

# **Washington's Homeless Housing and Assistance Program**

**Surcharge Funds Have Made a Significant Contribution to the Development and Implementation of Homeless Housing and Assistance Programs Across the State, But Taking a More Comprehensive and Integrated Approach Could Further Enhance the Program**

**A report to the Washington State Office of Financial Management as required by RCW 43.185C.240(1)(e)**



**TAP**International

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# WASHINGTON'S HOMELESS HOUSING AND ASSISTANCE PROGRAM

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## RESULTS IN BRIEF

### Introduction

In 2005, the Legislature passed the Homeless Housing and Assistance Act along with legislation to allow collection of surcharges on documents recorded for the sale and/or transfer of real property to fund homeless programs. The document recording surcharge funds (“surcharge funds”) are used by the state and local government agencies to reduce homelessness. In 2014, these agencies spent \$46.4 million in surcharge funds to provide housing and other services to homeless individuals and families. However, on one night in January 2016, almost 21,000 individuals were counted as homeless in Washington state, illustrating the need for a more comprehensive and integrated approach to the issue.

### Audit Objectives

This performance audit was designed to answer the following two questions:

1. Are document recording surcharge fees used effectively by recipients to reduce homelessness?
2. How well is the Department of Commerce (Commerce) meeting its statutory requirement under the Homeless Housing and Assistance Act, including reporting on the use of surcharge funding in reducing homelessness?

To address these questions, TAP International administered a mixed-method quantitative and qualitative approach that included:

- Interviewing 17 Commerce executives, managers and staff, state homeless advisory board staff and homeless advocacy group executives.
- Conducting on-site visits with eight local government agencies that received a Consolidated Homeless Grant, two nonprofit provider organizations that received an Independent Youth Housing Program grant and two nonprofit organizations that received an Operations and Maintenance grant in either calendar year 2014 or 2015.
- Conducting three focus groups across the state with 23 individuals representing nonprofit agencies that provide direct services to homeless individuals and families.
- Surveying all 91 local grantees that received a Consolidated Homeless Grant, an Independent Youth Housing Program grant or an Operations and Maintenance grant from Commerce in either calendar year 2014 or 2015.
- Analyzing financial and lead agency and state program information.

This audit did not evaluate what types of homeless interventions are more successful than others, nor did it compare the state’s homeless program with programs in other states. These types of evaluations were not within the scope of work requested by the state.

### What the audit found

The Homeless Housing and Assistance Act (“Act”) established a statewide framework to reduce homelessness that recognized the important role of local governments in designing and developing homeless housing and assistance programs to meet community needs. This framework also recognized the role of the state in coordinating, supporting and monitoring local homeless programs. The Act and the surcharge funds have had a significant impact addressing homelessness in the state. Commerce and local government agencies will have spent close to \$140 million in surcharge funds from the start of the 2011-13 biennium to the end of the 2015-17 biennium to help develop and implement

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programs, prepare local homelessness plans, and provide housing and other supportive services to those who are homeless or at risk of becoming homeless.

The primary goal of the Act was to reduce homelessness in the state by 50 percent by July 2015. While some progress has been made, the success of these programs is not well reflected by this one measure. Commerce and local government agencies use other measures, such as how many individuals and families receive services, how long they receive services, and if they return to homelessness after being permanently housed. In addition, nearly all the local agencies we surveyed and visited that manage local homeless programs reported other successes, such as having helped their clients reduce incidences of drug use, incarceration and emergency room visits as well as observing clients demonstrate better financial management and personal responsibility.

The Act assigns Commerce specific statutory duties and responsibilities. Commerce is meeting these statutory requirements. However, there are opportunities to enhance the state's program in the areas of statewide strategic planning, statewide data gathering, reporting results to the Legislature and allocating funds to local government agencies.

Since the passage of the Act, state and local homeless programs have evolved by integrating federal program strategies and national leading practices. In addition, Commerce has engaged in several activities focused on reducing homelessness through working with other state agencies and with the three state homeless advisory councils to develop policy recommendations to the Governor and the Legislature. Some of the state's program modifications have proved challenging for some local government agencies to implement and are not always in line with local homeless programs' goals and priorities. For instance, the state requirement that 45 percent of the surcharge funds be spent on housing payments to private landlords has created an administrative burden for some providers who have insufficient staff resources to ensure compliance.

There is a need to increase the coordination among other state agencies and local government agencies to address homelessness, streamline key program requirements that do not directly reduce homelessness, and to implement a process for preparing and disseminating information, including an updated statewide strategy to reduce homelessness. Adopting a more comprehensive strategic approach focused on cooperation at all levels of government would not only focus on a system wide homelessness crisis response system, but would also engage other state agencies who provide services that benefit the homeless.

## BACKGROUND

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Homelessness is a nation-wide problem. In a single night in January 2016, almost 550,000 people were found to be homeless across the United States, including nearly 21,000 in Washington state. Ending homelessness is as complex as the issues that cause it and the needs of the individuals and families it affects.

Recognizing the seriousness of the homeless crisis, the Washington State Legislature passed the Homeless Housing and Assistance Act (Chapter 43.185C RCW) in 2005 (“Act”). The Act establishes a statewide framework to reduce homelessness by requiring state and local governments (primarily counties) to develop and implement plans to reduce homelessness by 50 percent by July 1, 2015.

A key element of the Act is the recognition by the Legislature that “...the provision of housing and housing-related services to the homeless should be administered at the local level to best address specific community needs,” and allocated 65 percent of surcharge funds directly to local government agencies for this purpose. The Legislature also recognized the need for the state to “...play a primary coordinating, supporting, and monitoring role.” While other state agencies provide services that benefit homeless individuals and families, such as the Department of Social and Health Services, the Act, under the guidance of Commerce, is focused primarily on providing housing to the individuals and families who are homeless, or at risk of becoming unsheltered.

The Act established an initial statewide framework for reducing homelessness by requiring Commerce and local governments to develop 10-year plans to address homelessness. It also required Commerce to conduct annual point-in-time counts of sheltered and unsheltered homeless and report on progress made in reducing homelessness. In 2015, the Legislature modified the framework by passing legislation that created the Office of Homeless Youth Prevention and Protection to facilitate a more robust statewide response to youth homelessness. This office is administered by Commerce.

**Appendix A** contains the relevant RCWs.

### **Surcharge funds support homeless housing and assistance programs**

To support the homeless housing and assistance programs authorized in the Act, the Legislature authorized the collection of surcharge fees for each document recorded by counties. These surcharge funds are a significant source of funding used by the state and local governments to develop and implement homeless housing and assistance programs. Additionally, surcharge funds are used as matching funds by several of the local government agencies to attract other revenue. In 2014, surcharge funds accounted for almost one-quarter of the \$196 million spent by local agencies to address homelessness. Since 2005, the Legislature has continued to amend this legislation by allowing collection of additional surcharge funds and establishing additional program requirements. Currently, there are three separate surcharges collected (for a total of \$58) for each document recorded, such as deeds, mortgages, community property agreements, leases and other documents related to property.

Surcharge funds may only be spent on homeless housing and assistance programs and activities. **Figure 1** illustrates how the state statute allocates these surcharges between the state and the counties that collect them. Approximately 65 percent of these funds are retained by the counties, and 35 percent are sent to the state treasurer to be used by Commerce for the state homeless grant program.

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Commerce sends over 85 percent of the funds it receives back to communities through grants to local government agencies and homeless housing service providers.

The state and local governments are limited in how much of the surcharges they can retain for administrative expenses. Local governments are limited to \$3.14 and the state<sup>1</sup> is limited to \$2.76 of the total amount of surcharges they receive per document. Any surcharge funds not used to support administration are used to provide housing and assistance services to

the homeless by local governments or by providers who receive these funds through grants from Commerce and/or local governments. Part of the administrative cost allowances are to cover the costs of developing state and local 10-year strategic homeless plans.<sup>2</sup> By capping administrative expense levels, the state statutes emphasize the use of surcharge funds directly on service delivery.

Surcharge funds retained by the local governments may be used for the acquisition, construction or rehabilitation of housing projects or units; building operation and maintenance costs; rental assistance vouchers; operating costs for emergency shelters; and for other types of activities to directly accomplish the goals of their local homeless housing plan. Surcharge funds granted to local governments by the state are used to implement various statewide homeless housing and assistance grant programs, which are described later in this report, and other requirements. For example, the Legislature requires 45 percent be used for payment to private landlords for homeless housing. This requirement ensures not all surcharge funding is spent on public sector housing facilities.

### The Act established a framework to develop and implement homeless programs across the state

State oversight and funding of the Act coupled with local level program delivery facilitates adaptation of local programs to the dynamic and complex challenges of homelessness that occur in its community. It also provides state-wide coordination, research, monitoring, accumulation of staff expertise and program accountability through Commerce. This structure creates an inherent tension in establishing grantor/grantee relationships between Commerce and local government agencies because state program requirements and local homeless program priorities and requirements do not always align. **Figure 2** on the next page outlines the responsibilities of Commerce and participating local governments for each of the Act's major program requirements.

**Figure 1: State/county allocation of document recording surcharge funds collected per recorded document**

RCW	Total surcharge amount	State share*	County share
36.22.178	\$10.00	\$3.80	\$6.20
36.22.179	\$40.00	\$15.68	\$24.32
36.22.1791	\$8.00	\$.80	\$7.20
<b>Total</b>	<b>\$58.00</b>	<b>\$20.28</b>	<b>\$37.72</b>
Administrative Allowance**	\$5.90	\$2.76	\$3.14

\* The state's portion of the surcharge authorized by RCW 36.22.178 is deposited in the Affordable Housing for All Account with the state treasurer. The state's portion of the surcharges authorized by RCW 36.22.179 and 36.22.1791 are deposited in the Home Security Account with the state treasurer.

\*\* Administrative allowance is the portion of the collected surcharge funds the state or local government may use for program administration.

<sup>1</sup> The state's administrative allowance comes from the funds it receives from RCW 36.22.179 and 36.22.1791. RCW 36.22.178 does not provide a state administrative allowance.

<sup>2</sup> RCW 43.185C.080 allows a city to operate a local homeless housing program separate from the county in which it resides, Spokane is the only city that has elected to do this. All other participating local governments are counties.

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**Figure 2: Major program requirements that establish state's homeless program framework**

<b>Program requirement</b>	<b>Commerce responsibility</b>	<b>Local government responsibility</b>
Program management and oversight	Implement and manage statewide homeless housing grant program; coordinate, support and monitor local homeless programs.	Implement and manage local homeless program.
Point-in-time count	Annually conduct point-in-time count.	None in the Act, but participate in conducting count as required in state homeless grant.
10-year homeless plans	Prepare and publish a 10-year homeless housing strategic plan that outlines statewide goals and performance measures. Ensure local plans are complete and up to date.	Prepare and update local homeless housing plan, consistent with the statewide strategic homeless housing plan. May include local performance measures.
Gather statewide data	Develop a consistent statewide data gathering instrument to monitor performance of local governments receiving grants and to report progress toward reducing homelessness and meeting locally established goals.	None in the Act, but required in state homeless grant to provide requested data to Commerce.
Annual report to Legislature	Report required to include state's performance on meeting goals of 10-year statewide plan, outcomes of performance measures, status of local governments meeting local plan goals and status of grant programs.	None in the Act, but required to provide requested data to Commerce to support annual report.
Homeless Management Information System (HMIS)	Implement statewide HMIS	None in the Act, but enter homeless client information into HMIS as required by state homeless grant. If have own HMIS system, required to periodically upload data into state HMIS.
Use of surcharge funds	To support required administrative program responsibilities. Provide grants to local governments to support programs and projects consistent with local and state homeless plans.	To support required administrative program responsibilities; directly provide or contract with local providers to provide allowable homeless housing and assistance services. May use state grant funds to subcontract with local providers for services consistent with grant.
Provide technical assistance	Provide technical assistance to any participating local government that requests assistance.	None in the Act. Requests and receives technical assistance from Commerce.

### **Commerce established three grant programs to provide surcharge-funded grants to local government agencies**

Commerce uses the 35 percent of the surcharge funds it collects to support three statewide homeless housing and assistance grant programs. The Consolidated Homeless Grant and Independent Youth Housing Program grant programs are administered by the Housing Assistance Unit (“HAU”), and are used to provide housing and assistance to homeless individuals and families. The Operations and Maintenance Grant program is administered by the Housing Finance Unit (“HFU”), and is used to provide reimbursement of operations and maintenance expenses, such as utilities for housing facilities built in whole or in part with funds from the state's Housing Trust Fund. Each of these three grant programs, which are described below, provides funds to local government agencies and/or local providers to support the requirement in the Act to reduce homelessness.

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- **Consolidated Homeless Grant** – The majority of the surcharge funds received by the state are returned to local governments through the Consolidated Homeless Grant. Established in 2012, this grant program combines surcharge funds, other state funds (Housing and Essential Needs)<sup>3</sup> and federal funds (Emergency Solutions Grant) from the U.S. Department of Housing and Urban Development (“HUD”) to support emergency shelters, transitional housing and temporary rent assistance for people facing homelessness. Prior to 2012, several programs were used to grant these funds to local governments. Consolidated Homeless Grants fund the local government agency (typically the county) that oversees the homeless program, or nonprofit organization that serves in this role for the county. These agencies and organizations are referred to as Consolidated Homeless Grant lead agencies. Commerce currently administers 35 of these grants with funds allocated to all counties.
- **Independent Youth Housing Program Grant** – This grant program was established in response to 2007 legislation that created the Independent Youth Housing Program. It uses surcharge funds to provide rental assistance and case management to youth ages 18 to 23 who have aged out of the state foster care system. These grants are made directly to nonprofit organizations that provide direct services and are managed separately from the Consolidated Homeless Grant program. Commerce currently administers five of these grants that provide services in 10 counties.
- **Operations and Maintenance Grant** - This grant program was established in response to the passage of the Act in 2005 and uses surcharge funds to provide operations and maintenance assistance to owners of affordable housing units that were built with Housing Trust Fund dollars and who can demonstrate a need for the grant. These grants are made directly to housing owners for a 15- to 20-year period and set an annual cap on the amount grantees can be reimbursed for allowable operations and maintenance expenditures. Commerce currently administers 71 of these grants among 51 agencies.

A new Office of Homeless Youth is housed in Commerce’s Housing Assistance Unit under an executive director and combines the Independent Youth Housing Program with several youth programs funded with surcharge funds that had been housed at the Department of Social and Health Services. The Office of Homeless Youth recently completed its first procurement for homeless youth services with these new funds and is working with the new advisory committee established by the legislation to complete a report to the Governor and Legislature by Dec. 1, 2016 to inform recommendations for funding, policy and best practices in the five priority service areas identified in RCW 43.330.700 and present recommendations to address funding, policy and practice gaps in the state system.

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<sup>3</sup> The Housing and Essential Needs program receives a direct appropriation from the state general fund. The program provides rental assistance and essential needs such as toiletries and bus tokens to individuals who are temporarily disabled and determined to be eligible for the program by the state’s Department of Social and Health Services.

### **Commerce is not solely responsible for addressing homelessness**

Three state advisory councils have a role in determining the direction of the state's homeless programs and have a role in developing the state's strategy to address the issues of homelessness. All three of these councils include Commerce staff. The councils are:

- **The Interagency Council on Homelessness (ICH)** was established by the Act and includes five state agencies that impact the homeless population: Commerce, Corrections, Social and Health Services, Veterans Affairs and Health. The Council serves as a mechanism for these agencies to work together by looking for ways to better provide services, improve practices and align resources and services to reduce homelessness and the overall cost burden to the state.
- **The Affordable Housing Advisory Board (AHAB)** was established by the Legislature in 1993 and includes experts on housing matters and advises the Legislature and Commerce on affordable housing matters. AHAB oversees the affordable housing needs assessment and makes policy recommendations to identify and remove regulatory barriers to affordable housing.
- **The State Advisory Council on Homelessness (SACH)** was originally established by Governor Gardner in 1991. It includes representatives from the community, including providers, private business, local government, homeless, the ICH and relevant state agencies. SACH makes policy recommendations to the Governor and the AHAB annually on state's response to homelessness issues and reviews the annual homeless housing plan. Local governments use surcharge funding to help support their local homeless programs.

