidies in order to acquire rental units. While this approach has been successful for tenants using enhanced-rate rental assistance, there are now challenges in the fact that supportive housing programs generally

rely on a fixed set of amenable landlords, and these landlords are now more reluctant to house people with standard-rate vouchers. Rental assistance costs in the model are \$13,000 per year (\$1083 per month) for studios and one bedrooms and \$19,600 (\$1633 per month) for two and three bedroom units. These costs are based upon HUD's April 2018 FMRs provided by PHB.

Services

CSH estimates \$600 per person per month (\$7,200 per year) as a baseline cost for tenancy support services as a starting place for most communities. This estimate has been vetted and used widely by providers and funders of supportive housing and is increasingly the basis for actuarial studies to determine rates for new Medicaid tenancy supports benefits. This rate generally supports the costs of a full-time Masters-level Tenancy Supports Specialist or a Bachelors-level Specialist with supervision.

Tenancy Supports cost per tenant per year	Caseload	Total available for Tenancy Supports Specialist Salary and Benefits
\$ 7,200	10	\$ 72,000
\$ 7,200	15	\$ 108,000

By way of reference, multidisciplinary teams that follow fidelity standards to Intensive Case Management or Assertive Community Treatment can cost as much as \$17,000 per person per year.

Tenancy supports are most effective when paired with community services such as out-patient mental health, substance use disorder services, education and employment, specialized children's services, primary care, and care coordination. However, these services are not always readily available to tenants of supportive housing, and many providers would like to be able to provide enhanced services directly in supportive housing. Community feedback consistently reinforced the need for additional services funding in the model to provide flexibility for these supplemental services.

Because Medicaid is an entitlement for people with incomes below 138% of the poverty level in Oregon, theoretically, nearly all supportive housing tenants are eligible for Medicaid-reimbursed behavioral health and primary care services. Some might wonder whether tenants receiving these services also need tenancy supports. It should be noted that even at the highest potential level of service for people with the most complex needs, mental health out-patient services are reimbursed at a rate of \$3,300 per person per year. This is clearly insufficient to provide both mental health services and tenancy supports, and with a significant number of people experiencing homelessness reporting behavioral health concerns, these services must be prioritized for their specialty focus. As well, other entitlement and mainstream-system funded services should be considered ancillary to the financial projections of this model and the financing of supportive housing services.

Although some community-based services are funded through entitlements, not everyone is eligible for or able to access these services. People who are undocumented or seeking citizenship, for example, are not eligible for Medicaid, which can present racial disparities for a subset of the target population who need health services. Many people who suffer from mental illness and addiction may be reluctant to or unable to travel to clinics to receive services, and/or they might be mistrustful of providers with whom they do not have immediate rapport closer to home. With additional, flexible services funds, providers with additional in-house expertise can supplement tenancy support services and provide their own behavioral health and/or nursing supports.

The caseload ratio for families needing supportive housing is the same as that of single adults, but providers often find that additional services are needed for children in families that have experienced the trauma of homelessness. Flexible funding allows providers to enhance their services plans to specialize in the services their clients need most, whether it be a child therapist, a supported-employment specialist, or a nurse.

In order to ensure that enough services financing is available to provide core tenancy supports and some ancillary supports connected to housing, this model was developed with input and agreement by many stakeholders at a rate of \$10,000 per household, per year.

Appendix G: Cost Modeling – 10 year Commitments Annualized

Below, please find rounded, estimated amounts of resources that would need to be committed by year to create 2000 units of supportive housing over ten years. Totals in each row may not sum exactly due to rounding.

The first two tables reflect the 50/50 Build to Lease Ratio model as described in Part 2 of the report, and the second two are for the 70/30 model. While inflation factor assumptions (as described in Part 2) were included in this 10-year modeling, the “ongoing” costs in the “New Funding Commitments by Year” do not reflect additional increases that may occur over time due to cost of living and other factors.

