

Homeless Services Department FY 2026 State/Federal Rebalance





Agenda

1

Historical Context

2

FY 2026 Budget Recap

3

State Funding Impacts

4

Other Funding Impacts

5

Looking Forward to FY 2027



Historical Context



FY 2026 Budget Recap

Look Back

Context
Setting:



Early Stages (COVID-19 and SHS Launch)

- Ramping up services due to COVID-19 and the start of SHS.
- Initial 3 years of SHS saw underspending and unanticipated revenue, leading to large year-over-year carryover

Strategic Focus & Service Expansion

- A focus to prioritize spending on services and expansion in:
 - Shelter
 - Placement out of Shelter

Look Back

Context

Setting:



Current & Future Outlook

- The system has now fully ramped up and spending is happening as expected
- The SHS forecast for FY 2025 and FY 2026 was reduced by 14% both years.
- Potential adjustment to the SHS forecast and 3 year replenishment plan for reserves
- The carryover funds are gone by FY 2027, leaving only ongoing SHS funding.
- **Not enough funding to sustain the system**

HSD Planning

- Anticipate this may be first of more adjustments due to anticipated constrained resources
- HRAP 2.0 and SHS Reform impact on FY 2027
- Review and recommend core services and HSD's role to support a holistic system in a constrained resource environment
- Use FY 2026 state rebalance to backfill the slow ramp-down of services in FY 2027

FY 2026 Budget Journey

HSD cut \$34M during FY 2026 budget process.

	FY 2025 Adopted Budget*	FY 2026 Adopted Budget**
HSD Amount	342.5M	310.2M
Other SHS Dept Amount	36.3M	34.8M
Difference		-33.8M
% Difference		-9%

+Includes \$15M from the Chair in ongoing General Fund Backfill

FY 2026 Adopted - Operating Budget

FY 2026
Reductions
GF
Other Funds
FTE

\$310.2 million

Total Adopted Operating Budget

Excludes cash transfers, contingencies, and unappropriated balances.

