

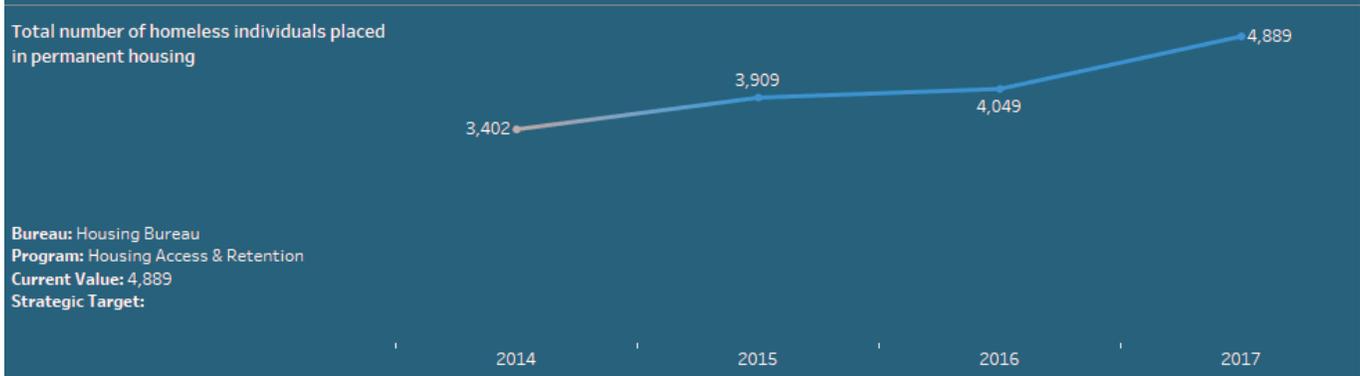
Portland Housing Bureau

Analysis by Jane Marie Ford

Two years into the City’s State of Housing Emergency, the Portland Housing Bureau (PHB) and the Joint Office of Homeless Services (JOHS) have dramatically ramped up funding and services to meet Portland’s unmet housing need. FY 2016-17 saw record new affordable housing units opened and placements into permanent housing, reflecting unprecedented budget growth - an increase of more than 200% over the prior year.⁵ However, outcomes data reflect that increased outputs alone will not solve the housing and homelessness crisis. Current year efforts to better understand how individuals and families move into, out of, and return to the housing services spectrum will provide crucial analysis for decision-makers going into FY 2018-19 Budget Development.

Bureau Performance

Housing Bureau	Housing units opened that are newly affordable	650
	Number of individuals prevented from becoming homeless	6,576
	Percentage of households moved from homelessness into housing that subsequently return to hom..	8%
	Percentage of households receiving home repairs and retaining their homes 12 months after servic..	88%
	Percentage of households receiving homebuyer education or counseling and subsequently purchasi..	15%
	Percentage utilization of minority contracts in housing construction (contract \$ awarded)	15%
	Retention rate of households placed in permanent housing at 12 months	74%
	Total number of homeless individuals placed in permanent housing	4,889



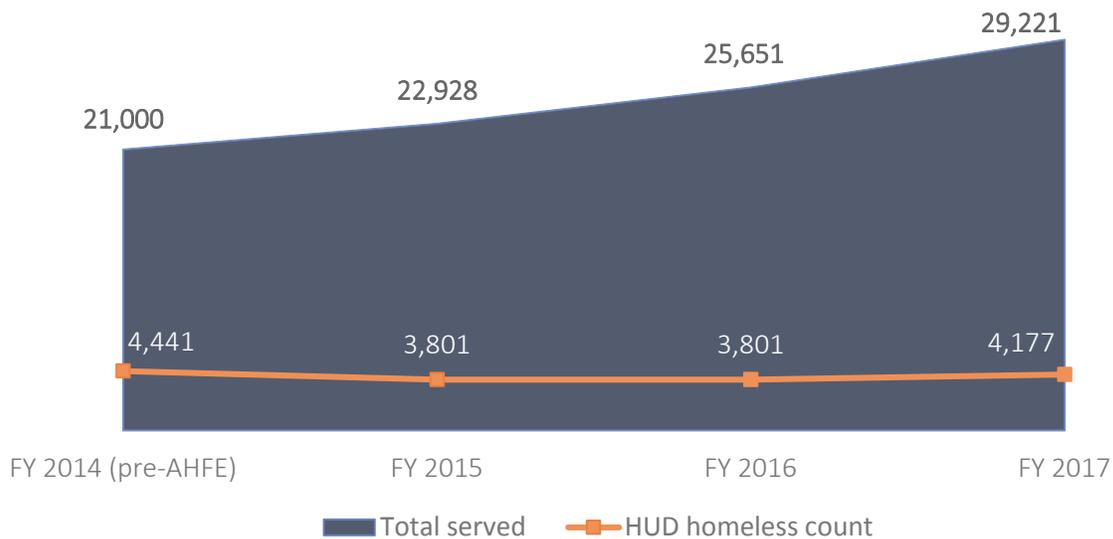
<https://www.portlandoregon.gov/cbo/article/655039>⁶

