

OREGON HOUSING AND COMMUNITY SERVICES

# Shelter and Eviction & Homelessness Prevention Budget Notes



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# Budget Note Reports

- Legislature required analysis of **two interventions** in the homelessness response system (shelter and eviction prevention), with a focus on cost and sustainability
- Data and policy recommendations exist in the context of the greater system



# Response System in Context

- Investments in these interventions since 2019 have been largely one-time
- Community partners strengthened their support systems using these one-time funds
- This system is still in early stages; relies on ongoing investment and partnership to develop and become sustainable



# Symptoms of a Deeper Crisis

- Housing supply and affordability do not meet the needs of people living in Oregon; homelessness continues to increase
- Prevention and shelter programs are necessary because there is not enough affordable housing for Oregonians, and addressing that reality is essential



# Legislative Choices

- The legislature will determine the state's role and responsibility in keeping people housed and off the street
- Requires sustained funding
- Fundamental question about whether the state sustains investments to reduce homelessness and housing instability



# Report Highlights



# Legislative Direction

- HB 5011 budget note requires OHCS analyze and develop recommendations for the legislature that:
  - Examine a statewide shelter system that incorporates shared funding between the state and other sources
  - Assess the distribution of state resources for eviction prevention and homelessness prevention services



# Report Highlights - Shelter

- HB 3644 requires recommendations to be developed alongside Statewide Shelter Program (SSP) implementation
- OHCS proposes a \$31,000 per-bed state funding cap and a 20% non-OHCS community contribution
- Implementation through regional coordinators supports sustainability but requires a runway



# Report Highlights – Eviction and Homelessness Prevention

- Eviction prevention among the most cost-effective homelessness interventions, with average total costs **below \$5,000** per household
- OHCS implemented significant changes in year-one of the 2025-27 biennium to respond to legislative priorities
  - Adjusted infrastructure spending, creating percentage caps to **prioritize direct client assistance**
  - Grantees committed to serving **7,255 households** in the 2025-27 biennium, **48% more** than the HB 5011 goal of 4,887



