

**MEMORANDUM**

**To:** Members, Select Budget Committee  
**From:** Eric McConaghy, Legislative Analyst, Council Central Staff  
**Date:** October 6, 2016  
**Subject:** 2017–2018 Budget Overview: Seattle’s Investment in Homelessness Services

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Seattle City Council will simultaneously consider Seattle’s investment in homelessness services, including:

- the desired results of spending for homelessness services;
- short-term appropriations to assist people living unsheltered in Seattle; and
- shifts in homeless spending over the next two years based on recent strategic recommendations.

This overview paper (1) summarizes 2016 investments, including mid-year adjustments; (2) quantifies homeless appropriations in the context of the Human Services Department’s (HSD) overall budget; (3) characterizes the budget and policy making context for Council decision-making on the proposed budget; (4) highlights homeless investments proposed by the Mayor; and (5) sets out budget questions for Council discussion.

**2016 HSD Budget Summary**

Seattle’s adopted budget to help people experiencing homelessness for 2016 is about \$50 million, including a one-time, state of emergency (SOE) increase of \$7.3 million.

During 2016, Council approved changes to the 2016 Budget to make a new General Sub Fund (GSF) appropriation (\$200,000) for garbage service for unauthorized encampments and to transfer funds (\$200,000) to help people experiencing homelessness, including those at risk of homelessness due to rising rents, as well as those who are homeless and helped through the Law Enforcement Assisted Diversion (LEAD) program. Mid-year adjustments are summarized in Table 1.

Table 1: Quarterly Supplemental Budget Actions related to Homelessness

Quarter	Amount	Description
1st Quarter	\$200,000	GSF appropriation of \$200,000 to Seattle Public Utilities (SPU) for waste collection services at unauthorized encampments. <sup>1</sup>
	\$50,000	Transfer of \$50,000 from HSD to the Seattle Department of Construction and Inspections for outreach and education with residential landlords on new tenant protection regulations.
2nd Quarter	\$150,000	Transfer of \$150,000 from reserves to HSD that was used to pay for the expansion of LEAD program to East Precinct.

Also, a portion of the revenue generated from the Council-approved (July 2016) increase in the solid waste utility tax<sup>2</sup> is dedicated to pay for outreach to homeless encampments, support sanctioned encampments and fund the launch of the new Navigation Center.

### 2017-2018 HSD Budget Summary for Homeless Services

The Mayor proposes appropriations of \$56 million in 2017 and \$53 million in 2018 for homeless services. The change in homeless spending is 11.9 percent from 2016 to 2017 and -5.4 percent from 2017 to 2018, a front-loading of spending over the next two years. The increase in 2017 is due, in part, to spending that has been considered emergent over the past 18 months and spending necessary to change how HSD addresses homelessness. The decrease in 2018 suggests a shift from a SOE, with less crisis response spending, to a new funding strategy. For 2017 and 2018, appropriations for homelessness make up 36 percent and 35 percent respectively of HSD's total budget.

Approximately 57 percent of HSD's proposed 2017-18 spending is supported by the GSF and 43 percent from other sources, including federal, state and other grants. Table 2 summarizes expenditures by revenue source for the entire department and isolates expenditures for homeless services across the department.

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<sup>1</sup> SPU projects that it will spend about \$108,000 in 2016 for garbage service at unauthorized encampments. The Department of Finance and Administrative Services (FAS) and SPU have coordinated the delivery of garbage bag pick-up and/or dumpster service to seven sites to date.

<sup>2</sup> City anticipates new solid waste tax revenues of \$3.2 million in 2017 and \$4.4 million in 2018. All of these new dollars will be deposited into the General SubFund.