⁵ The Portland Housing Bureau’s FY 2016-17 Revised Budget was \$211.2 million, compared to the FY 2015-16 Revised Budget of \$69.8 million.

⁶ The number of housing units opened that are newly affordable fell short of the annual target of 753 units, but exceeded the bureau’s strategic target of producing 500 units annually over the next two decades.

The [A Home for Everyone United Community Plan to End Homelessness](#) – a reset of the original ten-year plan to end homelessness - established a vision of reducing the unmet housing need among people experiencing homelessness by half by June 2017⁷. In FY 2016-17, the City and County allocated a combined total of \$48.1 million to create the new Joint Office of Homeless Services. Programs funded through the JOHS and aligned partners served a record 29,221 individuals in the office’s first year of operation, up from 25,651 in the prior year and an increase of almost 40% over the FY 2013-14 baseline.

The total unduplicated number of people served in placement, prevention, retention, and shelter increased by approximately 22% since the last Point-in-Time Count in 2015.

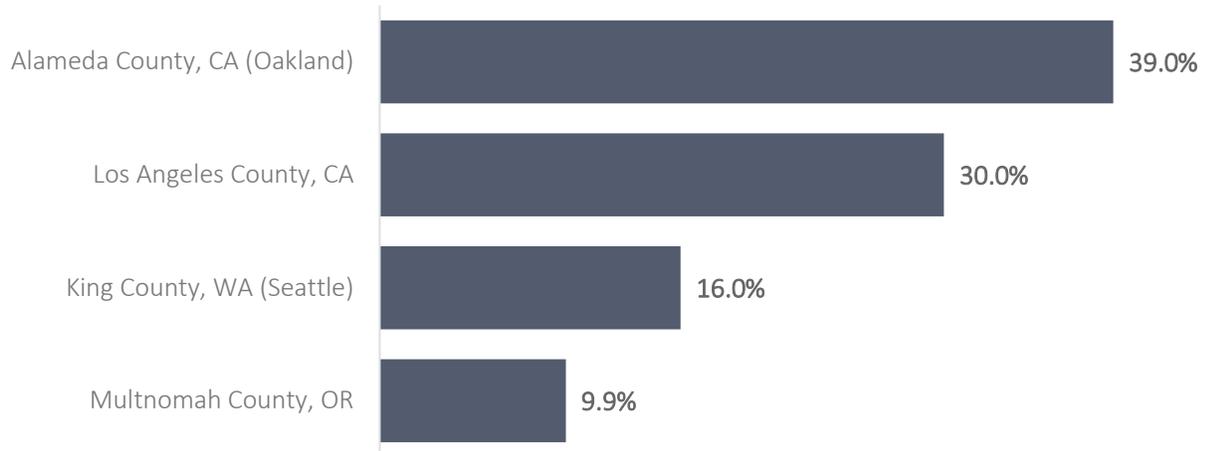


The prioritization of funding for Safety off the Streets in the JOHS budget more than doubled the number of publicly-funded shelter beds, which had a direct impact on reducing the number of people who were identified as unsheltered in the [2017 Point-in-Time Count](#)⁸ - down 11.6% from the previous count two years earlier. Overall homelessness still increased both in terms of absolute numbers and as a rate in the broader population. However, the authors of the count note that the numbers would have likely been even higher absent massive increases in funding and services. Among West Coast comparison jurisdictions, Multnomah County experienced a much lower increase in the total number of people experiencing homelessness, and was the only location that saw a decrease in the unsheltered population.