Local governments retain 65 percent of the surcharge funds collected by the counties and receive surcharge funds from state grants to support their local homeless programs. The Act is designed to support local communities in developing solutions to address the specific needs of the homeless in their communities. This results in variations in homeless programs across the state. While most counties have assigned the responsibility to manage their local homeless housing and assistance program to a local government agency, counties can contract with a local nonprofit organization to manage and deliver programs.

### **Federal government has a role in directing and funding state and local homeless programs**

State and local agencies that receive federal funding for their homeless programs are subject to additional direction as promulgated in the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (or the HEARTH Act). The HEARTH Act required establishment of local continuums of care planning processes and established a goal to ensure that individuals and families who become homeless return to permanent housing within 30 days. It made several changes to programs designed to successfully prevent and end homelessness, including:

- Significantly expanding homelessness prevention.
- Providing incentives to place more emphasis on rapid re-housing, especially for homeless families.
- Continuing the emphasis on creating permanent supportive housing for chronically homeless individuals and adding an emphasis on chronically homeless families.

The HEARTH Act also tasked the U.S. Interagency Council on Homelessness to develop a federal strategic plan to prevent and end homelessness. This strategic plan [Opening Doors: Federal Strategic Plan to Prevent and End Homelessness](#) was released in 2010 and was updated in 2015. The plan is focused on four key goals:

1. Prevent and end homelessness among veterans in 2015.

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2. End chronic homelessness in 2017.
3. Prevent and end homelessness for families, youth and children in 2020.
4. Set a path to end all types of homelessness.

To accomplish these goals, the federal plan outlines a comprehensive approach that addresses housing, health care, jobs, education, a homeless crisis response system and criminal justice reform. The federal plan also assigns responsibility for segments of this approach across multiple federal agencies, including the departments of Agriculture, Commerce, Defense, Education, Energy, Health and Human Services, Homeland Security, HUD and Interior. The plan's detailed strategies and objectives are in **Appendix B**.

To address its responsibilities related to the federal strategic plan, HUD has several grant programs focused on housing, communities and homeless housing and assistance. Washington's State Consolidated Plan for HUD (2015-2019), developed by Commerce, includes several of these grants, including the Emergency Solutions Grant. Commerce uses the approximately \$2.5 million it receives annually from this grant to help support its homeless housing and assistance grant program. The federal grants Commerce receives are awarded on how well state and local homeless housing and assistance programs meet federal strategies.

Federal grant funds are distributed to local governments as part of their Consolidated Homeless Grant and used for rapid rehousing, homeless prevention and emergency shelters. In addition to receiving federal funds through their grants from Commerce, local governments can establish local continuum of care organizations and apply for and receive grant funds directly from HUD to support their homeless programs. Local governments that do not have a local continuum of care organization participate in the Balance of State continuum of care organization administered by Commerce. A continuum of care organization develops a strategic system to provide homeless persons with housing and services appropriate to their needs and includes the following key characteristics:

- Outreach, intake and assessment to identify service and housing needs and provides a link to the appropriate level of both.
- Emergency shelter to provide an immediate and safe alternative to sleeping on the streets, especially for homeless families with children.
- Transitional housing with supportive services to allow for the development of skills that will be needed once permanently housed.
- Permanent and permanent supportive housing to provide individuals and families with affordable place to live with services, if needed.

Federal grants provided about one-third (\$70.1 million) of all the total funds used by the state and local government agencies to support homeless housing and assistance programs in calendar year 2014.

**OBJECTIVES, SCOPE AND METHODOLOGY**

This performance audit was conducted in response to a 2014 amendment to the state’s Homeless Housing and Assistance Act (Chapter 43.185C RCW), which required the Office of Financial Management to contract with an independent auditor to evaluate whether the surcharge funds have been used effectively and how well the Commerce is meeting the statutory requirements in the Act. Specifically, this performance audit was designed to answer the follow two audit objectives:

1. Are document recording surcharge funds used effectively by recipients to reduce homelessness?
2. How well is the Department of Commerce meeting its statutory requirement for the Homeless Housing and Assistance grant program, including reporting on the use of funding in reducing homelessness?

Included in the scope of this audit, awarded in April 2016, was a review of the Department of Commerce, and a review of grantees and subgrantees receiving the following three state homeless housing and assistance grants:

1. Consolidated Homeless Grant
2. Independent Youth Housing Program Grant
3. Operations and Maintenance Grant

To develop the evidence needed to address the two audit objectives, we used multiple methodologies for more robust evidence gathering on which to develop audit findings, draw conclusions and make recommendations.

**To determine whether surcharge funds had been used effectively to reduce homelessness, we conducted the following:**

**Survey** – A web-based survey, using SurveyMonkey.com, was administered to local grantees that received a state grant that comprised in whole, or in part, of surcharge funds. The survey contained questions on the amount of local and state surcharge funds grantees received in calendar years 2014 and 2015, how many homeless individuals and families were served with those funds, what housing interventions were supported with surcharge funds, whether they had performance measures specific to the use of the surcharge funds, the causes of homelessness in their communities and the importance of the surcharge funds to the success of their local homeless program. The survey also included open-ended questions asking for information on their experiences collecting, tracking and reporting data on the spending of surcharge funds. The survey was developed with input from Commerce’s program managers and pre-tested with homeless housing service providers. Ninety-one grantees were surveyed in June 2016 with an overall response rate of 81 percent. The survey response rate for each type of state surcharge funded program is shown in **Figure 3** below.

**Figure 3: TAP International survey response rate**

Commerce-funded Housing Assistance and Homeless Program	Number of grantees that received the survey	Survey response rate*
Consolidated Homeless Grant	35	97%
Independent Youth Homeless Program	5	100%
Operations & Maintenance Program	51	68%
<b>Total</b>	<b>91</b>	<b>81%</b>

\* For purposes of reporting, we analyzed 74 surveys that had complete responses.

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**On-site visits** – To select Consolidated Homeless Grant lead agencies for onsite visits, we considered several factors based on information from Commerce’s 2015 annual homeless grant report to the Legislature. These factors included:

- The percentage of each lead agency’s reported surcharge fund spending to total reported surcharge fund spending.
- The percentage of surcharge fund spending to total homeless program spending for each lead agency.
- Commerce’s risk scores used to monitor lead agencies. We selected lead agencies that had lower and higher risk scores.

The eight Consolidated Homeless Grant lead agencies selected for site visits compose 58 percent of the \$11.8 million in total Consolidated Homeless Grant funds spent in 2014. These agencies also represent various geographic regions of the state, including urban and rural locations.

After selection of the lead agency on-site visits, we used a judgmental selection process to choose two nearby Independent Youth Housing Program grantees and two Operations and Maintenance grantees.

The 12 agencies selected are as follows:

<b>Site visit locations</b>	
Consolidated Homeless Grant lead agencies	Pierce County Community Connections
	Thurston County Public Health and Human Services
	Yakima Valley Council of Governments
	Benton-Franklin Department of Human Services, Housing Department
	City of Spokane, Community, Housing and Human Services
	Spokane County Community Services, Housing and Community Development Division
	King County Department of Human Services, Homeless and Housing Programs
	Clark County Department of Community Services
Independent Youth Housing Program grantees	Pierce County Alliance
	Volunteers of America of Eastern Washington and Northern Idaho, Foster Youth Programs
Operations and Maintenance Grant grantees	The Rescue Mission
	Downtown Emergency Service Center

We used a structured site visit interview tool to ensure we gathered consistent information from 38 officials participating in our interviews at each of the 12 site visits we conducted across the state. We gathered information on areas such as surcharge fee utilization, experiences with implementing Consolidated Homeless Grant, Independent Youth Housing Program, and Operations and Maintenance Program requirements, measures to monitor program success, homeless plan development and strategy, state reporting requirements and perspectives on state goals and objectives. The information we gathered from each visit was then summarized and tabulated to draw conclusions.

**Focus groups** – We conducted three focus groups of Consolidated Homeless Grant subgrantees that provide direct services to the homeless. We identified potential focus group participants by obtaining a list of subgrantees from lead agencies in Spokane (city and county), King County and Clark County. All subgrantees were invited to participate in the focus groups. A total of 23 subgrantees participated. We concentrated focus group discussions on surcharge fee spending, experiences with implementing

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Consolidated Homeless Grant Program requirements, measures to monitor program success, homeless plan development and strategy, state reporting requirements and perspectives on state goals and objectives. The information we gathered from each focus group was then summarized and tabulated to draw conclusions.

**To address how well Commerce is meeting statutory requirements described in the Act,** we gathered, reviewed and analyzed relevant documents and reports, and cost and performance data provided by Commerce. We also conducted interviews with 17 Commerce executives, program managers and staff to understand program priorities, processes and operations. We evaluated local homeless plans and strategies as well as the published research reports funded by Commerce with the Department of Social and Health Services to guide the state's homeless program. We used this information – including data collected from our survey, on-site visits and focus groups – to assess Commerce's compliance with the requirements and identify opportunities for improvement.

### **Key Homeless Housing and Assistance Act Requirements**

- Conducting the annual point-in-time homeless count.
- Developing a statewide homeless housing strategic plan.
- Developing a statewide data gathering system to measure and report progress on reducing homelessness.
- Preparing annual reports to the Legislature that assess the state's performance on use of surcharge funds to reduce homelessness.
- Allocating and awarding surcharge funds to local homeless programs in accordance with homeless plans.
- Providing technical assistance to local governments.
- Implementing a homeless client information system.

Finally, we met with three officials from the Low Income Housing Alliance and the Washington Community Action Partnership to discuss homeless issues including their views on how effective state and local homeless programs have been at reducing homelessness, and what should be the role of the state.

### **Limitations of the audit**

The scope of work as contracted with the Office of Financial Management did not include evaluating the extent that one type of homeless program was successful at reducing homelessness in comparison to other programs, nor did it include a comparison of the state's program with homeless programs administered in other states. These types of evaluations were not included in the scope of work of the state's request for proposal for this audit.

### **Audit conducted in accordance with government auditing standards**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As required by auditing standards, a draft of the audit report was provided to Commerce for their review and to give them the opportunity to provide comments. Commerce generally agreed with our recommendations. A copy of Commerce's written comments are included in this report following the report recommendations.

## KEY FINDINGS

### Surcharge funding is attributed to a wide range of successes

Over the past three state biennia, and including forecasted amounts for fiscal year 2017, Commerce will have granted almost \$140 million in surcharge funds to counties to support their local homeless housing and assistance programs. As shown in **Figure 4** below, approximately 61 percent of the surcharge fees were allocated to the Consolidated Homeless Grant Program while the remaining funds were distributed to other Commerce-administered housing and homeless programs.

**Figure 4:** Surcharge expenditures<sup>4</sup> on state homeless housing and assistance grants

Biennium	Consolidated Homeless Grant <sup>5</sup>	Independent Youth Housing Grant	Operations and Maintenance Grant	Department of Social and Health Services Youth Programs <sup>6</sup>	Office of Homeless Youth <sup>7</sup>	Total
<b>2015-17 projected</b>	\$33,936,301	\$1,800,000	\$4,959,726	\$10,741,000	\$3,025,000	\$54,462,027
<b>2013-15</b>	\$31,216,866	\$1,716,546	\$4,262,224	\$9,867,117	not applicable	\$47,062,753
<b>2011-13</b>	\$22,929,034	\$1,710,094	\$3,866,228	\$9,473,636	not applicable	\$37,978,992
<b>Totals</b>	<b>\$88,082,201</b>	<b>\$5,226,640</b>	<b>\$13,088,178</b>	<b>\$30,081,753</b>	<b>\$3,025,000</b>	<b>\$139,503,772</b>

Commerce's most recent legislative annual report [Homelessness in Washington State: 2015 Annual Report on the Homeless Grant Programs \(January 2016\)](#), reported that over 55,000 people received homeless reduction services, including emergency shelter, transitional housing, rapid re-housing, homeless prevention, permanent supportive housing or permanent housing services in calendar year 2014. Separate results were reported for the portion of the Consolidated Homeless Grant funds funded with surcharge funds, which noted 14,929 households received emergency shelter, transitional housing, rapid re-housing and homeless prevention services. A total of 111 households received housing assistance and case management services from the Independent Youth Housing Program grant, which is fully funded with surcharge funds. Results on outcomes were not reported for Operations and Maintenance Grants as these grants do not provide direct services to the homeless, but instead are used to offset expenses incurred for operational and maintenance activities of homeless housing facilities.

<sup>4</sup> Expenditure amounts include administrative costs.

<sup>5</sup> Consolidated Homeless Grants contain surcharge funds, federal funds and other state funds. The amounts included in this table are only the portion of the grant composed of surcharge funds.

<sup>6</sup> Starting in fiscal year 2016, the Legislature transferred funding to administer these surcharges funded homeless youth programs from the Department of Social and Homeless Services to the Office of Homeless Youth at the Department of Commerce. Surcharge funds spent by DSHS for these programs prior to this transfer are reflected in the column.

<sup>7</sup> Additional funds from the state general fund were appropriated in the fiscal year 2016 supplemental state budget. The amounts included in this table are surcharge funds only.

**Surcharge funding levels are significant**

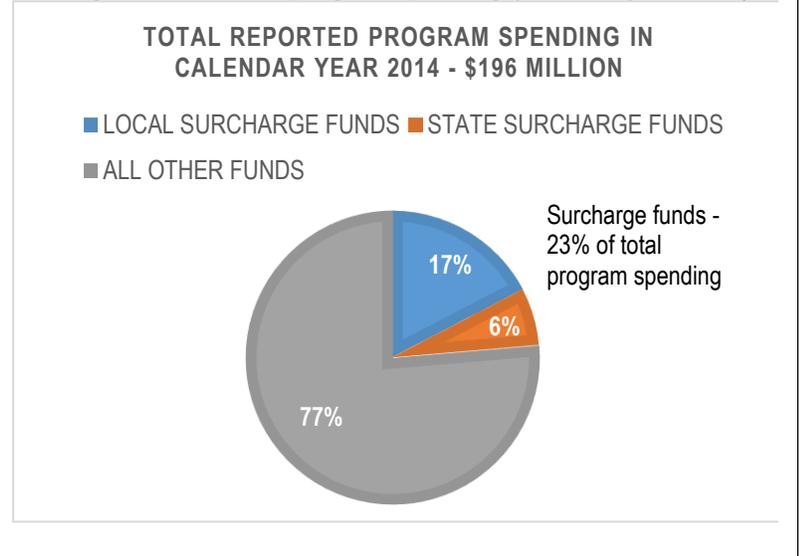
The funds provided by the surcharges are a significant component of the total funding used to support homeless housing and assistance programs. As shown in **Figure 5**<sup>8</sup> a total of \$196 million was reported as spent on homeless housing and assistance programs, of which 23 percent (approximately \$46.4 million) came from state and local surcharge fees. Commerce spent an additional \$1.9 million in surcharge funds for program administration in calendar year 2014.<sup>9</sup>

**Figure 6** shows the source of the \$196 million in total homeless program spending. For calendar year 2014:

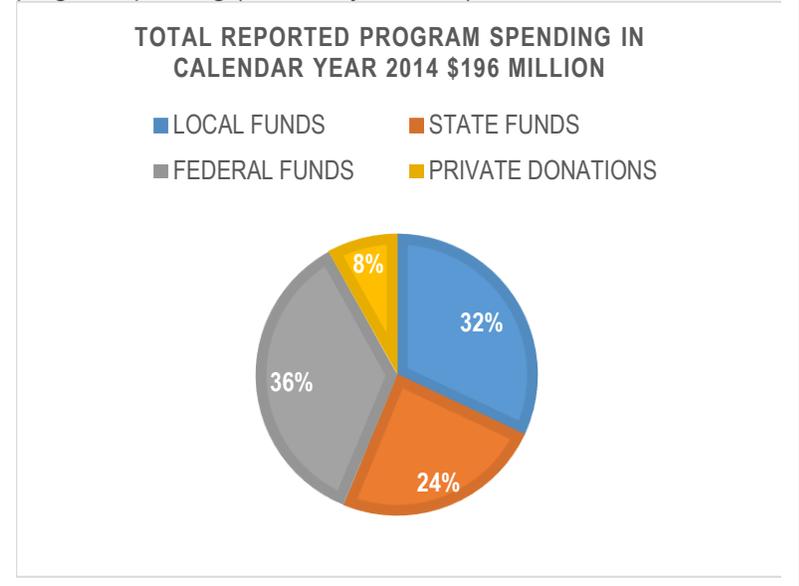
- Thirty-two percent (\$62.7 million) was from local surcharge fees.
- Twenty-four percent (\$47.5 million) was from state surcharge fees.
- Thirty-six percent (\$70.1 million) was from federal funding sources.
- Eight percent (\$15.7 million) was from private donations.