# Shelter

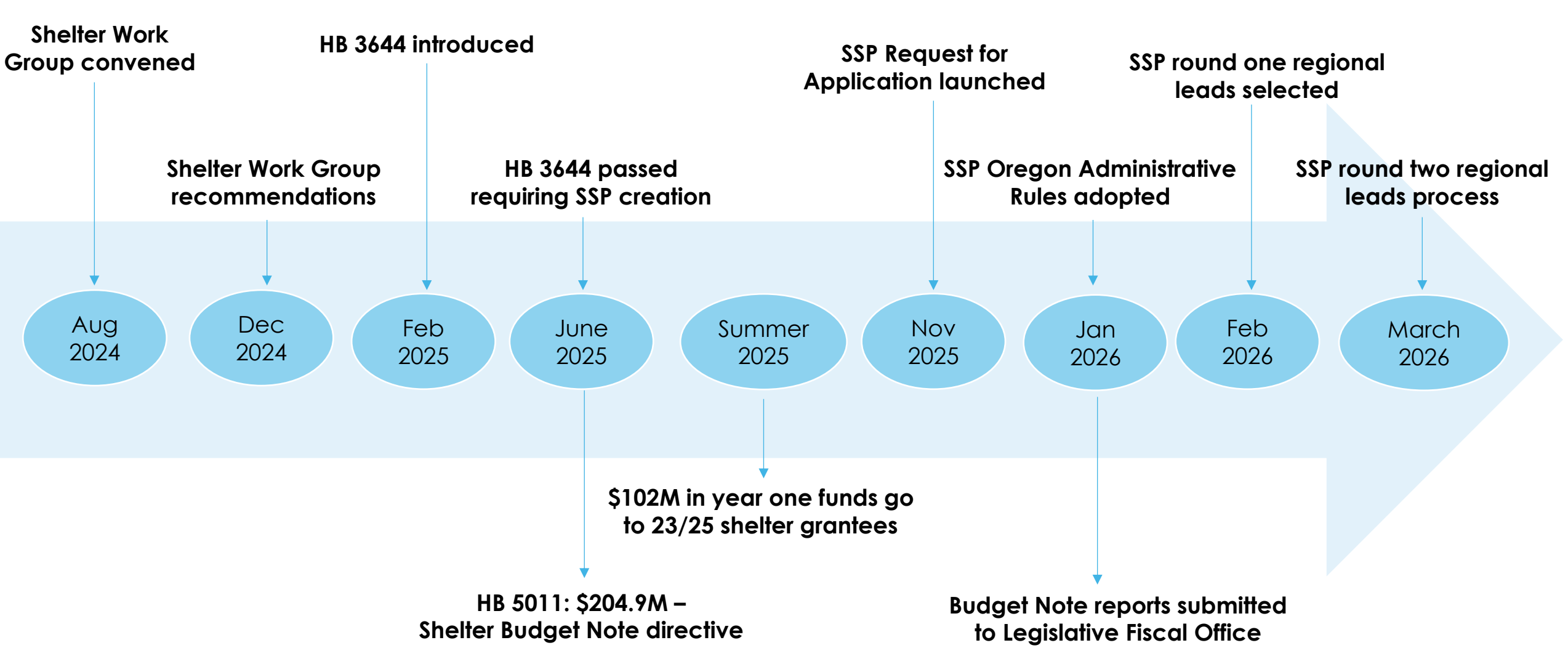


# Project Background – Statewide Shelter System Budget Note

- House Bill 5011 directed OHCS to develop recommendations for statewide shelter system funding that **incorporates shared funding between state and other funding sources**. Consideration was given to the following:
  - Type of shelter
  - Average operating and overhead cost
  - Sources of funding
  - Maximum contribution of state resources
  - Minimum percentage of shelter operational costs
  - Financial sustainability
  - Timeline for implementation