50/50 Build to Lease Ratio

Model Costs Year 1-10 New and Ongoing Annual Costs

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Ongoing
Capital Costs	0	0	0	\$33m	\$35m	\$38m	\$40m	\$43m	\$46m	\$48m	n/a
Operating & Leasing Costs	\$5m	\$10m	\$15m	\$16m	\$17m	\$18m	\$19m	\$22m	\$22m	\$24m	\$24
Services Cost	\$3m	\$7m	\$10m	\$12m	\$14m	\$15m	\$17m	\$19m	\$21m	\$23m	\$23
Total Cost	\$8m	\$16m	\$25m	\$61m	\$66m	\$71m	\$76m	\$84m	\$89m	\$95m	\$47m
# of Units being provided	333	666	1,000	1,142	1,284	1,426	1,568	1,712	1,856	2,000	2,000

Model Costs Year 1-10 New Funding Commitments by Year

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Ongoing
Capital Costs	0	0	0	\$33m	\$35m	\$38m	\$40m	\$43m	\$46m	\$48m	n/a
Operating & Leasing Costs	\$5m	\$5m	\$5m	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m	\$1m	\$0
Services Cost	\$3m	\$4m	\$4m	\$2m	\$2m	\$2m	\$2m	\$2m	\$2m	\$2m	\$0
Total Cost	\$8m	\$9m	\$9m	\$36m	\$38m	\$41m	\$43m	\$46m	\$49m	\$51m	\$0
# of Units being provided	333	666	1,000	1,142	1,284	1,426	1,568	1,712	1,856	2,000	2,000

70/30 Build to Lease Ratio

Model Costs Year 1-10 New and Ongoing Annual Costs

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Ongoing
Capital Costs	0	0	0	\$47m	\$50m	\$53m	\$56m	\$59m	\$63m	\$67m	n/a
Operating & Leasing Costs	\$3m	\$6m	\$9m	\$10m	\$12m	\$13m	\$15m	\$17m	\$19m	\$20m	\$20m
Services Cost	\$2m	\$4m	\$6m	\$8m	\$11m	\$13m	\$15m	\$18m	\$20m	\$23m	\$23m
Total Cost	\$5m	\$10m	\$15m	\$65m	\$73m	\$79m	\$86m	\$94m	\$102m	\$110m	\$43m
# of Units being provided	200	400	600	800	1,000	1,200	1,400	1,600	1,800	2,000	2,000

Model Costs Year 1-10 New Funding Commitments by Year

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10	Ongoing
Capital Costs	0	0	0	\$47m	\$50m	\$53m	\$56m	\$60m	\$63m	\$67m	n/a
Operating & Leasing Costs	\$3m	\$3m	\$3m	\$2m	\$2m	\$2m	\$2m	\$2m	\$2m	\$2m	\$0
Services Cost	\$2m	\$2m	\$2m	\$2m	\$2m	\$2m	\$2m	\$2m	\$3m	\$3m	\$0
Total Cost	\$5m	\$5m	\$5m	\$51m	\$54m	\$57m	\$60m	\$64m	\$67m	\$71m	\$0
# of Units being provided	200	400	600	800	1,000	1,200	1,400	1,600	1,800	2,000	2,000

Agenda No.
REPORT
Title

Accept report Scaling Smart Resources, Doing What Works: A System-Level Path to Producing 2,000 Units of Supportive Housing in Portland and Multnomah County (Report)

SEP 11 2018

INTRODUCED BY Commissioner/Auditor: Mayor Ted Wheeler <i>Fish & Eudaly</i>	CLERK USE: DATE FILED _____
COMMISSIONER APPROVAL Mayor—Finance & Administration - Wheeler <i>MTF</i> Position 1/Utilities - Fritz Position 2/Works - Fish <i>Sanford Nick Fish</i> Position 3/Affairs - Saltzman Position 4/Safety - Eudaly <i>JD for EE</i>	Mary Hull Caballero Auditor of the City of Portland <i>[Signature]</i> Deputy
BUREAU APPROVAL Bureau: Housing Bureau Head: Shannon Callahan <i>[Signature]</i> Prepared by: Jennifer Chang Date Prepared: Sept. 7, 2018 Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> City Auditor Office Approval: required for Code Ordinances City Attorney Approval: required for contract, code, easement, franchise, charter, Comp Plan Council Meeting Date <i>9/19/2018</i> September 12, 2018	ACTION TAKEN: SEP 19 2018 ACCEPTED

AGENDA TIME CERTAIN <input type="checkbox"/> Start time: _____ Total amount of time needed: _____ (for presentation, testimony and discussion) CONSENT <input type="checkbox"/> REGULAR <input checked="" type="checkbox"/> Total amount of time needed: 15 (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	_____	
4. Eudaly	4. Eudaly	✓	
Wheeler	Wheeler	✓	