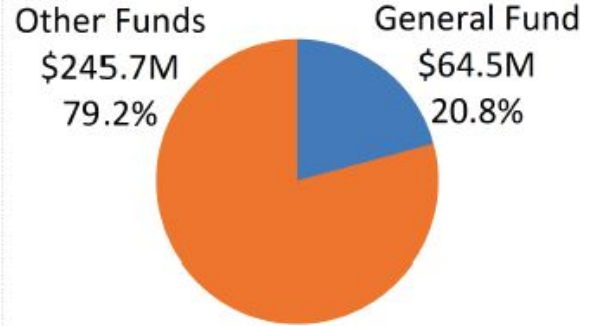
114.00 FTE

Total Adopted Staffing



(8.00) FTE

Decrease from
FY 2025 Adopted



(\$32.3) million

Operating Budget
decrease from
FY 2025 Adopted



(9.4%) Decrease

General Fund

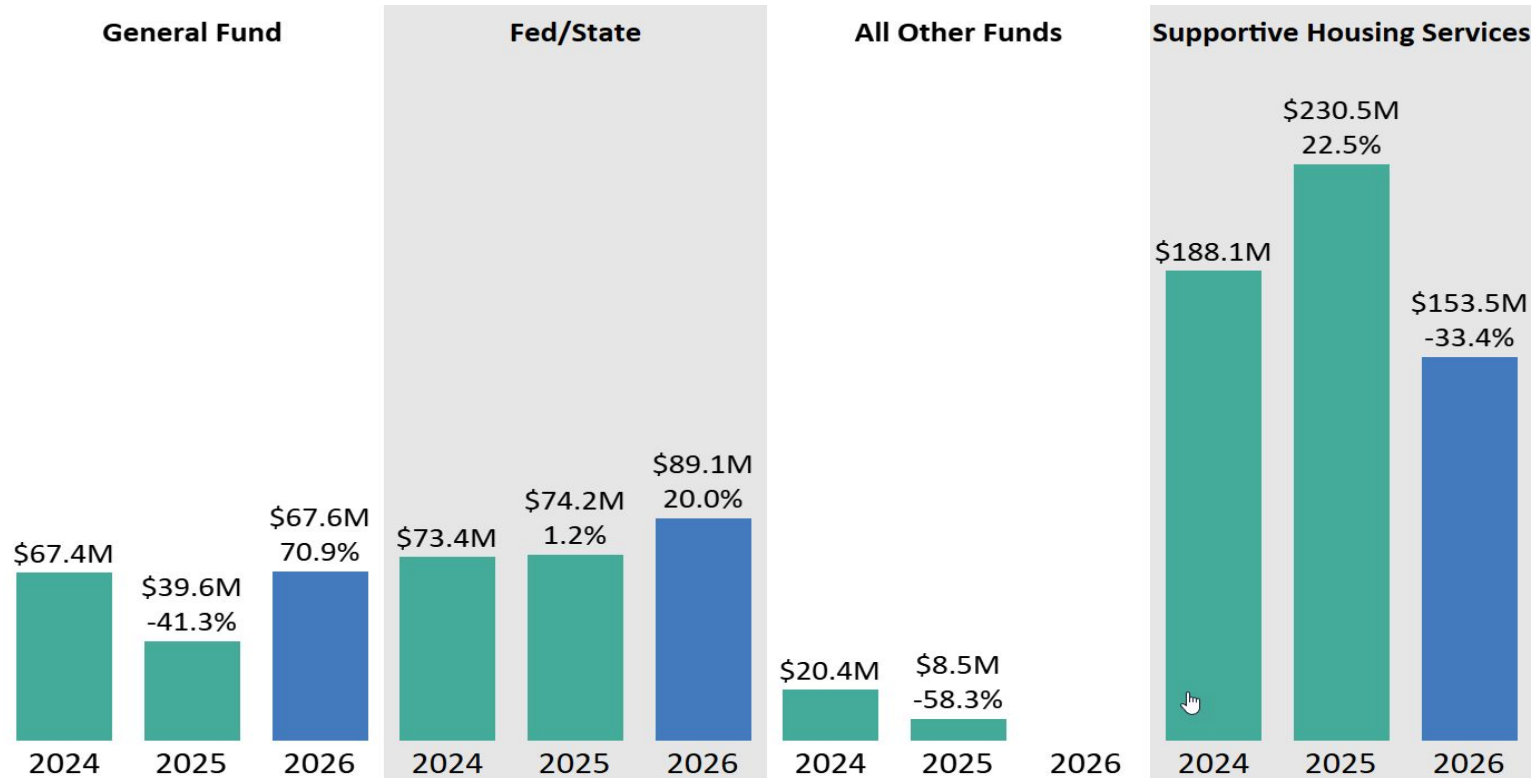
\$10.0 million

New **One-Time-Only** Programs

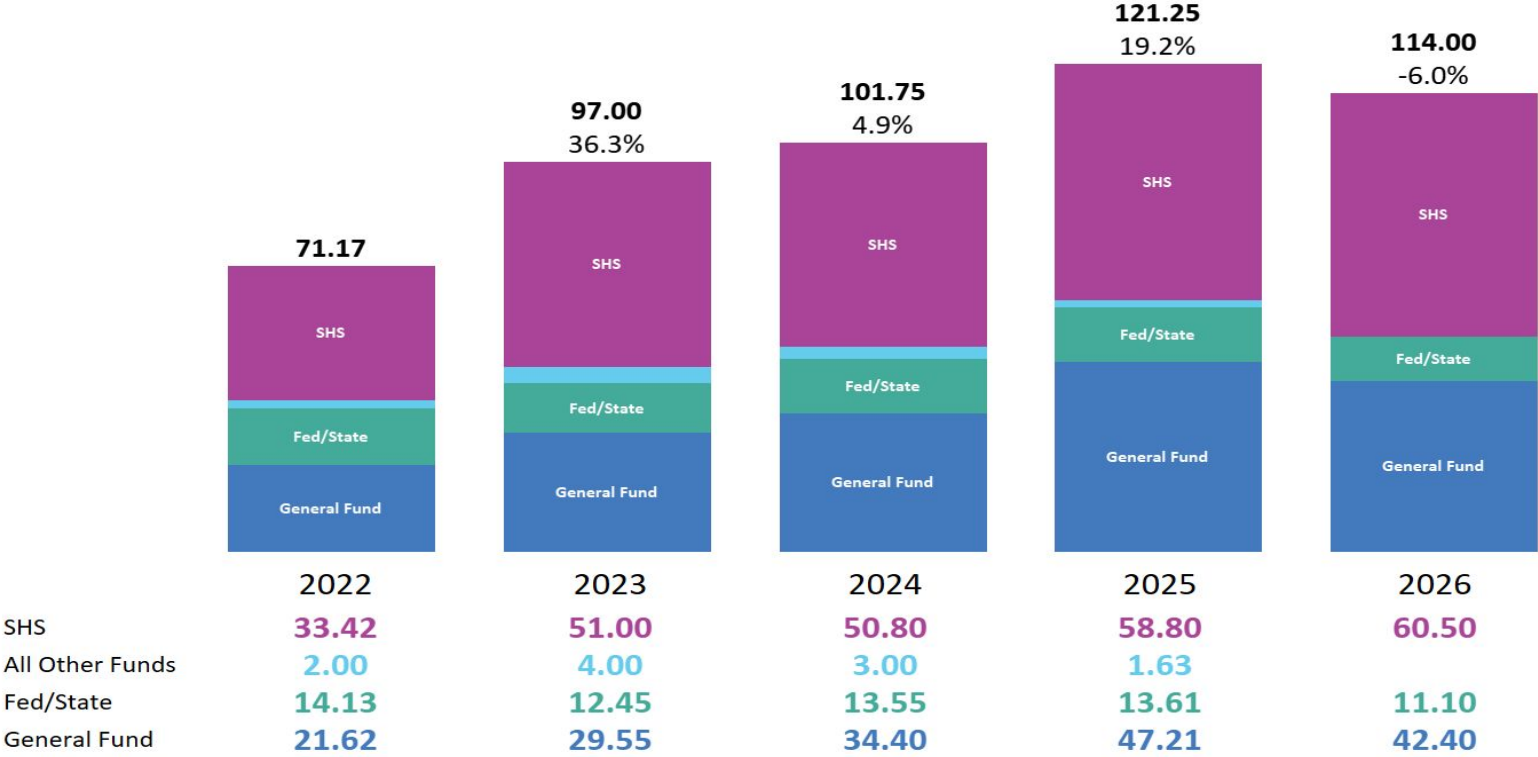
\$15.0 million

New **Ongoing/Backfill** Programs

HSD Operating Budget by Major Fund



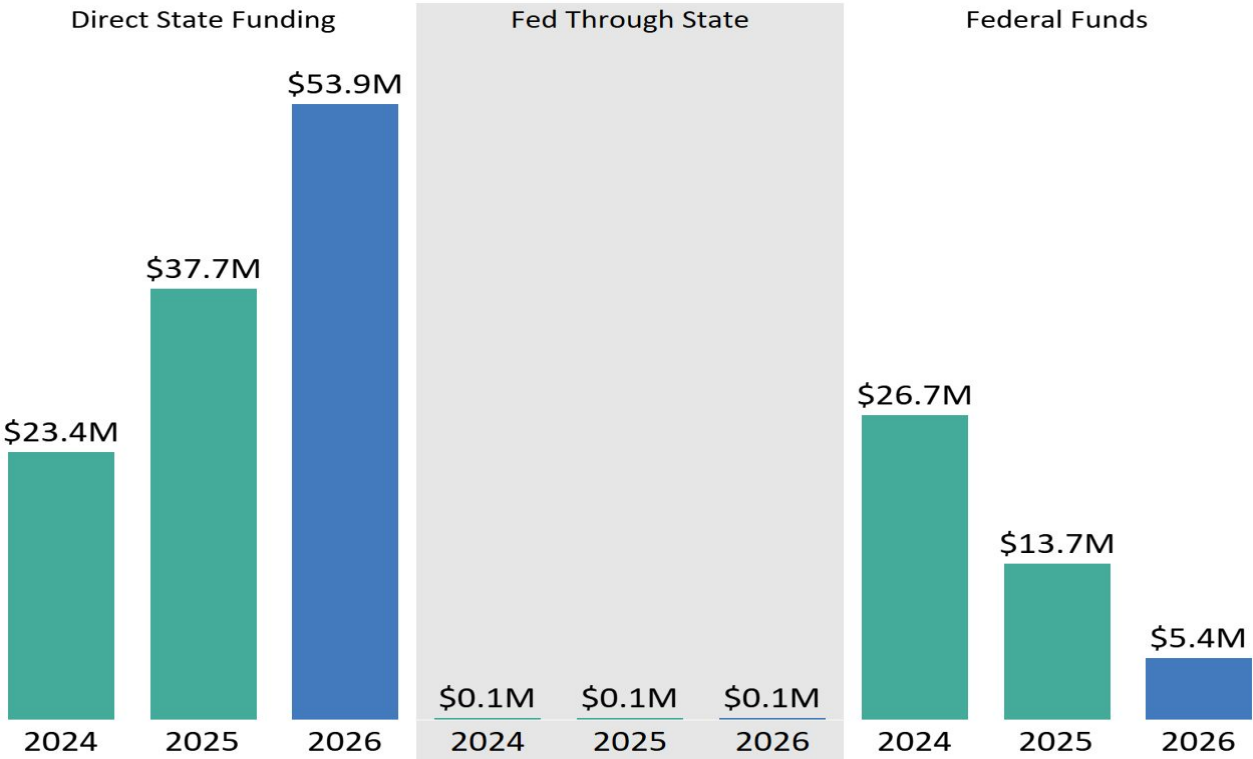
FTE Trend FY 2022-2026



SHS
All Other Funds
Fed/State
General Fund

HSD Operating Budget: State/Fed Revenue

19.2% of the HSD FY 2026 Adopted budget is Fed/State Revenue



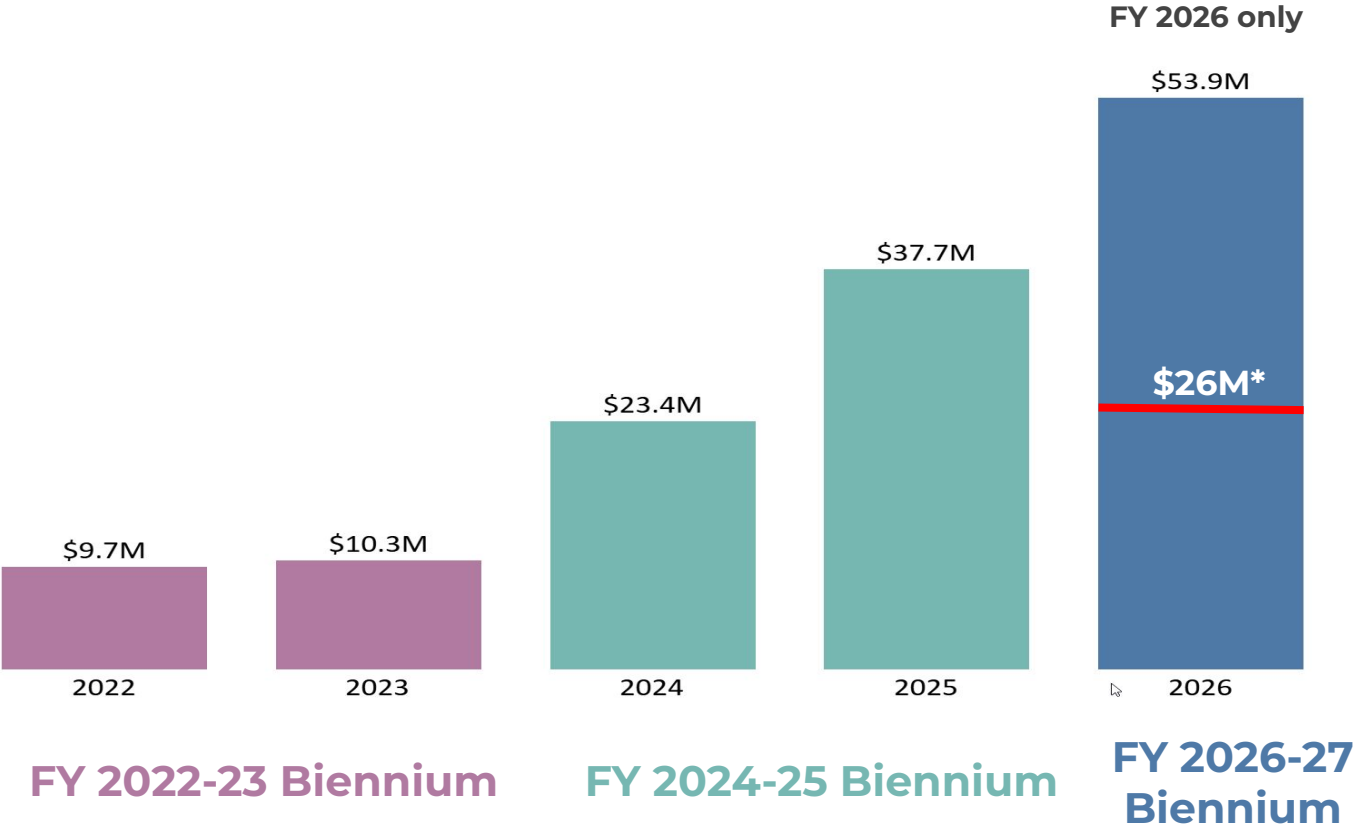
FY 2026 Adopted Budget Recap

Board Amendments

- 230 congregate shelter beds closing in March 2026
- 200 PSH units expansion in the 4th quarter
- \$2.9M restoration for Employment Programs (Total Funding = \$5.7M)
- \$647K partial restoration for legal services
- \$429K restoration for East County Services

HSD Operating Budget: Direct State Funding

17.4% of the
HSD FY
2026
Adopted
budget is
**Direct
State
Funding**



NOTE: FY 22-25 Revised; FY 26 Adopted
*Includes \$2.9M in EHA, ESG and SHAP

HSD FY 2026 State Summary

- Total of **\$26M** funding from the state
- A **\$28M** or **55%** reduction in state funding
- At risk of losing **214** shelter beds, **668** HH not sustained and **873** HH not newly placed
- HSD recommends back filling **\$20M** to maintain some services



State Funding Impacts

Overview of State Funding Changes