# Budget Notes & Statewide Shelter Program (SSP) Timeline

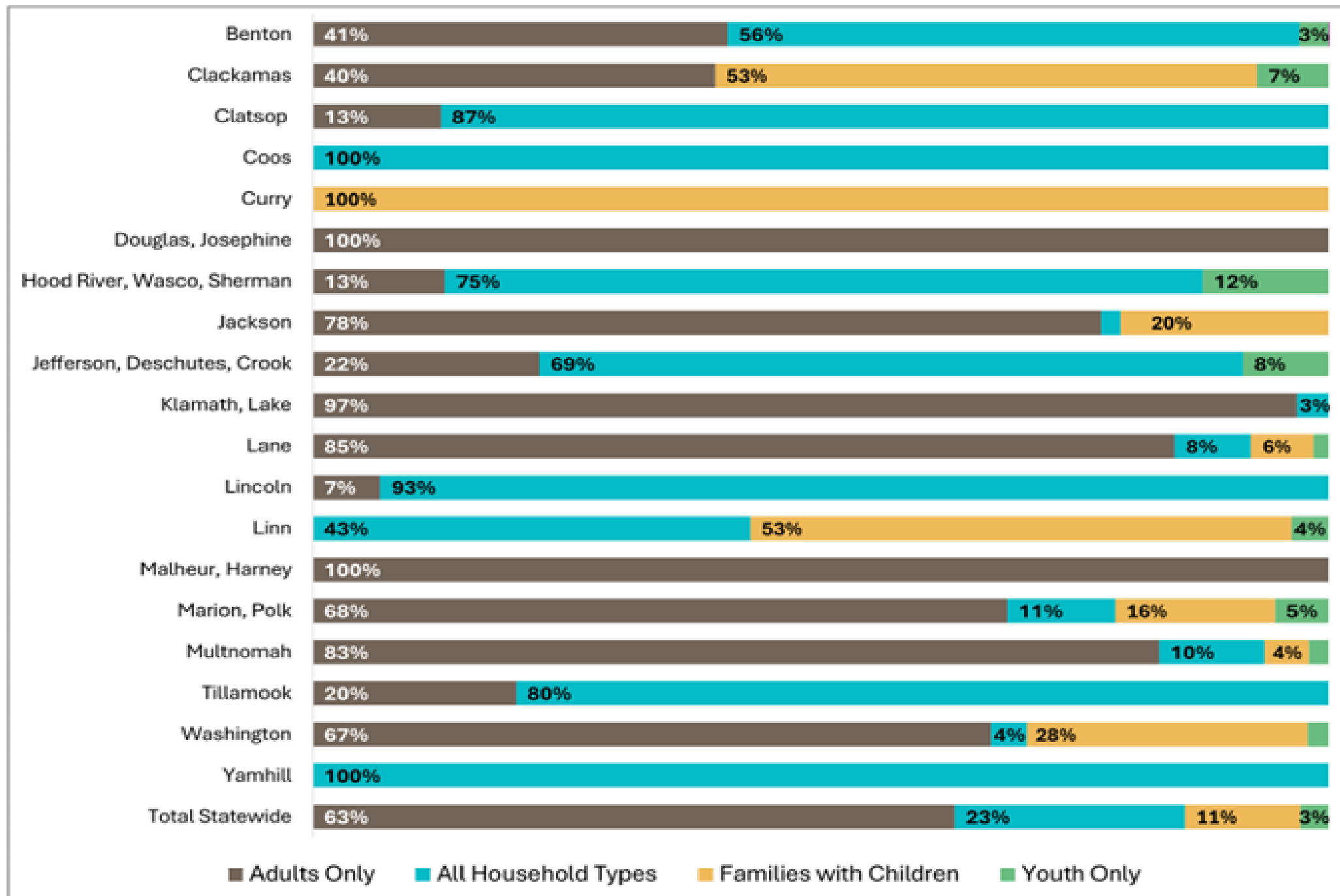


# Key Findings – System Variability

- Survey responses confirm wide variability within and across shelter types on most metrics
- Cost differences are best explained by shelter types, particularly housing-focused vs. basic overnight
- Guardrails should allow for higher-cost models, like youth and non-congregate family shelters