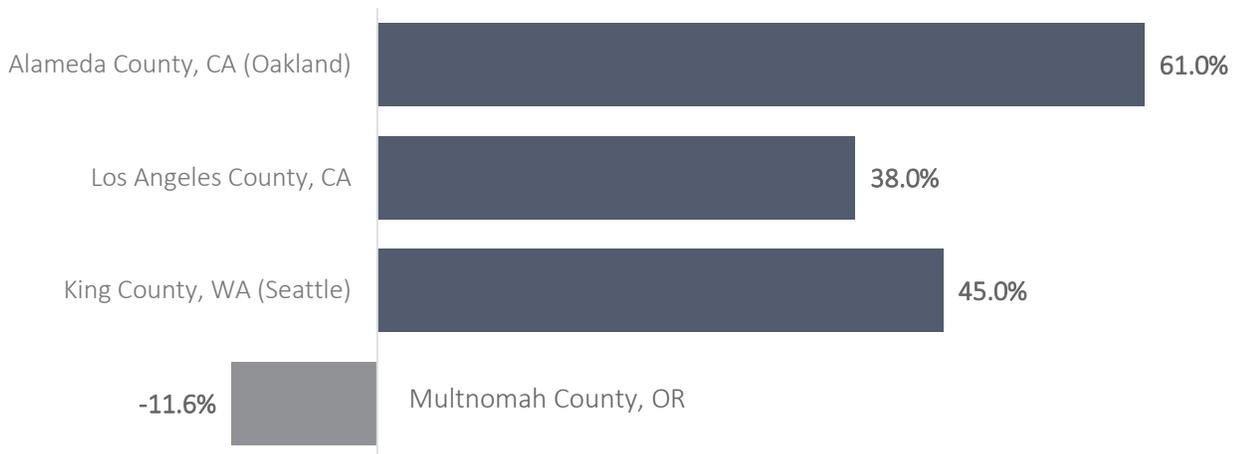
⁷The A Home for Everyone Housing Workgroup Action Plan provides details about the modeling to assess unmet need and how targets were developed. Please see <https://tinyurl.com/y8rogez4> for more information.

⁸ Krishnan, Uma and Elliot, Debi. 2017 Point-in-Time Count of Homelessness in Portland/Gresham/Multnomah County, Oregon. October 2017. <https://tinyurl.com/yc9u2f56>

Overall Change in Homelessness, 2015 - 2017



Change in Unsheltered Population, 2015 - 2017



Although the Point-in-Time Count provides important data, the reader should be mindful of its limitations. The count is a census, a snapshot indicator of what homelessness looks like in Portland on or around the same date on a biannual basis. It does not track individuals over time, and provides limited insights on the causes of inflow and outflow. The official count also excludes people who are temporarily staying with family or friends (also referred to as “doubled up”). This housing instability means that people who are living doubled up are at higher risk of becoming homeless. PHB and the JOHS will conduct complementary qualitative and quantitative research in the current fiscal year to better understand this population.

Due to methodological changes between the last two counts, it is not possible to track how changes in the housing market have impacted the number of people estimated to be living “doubled up.” However, it is likely that this population has been greatly affected by rent increases over the last

several years, as housing supply struggled to recover from the recession and meet unprecedented population growth. The Portland Housing Bureau's [2016 State of Housing in Portland Report](#) illustrates the loss of affordability across the city, particularly for Black, Native American, Hawaiian-Pacific Islander, and Hispanic-Latino households⁹. However, there are indicators that the Portland metro area's multifamily market is settling in response to the increase in housing production at all levels of affordability: recent market trends overall show slowed rent increases and inflation, higher vacancy rates, and a continued increase in the number of housing units scheduled to come online.¹⁰ There are currently [approximately 2,200 regulated units affordable for low- and moderate-income Portlanders](#) in the development pipeline over the next three years; more will be added as PHB builds and acquires a projected 1,300 affordable housing units through the \$258.4 million bond passed by Portland voters in November 2016.