The Governor's Recommended Budget experienced a **33%** or **\$168.7M** reduction in these 3 funding areas

FY 2025 - FY 2027 State Funding*	Governor's Recommended Budget (GRB)	Legislatively Adopted Budget (LAB)	Difference	% Difference
OR-501 Maintaining Shelter	217.9M	204.9M	-13.0M	-6%
OR-502 Rehousing	188.2M	50.3M	-137.9M	-73%
OR-503 Long Term Rent Assistance (LTRA)	105.2M	87.4M	-17.8M	-17%
Biennial Total	511.4M	342.6M	-168.7M	-33%
Annual Total	255.7M	171.3M	-84.4M	-33%

*Multco Assumption at 20% Biennial and Annual

Overview of State Funding Changes

FY 2026 Impact to Homeless Services Department is **\$28M** or **55%** reduction in funding

State Funding	FY 2026 Adopted Budget (GRB)	FY 2026 LAB Updated Budget	FY 2023 - 25 Carryover	Difference	% Difference
OR-501 Maintaining Shelter	21.8M	9.8M	1.4M	-10.6M	-49%
OR-502 Rehousing	18.8M	3.8M	1.1M	-13.8M	-74%
OR-503 Long Term Rent Assistance	10.5M	4.9M	2.1M	-3.6M	-34%
Total	51.1M	18.5M	4.6M	-28.0M	-55%

*See slide #51 for HSD's biennial amount from the state

Overview of State Funding Changes

FY 2026 Programmatic/Services Impact to Homeless Services Department

	# of Shelter Units			# of participants newly placed in housing			# of participants sustained**		
State Funding	FY 2026 Adopted Budget	FY 2026 Updated Budget	Difference	FY 2026 Adopted Budget	FY 2026 Updated Budget	Difference	FY 2026 Adopted Budget	FY 2026 Updated Budget	Difference
OR-501 Maintaining Shelter	439	225	-214						
OR-502 Rehousing				1013	150	-863	646	126	-520
OR-503 LTRA				29	19	-10	436	288	-148
Total	439	225	-214	1013	150	-873	1,082	414	-668