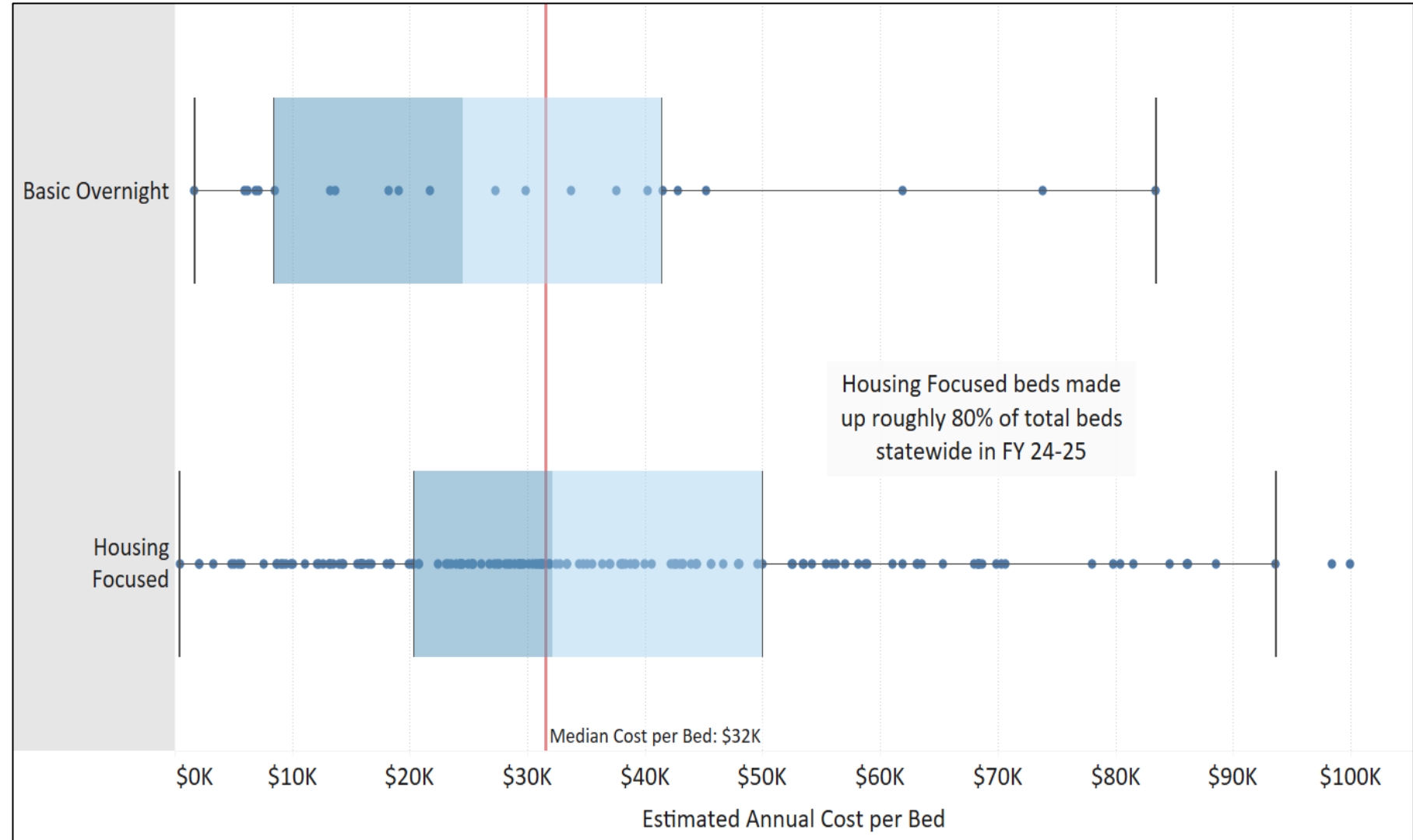
# Regional Variation by Shelter Type



# Cost Variation

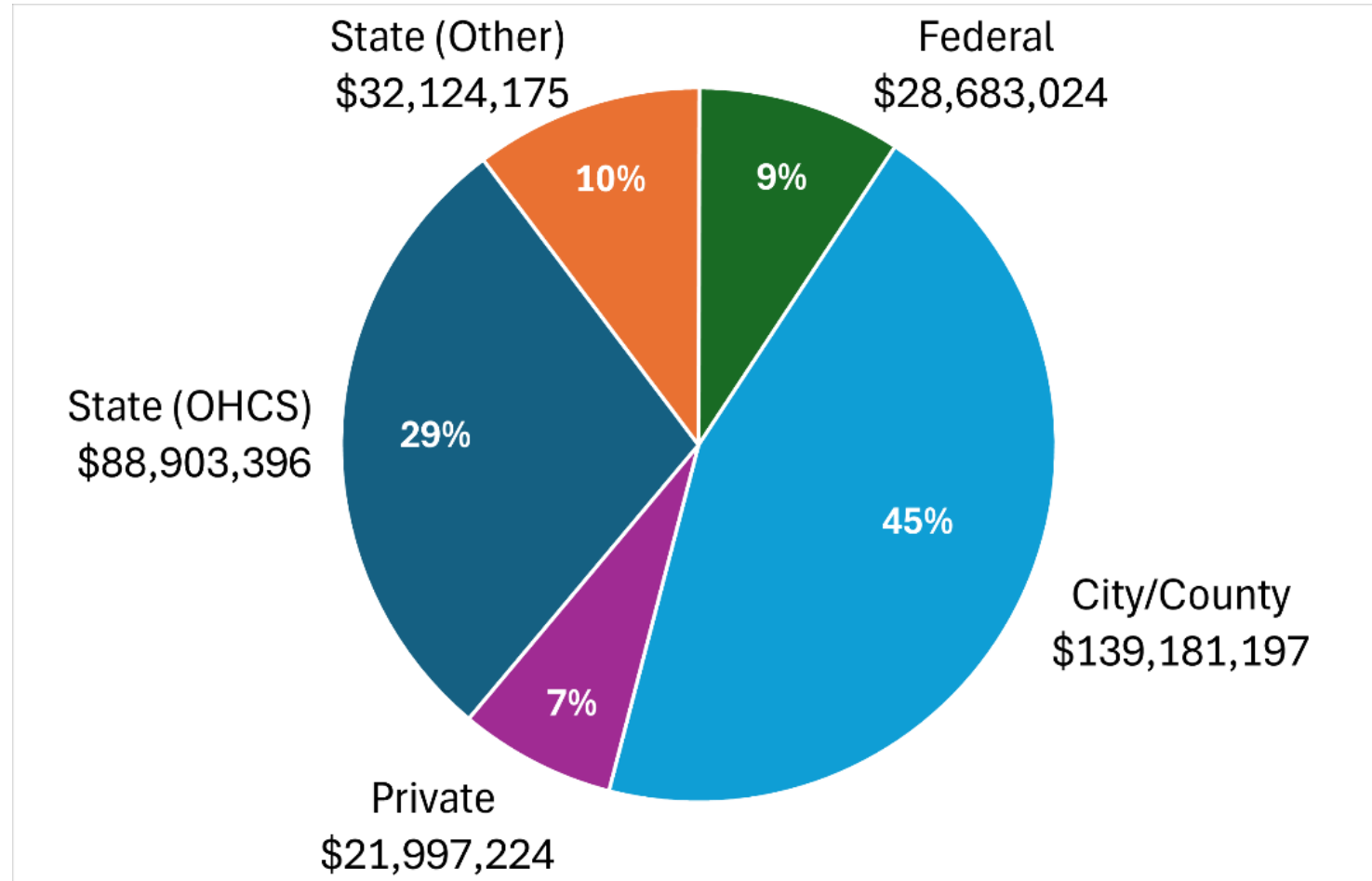
Average cost per bed varies substantially:

- \$31,000 for housing-focused shelter
- \$24,000 for basic overnight shelter



# Current Cost Contribution

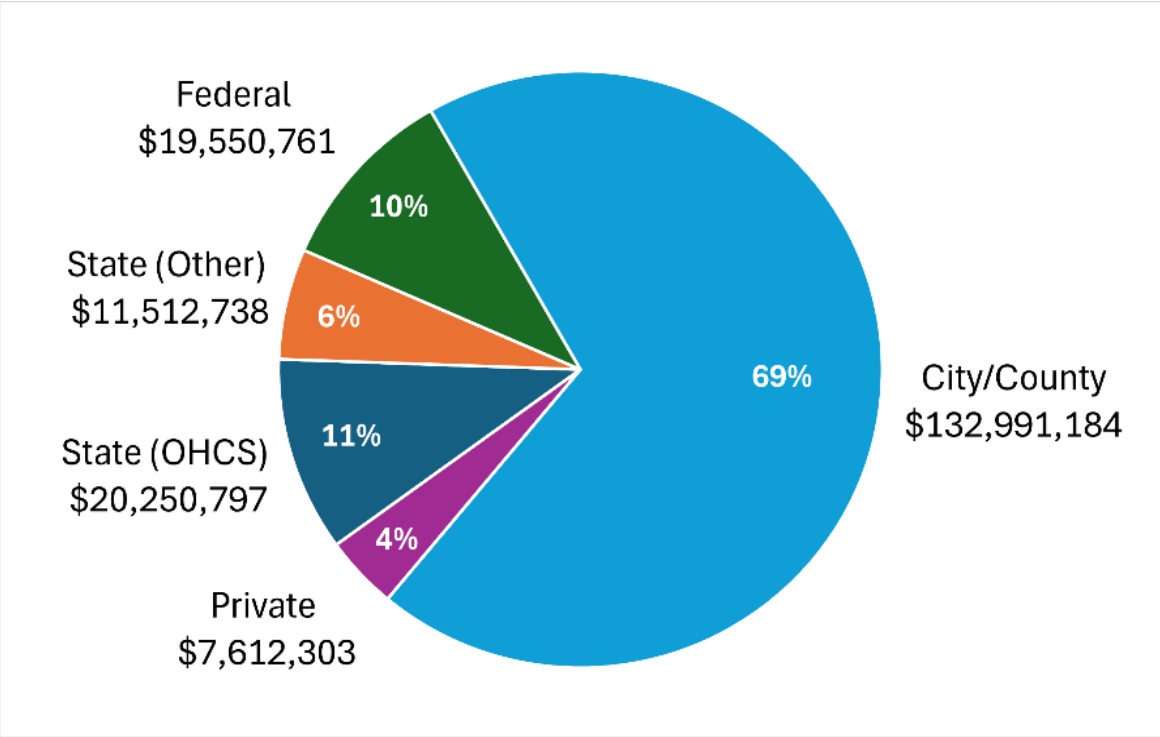
- Regions **already significantly contribute other funds** to OHCS-supported shelters
- There is **considerable regional variation** in reliance on state shelter funding
- Rigid match requirements could adversely impact some, mostly rural regions