One of the production goals is to set aside up to 300 units to be made available for Permanent Supportive Housing (PSH) and other supportive housing, broadly considered to be an effective approach helping those who are chronically homeless remain safely and stably housed¹¹. The 2017 Point-in-Time Count showed an increase in chronic homelessness of almost 25% over 2015¹². Studies replicated across the country have demonstrated the systems savings that result from PSH; a recent report out of Orange County found that the average annual service costs for chronically homeless individuals in supportive housing was an estimated 40% lower than for those living on the streets or in emergency shelters, comparing healthcare, housing, and law enforcement savings between the two populations.¹³ Currently, more funding has been allocated on a system level for shelter capacity than permanent supportive housing.

However, the City of Portland and Multnomah County recently committed to create 2,000 new supportive housing units over the next decade to meet the gap between current services levels and projected need – estimated to ramp up to just under \$41 million annually in perpetuity for in ongoing service and operations costs¹⁴. PHB and the JOHS will work over the next nine months to identify adequate federal, state, local, nonprofit, and private sources to support these new units. CBO recommends that this plan also consider what infrastructure is required to manage, regulate, and

⁹ Portland Housing Bureau. 2016 State of Housing Report. December 2016. <https://www.portlandoregon.gov/phb/72725>.

¹⁰ Data and analysis reviewed from the U.S. Census Bureau (<https://www.census.gov/housing/hvs/data/rates.html>), Colliers (<http://www.colliers.com/en-us/portland/research/research>), Apartment List (<https://www.apartmentlist.com/rentonomics/national-rent-data/>), and City Observatory, analyzing data from Zillow (<http://cityobservatory.org/signs-of-the-times/>).

¹¹ United States Interagency Council on Homelessness. Supportive Housing. January 18, 2017. <https://www.usich.gov/solutions/housing/supportive-housing>

¹² HUD changed its definition of chronic homelessness between the 2015 and 2017 Point-in-Time Count. The more restrictive definition possibly excludes individuals who may have been identified as chronically homeless in prior counts.

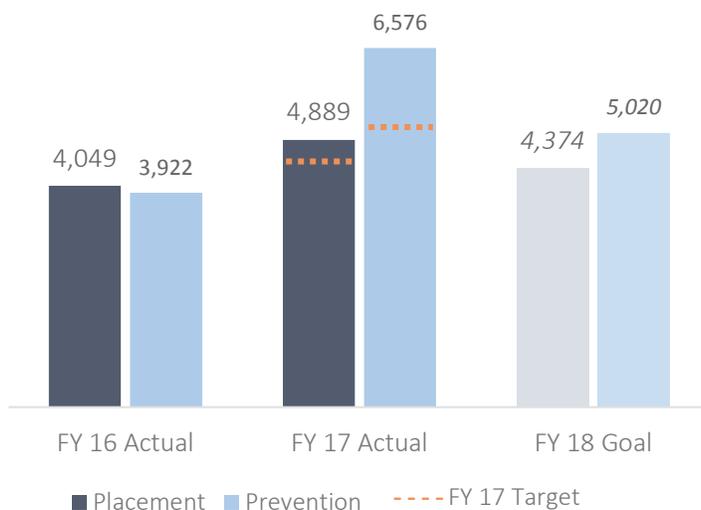
¹³ Snow, David A., and Rachel E. Goldberg. Homelessness in Orange County: The Costs to Our Community. Orange County United Way and Jamboree . June 2017. Accessed October 2017. <https://www.unitedwayoc.org/wp-content/uploads/2017/08/united-way-cost-study-homelessness-2017-report.pdf>.

¹⁴ Undated memo from the Corporation for Supportive Housing. 2,000 units of Supportive Housing for Portland and Multnomah County: How much will it cost? Available at http://www.portlandmercury.com/images/blogimages/2017/10/26/1509043353-csh-cost_estimate_2_000_units.pdf.

track service outcomes. Otherwise, dramatically increasing PSH services will only exacerbate existing challenges in managing the current regulated PSH units, which are difficult to track, do not follow consistent definitions, and rely on a complex web of funding from a variety of sources.