There is wide variation in the amount and type of funding each county receives to fund its programs. **Appendix C** provides detailed expenditure information for the state and each county for calendar year 2014. The data shows that when comparing 2014 county-level spending for urban<sup>10</sup> and rural counties, rural counties are more dependent on surcharge fees from state allocations than urban counties, and urban counties are more dependent on local and federal funds in comparison to rural counties. Specifically:

**Figure 5: Surcharge spending as percentage of total homeless housing and assistance program spending (calendar year 2014)**



**Figure 6: Sources of total homeless housing and assistance program spending (calendar year 2014)**



<sup>8</sup> Figures 5 and 6 are based on TAP International analysis of expenditure information annually reported to Commerce by Consolidated Homeless Grant lead agencies, which gather this self-reported information on total spending from all sources and all providers in its county. The most recent year this information was available for was calendar year 2014. Commerce refers to this data as the “final county annual report.”

<sup>9</sup> For the 2015-17 biennium, Commerce’s administrative cap was just over \$7.1 million, but the agency allocated \$2.5 million of that amount to homeless grants.

<sup>10</sup> Counties that meet the Office of Financial Management’s definition of urban include Benton, Clark, King, Kitsap, Pierce, Snohomish, Spokane, Thurston and Whatcom.

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- Eighty-three percent of all local surcharge fees were spent in urban counties.
- Sixty-five percent of surcharge fees granted to local governments by the state were spent in urban counties.
- Eighty-two percent of total program spending was in urban counties.

### Surcharge funds support multiple types of interventions

Thirty-four survey respondents receiving surcharge funds from Consolidated Homeless Grants reported spending approximately \$45 million in surcharge funds to provide homeless housing and assistance services in both calendar year 2014 and 2015. This amount is not significantly different from the amount of surcharge spending reported to Commerce by Consolidated Homeless Grant recipients for 2014. Survey respondents reported serving 78,744 individuals with surcharge funds in 2015. This is a 24 percent increase from 2014.

In calendar year 2015, all five Independent Youth Housing Program (IYHP) grantees that responded to our survey reported receiving \$1.6 million in surcharge fees from the state and serving 2,076 youth and young adults. These same IHYP programs reported receiving \$1.4 million in 2014 and serving 2,200 youth and young adults. This reflects a decrease of about 6 percent in the number of individuals served.

In calendar year 2015, 35 of the 53 Operations and Maintenance grantees that responded to our survey reported receiving \$1.4 million in surcharge fees from the state and local agencies. These same respondents reported having received \$1.5 million in calendar year 2014.

**Figure 7** below shows the amount of spending by survey respondents in 2014 and 2015 for the Consolidated Homeless Grant, the Independent Youth Housing Program grant and the Operations and Maintenance grant.

**Figure 7:** Individuals served and surcharge funds spent in calendar years 2014 and 2015 as reported by survey respondents.<sup>11</sup>

<b>Survey responses (34)– Consolidated Homeless Grant recipients</b>	<b>2014</b>	<b>2015</b>
Number of individuals served with surcharge funds	63,365	78,744
Amount of local surcharge funds spent	\$30,524,860	\$27,135,424
Amount of state granted surcharge funds spent	\$14,572,394	\$18,476,284
<b>TOTAL surcharge funds spent</b>	<b>\$45,097,254</b>	<b>\$45,611,708</b>

<b>Survey responses (5)– Independent Youth Housing Program recipients</b>	<b>2014</b>	<b>2015</b>
Number of individuals served with surcharge funds	2,200	2,076
Amount of local surcharge funds spent	\$692,641	\$739,299
Amount of state granted surcharge funds spent	\$730,268	\$893,772
<b>TOTAL surcharge funds spent</b>	<b>\$1,422,909</b>	<b>\$1,633,071</b>

<b>Survey responses (35) – Operations and Maintenance Grant recipients</b>	<b>2014</b>	<b>2015</b>
Amount of local surcharge funds spent	\$981,142	\$810,757
Amount of state granted surcharge funds spent	\$558,651	\$579,329
<b>TOTAL surcharge funds spent</b>	<b>\$1,539,793</b>	<b>\$1,390,086</b>

Source: TAP International survey of Consolidated Homeless Grant recipients

<sup>11</sup> Other funding, in addition to surcharge fees were used to provide services to these individuals and families.

Consolidated Homeless Grant recipients surveyed also reported that rapid rehousing and targeted prevention programs were the most common interventions fully or partially funded by local and state granted surcharge funds in 2014 and 2015. **Figure 8** shows the frequency surcharge funds were used to fund the listed homeless housing interventions allowed under the Consolidated Homeless Grant program.

**Figure 8:** Most common homeless housing interventions reported as partially or fully funded with surcharge funds in calendar years 2014 or 2015 by 34 Consolidated Homeless Grantee survey respondents

Type of housing intervention*	Number of survey respondents providing intervention with surcharge funds (out of 34)
Rapid re-housing	31
Targeted prevention	27
Continuous stay shelter	21
Drop-in shelter	17
Interim housing	17
Permanent supportive housing	17

\*Note: A description of each housing intervention type is in **Appendix D**.

Other interventions partially or fully funded with surcharge funds by four or fewer survey respondents included transitional housing, coordinated entry, seasonal severe weather shelter, case management, legal services, landlord liaison, landlord incentives, homeless outreach, life skills, rental assistance, homeless assistance fund, homeless youth employment and emergency hotel vouchers.

Examples of services provided by the four agencies we visited that were funded by Operations and Maintenance and Independent Youth Housing Program grants included offsetting utility, cleaning and maintenance expenses, providing rent assistance, financial management education and case management support.

While this information provides a good snapshot of the amount of surcharge funds spent by local homeless housing and assistance programs and the types of interventions they fund, it is important to note that local programs use a mixture of local, state and federal funds along with private donations to fund their programs. These programs vary based on the needs of their community, the providers available to deliver services, the level of experience of those managing the program and the capacity of the program to provide the services needed in the community.

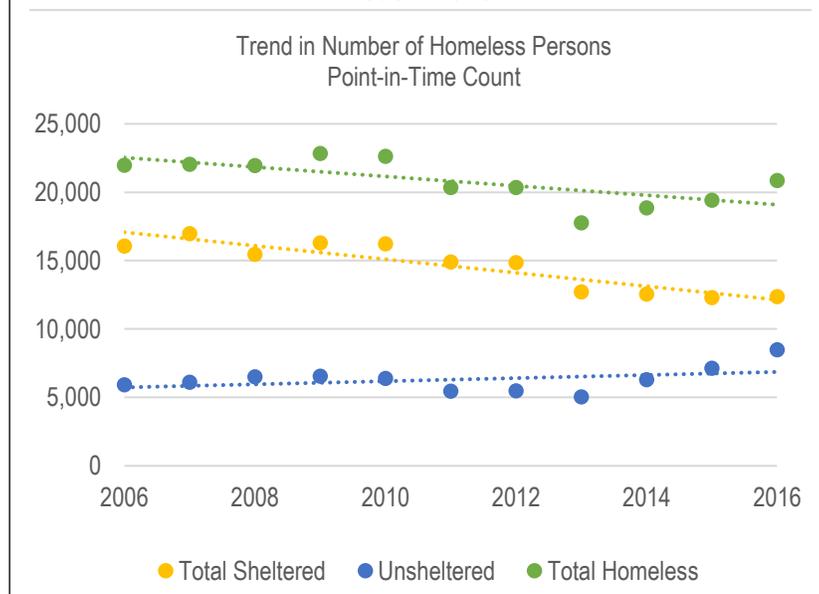
**A full range of program successes is not captured in current performance metrics**

The primary performance indicator in the Act was to reduce the number of homeless in the state and each county by 50 percent by July 2015 as measured by the homeless point-in-time count.<sup>12</sup> The point-in-time count is an annual count of the number of sheltered and unsheltered homeless in the state on one night in January and is also required by federal law for its homeless grant programs.

<sup>12</sup>Both sheltered and unsheltered homeless individuals are included in the count. Sheltered homeless are those temporarily housed in emergency shelters and transitional housing who are counted using data entered into HMIS. Unsheltered homeless are those living in places not meant for human habitation, such as cars, parks, sidewalks, abandoned buildings or on the street, who are counted by outreach teams who visit known homeless areas.

The state's point-in-time count results show a 5 percent decline in the number of sheltered and unsheltered homeless from 21,962 in 2006 to 20,844 in 2016. Figure 9 shows the count trend lines over this time-period, including the overall decline in the number of homeless up to 2013 and the increase since then to almost the 2006 level. Our analysis shows that while the number of unsheltered homeless has increased since 2014, the number of sheltered homeless has decreased. This is likely due to a change in state grant program requirements that reflect a policy shift to provide greater funding for rapid-rehousing rather than transitional housing. The goal of rapid re-housing is to place homeless families into permanent housing as quickly as possible.

**Figure 9: Washington's Point-in-Time count results 2006 – 2016**



While the statewide point-in-time results have shown a small overall decline in the number of homeless in comparison to 2006 levels, some counties have experienced more significant decreases than others. In 2016, 26 counties had experienced a reduction in the number of homeless since 2006, with 12 counties achieving a reduction of 50 percent or more.

The statewide point-in-time results also show differences in the results for urban versus rural counties. In 2016, 20,844 individuals were counted as homeless throughout the state. Eighty-two percent (or 17,159) of them were in nine urban counties - Benton-Franklin, Clark, King, Kitsap, Pierce, Snohomish, Spokane, Thurston and Whatcom. The remaining 18 percent (or 3,685) of homeless individuals were counted in the state's rural counties. King County alone accounted for the majority of total homeless individuals in the state at 51 percent (10,730).

The point in time count has its limitations. It provides a once-a-year snapshot only of the homeless population and does not measure the impact that surcharge funding has had in reducing homelessness or on the effectiveness of homeless programs. The point in time also does not provide the information needed to understand what specific homeless housing interventions and programs provide the best results. In addition, the point-in-time may under-report the number of unsheltered individuals and families. Officials from four of the eight Consolidated Homeless Grant lead agencies that we visited said counting activities sometimes exclude areas known to present a potential danger to census takers. Focus group participants also noted that it is difficult to measure reductions in homelessness with the point-in-time count because not all homeless areas are included in the count.

**Appendix E** provides point-in-time count results from 2006 to 2016 for each county.

Commerce is also dissatisfied with the timeliness and accuracy of the annual point-in-time count. In 2014, Commerce began working with the state's Department of Social and Health Services to develop

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a supplemental homeless count. The supplemental count is developed every six months with information gathered for recipients of the Supplemental Nutrition Assistance Program (formerly known as food stamps) and other available data to identify additional information about the homeless. Results for each supplemental count completed since 2014 have put the number of homeless, defined as unsheltered or in an emergency shelters, at approximately 42,000. This number is more than twice the number reported from the point-in-time count in the same time-period, illustrating both the limitations of the point-in-time count and the magnitude of the homeless problem. Each supplemental count also has identified approximately 140,000 more people as unstably housed, which places them at risk of becoming homeless. These supplemental counts provide the state and the counties with valuable information needed to understand how to continue to evolve programs to address the needs of the homeless and those at risk of becoming homeless.

**Appendix F** provides a copy of the results of the January 2016 supplemental homeless count.

### **Local homeless programs attribute other successes to surcharge funds**

Although few local government agencies we visited and surveyed uniquely link the use of surcharge funds to program outcomes, our analysis shows that the surcharge funds have had significant impact on addressing homelessness in the state. Specifically, two-thirds of the 74 survey respondents either agreed or strongly agreed that the surcharge funds have had a positive impact on reducing homelessness in their county over the past two years.

One way to measure the success of housing intervention types is to look at the rate at which individuals and families return to homelessness after being permanently housed. We asked the Consolidated Homeless Grant lead agencies we surveyed how many individuals benefiting from surcharge funds had experienced a recurrence of homelessness in 2014 and 2015. In 2014, these agencies provided services, at least partially funded with surcharge funds, to 63,365 individuals with 1,374, or about 2.2 percent, experiencing a recurrence of homelessness. In 2015, these same agencies reported serving 78,744 individuals with 1,858, or about 2.4 percent, experiencing a recurrence of homelessness. It is important to note that an increase in recurrence does not necessarily mean that homeless programs are unsuccessful because long-term monitoring is not a priority among the agencies.

During our visits, homeless program staff attributed the slight increase in recurrence to the requirement in Commerce's grant guidance to prioritize serving the unsheltered homeless. This population is more complex to serve and are more likely to experience a recurrence of homelessness. Program staff also said the decrease in funding available for transitional housing, which provides supportive services to help those individuals in need of more support to successfully retain permanent housing, may have contributed to the increase. Information provided by Commerce confirmed that local government agencies have increased the percentage of homeless they serve who were unsheltered, indicating a program success in serving those who are most vulnerable.

**Success can be measured in many ways.** Grantees that responded to our survey, the 12 local government and nonprofit agencies we visited, and our 23 focus group participants provided numerous examples of the positive impact surcharge funds have had on their local homeless programs. For example:

- Seattle area providers described how programs funded with surcharge funds have reduced emergency room visits, curbed illicit drug use and kept individuals with severe behavioral health issues stably housed.

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- A facility that receives surcharge funds from an Operations and Maintenance grant reported these funds have reduced family homelessness by supporting eight short-term units for families to reside in while they find permanent housing rather than live on the street or in their car. These families also receive local supportive services funds to ensure they continue their path to housing stability. This facility serves about 32 homeless families per year.
- An individual and his fiancée who had lost their home and were living in a borrowed van ran into legal difficulty because of drugs and lost custody of their newborn. A county homeless program began working with him to find stable housing, required him to attend classes on how to be a good renter and helped him negotiate with a prospective landlord. He has since become a reliable tenant, and the landlord dropped the requirement for the county to provide a reserve fund for potential damages from the landlord guarantee fund. With a stable place to live, he, his fiancée and child are back together.
- A rural county implemented Commerce's 100-day challenge to end family homelessness. In just four months, the challenge led to substantial program improvements. The county now offers better troubleshooting of a client's situation, is moving more households into homeless shelters or into a housing program, and using local surcharge funds to help those with income, but no means of covering moving expenses.

Our visits to two of the five nonprofit agencies that receive these grants for youth and young adults reported the following successes:

- Providing instruction to youth on accomplishing financial independence.
- Assisting youth on preparing for job searches.
- Assisting youth in locating affordable housing.
- Providing rental subsistence for unsheltered youth.

Officials explained how these funds provided a safety net for this population, allowing them time to obtain the life skills needed to successfully secure and maintain housing.

The Operations and Maintenance grant program uses surcharge fees to help operate and maintain affordable housing units developed with funds from the state's Housing Trust Fund. Commerce does not include information from these grants in its annual homeless grant report. Officials from two nonprofit agencies we visited explained these funds are valuable in offsetting facility expenditures, freeing up other funds to use for direct supportive services.

None of the local government or nonprofit agencies we visited, nor any of the 23 participants in the focus groups could attribute success in addressing homelessness to any one housing intervention or program. All reported that having multiple housing interventions and programs to meet the needs of the homeless in their communities was what made them successful in reducing homelessness. All of them also reported the loss of the surcharge funds would result in diminished successes.