Table 2: HSD Budget Summary (\$ in 1,000's, rounded)

All HSD Expenditures	2015 Actuals	2016 Adopted	2017 Proposed	% Change 2016-2017	2018 Proposed	% Change 2017-2018
GSF	\$71,810	\$77,493	\$88,876	14.69	\$86,298	-2.90
Other Funds	\$54,947	\$64,676	\$67,878	4.95	\$66,096	-2.63
<b>Total Operating</b>	<b>\$126,757</b>	<b>\$142,171</b>	<b>\$156,754</b>	<b>10.26</b>	<b>\$152,393</b>	<b>-2.78</b>
<b>Homelessness</b>						
General Fund	\$21,821	\$30,695	\$33,734	9.9	\$29,991	-11.10
Other Funds	\$18,098	\$19,606	\$22,570	15.12	\$23,282	3.16
<b>Total Operating</b>	<b>\$39,918</b>	<b>\$50,301</b>	<b>\$56,304</b>	<b>11.93</b>	<b>\$53,273</b>	<b>-5.38</b>
<b>% total HSD</b>	<b>31.5</b>	<b>35.4</b>	<b>35.9</b>	<b>n/a</b>	<b>35.0</b>	<b>n/a</b>

In addition to these appropriations, voters approved the Seattle Housing Levy, which will fund about \$1.6 million annually for homeless-prevention rent assistance, stability services and the development of 650 net, new permanent supportive housing<sup>3</sup> units total over the seven-year life of the levy. This amount is part of the total spending funded by the \$290 million levy to produce and preserve affordable housing.

Regionally, in November 2015, King County voters approved the Best Starts for Kids Levy, providing \$19 million for youth and family homelessness prevention over the six-year life of the levy. King County will distribute the first part of this funding, about \$2.85 million countywide, in late 2016 through a competitive process. The annual award amount per agency is \$100,000; with some of the funded programs may operate in Seattle. The anticipated service performance period is November 1, 2016 through June 30, 2019, contingent upon performance and fund availability.

### Budget and Policy Context

The context for homelessness spending is informed primarily by two events in the last year:

- (1) The Mayor's proclamation of a civil emergency on homelessness.
- (2) Delivery of two reports, the Focus Strategies Report and Poppe Report, that assess the performance of Seattle and King County's homeless programs and make recommendation to the City on changes to homeless investment policies.

### SOE Appropriations and Expenditures

On November 2, 2015, the Mayor issued a Proclamation of Civil Emergency (State of Emergency or SOE) and three emergency orders related to homelessness. Under a civil emergency, the Mayor may issue "orders as are imminently necessary for the protection of life and property", including orders that may temporarily limit the exercise of certain civil rights. Council ratified the civil emergency and the three orders. In January, the Mayor issued an additional order addressing encampments and vehicles used as residences. Council modified this order to add reporting requirements and approved it.

<sup>3</sup> Permanent supportive housing is subsidized housing designed for people with very low incomes and chronic, disabling health conditions which provides voluntary access to services that can include: case management, mental health, drug and alcohol treatment and other medical services, employment services, etc.

To date, actions taken by the Mayor pursuant to the emergency orders included:

- Adding two permanent HSD positions
- Allowing vehicles used as residences to park in “safe zones” (e.g., designated, City-owned rights-of-way)
- Temporarily designating a “safe lot” for vehicles used as residences
- Expediting a sanctioned encampment for people experiencing homelessness (Othello)

*SOE Appropriations ~\$7.3 million*

With the SOE, the Mayor and Council approved a supplemental appropriation of \$5 million in 2015. Council included in the 2016 Adopted Budget an appropriation to reserves of \$2.3 million to provide services to homeless persons, with a budget proviso. Council approved the transfer of the \$2.3 million from reserves to HSD after receiving a spending plan from HSD in fulfillment of the proviso. SOE expenditures are summarized in Table 3.

Table 3: SOE Spending and Outcomes (Jan. 1, 2016 – Aug. 31, 2016, except where noted)