Major State Funding

OR 501 Maintaining Shelter:

- **\$11.2M** for FY 2026
- **49%** or **\$10.6M** reduction from the FY 2026 Adopted Budget
- FY 2026 State funded shelter beds was **439**
- Loss of **214** beds to the system if not backfilled

State Funding	FY 2026 Adopted Budget (GRB)	FY 2026 LAB Updated Budget	FY 2023 - 25 Carryover	Difference	% Difference
OR-501 Maintaining Shelter	21.8M	9.8M	1.4M	-10.6M	-49%

Major State Funding

Maintaining Shelter:
Detail

Recommendations

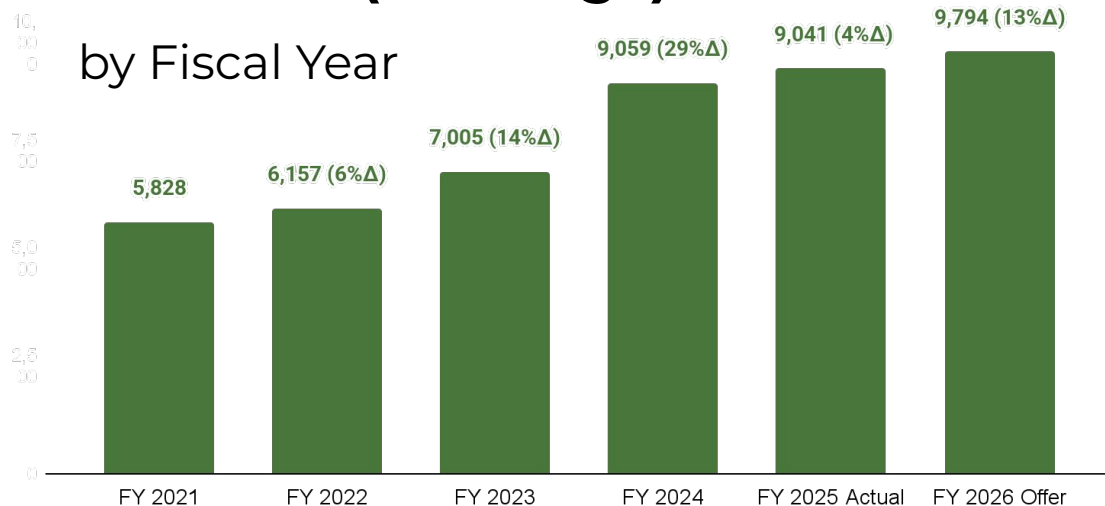
- Backfill the **\$10.6M** reduction from OHCS*:
 - **\$9.7M** from the department's Year 2 of funding from OCHS
 - **\$.9M** HSD Capital Fund

State Funding	FY 2026 Adopted Budget	FY 2026 State Amount	FY 2026 Backfill Amount	Difference	% Difference
OR-501 Maintaining Shelter	21.8M	11.2M	10.6M	-0M	0%

FY 2026 Expected Outcomes

Number of People Served in Shelter (% change)

by Fiscal Year



22% of shelter exits were to permanent housing in FY 2025

Current Shelter Units in Operation

Currently Operational Units

Jurisdiction	Current as of 9/1/25
City-run current	1,425*
County-run current	2,223
Total	3,648

*Multnomah County and State of Oregon fund approximately 450 of these units

Community Shelter Strategy Update

Funded Units from Community Sheltering Strategy

Phase	Units
Operational	555
Phase 2 (Planned)	288
Total	843
Original Goal	1,000
Difference	157

Major State Funding

Rehousing /
Placement
out of Shelter

Significant reduction in funds for placement out of shelter

State Funding	FY 2026 Adopted Budget (GRB)	FY 2026 LAB Updated Budget	FY 2023 - 25 Carryover	Difference	% Difference
OR-502 Rehousing	18.8M	3.8M	1.1M	-13.8M	-74%

Impact without backfill:

State Funding	# of participants newly placed in housing			# of participants sustained**		
	FY 2026 Adopted Budget	FY 2026 Updated Budget	Difference	FY 2026 Adopted Budget	FY 2026 Updated Budget	Difference
OR-502 Rehousing	1013	150	-863	646	126	-520

Major State Funding

Rehousing/
Placement out
of Shelter

- Highest Priority is sustaining households, but some of the “new” state funding requires new placements
- All but \$4.0M in FY 2026 Adopted Budget funding is currently allocated in contracts

State Funding	FY 2026 Adopted Budget	Total allocated to providers	Total Unallocated
OR-502 Rehousing	18,824,324	14,863,647	\$3,960,677

- Fully backfilling would require significant cuts elsewhere and may not be sustainable for new placements

Recommendation: Backfill to sustain current placements only

Use HSD backfill to sustain all anticipated households, no new placements outside of state requirements:

	OR-502 Rehousing			Difference BTW Adopted and Updated			
Funding Scenarios	Amount	# of participants newly placed in housing	# of participants sustained**	Difference in # of participants newly placed in housing	Difference in # of participants sustained**	Difference	HSD Backfill Amount
FY 2026 Adopted Budget	\$18,824,324	1013	600	N/A	N/A	N/A	N/A
Backfill for sustain only	\$10,696,148	150	600	-863	0	\$8,128,176	\$5,720,000

Major State Funding

Rehousing/
Placement out
of Shelter

Recommendation Detail

- Backfill \$5.7M:
 - \$5.5M from HSD Capital Fund
 - \$.2M from unbudgeted SHS carryover
- Sustains **520 HH (600 total)**
- 863 fewer new placements overall, will require pulling back \$4M from current contracts

State Funding	FY 2026 Adopted Budget	FY 2026 State Amount	FY 2026 Backfill Amount	Difference	% Difference
OR-502 Rehousing	18.8M	5.0M	5.7M	8.1M	43%

Major State Funding

Long Term
Rent
Assistance:

- **\$6.9M** for FY 2026
- **34%** or **\$3.6M** reduction from the FY 2026 Adopted Budget
- **10 HH** not sustained and over **148 HH** not new placed into housing if not backfilled

Major State Funding

Long Term
Rent
Assistance:

Recommendations

- Backfill **\$3.6M** from unbudgeted SHS carryover, which fully restores
- Buys back 10 HH sustained and over 148 HH newly placed

State Funding	FY 2026 Adopted Budget	FY 2026 State Amount	FY 2026 Backfill Amount	Difference	% Difference
OR-503 LTRA	10.5M	6.9M	3.6M	0M	0%



Other Funding Impacts

Other Funding

City of
Portland
General Fund:

- Funding swap with City of Portland general fund and SHS for **\$5M**.
 - FY 2026, the City of Portland agreed to send the County \$29.8M
 - City identified \$5M available funding from the State in FY 2025*.
 - HSD underspends SHS by \$5M to carryover in FY 2026 to cover City Contributions