Some of the local government agencies we visited said the impact of the loss of surcharge funds is greater than the value of those funds because of the flexibility in how they can be used for matching funds for federal grants or private foundation grants. The absence of restrictions placed on the uses of local surcharge funds have also allowed local governments to fund pilot programs and interventions that have worked well in their communities for which no other funding is available.

### Commerce and local government agencies enhance performance reporting

To capture other types of outcomes, seven of the eight local government agencies we visited have adopted performance measures from the federal Homeless Emergency Assistance and Rapid Transition to Housing Act (HEARTH Act). Several of the agencies have added their own local measures as well. The HEARTH performance measures include the length of time in temporary housing and the percentage of people who return to homelessness within two years after exiting to permanent housing. Several local government agencies we visited explained they have also started developing performance reports for their providers based on these measures to not only provide them feedback on how well they are doing, but to also help ensure that data is entered correctly into Homeless Client Management Information System (HMIS).

Commerce uses the HEARTH measures to provide additional statewide information on homeless programs. These statewide performance results are based on HMIS data entered by local government and nonprofit agencies that provide homeless and housing assistance programs. Commerce has recently used these measures to develop a report card for each county that displays information about each county's homeless housing and assistance program. Commerce publishes these county report cards for the public.<sup>13</sup> **Appendix G** contains county level results for 2015. Statewide results for 2015 are summarized as follows.

- 47,261 individuals were housed in a facility or with rental assistance.
- Eight-two percent of those housed were homeless for the first time.
- Forty-eight days was the average median length of stay in temporary housing.
- Fifty-three percent was the average percentage of homeless who exited to permanent housing.
- Six percent was the average percentage of individuals who returned to homelessness after exiting to permanent housing within the last two years.

It is important to note that while HEARTH performance measures do measure program outcomes, they do not measure the effectiveness of the surcharge funds in reducing homelessness. About two-thirds of the 65 agencies that responded to our survey question on performance measures reported they do not directly measure outcomes for surcharge funds or provide long-term monitoring to accurately track recurrence rates. Additionally, 19 of the 23 focus group participants stated that they did not have specific performance measures that link use of surcharge funds to program outcomes.

To report on the impact of surcharge funds on reducing homelessness, Commerce proportionally attributes program results to the amount of each funding source. These results are reported in its annual report to the Legislature. Commerce program managers explained that they apply the proportional method so that grant recipients do not have to assume the administrative burden of tracking program outcomes by funding source. However, allocating homeless grant program outcomes based on funding levels from each source does not accurately capture the impact of surcharge funds at reducing homelessness. Using more advanced program evaluation approaches, such as evaluating a sample of comparable programs that receive a substantial portion of their program funding from surcharge fees could provide more detailed information on outcomes. Conducting these types of analyses would allow Commerce to use evidenced based information to directly link program outcomes to surcharge funding.

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<sup>13</sup> <https://public.tableau.com/profile/mary3342#!/vizhome/FinalCountyReportCardAugust2016/CountyReportCard>

### **Commerce could conduct additional analysis of available information**

Commerce uses national and state research and data to inform changes to its homeless grant programs. Commerce currently funds state-level research through a research unit at the Department of Social and Health Services.<sup>14</sup> The research studies Commerce identified as sources of information they use to make decisions about program changes are thoughtfully developed in terms of research design and generate actionable findings. The application of those findings is limited due to their focus on specific homeless sub-populations, such as families who receive TANF.

Limitations on applicability of research findings is also true for the national studies Commerce cites to support its focus on rapid rehousing. These studies focused only on families and homelessness prevention for two urban areas on the East Coast. The studies' findings suggest potential lines of future county-level research to identify ways to improve the effectiveness of specific local homeless programs. Additional analysis of county-level data would increase Commerce's understanding of which interventions work best and why. Sharing these results with local homeless programs across the state would allow them to apply lessons learned. Coupling these results with the county report card performance measures would provide a deeper understanding of the experiences ending homelessness in each county.

The opportunity for Commerce to do more to understand the differences among local programs and what interventions work best was raised repeatedly in our visits to eight local government agencies. Six of these agencies wanted more technical assistance from Commerce on how to apply them to their local homeless programs. Program management from one of the larger counties we visited stated that while the state should have an oversight role for its homeless grant programs, the requirement to implement a coordinated entry system among local government agencies that received Consolidated Housing Grant funds is a good example of the state prescribing a requirement without providing detailed guidance on how it should be implemented. The other four agencies we visited that receive Operations and Maintenance and Independent Youth Housing Program grants reported they were satisfied with the assistance provided by the state.

### **Commerce meets the statutory requirements in the Act**

With passage of the Act, the Legislature recognized the need for a statewide framework to address the challenges of ending homelessness in Washington. The Act designates Commerce as the responsible state department to administer the statewide framework and it assigns specific statutory requirements to the agency. The primary statutory requirements Commerce must comply with are:

1. Conducting the annual state point-in-time count.
2. Developing a statewide homeless housing strategic plan.
3. Developing a statewide data gathering system and uniform approach for local governments to report on their progress toward reducing homelessness.
4. Preparing an annual report to the Legislature.
5. Allocating grant funds to local governments in accordance with state and local homeless housing plans.
6. Providing technical assistance to local government.
7. Implementing the homeless client management information system (HMIS).

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<sup>14</sup> <https://www.dshs.wa.gov/sesa/research-and-data-analysis>

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As outlined in **Figure 10**, Commerce has met each of the seven key requirements to some degree. Commerce executives, managers and staff provided documentation and discussed in depth the evidence supporting how they have addressed each of the requirements.

Our analysis found that Commerce meets three of the requirements on an on-going basis. These are the point-in-time count, providing technical assistance, and implementing a management information system. The other four requirements have generally been met, but based on Commerce's performance over the past several years, there are additional opportunities to improve their implementation. These four areas are statewide strategic planning, gathering statewide data, the annual report to the Legislature and the method used to allocate grant surcharge funds.

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**Figure 10:** Summary table of how Commerce is meeting statutory requirement in the Act

Statutory requirement	How Commerce meets requirement	Opportunity for improvement
1. Conduct <b>annual statewide point-in-time count</b> (RCW 43.185.c.030).	Provides guidance based on HUD guidance and funding for each county to conduct count. Results are reported on website and in the annual report.	Commerce fully meets all aspects.
2. Develop a <b>statewide homeless housing strategic plan</b> (RCW 43.185C.040(1)) that includes specific program outcomes, performance measures and goals (RCW 43.185C.040(2)).	Developed statewide plan in 2006 that included specific goals, performance measures and strategies. Update to plan included in 2014 annual legislative report.	Commerce has met the requirement to have a plan. The plan could be updated through engagement of program participants, other state agencies and other stakeholders to consider current program guidelines and suggest future directions.
3. Develop a <b>statewide data gathering system</b> (RCW 43.185C.040(3)) and uniform approach for local government to report progress toward reducing homelessness and meeting locally established goals (RCW 43.185C.110).	Annually collects information from lead agencies on all homeless projects and their sources of funding. This effort is referred to as the County Annual Report. Built from the HUD housing inventory, this information is used to meet legislative reporting requirements in the Act.	Commerce gathers extensive data on homeless program activities. However, the manual process could be more efficient in reporting data from local agencies, and verification and analysis of data by Commerce.
4. Prepare <b>annual reports to the legislature</b> that assess the state's performance in furthering goals of the 10-year plan (RCW 43.185C.040(3)); and uses of document recording surcharge fees (RCW 43.185C.240(1)(c)(iv)).	Annually submits report on homeless grant programs to the Legislature.	The Annual report is provided to the Legislature as required. Commerce could better leverage the annual report to inform legislators and the public about homelessness by improving data presentation, providing comparative analysis across years, reformatting the report and data to facilitate comparisons, providing more in-depth analysis, including highlights of year-to-year changes, discussing funded research findings and expanding report distribution.
5. <b>Allocate funds</b> for projects in approved local homeless housing plans (RCW 43.185C.090). Grant applications can only be approved if consistent with local and state homeless housing strategic plans (RCW43.185C.070(3)).	Allocates funds to lead agencies (counties) based primarily (85%) on prior spending. Some weight (5% each) is given for level of poverty, unemployment and serious mental illness. Once allotments are determined, lead agencies apply for the allocation. The application asks for a budget and a list of programs funds will be used for, and a list of subgrantee programs and program type.	Funding allocation process is designed to support state program goals. However, there could be stronger linkage of funding allocations to local homeless strategic plans, as required by the Act.
6. <b>Provide technical assistance</b> to local governments (RCW 43.185C.100).	Provides technical assistance to local governments and providers in many forms: Newsletters, monthly webinars, training, one-on-one assistance from program managers, etc.	Commerce fully complies with this requirement, with local agencies complementing state efforts. However, six of the eight grantees we visited reported wanting more information on how to apply leading practices to their programs.
7. <b>Implement homeless client information system</b> (RCW 43.185C.180).	Requires all programs that receive state or local document recording surcharge funds to enter client data into HMIS. Some counties have own system; the remainder use the state HMIS system.	Commerce has implemented HMIS; however, three of eight agencies we visited suggested the need for improvements in how their information is uploaded to the state's system. Commerce recently upgraded its system and was resolving configuration issues at the time of our review.

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Additional information on how Commerce can improve its performance in meeting the Act's statutory requirements for statewide strategic planning, gathering statewide data, the annual report to the Legislature and its method to allocate grant surcharge funds follows.

**Statewide strategic homeless plan.** The Act's requirement to develop a Ten-Year Homeless Plan was completed in 2006. Commerce met the requirement to have a plan that outlined statewide goals and performance measures and serve as a guide for local governments to develop local homeless plans. The strategies in the plan addressed homelessness prevention, housing and assistance, job creation and creating affordable housing. Changes since 2006, such as the 2008 recession and subsequent state budget reductions, passage of the federal HEARTH Act, publication of [Opening Doors: Federal Strategic Plan to Prevent and End Homelessness](#), shifts in leading practices, and lessons learned through program delivery suggest the need for a comprehensive process to meet the legislative intent of an up-to-date, statewide, long-term strategy informed by the experiences of state and local government agencies as well as local providers.

Commerce developed a short update to the plan in 2014 whose purpose, according to Commerce program managers, was to reset the plan to focus on creating a homeless crisis response system where homelessness is rare, brief and nonrecurring. The plan update did not comprehensively engage local government programs in providing specific action steps, measures or goals. The 2014 plan update set new priorities for the state's various homeless programs that included a shifting of resources to increasing available beds. The 2014 plan update described making the system more efficient by better targeting services, increasing use of available housing and reducing the length of time housing assistance is provided to cut system costs.

Since the 2014 plan update, the state's homeless housing and assistance program has continued to evolve and changes have outgrown the 2006 statewide homeless plan and the 2014 plan update. Commerce executives and managers explained that they rely on a variety of influences to set the strategic direction for the state's homeless grant programs and to guide policy changes. These influences include Results Commerce; Commerce's agency strategic plan; recommendations to the Governor from the Interagency Council on Homelessness; the Affordable Housing Needs Assessment completed by the state's Affordable Housing Advisory Board; and materials from the recent joint meeting of the Affordable Housing Advisory Board, the state Interagency Council on Homelessness and the State Advisory Council on Homelessness. Proposed policy changes to programs are vetted with grantees through a process of drafting memos that are circulated to solicit feedback.

Results Commerce is the department's portion of Governor Inslee's [Results Washington](#) program. Key components of Results Commerce relevant to the homelessness issue include reducing the number of homeless in the state, and preserving and building affordable housing.

Against this backdrop of ongoing changes with its varied informal and formal mechanisms, officials from seven of the eight Consolidated Homeless Grant lead agencies we visited suggested that the state needs to develop an updated statewide strategic homeless plan. Many local government managers and staff reported that this would improve the use of the surcharge funds and how local homeless programs are implemented, as local agencies could better consider and incorporate state goals and objectives in updating their local homeless strategic plans. In addition, half of the focus group participants who discussed the state's homeless strategic planning efforts said that the state should have better alignment between its program goals and metrics.

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**Statewide data gathering efforts.** Commerce gathers data from local government agencies and local providers on homeless clients with the HMIS system. However, the Act requires the annual reporting of data that is not currently collected with HMIS. This requirement has led Commerce to develop an additional manual data collection process to support preparation of its annual report to the Legislature. Each local government agency that receives a Consolidated Homeless Grant must annually collect information from each homeless provider in its county on the type and amount of funding used to fund each homeless project as well as the services provided. Commerce refers to this data collection process as the “county annual report.” It provides the only comprehensive source of information on all state, local and private funding sources for homeless housing and assistance programs in the state.<sup>15</sup>

Commerce staff acknowledge the “county annual report” process is labor intensive and inefficient. The process requires about seven months to complete and involves about 13 employees despite previously completing a LEAN project to streamline the process. A considerable amount of manual effort is required to check for logic and consistency in the data provided by local government agencies, including comparing funding data to the HMIS client data. A shift to using a better- developed database as well as alternate software such as SAS or SPSS could improve the efficiency of these efforts.

All the local government agencies we visited reported that while they worked with Commerce on refining the data once the county annual report was submitted, they have not been provided the opportunity to review the final report for accuracy. These agencies also explained that the data reported to Commerce was not used to help monitor their own programs and provided little or no benefit to them. When asked about their experiences collecting, tracking and reporting program data, over half of the state homeless grantees that responded to our survey stated that all the different sources of funding they use to support their programs make tracking and reporting program expenditures a time-consuming and onerous process.

Finally, five of the 12 agencies we visited said they were not aware that Commerce prepared an annual report for the Legislature on the homeless grant programs. This was also true for all 23 subgrantees who participated in our focus groups.

**Annual homeless grant program report to the Legislature.** Commerce develops an annual report on the homeless housing program for the Legislature to meet several reporting requirements in the Act. Some requirements are related to progress made on meeting goals of the state’s Ten-Year Homeless Plan, some are specific to the expenditure of surcharge funds and others are specific to homeless grant programs managed by the Commerce. **Appendix H** provides a detailed summary these reporting requirements.

Our review of Commerce’s 2014 and 2015 “Homelessness in Washington State” annual reports to the Legislature found they contained the information required by the Act, but missed an opportunity to provide information on program successes and impacts, and to build support for strategy or operational changes with the Legislature and other stakeholders. Information that could add value to the annual report includes:

- Explaining emerging issues facing the program.
- Explaining what direction the agency is taking to address these issues.

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<sup>15</sup> While all the local government and nonprofit agencies we visited said they did their best to capture all homeless program spending in their communities, seven of the 12 reported that private donations were not fully captured.

## WASHINGTON'S HOMELESS HOUSING AND ASSISTANCE PROGRAM

- Providing explicit discussions of the impacts of agency decisions made on the evidence collected from the prior year.
- Including an analysis of data through trending, benchmarks and ratios.
- Providing descriptions of the direction of the three programs individually and collectively as well as an explanation of the expected impacts of that direction.
- Presenting program information and data in a consistent format to facilitate comparative analysis from one year to the next.
- Drawing conclusions on program accomplishments.
- Adding sources of the data more explicitly.

In addition, a significant amount of the required information is included in report appendices and is either not fully analyzed or discussed in the body of the report. This provides the reader without sufficient context or explanation to understand the meaning or relevance of the required information. For example, both the 2014 and 2015 reports included an appendix that summarizes surcharge fund program spending for housing related spending in the private, public and nonprofit markets, but the relevance of this information was not explained. In addition, unlike the 2014 report that discussed progress made in reducing homelessness with the point-in-time count results, the 2015 report does not contain a discussion of those results, only an appendix of the statewide and county-by-county results. A more robust discussion about the point-in-time count results in the 2015 report could address the complexities of Act's requirement to reduce the number of homeless by 50 percent by 2015, as well as highlight efforts that have been successful in addition to what more needs to be done. The 2015 results show an increase in the point-in-time number of homeless that was not explained and there was no description of agency efforts to address this increase.