Cost Category	SOE Funds	Outcomes
Shelter beds	\$1,984,891	177 new beds 25 motel vouchers
Rapid Re-Housing and Diversion	\$1,482,588	325 total households (1,003 persons) enrolled in diversion (264 households newly enrolled) 112 households out of 194 exits successfully diverted 310 persons newly enrolled in RRH 135 persons entered permanent housing via RRH
Outreach: REACH and YouthCare	\$858,131	984 visits 2,878 persons contacted 176 persons accepted referral to shelter
City permitted encampments: Ballard, Interbay, Othello	\$659,481	291 persons to date 25 persons exited to permanent housing 70 persons exited back to homelessness 108.2 days average length of stay
Mobile medical van (Jan - Jun) <ul style="list-style-type: none"> <li>operates in S. King County with limited hours in Seattle</li> <li>Seattle-based Mobile Medical Van began operations in July. Data is currently unavailable.</li> </ul>	\$500,000	310 new intakes 141 persons received medical care 169 persons received care from mental health or chemical dependency specialist
Dept. of Education and Early Learning MOUs with Seattle Schools- homeless children and families	\$367,000	Motel/hotel vouchers and other emergency assistance (specific outcomes forthcoming in "End of year" SOE report).
Safe lot (Ballard)	\$183,911	34 households (40 individuals) 187 days average length of stay
Homeless Needs Assessment	\$100,000	Output: Survey for demographic & service gap information on unsheltered homeless; results are expected before the 2017 One Night Count.
United Way King County - Jobs Connections	\$91,000	Outcomes forthcoming in October SOE report.
Vehicle safe zones (4)	\$89,000	56 vehicles permitted 14 vehicles impounded after safe zone creation (in N. Precinct and post-closure Interbay)
Unsanctioned encampments (Nov. 2015 – Aug. 2016)	Information requested	519 sites cleaned
Total as of Aug. 31, 2016	\$6,316,002	

Note: SOE funds were sometimes added to existing appropriations.

### *Performance Analysis and Investment Recommendations*

As mentioned earlier, the City received the following two reports in August of 2016:

1. *Seattle / King County: Homeless System Performance Assessment and Recommendations with Particular Emphasis on Single Adults* by Focus Strategies ([Focus Strategies Report](#)) and
2. *Recommendations for the City of Seattle's Homeless Investment Policy: The Path Forward - Act Now, Act Strategically, and Act Decisively* by Barbara Poppe and Associates ([Poppe Report](#)).

A partnership consisting of All Home, the City, King County and United Way commissioned Focus Strategies to provide an assessment of the region's homelessness response. The City engaged Ms. Poppe to provide recommendations on changes to homeless investment policies.

#### *Focus Strategies Report*

Focus Strategies conducted a comprehensive analysis of stakeholder interviews, discussions with funders, and data on service providers obtained through the Homeless Management Information System (HMIS) and program financial statements. The report was released on September 8, 2016 to all Councilmembers, and contains the following major findings:

- Some programs and projects of the homelessness response system are low performing, particularly in cost effectiveness and exiting people who are homeless into permanent housing.
- Investments are not fully aligned with the objectives of the All Home Plan; the current system does not make homelessness rare, brief and one time.
- The system has not been funder-driven and has been bereft of effective accountability.

Focus Strategies recommends implementing a funder-driven and person-centric system, establishing an action-oriented and data-informed governance and funding structure, and improving system performance through specific measures such as the following:

- Redesign the All Home governance structure to bolster funders' decision-making authority.
- Prioritize unsheltered persons for emergency shelter through Coordinated Entry for All and shelter diversion ("diversion for all").
- Employ performance-based contracting focused on exiting people to permanent housing.
- Shift funding to more effective interventions from particular instances of transitional housing, permanent supportive housing and other permanent housing programs that have been shown to be low performing. Focus Strategies asserts that if these and its other suggested strategies are fully implemented, existing shelter capacity will accommodate all unsheltered people within one year of implementation, and homelessness will effectively be eliminated within five years.

### *Poppe Report and Pathways Home*

On September 8, along with the Focus Strategies Report, the Council was briefed on the Poppe Report and the Mayor's proposed [Pathways Home](#) Initiative based on the reports.

Ms. Poppe worked closely with Focus Strategies and built recommendations for Seattle's homelessness investments on their findings and recommendations. The Poppe Report defines the scope of the recommendations as relating only to the improvement of the homeless response system. The work to address "upstream" issues such as affordable housing, living wage jobs, quality education, social infrastructure, structural racism, and police practices are not within the scope of the report.

The Poppe Report recommends that Seattle make changes in investments and programs to focus on the particular needs of people experiencing homelessness; improve program and system performance; require accountability to performance standards in homelessness investment contracts; engage and communicate effectively; and collaborate with other major funders.

The Report also outlines a set of interventions directed to reduce unsheltered homelessness and to increase the movement of people through temporary shelter and other homeless services ("throughput") to stable housing. These interventions must:

- Provide rapid access to stable housing for families and individuals who are at imminent risk or literally homeless.
- Offer all families and individuals assistance diverting from shelter.
- Prioritize families and individuals with the longest history of homelessness and highest housing barriers for housing interventions.
- Prioritize shelter for unsheltered people with the greatest health and safety risks.