FY 2025 Adopted Budget	FY 2026 Adopted Budget	FY 2026 Updated Budget	Difference
31.2M	29.6M	24.6M	5M

[*BudMod-HSD-012-25 Increase Federal and State Fund Appropriation from State Funding](#)

Other Funding

City of
Portland
Supportive
Housing
Services:

- Decrease City of Portland SHS by **\$1.7M**.
 - FY 2024, the board approved \$16M in unanticipated revenue from SHS to the City of Portland for Temporary Alternative Shelter Sites (TASS).
 - FY 2024, the City had \$14.6M remaining unspent.
 - The City spent \$12.9M in FY 2025 and the remaining \$1.7M in FY 2026 for the TASS

FY 2024 Actuals	FY 2025 Actuals	FY 2026 Adopted Budget	FY 2026 Updated Budget
1.4M	12.9M	3.4M	1.7M

Other Funding

Supportive Housing Services (SHS):

- HSD has an additional **\$8.8M in** SHS for FY 2026.
 - HSD underspends SHS by **\$5M** to carryover in FY 2026 to cover City Contributions
 - **\$3.8M** recommend to be use for the State rebalance

FY 2026 Budgeted Amount	Anticipated Actual Amount	Increase/ (Decrease)
54.2M*	63.0M	8.8M

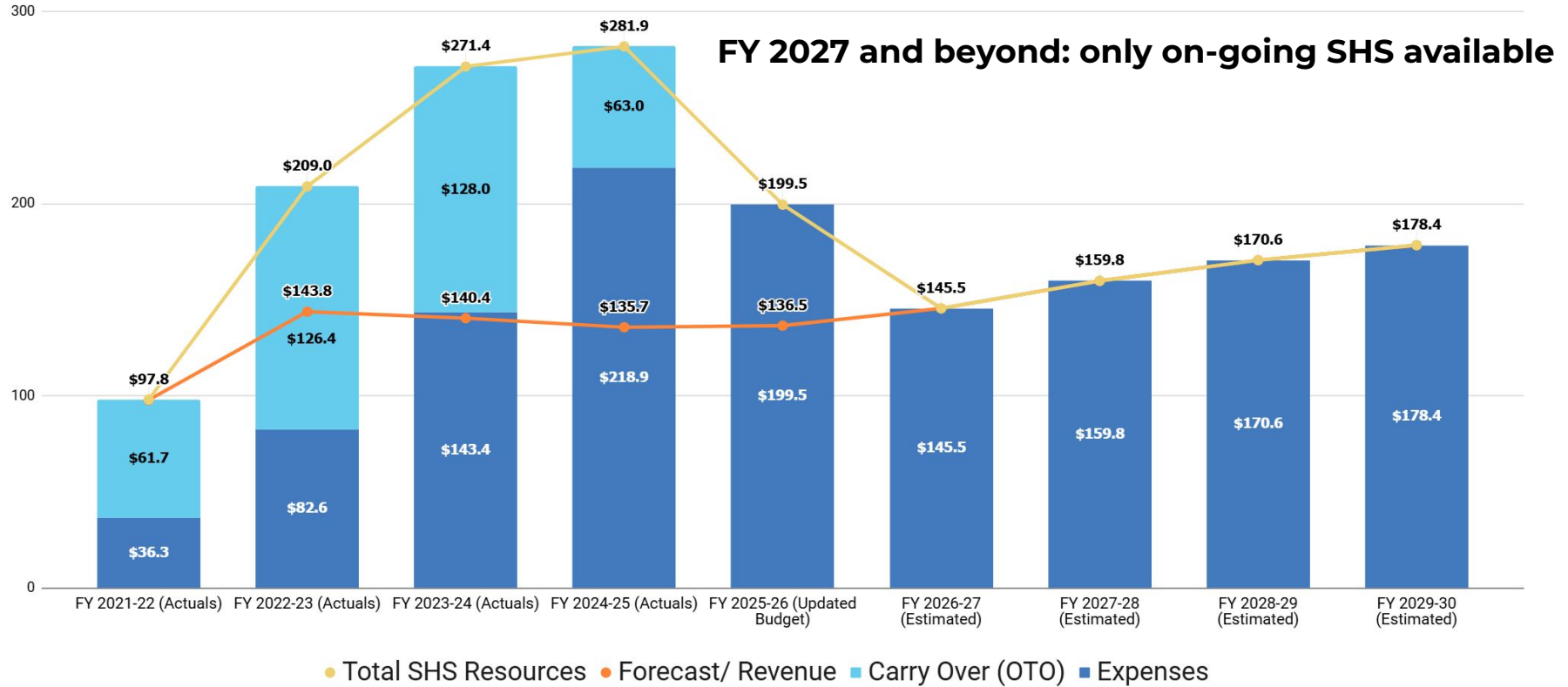
*Reduction of \$1.7M for the City's SHS carryover due to spending more than projected



Looking Forward

FY 2027

SHS FY 2027 and Beyond



Looking Forward

FY 2027

Funding:

- HSD anticipates reduction in funding:
 - Reduction of **\$63M** in one-time-only SHS carryover
 - Reduction of **\$20M** in one-time-only FY 2026 state backfill
 - **Only on-going SHS funding available in FY 2027**
 - Less State funding for the biennium
 - Impact of the local economy on both City and County general fund
 - Potential federal impacts directly or indirectly

Looking Forward

FY 2027
Planning and
Beyond:

- Anticipate this may be first of more adjustments due to anticipated constrained resources
- HRAP 2.0 and SHS Reform impact on FY 2027
- Review and recommend core services and HSD's role to support a holistic system in a constrained resource environment (match to KPIs)
- Use FY 2026 state rebalance to backfill, prepare for potential slow ramp-down of services in FY 2027



Appendices

The following slides
are provided for reference.