Performance Measures

Homeless Services



Performance outputs for FY 2016-17 illustrate the successful ramping up of service capacity, outpacing prevention and placement targets by a significant margin. In both cases, the number of individuals actually served in FY 2016-17 exceed targets for the current year, suggesting that service levels may outpace projections in FY 2017-18. A Home for Everyone prioritized funding for culturally-specific providers in FY 2016-17; early data shows progress toward closing disparities in placements among communities of color.

Despite the significant increase in service outputs, the outcomes of those interventions reflect continued barriers to accessing and retaining safe and stable housing. There was no change in the percentage of individuals who remained in housing for at least twelve months, and a slight increase in the percentage of households who returned to homelessness following permanent housing placement. The original A Home for Everyone model showed that services would shift toward prevention over time, assuming that 1) there was sufficient **capacity** to meet projected need, both in terms of services and available affordable housing units, 2) that the services being provided were the **right fit** for those needs, and 3) that services were **effective**. At this time, it is not clear whether improving outcomes hinges on continuing to increase capacity, adjusting the mix of services, or identifying specific service or provider challenges. More analysis will be required to understand the marginal impact on outcomes that would be expected to result from improving any of these areas. Additionally, housing and homeless services are highly impacted by external factors such market forces, federal policy and funding, and other influences that are often difficult to predict.

Council has invested substantial new ongoing and one-time General Fund resources \$9.4 million in one-time General Fund resources in the FY 2017-18 Adopted Budget, maintaining the current service level has and will continue to require significant tradeoffs and cuts for other bureaus, programs, and services areas; shifting the analytical focus from outputs toward key outcomes measures – return to

homelessness, the number of people who are newly homeless, and the length of time homeless – can help provide a more robust understanding of how individuals and families move through the homeless services system, where new or additional support is required, and whether there are opportunities to increase service effectiveness.

Housing

650 new affordable housing units came online in FY 2016-17, with another 263 units preserved as affordable, for a total of 913 new regulated affordable units. This is close to three times as many units newly opened or preserved in the prior year and significantly exceeds the bureau's strategic target of producing 500 units annually based on Comprehensive Plan goals. However, this is only half of the annual production target [CBO has previously estimated](#) would be required to meet the projected affordable unit gap.¹⁵ To help leverage market development to produce affordable units, the City created a new Inclusionary Housing Program that took effect in February 2017. A [six-month review](#) of the program found that only six private projects had been subject to the new inclusionary requirements in that time period, as there were 19,000 vested units already in the development pipeline. The Bureau of Planning & Sustainability will continue to monitor market activity biannually.¹⁶

In addition to multifamily housing development, PHB helps families, particularly from communities of color, access and retain homeownership. The Homeownership Access & Retention Program expended 68.3% of its FY 2016-17 Revised Budget, with \$3.9 million unspent at the end of the fiscal year. This is reflected in lower numbers of households served both with homebuyer education or counseling and home repairs. Of the households that had received repairs in the prior year, 88% were still living in their home one year later, an increase of 8% over the prior year.

Of the 975 households that received homebuyer education or counseling, 15% (approximately 146 households) went on to purchase homes. This represents an increase over the prior year in terms of percentage, but a slight decline in actual households and short of the bureau's target of 28% (which translates to 588 households based on the original service target). The bureau is planning to address this in part by increasing down payment assistance subsidies in the current fiscal year, although [data from Zillow](#)¹⁷ suggests that the market may be cooling after dramatic year-over-year property value increases.