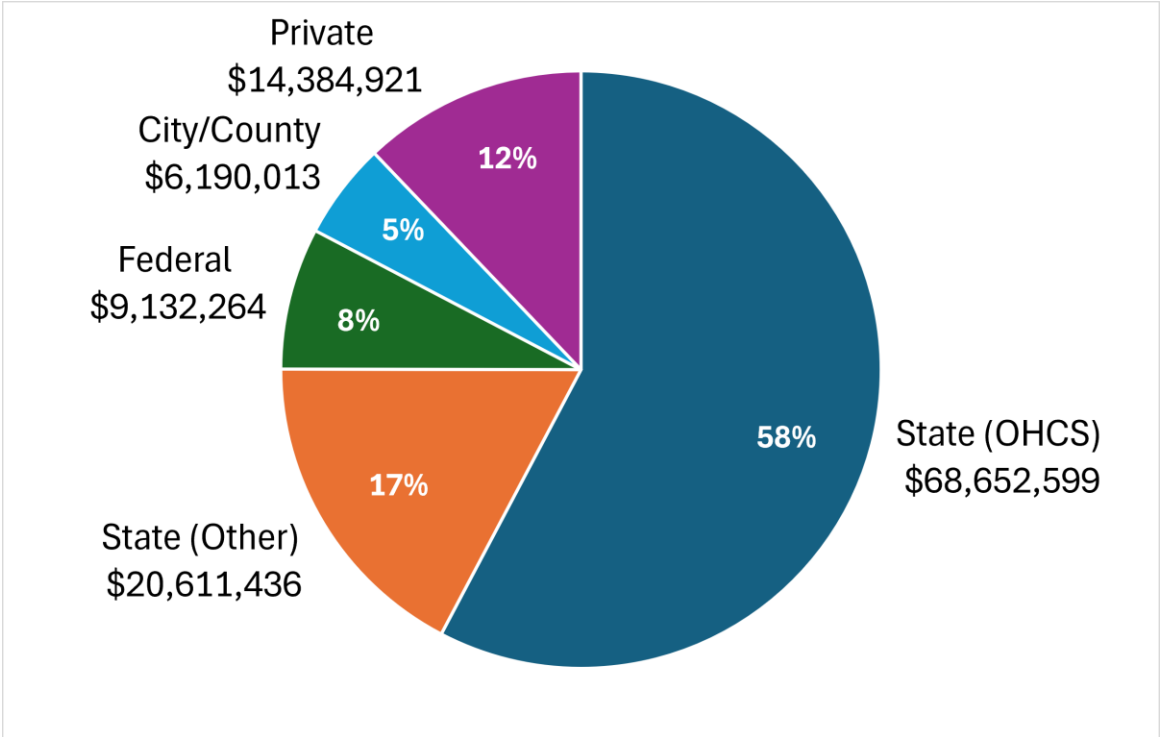
# Current Cost Contribution Details

Outside tri-county metro area, state revenues make up 75% of regional shelter funding

**Figure 1- Tri County**



**Figure 2- Balance of State**



# Recommendation: Shelter Bed Contribution Cap

- OHCS will not invest more than \$31,000 per bed in any shelter
- Maximum contribution based on median cost of housing-focused shelter (HB3644 priority)
- Overall average investment per bed will be lower given allocation & bed targets
- Exception process when demonstrated cause to exceed cap



# Recommendation: Required Regional Contribution

- Each region's shelter funding proposal must demonstrate **at least 20% non-OHCS** funds are covering aggregate cost of shelters
  - Non-OHCS funds includes federal, other state, local government, philanthropic, individual, and donated goods and services
- Regions that do not yet meet the 20% threshold must develop resource development plan



# Recommendations to Further Develop Cost-Sharing Model

- Direct regional coordinators to **consider leveraged non-OHCS funds in selection of shelter providers**
- **Require regular reporting on non-state** contributions to shelter system to monitor supplantation and evaluate new leveraging strategies
- **Evaluate need for and feasibility of** incorporating regional non-state funding levels into allocation formulas in future biennia as one factor related to “past performance”



# Timeline Recommendations

- OHCS recommends that the cap and contribution requirement be implemented starting 2027
- Timeline influenced by implementation of Statewide Shelter Program
- Regional Coordinators applied with a set of expectations that did not include these limits
- RFA did not yield qualified Regional Coordinators in all regions; some are developing community plans, and some regions have yet to be identified