FY 2026 Adopted Budget Recap

Prog. #	Program Offer Name or Description	General Fund Backfill	
		Ongoing	One-Time-Only (OTO)
30600*	Employment Programs	1,374,786	2,448,828
30200A	Safety off the Streets - Adult Shelter	1,825,162	
30200B*	Safety off the Streets - Partially Sustaining Adult Shelter	4,403,645	
30203B	Safety off the Streets - Family Shelter Expansion	1,013,640	
30302	Housing Placement & Retention - Placement out of Shelter	654,092	
30304	Housing Placement & Retention - Emergency Rent Assistance		1,925,142
30309	Housing Placement & Retention - Primary Leasing	845,310	
30406	Supportive Housing - Frequent Users Systems Engagement	325,035	200,000
Total		\$10,441,670	\$4,573,970

*Includes video lottery fund

Prog. #	Program Offer Name	General Fund Ongoing	OTO	FTE
30202C	Safety off the Streets - City of Portland Alternative Shelter Sites	0	10,000,000	0
Total		\$0	\$10,000,000	0

Overview of State Funding Changes

FY 2025 - FY 2027 Homeless Services Department

State Funding	FY 2025 - 27 Biennial	FY 2023 - 25 Carryover	Total
OR-501 Maintaining Shelter	19.7M	1.4M	21.0M
OR-502 Rehousing	7.7M	1.1M	8.8M
OR-503 Long Term Rent Assistance	9.8M	2.1M	11.8M
Total	37.1M	4.5M	41.6M

Summary of Proposed State Changes

Div.	PO/Name	Brief Description	FY 2026 Total Adopted Budget	State Incr./Decr.	State FTE Incr./Decr.
SOS	Multiple	Shelter funding	\$21,791,865	(\$11,963,741)	-
HPR /SH	Multiple	Long term rent assistance provided	\$10,519,116	(\$5,641,741)	-
HPR	Multiple	Transitioning people from homelessness to housing	\$17,974,736	(\$14,146,359)	-
SOS	Multiple	SB 1530 Shelter FY25 Carryover	-	\$1,352,832	-
HPR /SH	Multiple	SB 5511 LTRA FY23-25 Carryover	-	\$2,069,550	-
SOS	30200 - Safety off the Streets - Adult	Shelter Operations and Program Delivery	\$858,710	\$20,532	

Summary of Proposed State Changes (cont.)

Div.	PO/Name	Brief Description	FY 2026 Total Adopted Budget	State Incr./Decr.	State FTE Incr./Decr.
SOS	30203A - Safety off the Streets - Family Shelter	Shelter & Rapid Rehousing	\$120,786	\$18,160	-
HPR	30311 - Housing Placement & Retention - State Rehousing Initiatives	Oregon Rehousing Initiative	\$849,588	\$298,183	-
SOS	30210A - Safety on the Street	Department of State Land - Sandy River Delta	-	\$115,000	-
Subtotal			\$52,114,801	(\$26,155,925)	-

Summary of Proposed Local Changes

Div.	PO/Name	Brief Description	FY 2026 Total Adopted Budget	Local Incr./Decr.	Local FTE Incr./Decr.
Multiple	Multiple	Adult Emergency Shelter, Outreach and Engagement, Transitional Housing	\$29,627,577	(\$5,000,000)	TBD
Multiple	Multiple	Metro Supportive Housing Services	\$55,848,867	\$7,118,312	-
Multiple	Multiple	Metro Supportive Housing Services - City of Portland	(\$3,417,500)	\$1,662,491	-
Subtotal			\$82,058,944	\$3,780,802	-

Summary of Proposed Federal Changes

Div.	PO/Name	Brief Description	FY 2026 Total Adopted Budget	Federal Incr./Decr.	Federal FTE Incr./Decr.
HPR	30306 - Housing Placement & Retention - Youth Services	HUD - Homesafe	\$963,103	\$100,948	-
Subtotal			\$963,103	\$100,948	-

Metro SHS OTO Funding

PO#	PO Name	Amount
30003	Data, Research, & Evaluation	\$907,943
30004	Policy & Planning	\$828,451
30005	Equity-Focused System Development & Capacity Building	\$703,079
30006A	Regional Coordination - Reserve and Contingency	\$3,914,304
30006B	Regional Coordination - Regional Strategies Implementation Fund	\$3,024,104
30006C	Regional Coordination - Homeless Management Information System	\$2,480,356
30006D	Regional Coordination - DCA IT HMIS Administration and Developer	\$7,498,344
30100	System Access, Assessment, & Navigation	\$212,810
30200A	Safety off the Streets - Adult Shelter	\$3,860,732

Metro SHS OTO Funding (cont.)

PO#	PO Name	Amount
30202C	Safety off the Streets - City of Portland Alternative Shelter Sites	\$3,417,500
30203A	Safety off the Streets - Family Shelter	\$1,540,773
30204	Safety off the Streets - Domestic Violence Shelter	\$1,323,195
30210A	Safety on the Streets	\$879,369
30300	Housing Placement & Retention - Adults & Women Households	\$5,070,392
30301	Housing Placement & Retention - Families	\$3,105,230
30303	Housing Placement & Retention - Domestic Violence	\$1,320,065
30304	Housing Placement & Retention - Emergency Rent Assistance	\$993,663
30305	Housing Placement & Retention - Medical/Aging	\$745,640

Metro SHS OTO Funding (cont.)

PO#	PO Name	Amount
30306	Housing Placement & Retention - Youth Services	\$480,797
30307	Housing Placement & Retention - Veterans	\$87,040
30308A	Housing Placement & Retention - Gresham Homeless Services	\$188,491
30309	Housing Placement & Retention - Primary Leasing	\$1,273,197
30400A	Supportive Housing	\$376,190
30401B	Supportive Housing - Behavioral Health/Medical Housing - Service Coordination Team	\$66,785
30406	Supportive Housing - Frequent Users Systems Engagement	\$707,375
30999	Supportive Housing Services Revenue for Other Departments	\$9,983,504
Subtotal		\$55,848,867

City of Portland Funding (Adopted Budget)

PO#	PO Name	Amount
30003	Data, Research, & Evaluation	\$589,785
30200A	Safety off the Streets - Adult Shelter	\$18,823,604
30201	Safety off the Streets - Women's Shelter	\$1,347,900
30202A	Safety off the Streets - Alternative Shelter for Adults	\$1,893,638
30206	Safety off the Streets - Winter Shelter & Severe Weather	\$109,935
30210A	Safety on the Streets	\$432,415
30300	Housing Placement & Retention - Adults & Women Households	\$1,379,040
30400A	Supportive Housing	\$1,283,770

City of Portland Funding (cont.)

PO#	PO Name	Amount
30401A	Supportive Housing - Behavioral Health/Medical Housing	\$1,181,725
30401B	Supportive Housing - Behavioral Health/Medical Housing - Service Coordination Team	\$2,585,765
Subtotal		\$29,627,577