Commerce program managers who participate in preparing the annual report recognize that the format and presentation of the annual report are not consistent year to year, explaining that this is due to changes made over time in how Commerce measures its progress and the difficulty in determining what information was important to present from year to year. In addition, staff noted that the format used for 2014 and 2015 annual reports are a result of Commerce trying to simplify the report by focusing on how much the program costs, how many homeless individuals the programs serve, the length of time in the program and their exit destinations.

**Grant fund allocation process.** Most surcharge funds that Commerce grants to local homeless programs are awarded through the Consolidated Homeless Grant. Commerce retains a portion of the surcharges funds for program administration. For the 2015-17 biennium, Commerce's administrative cap was just over \$7.1 million, but it reported allocating a little over \$4.6 million to cover its administrative costs. By keeping its administrative costs below the cap, the agency was able to provide an additional \$2.5 million for the homeless grant program.

The Act requires the funds granted from the home security fund account be allocated and awarded to programs and projects included in local homeless plans that are consistent with the statewide strategic homeless plan. Commerce's current process to allocate funds does not consider local homeless strategic plans, but is instead based on a formula that is heavily weighted on prior spending.<sup>16</sup>

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<sup>16</sup> Local governments applying for these funds may subcontract with other local government or nonprofit organization to execute their homeless housing and assistance program. If a county chooses to not apply for its fund allocation, Commerce opens competition to all eligible service providers.

## WASHINGTON'S HOMELESS HOUSING AND ASSISTANCE PROGRAM

Applications for allocated funds are required to include a list of programs and projects that will be funded, but not an explanation of how these programs and projects align with a the state or the local government's homeless plan.

Commerce ensures that grant expenditures align with current state program priorities and federal and state statutory restrictions through grant requirements and program monitoring. These activities provide appropriate accountability for expenditure of surcharge funds, but do not meet the Act's expectation that the state's process to allocate and award surcharge funds consider local homeless strategic plans.

### **Local homeless programs are impacted by state program requirements**

While the homeless program structure established by the Act provided for state oversight of local homeless programs, it placed significant responsibility for program delivery at the local government level. This structure has allowed local government agencies to develop local homeless plans with community and stakeholder input to guide local programs. This structure also creates an inherent tension between Commerce and local government agencies that manage local programs because each has its own set of program requirements and responsibilities as well as stakeholders to which it is accountable. In using the state homeless grant programs to focus local programs on state priorities Commerce may lose sight of the unique challenges at the local level and the goals and priorities of local programs. Likewise, local programs may not fully understand Commerce's focus on advancing the use of leading practices to reduce homeless throughout the state. **Figure 2** on page 5 provides more details on the responsibilities of the state and local governments in developing and implementing programs to reduce homelessness.

As required by the Act, local governments use the surcharge funds to develop their own local homeless plans that align with the state plan. Officials from six of the eight Consolidated Homeless Grant lead agencies we visited noted that the development of these plans have had a positive impact on how homeless housing and assistance services are provided at the local level. The local homeless plans include a variety of strategies to achieve goals focused on either reducing homelessness, or making it rare, brief and nonrecurring. Local plans were developed with input from community stakeholders. Although the Act requires local plans to align with the state plan, from the local perspective the recently updated state plan does not fully align with the current direction of the state program.

Our review of the homeless plans for 38 participating local governments found that 31 had been updated within the past five years and 26 took a comprehensive approach to homelessness that focused not only on providing housing options, but included strategies to address the causes of homelessness in their communities.

Commerce program managers explained that they recently issued new guidance to local governments about their local homeless plans. Commerce now requires local governments to use information from the annual point-in-time count and the county's annual report to develop their plan and address needs. Commerce also requires local governments to quantify and link housing inventory and available resources to the strategies and goals of the plan. The guidance is meant to further align local programs with Commerce's program priorities although local governments may request a waiver to implement these requirements, if they intend to develop a local plan that exceeds the new guidance. Commerce's guidance does not include requirements for local governments to develop strategies that will assist

local agencies in reducing homelessness. It also does not include the goals and strategies of the either the 2006 Ten-Year Homeless Plan or the 2014 update to the plan.

### Challenges faced by local homeless programs

During our visits to local government agencies, program management identified challenges in implementing other state requirements. These challenges include:

- The Legislature's requirement that 45 percent of the surcharge funds they receive in state homeless grants be used for housing payments to private sector landlords.
- Commerce's requirement to implement coordinated entry systems.
- Commerce's requirement to prioritize providing housing services to unsheltered homeless individuals and families.

### Challenges surfaced during focus groups with subgrantees included:

- Insufficient staffing and technology.
- Limited resources to provide supportive services.
- Difficulty in obtaining funding for day shelters.
- Difficulty in securing stable housing for unsheltered homeless.
- Lack of funding to support infrastructure.
- Gaps in services for elderly who are homeless or at risk of becoming homeless.
- Difficulty obtaining information from Social and Health Services due to confidentiality requirements.
- Need for more case management programs.

### Complying with the private landlord

**requirement.** In 2014, the Legislature amended RCW 36.22.179 to require that 45 percent of the state's share of surcharge funds available be used for private rental housing payments. To demonstrate its compliance, Commerce requires its grantees to obtain a copy of the rental/lease agreement and use that information to verify property ownership through searching county property records, calling the county assessor's office to confirm property ownership or searching the Internal Revenue Service's website for its exempt organization list. Commerce also requires grantees to include this documentation in client files for subsequent monitoring.

Officials from four of the eight Consolidated Homeless Grant lead agencies we visited and all focus group participants said that the level of work required to identify and work with private landlords to provide rental units to their homeless clients, and the level of documentation required to demonstrate compliance, has created a considerable administrative burden on their agencies that takes time and resources away from providing services to homeless families. In addition, officials from seven of the Consolidated Homeless Grant lead agencies we visited and all 23 subgrantee focus group participants specifically questioned its need because they rely on private landlords anyway to house most of the unsheltered in their communities.

Officials from all eight Consolidated Homeless Grant lead agencies we visited and subgrantee participants from all three focus groups also stated that high occupancy rates of available housing stock across the state coupled with rising rental prices have created other challenges. These higher rents have led agencies that we visited to serve fewer homeless individuals and families. Also, private sector landlords have rented available stock to other renters with more resources. Lead agencies have developed private landlord liaison programs to improve their relationships with private landlords as is required by the Act. Several have also implemented landlord incentive programs to help cover some of the potential costs of renting to homeless individuals and families, such as damage to rental units or unpaid rent.

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Two independent audits conducted in 2014 and 2015, as required by the Act, found that Commerce had established appropriate procedures to ensure this requirement was met. Both audits found that local government agencies are spending more than the required amount (61 percent in 2014 and 51 percent in 2015) of their state homeless grant funds for rental payments to private landlords.

**Implementing coordinated entry systems.** Commerce requires Consolidated Homeless Grant lead agencies to implement coordinated entry systems to assess homeless individuals and families for referral to services to help them obtain and maintain housing. Coordinated entry systems typically require homeless individuals and families to visit an intake center for an eligibility assessment. Use of a standardized assessment tools prioritizes those with the greatest level of need and matches homeless individuals and households with programs and services to help them exit homelessness. Commerce managers explained that the purpose of coordinated entry systems is to provide fair and equitable placement of the homeless and prevent providers from self-selecting individuals and families they want to serve rather than serving those most in need of services.

Six of the eight Consolidated Homeless Grant lead agencies we visited had implemented a coordinated entry system and the remaining two were working on its implementation. Officials from among these agencies and virtually all 23 subgrantee focus groups participants reported the coordinated entry system requirements has necessitated a higher level of coordination and collaboration among service providers, improving how services are provided.

However, challenges in its implementation persist. While no officials at the eight Consolidated Homeless Grant lead agencies we visited disagreed with the purpose of a coordinated entry system, three agencies, located in rural areas, needed specific technical assistance or funding to create such a system. Others reported concerns with some homeless subpopulations connecting with the coordinated entry system to receive services. For example, chronically homeless individuals may have multiple barriers such as mental health and substance abuse issues that create challenges for them to receive an assessment. And domestic violence victims and youth are also not likely to visit an access center. In these types of instances, focus group participants that provide direct services explained how difficult it was to have to refer those in need of help to the coordinated entry system instead of being able to offer services immediately. At least five focus group participants and one Consolidated Homeless Grant lead agency reported developing alternative entry strategies for these groups. They conduct short intake interviews onsite rather than requiring individuals and families to come to a specific location for that interview. They also allow service providers to call the intake center to conduct entry interviews over the phone.

Coordinated entry systems also provide a potential barrier to youth because they prioritize unsheltered homeless over the unstably housed. The director of one of the two Independent Youth Housing Programs we visited explained that some youth have had difficulty receiving services through the coordinated entry system because of restrictions on eligibility. The new Office of Homeless Youth is in the process of addressing access issues.

**Prioritizing providing services to the unsheltered homeless.** Commerce added requirements to the Consolidated Homeless Grant program that now mandates local programs to prioritize providing housing and services to unsheltered homeless in response to a continued increase in the number of unsheltered homeless. Commerce program managers explained the combination of requiring coordinated entry and focusing on housing the unsheltered homeless will force local government

## WASHINGTON'S HOMELESS HOUSING AND ASSISTANCE PROGRAM

agencies to serve this population and shift resources that once provided prevention services to those who are literally homeless and more complex to serve. Grantees can meet the requirement by achieving any of the following three metrics:

- Thirty-five percent of placements in temporary or permanent housing must have been previously unsheltered.
- A five percent increase in the number of placements in temporary or permanent housing from previously unsheltered from the baseline number set by Commerce by December 31, 2016.
- Attaining functional zero<sup>17</sup> for unsheltered homeless households in two or more populations by December 31, 2016.

Officials from six of the eight Consolidated Homeless Grant lead agencies we visited did not report concerns with the requirement to prioritize the unsheltered homeless, but the other two agencies said that the requirement has prevented them from serving clients with short eviction notices. They also said the requirement does not fully account for the actions already taken by local governments to reduce the number of unsheltered homeless in their communities. In addition, the requirement does not acknowledge that some counties have a small number of unsheltered homeless and have not experienced the same increases in this population as other counties. More than half of the state's total unsheltered homeless population is in King County. Of the remaining 38 counties, about half had an unsheltered homeless count that was greater than 35 percent of their total homeless population, representing about one-third of the state's total unsheltered homeless count.

Instead of implementing universal program requirements across the state, the agencies we visited and focus group participants suggested that Commerce could do more to understand the regional differences in the needs of the homeless across the state and incorporate that understanding into its homeless grant programs. Almost all focus group participants agreed that Commerce's tendency to make changes to its grant program based on the situation in Seattle and King County results in requirements that do not reflect the needs of the homeless in their communities or recognize the goals and strategies of local homeless plans.

Officials from one of the two Independent Youth Housing Program nonprofit agencies we visited suggested that the state will continue to have a homelessness issue as long as it continues to not address the "feeders" into the system such as high-risk youth. In addition, participants in all three focus groups and many of the Consolidated Homeless Grant lead agencies we visited said that while they have found homelessness diversion and prevention programs to be effective in reducing homelessness in their communities, state grant fund requirements limit the use of funding for these programs. Commerce managers and staff explained that in their view there is not sufficient research to support prioritizing surcharge spending on prevention activities over housing unsheltered homeless.

### **Commerce is proposing changes to state grant program requirements**

In a September 2016 memo to grantees, Commerce proposed significant changes to its grant program guidelines that provide greater alignment to federal homeless strategies outlined in the federal homeless plan prepared by the U.S. Interagency Council on Homelessness. These changes include expanding the use of its coordinated entry program, focusing on housing the unsheltered, increasing easy access to available housing and improving HMIS data quality.

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<sup>17</sup> "Functional zero" unsheltered is defined as the number of unsheltered homeless placed in temporary or permanent housing being equal or greater than the number of current and newly identified unsheltered homeless.

With these changes, Commerce is continuing its efforts to bring local programs in line with state program priorities by requiring the implementation of specific strategies as a condition of receiving funds. Commerce is also proposing expanding the reach of the program requirements by applying them to the local surcharge funds retained by the counties.

Unlike the federal plan on homelessness, Commerce's proposed changes do not acknowledge that local homeless programs may need to take different approaches depending on the makeup of their homeless population. National leading practices suggest a variety of approaches are needed to effectively address the needs of each homeless subpopulation, which is the approach taken in the federal strategic homeless plan. Many of the local plans we reviewed were developed with input from local providers and other stakeholders, and include strategies that account for differences in local community needs. Commerce's approach for aligning local programs with state priorities does not fully account for strategies adopted in local homeless plans.

Officials from seven of the eight Consolidated Homeless Grant lead agencies reported that the state should not be too prescriptive on how to spend funds to support their local homeless programs. This sentiment was echoed by a majority of the 23 subgrantee focus group participants. These program officials explained that the needs of each community are different and a one-size-fits-all approach based on the needs of large urban areas of the state should be avoided.

National leading practices point to not just one solution, but the need to tailor programs to meet the needs of various homeless subpopulations.<sup>18</sup> These subpopulations include the chronically homeless, families with and without children, youth and young adults, the elderly, unaccompanied youth and veterans. Local government agencies we visited developed their programs to meet the unique needs of the homeless subpopulations present in their community. While these agencies and nearly all focus group participants agreed the state should be providing high-level goals and strategies to address

**Proposed program changes starting July 2017:**

- *Increase prioritization of unsheltered homeless households.* Emphasis is on serving unsheltered homeless households until functional zero unsheltered homelessness is achieved for at least two locally determined priority populations. Compliance is demonstrated by meeting this goal by June 2018, or increasing from unsheltered homeless baseline an additional 10 percentage points by June 2016.
- *Increase rapid access to housing assistance.* Access to housing cannot be denied due to lack of identification, social security cards, birth certificates, proof of income or other documentation.
- *Make supportive services voluntary.* Access to housing cannot be contingent on participation in services.
- *Increase percent of people exiting homelessness to stable housing.* County homeless systems are required to meet the HEARTH benchmark that 80 percent of exits from homelessness are to stable housing.
- *Expand coordinated entry to all program funded with local surcharge funds.* All local programs funded by Emergency Solutions Grant, Consolidated Homeless Grant, or local surcharge funds must participate in coordinated entry.
- *Expand participation in HMIS.* Homeless housing program data must be entered into HMIS regardless of source of funding.
- *Increase HMIS data quality threshold.* An increased threshold must be met to receive reimbursement.

**Proposed program changed starting July 2018:**

- All populations must be served using a coordinated entry system.
- County homeless systems must have at least one low-barrier housing option for unsheltered households.

<sup>18</sup> National leading practices on preventing and ending homelessness come from the U.S. Interagency Council on Homelessness and the National Alliance to End Homelessness.

## WASHINGTON'S HOMELESS HOUSING AND ASSISTANCE PROGRAM

homelessness, they also wanted the flexibility to design local programs to meet those goals instead of being constrained by state homeless grant requirements. Program managers and staff from six of the eight Consolidated Homeless Grant lead agencies we visited also reported wanting more technical assistance from Commerce on how to best apply leading practices to their unique situations.

The program framework established by the Act emphasizes the role of local governments in developing homeless programs that fit the needs of their communities by requiring the development of local homeless programs to meet local needs. Based on the feedback we heard our visits and focus groups, the ability of local government agencies to meet current needs as identified in its plans is currently impacted by Commerce's state homeless grant requirements.

### **Washington is actively pursuing strategies to address homelessness**

Commerce is working with the state's three advisory councils (SACH, ICH, AHAB) that have a role in determining the direction and strategies of the state's homeless programs. These councils held their first joint meeting in July 2016 to discuss ways to work together to address the issues of homelessness and housing affordability to improve outcomes. During this joint meeting, the councils developed a list of policy recommendations focused on improving statewide leadership, maximizing utilization of existing housing units, promoting production of additional units of affordable housing and increasing sustainable funding. At the direction of the Governor, the ICH recently developed strategies to reduce homelessness for individuals and families who receive public assistance.