HSD will operationalize many of these interventions in 2018. However, the shift will begin in 2017 when HSD intends to issue a notice of funding availability for homeless investments in 2018.

### **Proposed Homelessness Budget 2017-2018**

Structurally, homeless investments are proposed to be centered in a new Division or Homeless Strategy and Investment Budget Control Level (BCL). Additionally, the Mayor proposes funding shifts and additional investments to implement many, but not all, of the Poppe Report recommendations

#### *New BCL*

The 2017-2018 proposed budget funds HSD's new Division of Homeless Strategy and Investment with a budget allocation of about \$56 million for 2017 and \$50 million for 2018. Most of the allocation to the BCL for this new division comes from the Community Support and Assistance Division/BCL, which would be eliminated with the remainder allocated to other BCLs.

*Highlights of Funding Shifts / Additional Investments*

Proposed funding shifts over the biennium are highlighted in Table 4. Generally, the Mayor proposes to maintain investments in shelter capacity and support to persons living unsheltered in 2017 while recommendations from the Poppe Report are being implemented.

*Table 4: Highlight of Proposed 2017 and 2018 Spending*

<b>Program Funded</b>	<b>Proposed 2017 Spending</b>	<b>Proposed 2018 Spending</b>
Support persons living unsheltered, encampment cleanup	\$2,800,000	\$0
Maintain existing shelter and sanctioned encampment	\$2,200,000	\$2,100,000
Create and operate Navigation Center	\$2,100,000	\$800,000
Expand diversion and rapid rehousing	\$1,000,000	\$1,000,000
Increase outreach services	\$630,000	\$630,000
Staff Pathways Home Implementation	\$476,000	\$487,000
Convert to 24-hour shelter	\$440,000	\$440,000
Evaluate data systems and support data capacity	\$400,000	\$256,000
Expand youth case management	\$360,000	\$360,000
Run mobile medical van	\$184,000	\$184,000
Change Coordinated Entry system	\$150,000	\$150,000
Repurpose landlord liaison program into the Housing Resource Center	\$56,000	\$56,000
<b>Total (not all proposed homelessness spending)</b>	<b>\$10,796,000</b>	<b>\$6,463,000</b>

Seattle committed nearly \$1.7 million in 2016 to create the Navigation Center. The proposed 2017 budget includes an additional \$2.1 million to operate it. The 2018 proposed budget allocates \$800,000 for operations.

Some of the proposed spending is short-term or one-time, akin to the emergency spending over the past 11 months. In particular, \$2.8 million is allocated for support and services for people living unsheltered and for implementation of encampment cleanup protocols in one-time funding in 2017.

Central Staff's initial assessment of the proposed budget finds that some, but not all of the Poppe Report recommendations are proposed by the Mayor. See Table 5.



Table 5: Housing Stabilization Interventions Recommended by Poppe Report

Recommended Housing Stabilization Interventions	In Proposed 2017-18 Budget?
Diversion	Yes
Family Impact Team	Yes
Housing Resource Center	Yes
Permanent Supportive Housing	Yes
Transitional Housing	Yes
Youth solutions focused case management	Yes
Overnight Emergency Shelter	Yes
Comprehensive Emergency Shelter	Yes
Navigation Center	Yes
Rapid Re-Housing	Yes
Youth Drop In Centers	No
Rapid Re-Housing with Critical Time Intervention	No
Bridge Housing	No
Long Shelter Stayers Housing Placement Team	No
Host Homes	No
Outreach Action Team and street outreach	No

Note: See Poppe Report for programmatic details

**Questions for Councilmember Discussion:**

1. Do Councilmembers agree or disagree with the consultants’ recommendations for homeless investments?
2. How does Council want to inform the process for when and how future investments and funding shifts will be made?
3. With a shift to a funder-driven approach, what metrics should the Council employ to assess the effectiveness of funding shifts and new investments and how should that be formalized through Council decision-making about how funds are appropriated to HSD or other implementing departments?
4. Does the Mayor’s proposal set the appropriate pace for shifts in investments and expected outcomes?
5. What is the appropriate balance of spending over the biennium to meet short-term needs while pivoting to achieve improvements to homelessness service delivery?

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