Metro SHS - 5 Year Forecast

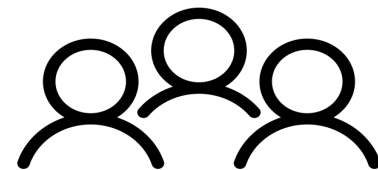
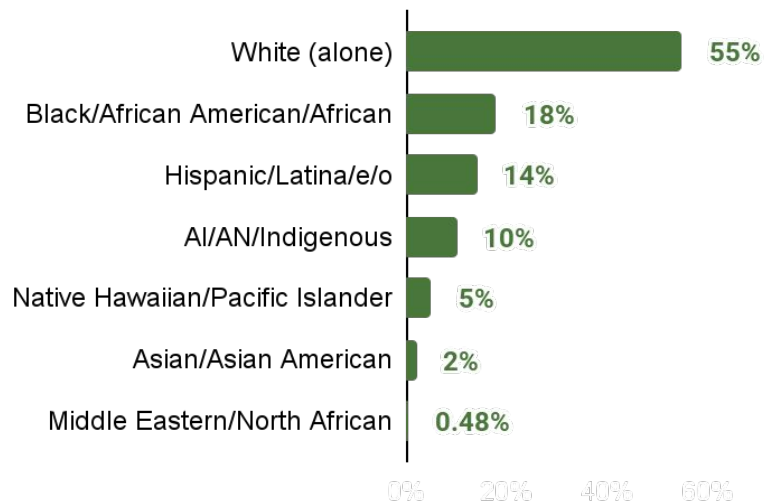
Previous Forecast (November 2023)						
\$ Millions	FY25	FY26	FY27	FY28	FY29	
Forecast Revenue	\$374.5	\$378.7	\$404.0	\$420.2	\$437.0	
Metro Admin and Collection Costs	-\$29.3	-\$29.8	-\$31.4	-\$32.5	-\$33.7	
Collections for Distribution	\$345.2	\$348.9	\$372.6	\$387.7	\$403.3	
Multnomah County (45.33%)	\$156.5	\$158.2	\$168.9	\$175.7	\$182.8	
Other Counties	\$188.7	\$190.7	\$203.7	\$211.9	\$220.4	
Updated Forecast (December 2024)						
\$ Millions	FY25	FY26	FY27	FY28	FY29	FY30
Forecast Revenue	\$323.1	\$328.8	\$349.7	\$383.2	\$408.7	\$427.0
Metro Admin and Collection Costs	-\$26.7	-\$27.3	-\$28.7	-\$30.7	-\$32.3	-\$33.5
Collections for Distribution	\$296.4	\$301.5	\$321.0	\$352.5	\$376.4	\$393.5
Multnomah County (45.33%)	\$134.4	\$136.7	\$145.5	\$159.8	\$170.6	\$178.4
Other Counties	\$162.0	\$164.8	\$175.5	\$192.7	\$205.8	\$215.1
Estimated Reduction to Multnomah County	-\$22.1	-\$21.5	-\$23.4	-\$16.0	-\$12.2	N/A

Community Sheltering Strategy Update Detail

Homeless Response Action Plan - Community Sheltering Strategy (CSS)			
1,000 new shelter beds by December 31, 2025			
Shelter Name	Event	Beds	Type
N Portland TASS	Opened	160	Alternative
Multnomah Safe Rest Village	Expansion	72	Alternative
Reedway Safe Rest Village	Expansion	60	Alternative
Clinton Triangle TASS	Expansion	18	Alternative
Arbor Lodge Shelter	Opened	88	Congregate
Arbor Lodge Shelter	Opened	18	Alternative
St. Andrew's Village	Opened	10	Alternative
WeShine Avalon	Opened	10	Alternative
Oak St Village	Opened	29	Alternative
Bybee Lake Recovery Center	Expansion	4	Congregate
Motel 6 Delta Park	Opened	61	Motel
Family Shelter - Expansion	Planned	90	TBD (Motel)
Shelter	Planned	45	TBD (Motel)
Kenton Hotel	Planned	17	Motel
Walnut Park Expansion?	To discuss	--	Congregate
Harrison Street Village	Planned	38	Alternative
East County Homeless Resource Center	Planned	28	Alternative
Youth Shelter/Motel Voucher Model	Opened/Funded	25	Motel
LGBTQIA	Planned	50	TBD (Motel)
Workforce Village	Planned	20	Alternative
	Opened	555	
	Opening Planned	288	
2025 ESTIMATED CSS TOTALS, DEC 31, 2025		Total	843

Who We Serve in Shelter

% of People in Shelter by Race/Ethnicity* (FY 2025)**



9,392 community members served in FY 2025**

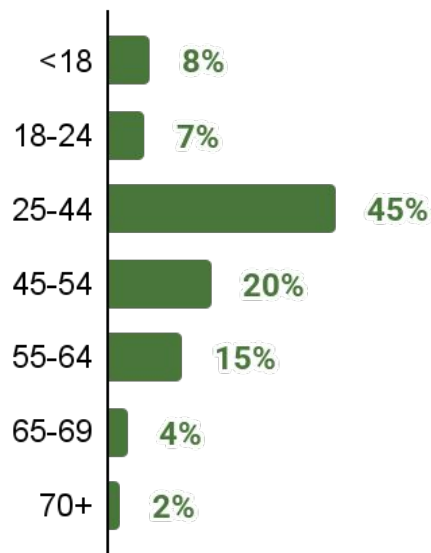
*People can select more than one category, so % will not add up to 100%

Does **not include people in DV shelter system

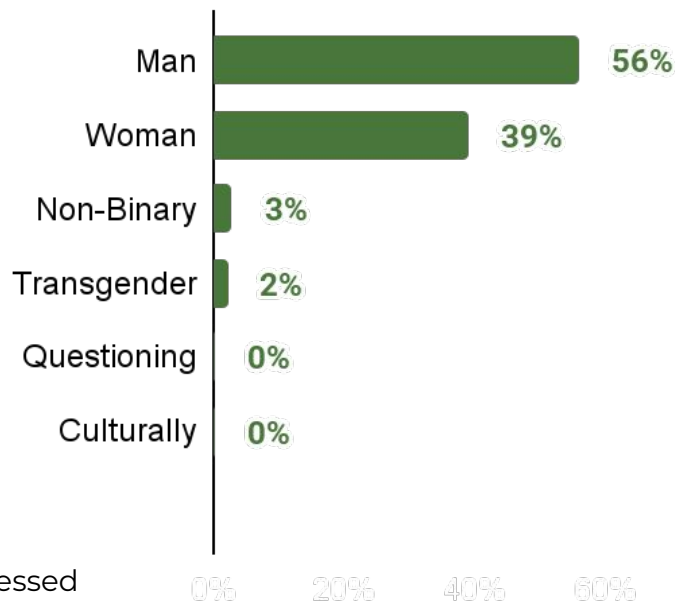
***Does include people in the DV shelter system