Commerce is also engaged in several activities that touch on the goals and objectives of the federal homeless plan, such as working with other agencies, like the Health Care Authority and the Department of Social and Health Services, to obtain a waiver to allow use of Medicaid funding for services tied to housing homeless individuals with disabilities.

Finally, Commerce's latest agency-wide 2015-2017 strategic plan includes strategies to that seek to better align homelessness programs with affordable housing programs. For example, these strategies call for working with stakeholders to identify new investments and policy changes in homeless programs and land use to reduce homelessness. The agency plan seeks to align the Housing Trust Fund team with the Housing Assistance Unit to strategically serve homeless populations by aligning capital funding decisions with policies and statewide practices. Commerce's recent actions represent significant steps in building a comprehensive statewide framework to reduce homelessness.

## **CONCLUSION**

The initial statewide framework to address homelessness established by the Act has served the state well in successfully providing housing and assistance to thousands of homeless individuals and families across the state each year. In the language of strategy, the state now has a range of assets, including a regulatory program framework, advisory councils, grant programs, communication processes, state agency expertise, program monitoring, and a stable funding source. The state is now in the position to leverage these assets to develop a more comprehensive and integrated approach to reduce homelessness.

State and local government homeless housing and assistance programs have evolved since passage of the Act. Commerce is moving to create a homeless crisis response system to reduce the rising number of homeless in the state. There is a need, however, to increase the coordination among other state agencies and local government agencies, account for regional differences, reconsider program requirements that do not directly reduce homelessness, improve processes and evaluation of existing information, and implement a process to update the statewide strategy to reduce homelessness.

Adopting a more comprehensive and inclusive strategic approach would not only ensure the state has an effective homelessness crisis response system, but would also more fully engage other state agencies in providing services that benefit homeless individuals and families, such as social services, education, health care, and job training. This approach would be comparable to the approach adopted by the U.S. Interagency Council on Homelessness.

## RECOMMENDATIONS

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We recommend the Legislature consider taking the following actions to build on the success of the state in addressing homelessness:

1. Recognizing the positive impact surcharge funds have had on developing homelessness programs, continue to use a dedicated funding source to support homeless housing and assistance programs. Understanding the regional differences, maintain a funding structure which provides surcharge funds directly to local governments, allowing them the flexibility to develop and fund local homeless programs that meet local needs as identified in local homeless plans.
2. Due to the limitations of the annual point-in-time count, require the state's Interagency Council on Homelessness and the State Advisory Council on Homelessness to work with Commerce and the Affordable Housing Advisory Board to develop and present recommendations to the Legislature to replace the single metric of decreasing the point-in-time count with at least three metrics designed to measure the success of the state's homeless programs.
3. Reduce the administrative burden of meeting the private-sector landlord requirement by modifying the statutory requirements to track, verify, report and audit compliance with the requirement that 45 percent of the state's portion of the surcharge funds be spent on payments to private-sector landlords, including the surcharge expenditure information required to be reported annually to the Legislature.
4. Address the need for the state to develop a comprehensive statewide homeless strategy by requiring the Interagency Council on Homelessness and the State Advisory Council on Homelessness to work with Commerce and the Affordable Housing Advisory Board to jointly develop this strategy. Development of this strategy should consider the strategic plan of the U.S. Interagency Council on Homelessness and include input from local governments and providers, as well as other stakeholders across the state. The plan should contain specific strategies, goals and outcome measures, and assign responsibility for their implementation to applicable agencies.

We recommend the Department of Commerce take the following actions to build on the successes of its current statewide homeless housing and assistance program:

1. Address the need for an updated statewide homeless housing and assistance strategic plan to guide state and local homeless programs by developing and implementing an updated statewide strategic homeless housing plan, with input from stakeholders, that establishes clear goals for accountability and specific outcome measures that demonstrate progress made on achieving those goals.
2. Improve the efficiency of statewide data collection efforts by developing an automated process to facilitate data collection for the annual homeless report to the Legislature, such as a web-based portal, in lieu of the current manual process.
3. Increase analytical capacity by investing in training and appropriate analytical software to enhance ability to better analyze statewide data and county-level results.
4. Increase the effectiveness of the annual homeless report to the Legislature by developing a process to ensure consistent presentation, analysis and explanation in the report, including year-to-year comparisons, highlights of program successes and challenges and information that builds support with the Legislature and other stakeholders for recommended strategy or operational changes.
5. Improve alignment of the state's program with the framework established by the Act for administration of homeless programs at the local level by developing processes to ensure grant

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funds are allocated in consideration of with statewide and local homeless plans and the goals and strategies included in those plans.

6. Improve the effectiveness of homeless programs across the state by convening annual discussion forums of local government agencies, providers, the state's homeless advisory boards and Commerce staff to disseminate research findings and identify lessons learned that can be leveraged by local programs and to inform updates to the statewide strategic homeless plan.
7. Reduce the administrative burden associated with demonstrating compliance with the private-sector landlord requirement by modifying the process used by grantees to verify private ownership housing by allowing self-certification of ownership by private-sector landlords.

Agency Response



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December 1, 2016

Denise Callahan  
TAP International  
3436 American River  
Sacramento, CA 95864

RE: Response to TAP International Review on the Homeless Housing and Assistance Program

Dear Ms. Callahan:

Thank you for allowing the Washington State Department of Commerce the opportunity to review and comment on the TAP International review of the Homeless Housing and Assistance Program as required by the Washington State Legislature.

Please find the attached response for your review.

If you have any questions, or if I can be of further assistance, please contact me at (360) 725-4142 or [diane.klontz@commerce.wa.gov](mailto:diane.klontz@commerce.wa.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Diane Klontz".

Diane Klontz, Assistant Director  
Community Services and Housing Division

Attachment

## **Department of Commerce Response to the Report and Associated Recommendations**

The Department of Commerce (Commerce) agrees with the findings that the Act and surcharge funds have had a significant impact addressing homelessness in the state, and that Commerce is fulfilling statutory requirements. The Department believes that continuous improvement is critical to addressing changing circumstances and incorporating lessons learned through experience, research, and data; and therefore welcomes recommendations on how to deliver better results. Below are the Department's responses to the recommendations made in the report.

*1. Address the need for an updated statewide homeless housing and assistance strategic plan to guide state and local homeless programs by developing and implementing an updated statewide strategic homeless housing plan, with input from stakeholders, that establishes clear goals for accountability and specific outcome measures that demonstrate progress made on achieving those goals.*

Agree. As noted in the report, Commerce has been working with stakeholders over the past six months to update the strategic plan to set clear goals and outcome measures that encompass what has been learned from research and local experience. The updated plan will better define responsibilities and clearly articulate goals that state and local governments can be held accountable to using improved measures that more accurately assess performance. The final plan is on schedule to be published in January 2017. Updated state and county performance measures connected to the draft strategic plan were published in July 2016, and will be updated in January 2017, to match the final strategic plan.

*2. Improve the efficiency of statewide data collection efforts by developing an automated process to facilitate data collection for the annual homeless report to the Legislature, such as a web-based portal, in lieu of the current manual process.*

Agree. As noted in the report, Commerce has completed multiple formal process improvement exercises to improve the inherently complex task of bringing together comprehensive data on agencies and projects statewide. Although the current process is an improvement over past practices, Commerce has already implemented further improvements in recent months that will result in better outcomes for the 2016 report. Simultaneously, Commerce has launched an initiative to enhance existing in-house web based software to provide a higher level of integration and automation to the data collection process. The new web-based solution is scheduled to be launched in time for the 2017 reporting process.

*3. Increase analytical capacity by investing in training and appropriate analytical software to enhance ability to better analyze statewide data and county-level results.*

Agree. Commerce was dissatisfied with the capabilities and efficiency of the analytical tools connected to HMIS software procured in 2008, and as a result the Department made procurement of better analytical tools a key component of the 2016 process to identify a new HMIS system. The new HMIS software including new analytical tools was launched in April 2016, and staff at the state and local levels have been working to build the skills and reports necessary to fully

utilize the new capacity to analyze the data. The new analytical software is a significant improvement over the tools used previously.

In addition, in September 2016, standalone Tableau software was purchased by the Department to further enhance analytical capacity of not only HMIS data, but also financial and housing data not contained in HMIS. The Department has contracted with the software vendor to provide Commerce staff training. The capacity of the new tools has already led to publishing of interactive homeless housing performance data on the agency web site. The Department will be re-evaluating staff responsibilities and necessary skills in light of the reduction of administrative burden resulting from the new tools, and the additional analytical needs connected to the updated state homeless plan and the new performance measures established by the Office of Homeless Youth Prevention and Protection Programs.

*4. Increase the effectiveness of the annual homeless report to the Legislature by developing a process to ensure consistent presentation, analysis and explanation in the report, including year-to-year comparisons, highlights of program successes and challenges and information that builds support with the Legislature and other stakeholders for recommended strategy or operational changes.*

Agree. The Department has drafted improved multi-year analyses of data and descriptions of successes and challenges that supplement the formal required annual report and strategic plan. The new analyses are more focused and concise with the goal of building a better understanding of the data, research, and local experiences that drive the state plan goals and strategies.

*5. Improve alignment of the state's program with the framework established by the Act for administration of homeless programs at the local level by developing processes to ensure grant funds are allocated in consideration of with statewide and local homeless plans and the goals and strategies included in those plans.*

Agree. Four years ago Commerce worked to improve local planning by requiring counties receiving state funds to exceed the legislatively mandated planning requirement. As noted in the report, Commerce recently increased the local planning requirement by issuing updated local plan guidance that improves the Department's ability to judge that plans are complete. The Department intends to further update the planning requirement to include alignment with the new strategic plan goals and strategies once they are finalized. Compliance with the local plan requirements will continue to be a condition of receiving state-managed recording fees.

*6. Improve the effectiveness of homeless programs across the state by convening annual discussion forums of local government agencies, providers, the state's homeless advisory boards and Commerce staff to disseminate research findings and identify lessons learned that can be leveraged by local programs and to inform updates to the statewide strategic homeless plan.*

Agree. Meeting with local government representatives, housing providers, advisory boards, and state staff has been the primary method used to collect ideas regarding system changes the state should pursue. Commerce intends to continue this process through regularly scheduled meetings of the State Advisory Council on Homelessness, Interagency Council on Homelessness, and the State Affordable Housing Advisory Board. In the past two years Commerce has facilitated joint

meetings of these groups to improve alignment and information sharing, and the Department will continue to work with the groups to identify ways their work can be better integrated.

Four years ago as part of significant reforms to the Commerce's funding programs, annual Grantee Forums were started to provide a focused mechanism for local governments and housing providers to provide feedback on both broad strategies and specific contract requirements.

Finally, Commerce facilitates regular peer exchanges with housing providers working to translate best practices and Commerce requirements into programs that are effective in the diversity of communities and situations found in our state. These peer groups inform subtle modifications to program policies made quarterly, and guide large changes made at the beginning of the two-year grant cycle.

In all of the above peers, consultants, and Commerce staff present state and national data and research to supplement local lessons learned and inform the policy development process.

Commerce intends to continue convening these groups, and continue to improve the agenda setting and facilitation to promote engagement and meeting results necessary to improve Washington's efforts to reduce homelessness.

*7. Reduce the administrative burden associated with demonstrating compliance with the private-sector landlord requirement by modifying the process used by grantees to verify private ownership housing by allowing self-certification of ownership by private-sector landlords.*

Disagree. The Department is not confident at this point that self-certification will result in an audit trail that will assure stakeholders that Commerce is making a good-faith effort to implement the legislative requirement. However, the Department will work with stakeholders and audit professionals in the coming months to explore the possibility of reducing the administrative burden of this legislative requirement by allowing self-certification.

**APPENDIX A: REVISED CODE OF WASHINGTON (RCW) RELEVANT TO HOMELESS PROGRAM**

- [RCW 43.185C – Homeless Housing and Assistance – Complete Chapter](#)
- [RCW 36.22.178 – Affordable housing for all surcharge – Permissible uses](#)
- [RCW 36.22.179 – Surcharge for local homeless housing and assistance - Use](#)
- [RCW 36.22.1791 – Additional surcharge for local homeless housing and assistance – Use](#)
- [RCW 43.63A.305 – Independent youth housing program – Created – Collaboration with the department of social and health services – Duties of subcontractor organizations](#)
- [RCW 43.63A.307 – Independent youth housing program - Definitions](#)
- [RCW 43.63A.309 – Independent youth housing program – Eligible youth - Participation](#)
- [RCW 43.63A.311 – Independent youth housing program – Subcontractor organization performance review and report](#)
- [RCW 43.63A.313 – Independent youth housing program - Limitations](#)
- [RCW 43.63A.315 – Independent youth housing account](#)

## APPENDIX B: FEDERAL GOVERNMENT HOMELESS STRATEGIC PLAN STRATEGIES AND OBJECTIVES

A focus of the federal government's homeless strategy is found in [Opening Doors: Federal Strategic Plan to Prevent and End Homelessness](#) (federal plan) developed by the U.S. Interagency Council on Homelessness. The federal plan is designed to prevent and end homelessness among all populations. The federal plan contains specific strategies and objectives to achieve its goals and identifies federal agencies responsible for each. The following list summarizes the plan's strategies and objectives.

Increase leadership, collaboration, and civic engagement

- Objective 1: Provide and promote collaborative leadership at all levels of government and across all sectors to inspire and energize Americans to commit to preventing and ending homelessness.
- Objective 2: Strengthen the capacity of public and private organizations by increasing knowledge about collaboration, homelessness and successful interventions to prevent and end homelessness.

Increase access to stable and affordable housing

- Objective 3: Provide affordable housing to people experiencing or most at risk of homelessness.
- Objective 4: Provide permanent supportive housing to prevent and end chronic homelessness.

Increase economic security

- Objective 5: Improve access to education and increase meaningful and sustainable employment for people experiencing or most at risk of homelessness.
- Objective 6: Improve access to mainstream programs and services to reduce people's financial vulnerability to homelessness.

Improve health and stability

- Objective 7: Integrate primary and behavioral health care services with homeless assistance programs and housing to reduce people's vulnerability to and the impacts of homelessness.
- Objective 8: Advance health and housing stability for unaccompanied youth experiencing homelessness and youth aging out of systems such as foster care and juvenile justice
- Objective 9: Advance health and housing stability for people experiencing homelessness who have frequent contact with hospitals and criminal justice.

Retool the homeless crisis response system

- Objective 10: Transform homeless services to crisis response systems that prevent homelessness and rapidly return people who experience homelessness to stable housing.