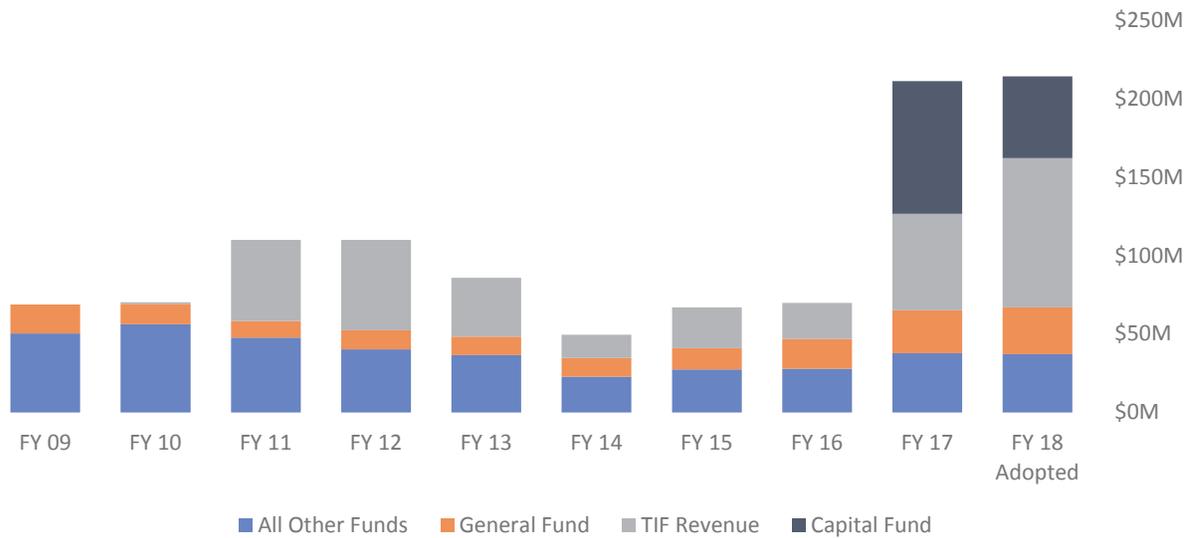
¹⁵ In the FY 2015-16 Prior Year Performance Report, CBO estimated that PHB would need to produce an average of 1,823 affordable housing units of every year for the next 19 years to fill the identified affordable housing gap. See <https://www.portlandoregon.gov/cbo/article/595190> for more information.

¹⁶ Memo from Tyler Bump, Senior Economic Planner, Bureau of Planning & Sustainability. September 15, 2017. <https://www.portlandoregon.gov/bps/article/656635>.

¹⁷ Data from <https://www.zillow.com/portland-or/home-values/>, accessed 10/26/2017.

Bureau Finances: Budget-to-Actuals and Key Issues

The Portland Housing Bureau managed a \$68.8 million budget in its first year of operation, which has increased to \$214.1 million in the current fiscal year.¹⁸



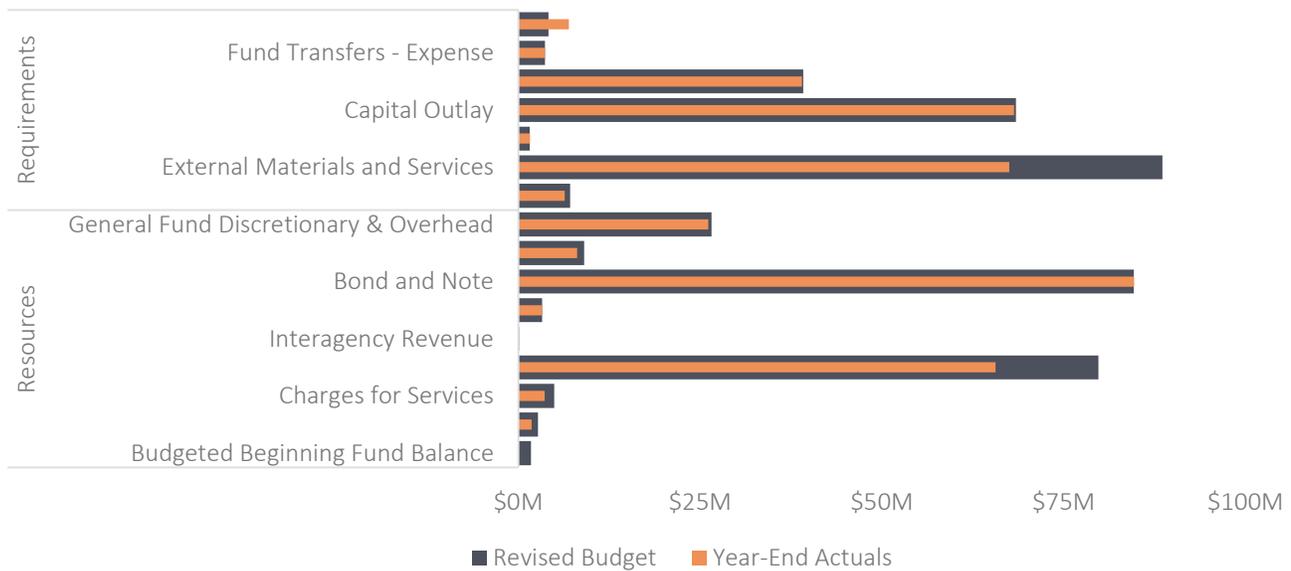
The Portland Housing Bureau’s budget has increased dramatically since recovering from the recession. This is primarily due to policy choices and community advocacy related to the State of Housing Emergency:

- The red bar shows the increase in the amount of Tax Increment Financing (TIF) dollars set aside for affordable housing development. The amount of funding available on an annual basis will decline over the next several years as Urban Renewal Areas (URAs) expire.
- The orange bar reflects the General Fund discretionary resources dedicated primarily to homeless services, an increase of 165% over the past five years.
- The blue bar shows the new capital fund for spending revenue generated by the \$258.4 million Affordable Housing Bond passed by Portland voters in November 2016.

In FY 2016-17, the bureau spent about 91% of its Revised Budget, or \$183.6 million. Most of the underspending can be attributed to the need to adjust annual funding allocations for multi-year affordable housing projects based on actual development timelines. Additional information about specific funds follows below.

¹⁸ All budget years in the chart reflect the Revised Budget, with the exception of FY 2017-18.

Portland Housing Bureau FY 2016-17 Reconciliation



General Fund

The bureau spent 98% of its FY 2016-17 General Fund budget, the majority of which went to the Joint Office of Homeless Services. As noted above, funding for both temporary and permanent shelter capacity was a priority in part due to unusually severe winter weather. There was some underspending in the “scalable” service areas – Rapid Rehousing, Diversion & Prevention, and Supportive Housing – due to the need to ramp up provider capacity earlier in the fiscal year. Additional funding allocated by the City for Supportive Housing was not fully expended due to the late timing of the transfer. The JOHS expects to fully expend all resources allocated in FY 2017-18, a total combined budget of \$58.2 million.

New FY 2016-17 Funds

PHB created three new funds in FY 2016-17.

- The **Inclusionary Housing Fund** tracks receipts from the City’s Construction Excise Tax (CET) and revenues and expenditures related to the Inclusionary Housing Program. Expenditures were minimal in this fund in FY 2016-17 primarily due to delayed ramp-up of CET collections, caused by the lag time between project intake and permit issuance.
- The **Housing Capital Fund** tracks capital acquisition and/or construction activities, funded primarily by the Affordable Housing Bond. The majority of expenditures in FY 2016-17 were in capital outlay (\$47.4 million) and bond expenses (\$37.5 million), which closely matched the Revised Budget.
- Costs associated with operating income and expenses of those buildings will be tracked in the **Housing Property Fund**. Expenditures in FY 2016-17 were approximately 68% of Revised

Budget figures. This is primarily due to the operating budget for the Ellington Apartments, which only reflects four months of actual operation.

Capital

The Housing Bureau added capital assets to its portfolio for the first time in FY 2016-17. This included the Ellington Apartments (\$47.3 million, 263 units), the Joyce Hotel (\$5.6 million, 69 units), and an acquisition on SE Powell Blvd (\$200,000 only in FY 2016-17, property redevelopment to be determined). The main source of revenue for the bureau's capital program is the \$258.4 million General Obligation bond. The bureau will also be issuing the first series of bonds against the Short-Term Rental Revenue City Council directed to be used for development and preservation of- or access to - affordable housing in Portland.

As part of an overall organizational restructuring, the bureau has added several new positions to assist with both policy implementation and asset management. The bureau is also in the process of developing a strategic plan, which will help guide investments in affordable housing development, land banking for future construction, and preservation of safe, affordable, and high-opportunity housing for both renters and homeowners.