Who We Serve in Shelter

% of People in Shelter
by Age (FY 2025)**



% of People in Shelter by
Gender Identity (FY 2025)**

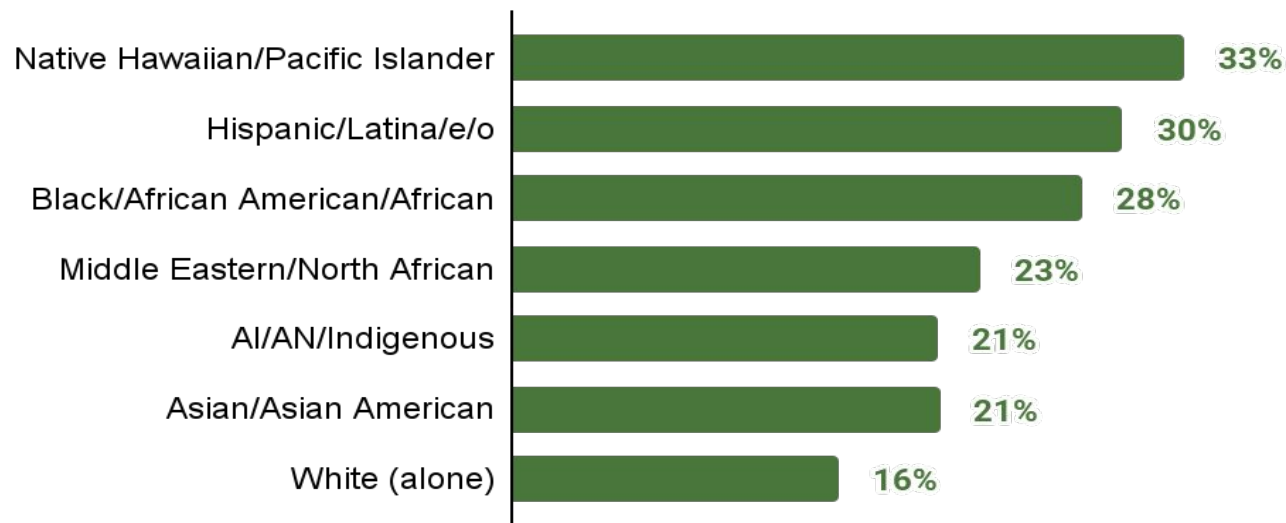


*Categories with count values under 10 have been suppressed

Does **not include people in DV shelter system

Who We Serve

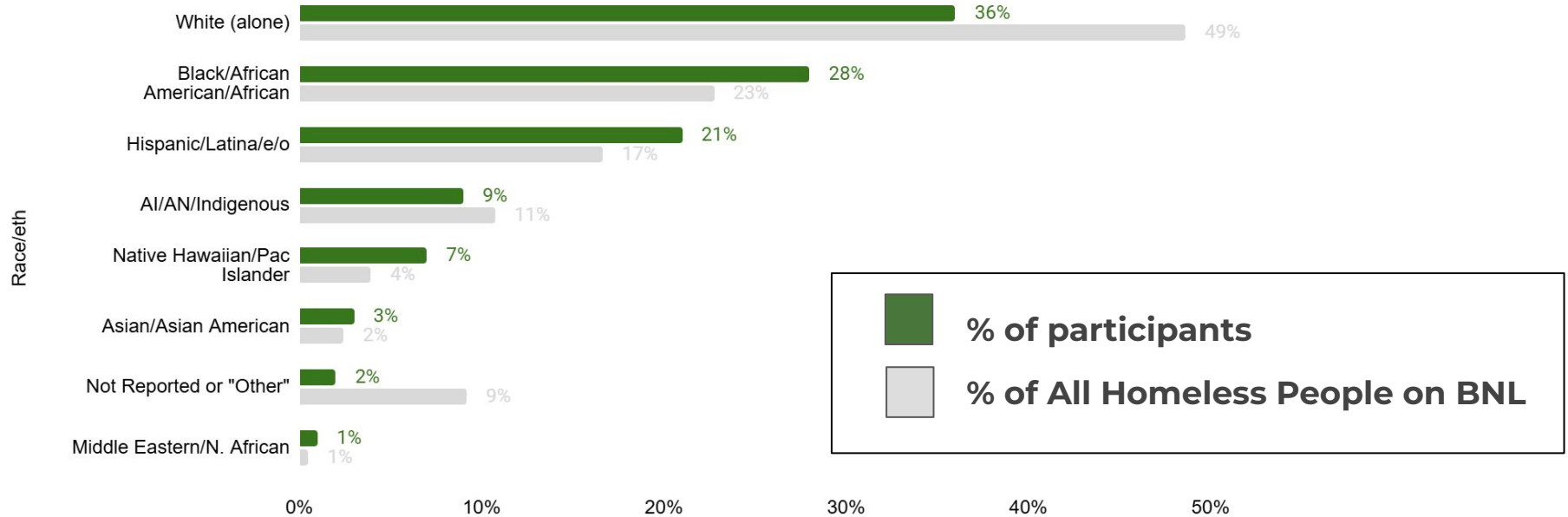
Percent of Group that **exited shelter to permanent housing** (FY 2025)*



*Of the number of people in shelter from each race/ethnicity in FY 2025, what percentage exited shelter to housing

FY 2025 Rapid Rehousing

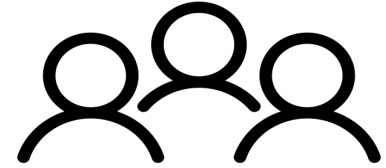
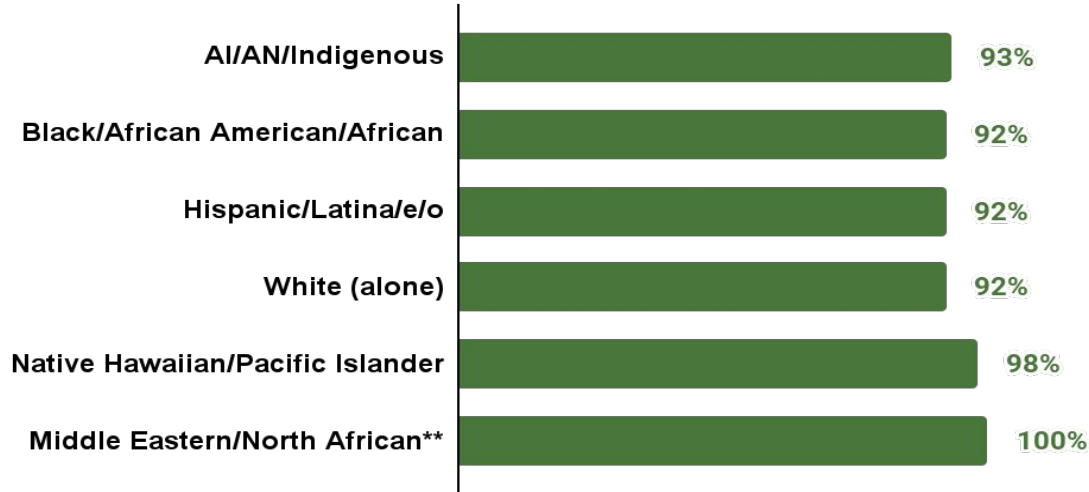
Comparison of Participants vs All Homeless People on By-Name-List (BNL)



*People can select more than one category, so % will not add up to 100%
Data is from fiscal year 2025

Supportive Housing: Who We Served

12-month retention rate by race/ethnicity FY 2025



93% 12-month
retention rate for all
Supportive Housing
Participants in FY 2025

*People can select more than one category, so % will not add up to 100%.

**Rates for categories with small values have been excluded