Federal department members of the U.S. Interagency Council on Homelessness:

Department of Agriculture  
Department of Commerce  
Department of Defense  
Department of Education  
Department of Energy  
Department of Health and Human Services  
Department of Homeland Security  
Department of Housing and Urban Development  
Department of Interior  
Department of Justice  
Department of Transportation  
Department of Veterans Affairs  
Corporation for National and Community Service  
General Services Administration  
Office of Management and Budget  
Social Security Administration  
U.S. Postal Service

WASHINGTON'S HOMELESS HOUSING AND ASSISTANCE PROGRAM

**APPENDIX C: HOMELESS HOUSING AND ASSISTANCE PROGRAM SPENDING - CALENDAR YEAR 2014**

<b>Total homeless program and surcharge expenditures (CY 2014)</b>					
<b>County</b>	<b>Total homeless program expenditures</b>	<b>Surcharge expenditures (only)</b>			<b>Percentage total surcharge expenditures to total homeless program expenditures</b>
		<b>Total</b>	<b>Local</b>	<b>State</b>	
Adams	127,618	122,614	65,607	56,557	95.7%
Asotin	243,863	171,594	0	171,594	70.4%
Benton-Franklin	4,059,960	2,405,015	1,905,007	500,008	59.2%
Chelan-Douglas	2,302,631	726,178	561,722	164,456	31.5%
Clallam	2,769,887	644,027	251,806	392,221	23.3%
Clark	11,367,195	2,923,418	2,378,110	545,308	25.7%
Columbia	65,409	45,786	20,000	25,786	70.0%
Cowlitz	4,872,871	1,105,695	824,383	281,312	22.7%
Ferry	308,064	85,912	21,750	64,162	27.9%
Garfield	52,576	41,138	15,352	25,786	78.2%
Grant	827,072	270,972	162,563	108,408	32.8%
Grays Harbor	2,328,003	476,263	253,118	223,145	20.5%
Island	1,079,232	667,122	494,677	172,445	61.8%
Jefferson	824,234	216,903	104,305	112,598	26.3%
King	72,231,176	10,377,880	7,671,328	2,706,552	14.4%
Kitsap	7,028,964	1,944,569	1,621,340	323,229	27.7%
Kittitas	867,353	474,696	298,532	176,164	54.7%
Klickitat	406,598	119,448	29,914	89,534	29.4%
Lewis	1,524,390	599,196	269,826	329,370	39.9%
Lincoln	244,236	39,655	0	39,655	16.2%
Mason	1,612,733	577,641	421,996	155,645	35.8%
Okanogan	1,231,409	394,965	165,000	229,965	32.1%
Pacific	456,050	183,828	111,291	72,537	40.3%
Pend Oreille	258,772	201,355	88,644	112,711	77.8%
Pierce	17,681,800	8,239,548	6,786,199	1,453,349	46.6%
San Juan	172,320	124,864	114,020	10,844	72.5%
Skagit	3,531,402	1,019,632	795,108	224,524	28.9%
Skamania	2,235,401	136,474	93,000	43,474	6.1%
Snohomish	20,452,913	3,805,739	3,058,449	747,290	18.6%
Spokane City	12,510,200	1,581,182	848,668	732,514	12.6%
Spokane County	2,322,785	2,322,785	2,125,857	196,636	100.0%
Stevens	259,329	193,727	85,091	108,636	74.7%
Thurston	4,478,988	1,267,121	713,376	553,745	28.3%
Wahkiakum	55,870	31,471	0	31,471	56.3%
Walla Walla	3,738,105	499,138	296,182	202,956	13.4%
Whatcom	8,281,713	1,334,864	1,005,202	329,662	16.1%
Whitman	451,442	238,673	97,972	140,701	52.9%
Yakima	2,832,864	756,821	212,434	544,387	26.7%
<b>TOTAL</b>	<b>196,095,398</b>	<b>46,367,459</b>	<b>33,967,829</b>	<b>12,399,629</b>	<b>23.6%</b>

Source: TAP International analysis of calendar year 2014 final county annual report data provided by Commerce.

WASHINGTON'S HOMELESS HOUSING AND ASSISTANCE PROGRAM

**APPENDIX C (CONT.) DETAIL OF SOURCES FOR HOMELESS HOUSING AND ASSISTANCE PROGRAM  
SPENDING - CALENDAR YEAR 2014**

<b>Total program expenditures by source of funds (CY 2014)</b>									
<b>County</b>	<b>Total expenditures</b>	<b>Local funds</b>	<b>Local/ Total</b>	<b>State funds</b>	<b>State/ Total</b>	<b>Federal funds</b>	<b>Fed /Total</b>	<b>Private donations</b>	<b>Donations/ Total</b>
Adams	127,618	65,607	51%	62,011	49%	0	0%	0	0%
Asotin	243,863	0	0%	234,908	96%	8,955	3%	0	0%
Benton-Franklin	4,059,960	1,976,881	49%	894,904	22%	1,130,175	28%	58,000	1%
Chelan-Douglas	2,302,631	618,471	27%	855,066	37%	249,198	11%	578,896	25%
Clallam	2,769,887	257,056	9%	985,984	36%	957,849	35%	568,998	21%
Clark	11,367,195	2,881,681	26%	3,746,242	33%	3,660,618	32%	1,078,654	10%
Columbia	65,409	35,669	55%	25,786	39%	3,954	6%	0	0%
Cowlitz	4,872,871	930,577	19%	1,463,021	30%	1,095,448	23%	1,383,825	29%
Ferry	308,064	21,750	7%	79,764	26%	206,550	67%	0	0%
Garfield	52,576	24,331	46%	25,786	49%	0	0%	2,459	5%
Grant	827,072	416,834	50%	321,890	39%	87,838	11%	510	>1%
Grays Harbor	2,328,003	730,422	31%	1,403,457	60%	164,777	7%	29,347	1%
Island	1,079,232	494,677	46%	208,187	19%	376,368	35%	0	0%
Jefferson	824,234	113,611	14%	172,259	21%	489,373	60%	48,991	6%
King	72,231,176	28,888,751	40%	13,579,839	19%	28,574,585	40%	1,188,001	2%
Kitsap	7,028,964	1,746,338	25%	1,593,870	23%	2,416,743	34%	1,272,013	18%
Kittitas	867,353	298,532	34%	422,298	49%	74,575	9%	71,948	18%
Klickitat	406,598	37,645	9%	148,482	37%	220,471	54%	0	0%
Lewis	1,524,390	454,326	30%	774,937	51%	269,407	18%	25,720	2%
Lincoln	244,236	25,354	10%	74,972	31%	143,910	60%	0	0%
Mason	1,612,733	421,996	26%	868,181	54%	273,608	17%	48,948	3%
Okanogan	1,231,409	448,977	37%	229,965	19%	546,104	44%	6,363	>1%
Pacific	456,050	111,291	24%	248,866	55%	95,893	21%	0	0%
Pend Oreille	258,772	106,441	41%	127,514	49%	0	0%	24,817	10%
Pierce	17,681,800	8,364,488	47%	3,533,283	20%	5,784,029	33%	0	0%
San Juan	172,320	114,020	66%	11,085	6%	42,215	25%	5,000	3%
Skagit	3,531,402	1,234,928	35%	861,730	24%	632,072	18%	802,672	23%
Skamania	2,235,401	93,000	4%	1,068,010	48%	1,074,391	48%	0	0%
Snohomish	20,452,913	3,793,610	19%	3,795,410	19%	7,597,748	37%	5,266,145	26%
Spokane City	12,510,200	1,350,476	11%	3,493,533	28%	6,332,963	51%	1,333,228	11%
Spokane County	2,322,785	2,125,857	91%	196,928	9%	0	0%	0	0%
Stevens	259,329	85,091	33%	108,636	42%	63,450	25%	2,152	>1%
Thurston	4,478,988	1,072,945	24%	1,979,582	44%	1,013,647	23%	412,814	9%
Wahkiakum	55,870	0	0%	31,577	57%	24,293	43%	0	0%
Walla Walla	3,738,105	340,957	9%	449,213	12%	1,959,029	52%	988,906	27%
Whatcom	8,281,713	2,750,074	33%	2,041,802	25%	2,950,025	36%	539,812	7%
Whitman	451,442	97,972	22%	286,759	64%	62,100	14%	4,611	1%
Yakima	2,832,864	212,434	8%	1,122,272	40%	1,498,128	53%	0	0%
<b>TOTAL</b>	<b>196,095,398</b>	<b>62,744,070</b>	<b>32%</b>	<b>47,528,009</b>	<b>24%</b>	<b>70,080,489</b>	<b>36%</b>	<b>15,742,830</b>	<b>8%</b>

Source: TAP International analysis of calendar year 2014 final county annual report data provided by Commerce.

## APPENDIX D: DESCRIPTION OF CONSOLIDATED HOUSING GRANT ALLOWABLE HOUSING INTERVENTIONS

### 3 Allowable Interventions

#### 3.1 Temporary Housing Interventions

Temporary housing is housing which the household must leave at the end of the program.

##### 3.1.1 Drop-in Shelter

Drop-in Shelter is a facility-based, night-by-night living arrangement that allows clients to enter and exit on an irregular or daily basis.

##### 3.1.2 Continuous-stay Shelter

Continuous-stay Shelter includes facility-based housing or hotel/motel vouchers where households have a room or bed assigned to them for up to 90 days.

##### 3.2.2 Interim Housing

Interim housing is facility-based housing where households have a room or bed assigned to them for more than 90 days and up to 24 months.

#### 3.2 Permanent Housing Interventions

Permanent housing is housing in which the household may stay as long as they meet the basic obligations of tenancy.

##### 3.2.1 Targeted Prevention

Targeted Prevention resolves imminent homelessness with temporary rent subsidies and housing-focused case management. The services are time-limited and the household does not have to leave when services end.

##### 3.2.2 Rapid Re-Housing

Rapid Re-Housing (RRH) quickly moves households from homelessness into permanent housing by providing temporary rent subsidies and housing-focused case management. The services are time-limited and the household does not have to leave when services end.

##### 3.2.3 Permanent Supportive Housing

Permanent Supportive Housing (PSH) is subsidized, non-time-limited housing with support services for homeless households that include a household member with a permanent disability. Support services must be made available but participation is voluntary. PSH may be provided as a rent assistance (scattered site) or facility-based model. The services and the housing are available permanently.

Source: "Guidelines for the Consolidated Homeless Grant: January 1, 2016 – June 30, 2017 Revised 2-18-2-16", Department of Commerce.

WASHINGTON'S HOMELESS HOUSING AND ASSISTANCE PROGRAM

**APPENDIX E: POINT-IN-TIME COUNT RESULTS BY COUNTY 2006–2016 REPORTED BY THE DEPARTMENT OF COMMERCE**

Total number counted during annual point-in-time count by year												
County	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Percent Change (2006-2016)
Adams	83	113	132	84	97	120	45	19	60	104	2	-98%
Asotin	25	16	8	8	25	36	8	5	10	24	24	-4%
Benton-Franklin	751	588	884	381	433	166	324	142	226	272	277	-63%
Chelan-Douglas	487	503	409	475	542	356	198	305	333	415	390	-20%
Clallam	472	387	450	331	352	347	314	267	244	176	293	-38%
Clark	1,391	1,392	1,062	1,159	1,093	837	977	703	695	662	688	-51%
Columbia	6	10	0	0	2	6	3	1	2	0	0	-100%
Cowlitz	458	472	451	330	434	250	264	322	222	341	356	-22%
Ferry	24	20	26	22	15	25	17	19	13	18	1	-96%
Garfield	6	0	5	0	13	12	3	1	2	0	8	33%
Grant	125	168	277	274	65	153	130	114	217	182	173	38%
Grays Harbor	234	200	203	188	176	134	161	130	162	152	203	-13%
Island	144	86	78	86	130	106	54	126	119	126	200	39%
Jefferson	141	192	225	141	134	108	82	98	70	272	181	28%
King	7,910	7,902	8,501	8,997	8,978	8,874	8,858	9,106	9,336	10,122	10,730	36%
Kitsap	547	311	439	519	383	328	372	240	298	342	455	-17%
Kittitas	75	43	49	98	137	69	50	17	15	27	24	-68%
Klickitat - Skamania	41	42	38	41	159	81	61	43	115	63	63	54%
Lewis	164	217	198	107	338	93	161	128	174	118	150	-9%
Lincoln	61	32	42	69	64	98	3	3	0	3	11	-82%
Mason	145	271	222	195	198	345	225	224	351	250	416	187%
Okanogan	178	146	83	144	95	44	90	32	50	42	50	-72%
Pacific	81		30	33	5	14	73	167	207	135	76	-6%
Pend Oreille	40	41	30	15	27	3	6	7	10	21	16	-60%
Pierce	1,398	1,596	1,743	2,083	1,807	2,085	1,997	1,303	1,474	1,283	1,762	26%
San Juan	50	11	9	23	29	42	32	26	44	74	58	16%
Skagit	609	1,209	538	1,114	1,138	499	624	171	331	351	367	-40%
Snohomish	2,302	2,196	2,154	2,356	2,018	1,860	2,047	947	949	829	960	-58%
Spokane County	1,592	1,187	1,370	1,229	1,038	1,275	1,185	1,030	1,149	1,033	981	-38%
Stevens	34	42	13	23	15	17	21	52	42	59	32	-6%
Thurston	441	579	462	745	978	566	708	664	576	476	586	33%
Wahkiakum	27	38	32	24	41	17	20	12	8	22	7	-74%
Walla Walla	246	257	331	255	358	244	206	126	179	160	166	-33%
Whatcom	838	861	851	708	649	700	493	568	559	652	720	-14%
Whitman	106	140	116	124	146	1	9	74	64	74	6	-94%
Yakima	727	777	486	446	507	435	515	563	533	538	412	-43%
<b>TOTAL</b>	<b>21,962</b>	<b>22,045</b>	<b>21,947</b>	<b>22,827</b>	<b>22,619</b>	<b>20,346</b>	<b>20,336</b>	<b>17,755</b>	<b>18,839</b>	<b>19,418</b>	<b>20,844</b>	<b>-5%</b>

Source: Commerce website – <http://www.commerce.wa.gov/serving-communities/homelessness/annual-point-time-count/>

**APPENDIX F: WASHINGTON STATE SUPPLEMENTAL HOMELESSNESS COUNT FOR JANUARY 2016**

Commerce's supplemental homeless count results is included on the following pages

# Snapshot of Homelessness in Washington State for January 2016

## Based on Total Basic Food Population

*Includes recipients, denials, closings, and associated household members*

Supplementing Statewide Point-In-Time Count (PIT), serving Results Washington Goal 4, Section 3.1.c

**TABLE 1. Summary of Unstably Housed and Homeless Persons and Households**



PERSONS	DENOMINATOR Persons per Report Group	Level of Homelessness See definitions below			
		Homeless or Unstably Housed		Homeless Only Emergency Shelter or Unsheltered	
		NEW AND CONTINUING	NEW ONLY	NEW AND CONTINUING	NEW ONLY
... in child-only households, excluding parenting teen households	497	248	7	64	12
... in parenting teen households	180	41	2	3	0
... ages 18-24 in households without children	52,444	20,630	816	6,436	558
... ages 25+ in households without children	395,495	77,014	2,916	28,819	1,763
... in households with both children and adults, single parent	381,764	31,028	2,030	4,801	472
... in households with both children and adults, two parents	352,071	12,481	1,036	1,997	271
... where unknown household type	136	22	0	8	0
<b>TOTAL REPORT POPULATION (PERSONS)</b>	<b>1,182,587</b>	<b>141,464</b>	<b>6,807</b>	<b>42,128</b>	<b>3,076</b>

HOUSEHOLDS	DENOMINATOR Households per Report Group	NEW AND CONTINUING	NEW ONLY	NEW AND CONTINUING	NEW ONLY
... child-only, excluding parenting teen households	497	248	7	64	12
... parenting teen	84	19	1	1	0
... ages 18-24 without children	50,953	20,416	801	6,370	551
... ages 25+ without children	355,220	74,938	2,752	28,218	1,701
... with both children and adults, single parent	128,358	11,407	722	1,766	168
... with both children and adults, two parents	76,171	2,962	235	481	68
... where unknown household type	59	11	0	4	0
<b>TOTAL REPORT POPULATION (HOUSEHOLDS)</b>	<b>611,342</b>	<b>110,001</b>	<b>4,518</b>	<b>36,904</b>	<b>2,500</b>

Run Date 2016-07-11

NOTES: "Homeless or Unstably Housed" refers to all homeless and all unstably housed, including couch surfing. "Homeless Only" is a subset of "homeless or unstably housed" and refers only to unsheltered clients or those living in emergency shelter. "New" homelessness refers to clients who are homeless in the current month but not in the month previous, while "continuing" refers to all homeless clients. There might be larger numbers for "homeless only" columns because a transition from "unstably housed or homeless" to "homeless only" is counted as "new" homelessness. Columns cannot be added across rows because the continuing and "Homeless or Unstably Housed" categories include new and "Homeless Only" categories, respectively. Household classification is derived from the HUD categories of "Households without children," "Households with at least one adult and one child," and "Households with only children." HUD classified households do not necessarily correspond to Basic Food assistance units (AUs). The housing data fields used in this report are updated at initial application, with a change in circumstance, and semi-annually at the mid-year review, for as long as the client's Assistance Unit is receiving basic food benefits.

Prepared by DSHS Research and Data Analysis Division for Washington State Department of Commerce.



# Snapshot of Homelessness in Washington State for January 2016

## Based on Total Basic Food Population

*Includes recipients, denials, closings, and associated household members*

Supplementing Statewide Point-In-Time Count (PIT), serving Results Washington Goal 4, Section 3.1.c

**TABLE 2. Special Homeless Populations, Persons Only**



			Level of Homelessness			
			See definitions below			
PERSONS	DENOMINATOR Total Basic Food and Medically Eligible Persons	520,074	Homeless or Unstably Housed		Homeless Only Emergency Shelter or Unsheltered	
			NEW AND CONTINUING	NEW ONLY	NEW AND CONTINUING	NEW ONLY
	. . . chronically homeless, ages 18 and over		7,690	53	3,270	30
	. . . with mental health treatment need, ages 18 and over		41,458	2,723	14,240	1,143
	. . . with substance use disorder treatment need, ages 18 and over		34,002	2,514	13,574	1,175
	. . . with co-occurring mental health and substance use treatment need, ages 18 and over		24,164	1,657	9,372	773

Run Date 2016-07-11

NOTES: Data was extracted from Provider One (P1), the Integrated Client Database (ICDB), and the Automated Client Eligibility System (ACES). Disability categorization is based on P1 medical eligibility records for the 24 month period previous to the current experience of homelessness. HUD defines chronic homelessness as an individual with a disabling condition who has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for a) at least 1 year or b) on at least four separate occasions in the last 3 years, where the cumulative total of the four occasions is at least one year. Mental health treatment need is identified by the presence of diagnoses, psychotropic medications and/or mental health services. Substance use disorder treatment need is identified by diagnoses, procedures, prescriptions, treatment and/or arrests that reflect a possible substance use disorder. Rows cannot be added because of overlapping clients within each categorization.

NOTES: "Homeless or Unstably Housed" refers to all homeless and all unstably housed, including couch surfing. "Homeless Only" is a subset of "homeless or unstably housed" and refers only to unsheltered clients or those living in emergency shelter. "New" homelessness refers to clients who are homeless in the current month but not in the month previous, while "continuing" refers to all homeless clients. There might be larger numbers for "homeless only" columns because a transition from "unstably housed or homeless" to "homeless only" is counted as "new" homelessness. Columns cannot be added across rows because the continuing and "Homeless or Unstably Housed" categories include new and "Homeless Only" categories, respectively. Household classification is derived from the HUD categories of "Households without children," "Households with at least one adult and one child," and "Households with only children." HUD classified households do not necessarily correspond to Basic Food assistance units (AUs). The housing data fields used in this report are updated at initial application, with a change in circumstance, and semi-annually at the mid-year review, for as long as the client's Assistance Unit is receiving basic food benefits.

Prepared by DSHS Research and Data Analysis Division for Washington State Department of Commerce.



# Snapshot of Homelessness in Washington State for January 2016

## Based on Total Basic Food Population

*Includes recipients, denials, closings, and associated household members*

Supplementing Statewide Point-In-Time Count (PIT), serving Results Washington Goal 4, Section 3.1.c

**TABLE 3. Unstably Housed and Homeless Persons, by Household Type and County**



	Homeless or Unstably Housed, New and Continuing Persons							
	HOUSEHOLD TYPES							
	TOTAL	Child Only	Parenting Teens	Youth (18-24) w/o Children	Adults (25+) w/o Children	Single Parent with Children	Two Parents with Children	Unknown
<b>Washington</b>	<b>141,464</b>	<b>248</b>	<b>41</b>	<b>20,630</b>	<b>77,014</b>	<b>31,028</b>	<b>12,481</b>	<b>22</b>
Adams	317	*	-	44	109	117	46	-
Asotin	725	-	-	107	377	176	65	-
Benton/Franklin	3,822	*	*	708	1,790	947	366	*
Chelan/Douglas	1,878	-	-	265	966	458	189	-
Clallam	1,939	*	-	322	1,036	401	179	-
Clark	8,113	11	*	1,222	3,967	1,936	970	-
Columbia	77	-	-	11	28	24	14	-
Cowlitz	4,840	*	-	788	2,475	1,124	444	-
Ferry	158	*	-	28	78	37	14	-
Garfield	37	-	-	*	17	*	*	-
Grant	2,258	*	-	370	926	659	297	*
Grays Harbor	2,900	*	-	448	1,681	473	289	-
Island	878	*	-	122	423	206	123	-
Jefferson	554	*	-	75	336	95	47	-
King	33,569	38	13	4,091	20,246	6,947	2,232	*
Kitsap	4,132	*	*	741	2,223	827	332	-
Kittitas	526	*	-	90	278	108	49	-
Klickitat	526	*	-	92	275	108	50	-
Lewis	2,092	*	-	352	1,082	418	236	-
Lincoln	118	-	-	19	58	33	*	-
Mason	2,230	*	*	317	1,059	596	247	-
Okanogan	902	*	-	169	498	176	57	-
Pacific	749	-	-	101	401	146	101	-
Pend Oreille	240	*	-	39	126	35	37	-
Pierce	21,960	43	11	3,275	11,661	5,146	1,820	*
San Juan	103	-	-	*	66	24	*	-
Skagit	2,462	*	-	400	1,357	500	199	*
Skamania	188	-	-	35	94	50	*	-
Snohomish	10,953	40	-	1,493	6,208	2,210	998	*
Spokane	12,674	28	*	1,790	7,049	2,582	1,221	*
Stevens	754	-	-	107	356	203	88	-
Thurston	5,803	*	*	983	3,096	1,186	533	-
Wahkiakum	103	-	-	13	41	35	14	-
Walla Walla	1,122	*	-	189	543	290	99	-
Whatcom	4,076	*	-	632	2,279	813	348	-
Whitman	284	*	-	45	119	95	24	-
Yakima	6,774	*	-	1,024	3,310	1,720	706	*
Unknown	628	*	-	107	380	123	17	-

**KEY:** Dash represents zero, asterisk represents suppressed due to fewer than ten persons

Run Date 2016-07-11

NOTES: "Homeless or Unstably Housed" refers to all homeless and all unstably housed, including couch surfing. "Homeless Only" is a subset of "homeless or unstably housed" and refers only to unsheltered clients or those living in emergency shelter. "New" homelessness refers to clients who are homeless in the current month but not in the month previous, while "continuing" refers to all homeless clients. There might be larger numbers for "homeless only" columns because a transition from "unstably housed or homeless" to "homeless only" is counted as "new" homelessness. Columns cannot be added across rows because the continuing and "Homeless or Unstably Housed" categories include new and "Homeless Only" categories, respectively. Household classification is derived from the HUD categories of "Households without children," "Households with at least one adult and one child," and "Households with only children." HUD classified households do not necessarily correspond to Basic Food assistance units (AUs). The housing data fields used in this report are updated at initial application, with a change in circumstance, and semi-annually at the mid-year review, for as long as the client's Assistance Unit is receiving basic food benefits.

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# Snapshot of Homelessness in Washington State for January 2016

## Based on Total Basic Food Population

Includes recipients, denials, closings, and associated household members

Supplementing Statewide Point-In-Time Count (PIT), serving Results Washington Goal 4, Section 3.1.c

**TABLE 4. Homeless Persons, by Household Type and County**



### Homeless only (Emergency Shelter or Unsheltered), New and Continuing Persons

	HOUSEHOLD TYPES							
	TOTAL	Child Only	Parenting Teens	Youth (18-24) w/o Children	Adults (25+) w/o Children	Single Parent with Children	Two Parents with Children	Unknown
<b>Washington</b>	<b>42,128</b>	<b>64</b>	<b>3</b>	<b>6,436</b>	<b>28,819</b>	<b>4,801</b>	<b>1,997</b>	<b>8</b>
Adams	79	-	-	13	31	26	*	-
Asotin	173	-	-	38	104	17	14	-
Benton/Franklin	912	*	-	180	529	155	44	*
Chelan/Douglas	317	-	-	49	225	30	13	-
Clallam	713	-	-	109	465	104	35	-
Clark	2,039	*	-	340	1,390	197	111	-
Columbia	12	-	-	*	*	-	*	-
Cowlitz	873	*	-	117	574	141	40	-
Ferry	32	-	-	*	18	*	*	-
Garfield	6	-	-	*	*	-	-	-
Grant	393	*	-	84	218	59	31	-
Grays Harbor	883	*	-	148	635	50	48	-
Island	174	-	-	32	132	*	*	-
Jefferson	226	-	-	36	162	18	*	-
King	13,419	*	-	1,708	9,780	1,481	439	*
Kitsap	1,188	*	-	226	746	147	68	-
Kittitas	107	-	-	18	69	13	*	-
Klickitat	87	-	-	24	51	*	*	-
Lewis	579	*	-	104	375	54	44	-
Lincoln	19	-	-	*	13	*	-	-
Mason	531	*	-	109	328	74	19	-
Okanogan	102	-	-	23	65	*	*	-
Pacific	82	-	-	*	60	*	*	-
Pend Oreille	45	*	-	*	29	*	*	-
Pierce	6,541	13	*	1,024	4,265	862	370	*
San Juan	23	-	-	*	16	-	*	-
Skagit	542	*	-	90	370	54	27	-
Skamania	45	-	-	13	20	*	*	-
Snohomish	3,840	17	-	575	2,634	438	176	-
Spokane	3,004	*	-	443	2,136	267	150	-
Stevens	160	-	-	31	89	21	19	-
Thurston	1,952	*	-	345	1,224	246	136	-
Wahkiakum	18	-	-	*	*	*	-	-
Walla Walla	281	-	-	59	183	29	*	-
Whatcom	1,086	*	-	166	772	108	38	-
Whitman	44	-	-	12	28	*	-	-
Yakima	1,409	*	-	253	918	142	95	-
Unknown	192	-	-	36	146	*	-	-

KEY: Dash represents zero, asterisk represents suppressed due to fewer than ten persons

Run Date 2016-07-11

NOTES: "Homeless or Unstably Housed" refers to all homeless and all unstably housed, including couch surfing. "Homeless Only" is a subset of "homeless or unstably housed" and refers only to unsheltered clients or those living in emergency shelter. "New" homelessness refers to clients who are homeless in the current month but not in the month previous, while "continuing" refers to all homeless clients. There might be larger numbers for "homeless only" columns because a transition from "unstably housed or homeless" to "homeless only" is counted as "new" homelessness. Columns cannot be added across rows because the continuing and "Homeless or Unstably Housed" categories include new and "Homeless Only" categories, respectively. Household classification is derived from the HUD categories of "Households without children," "Households with at least one adult and one child," and "Households with only children." HUD classified households do not necessarily correspond to Basic Food assistance units (AUs). The housing data fields used in this report are updated at initial application, with a change in circumstance, and semi-annually at the mid-year review, for as long as the client's Assistance Unit is receiving basic food benefits.



Department of Commerce

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**APPENDIX G: WASHINGTON STATE 2015 COUNTY LEVEL HOMELESS SYSTEM PERFORMANCE RESULTS REPORTED BY THE DEPARTMENT OF COMMERCE**

<b>Homeless housing 2015 performance results</b>					
<b>County</b>	<b>Number received housing</b>	<b>Percent homeless for first time</b>	<b>Median length of stay in temporary housing</b>	<b>Percent exit to permanent housing</b>	<b>Percent returned to homelessness within 2 years of exit to permanent housing</b>
Adams	132	84%	37	22%	0%
Asotin	117	99%	7	37%	6%
Benton-Franklin	890	93%	29	58%	10%
Chelan-Douglas	774	83%	81	33%	4%
Clallam	989	82%	32	30%	12%
Clark	2,040	70%	35	34%	23%
Columbia	60	100%	0	100%	0%
Cowlitz	1,597	94%	16	19%	9%
Ferry	58	91%	31	41%	6%
Garfield	4	100%	0	25%	0%
Grant	354	99%	29	46%	1%
Grays Harbor	393	85%	17	81%	5%
Island	455	90%	78	61%	6%
Jefferson	80	90%	245	86%	8%
King	17,714	80%	76	25%	6%
Kitsap	1,145	92%	68	33%	6%
Kittitas	218	98%	36	59%	0%
Klickitat	98	89%	90	69%	5%
Lewis	623	89%	23	47%	9%
Lincoln	32	91%	30	78%	9%
Mason	279	85%	59	48%	4%
Okanogan	271	93%	11	31%	6%
Pacific	92	91%	2	66%	0%
Pend Oreille	132	85%	4	47%	18%
Pierce	5,035	80%	47	42%	11%
San Juan	4	0%	64	100%	0%
Skagit	717	92%	64	54%	5%
Skamania	41	90%	40	79%	0%
Snohomish	2,669	77%	58	45%	0%
Spokane	4,149	82%	86	60%	17%
Stevens	145	97%	50	85%	3%
Thurston	2,634	83%	17	36%	22%
Wahkiakum	31	77%	57	71%	0%
Walla Walla	436	95%	51	50%	9%
Whatcom	1,206	90%	81	60%	3%
Whitman	241	80%	75	71%	0%
Yakima	1,406	83%	44	36%	11%
<b>TOTAL/AVERAGE</b>	<b>47,261</b>	<b>82%</b>	<b>48</b>	<b>53%</b>	<b>6%</b>

Source: Statewide HMIS data provided by Commerce.

**APPENDIX H: REQUIREMENTS FOR ANNUAL LEGISLATIVE REPORTING IN THE HOMELESS HOUSING AND ASSISTANCE ACT**

<p><b>Meeting goals of Ten-Year Homeless Plan<sup>19</sup></b></p>	<ul style="list-style-type: none"> <li>● Reduction in number of homeless</li> <li>● Reduction in number of unaccompanied youth</li> <li>● Time from homelessness to permanent housing</li> <li>● Number of housed by housing type</li> <li>● Expenditures by housing type</li> <li>● Cost per person by housing type</li> </ul>
<p><b>Surcharge fund expenditures</b></p>	<ul style="list-style-type: none"> <li>● Total surcharge amount expended</li> <li>● Amount expended on and number of households who received, in private, public and nonprofit markets <ul style="list-style-type: none"> <li>○ housing vouchers</li> <li>○ housing placement payments</li> </ul> </li> <li>● Amount expended on and number of eviction prevention services provided in the private market</li> <li>● Total funds set aside for private rental housing payments as required by RCW 36.22.179(1)(b)</li> <li>● Amount expended on and number of other tenant-based rent assistance services provided in the private market</li> <li>● All additional surcharge activities not otherwise reported</li> </ul>
<p><b>Grant programs*</b></p>	<p><b>Independent Youth Housing Program</b></p> <ul style="list-style-type: none"> <li>● Report on increases in housing stability, economic self-sufficiency, independent living skills, education and job training attainment</li> <li>● Report on decreases in use of state-funded services over time, percentage of youth aging out of state dependency each year who are eligible for state assistance</li> <li>● Recommendations on program improvements and department strategies</li> </ul> <p><b>Transitional Housing Operating and Rent Program</b></p> <ul style="list-style-type: none"> <li>● Success getting participants into affordable housing and self-sufficiency</li> <li>● Cost per program participant</li> <li>● Quality and completeness of HMIS information</li> <li>● Client satisfaction</li> </ul> <p><b>Housing and Essential Needs Program</b></p> <ul style="list-style-type: none"> <li>● Description of actions taken to fulfill program requirements</li> <li>● Amount of funds used to administer program</li> <li>● Housing status information for participants</li> <li>● Efforts to partner with other entities to leverage funding</li> </ul>

\*Note: Independent Youth Housing Program (IYHP) and Transitional Housing Operating and Rent Program (THOR) are funded with surcharge funds. Housing and Essential Needs Program (HEN) is funded with appropriated state general funds. THOR and HEN funds are granted to local government lead agencies as part of their Consolidated Homeless Grant. Results of the THOR program are reported as part of the results for the Consolidated Homeless Grant program. Source: TAP International analysis of annual legislative reporting requirements in Chapter 43.185C RCW.

<sup>19</sup> The Homeless Housing and Assistance Act includes a list of suggested measures (RCW 43.185C.040) for annual reporting. Listed here are those Commerce has included in their annual reports to the Legislature. Appendix A contains a complete copy of the Act.