

Attachment 3

About the Proposed PHK Supportive Services Funding Framework and Early Capital Match Program

Given the competition for PHK-2 capital dollars, staff believes that the high end of the number of beds that the region could secure is about 230. These would then be added to our inventory of interim and permanent supportive housing. Even 230 beds could remarkably change how we start the chronically homeless in the housing pipeline.

Assumptions:

- The annual operational funding goal, including State assistance, would be roughly \$6,721,000/year on top of what we spend today, if we assumed 230 beds at an \$80/person/day cost (230 beds x \$80/day x 365 days = \$6,716,000).
- The proposed local unit mix is generally 67% - 33% Chronically Homeless to All Other (and the State's support is \$46.67/bed/day for 125 beds and \$33/bed/day for 125 beds). This means that the 230 beds should be linked to a one-time Capital Operating Subsidy Reserve (COSR) from the state of \$10,512,000 (155 of the 230 beds are for Chronically Homeless, and 75 of the 230 are for all other – this equals a \$10,512,000 COSR for three years of support).
- We would meet the goal of receiving State operational funding for three (3) years (i.e. the Sonoma County region collaboratively would come up with funding for four (4) years). This means we need to generate about \$5.22 million locally for at least seven (7) years to meet the match as shown in Table 1:

Table 1 Local Framework plus State Operational Subsidies		
Revenue Source	Amount	Notes
Local Framework	\$ 36,540,000	this is 7 years @ \$5.22M/year
State PHK Operational Subsidies	\$ 10,512,000	State COSR is a one-time payment
Total =	\$ 47,052,000	
Total divided over 7 years =	\$ 6,721,714	

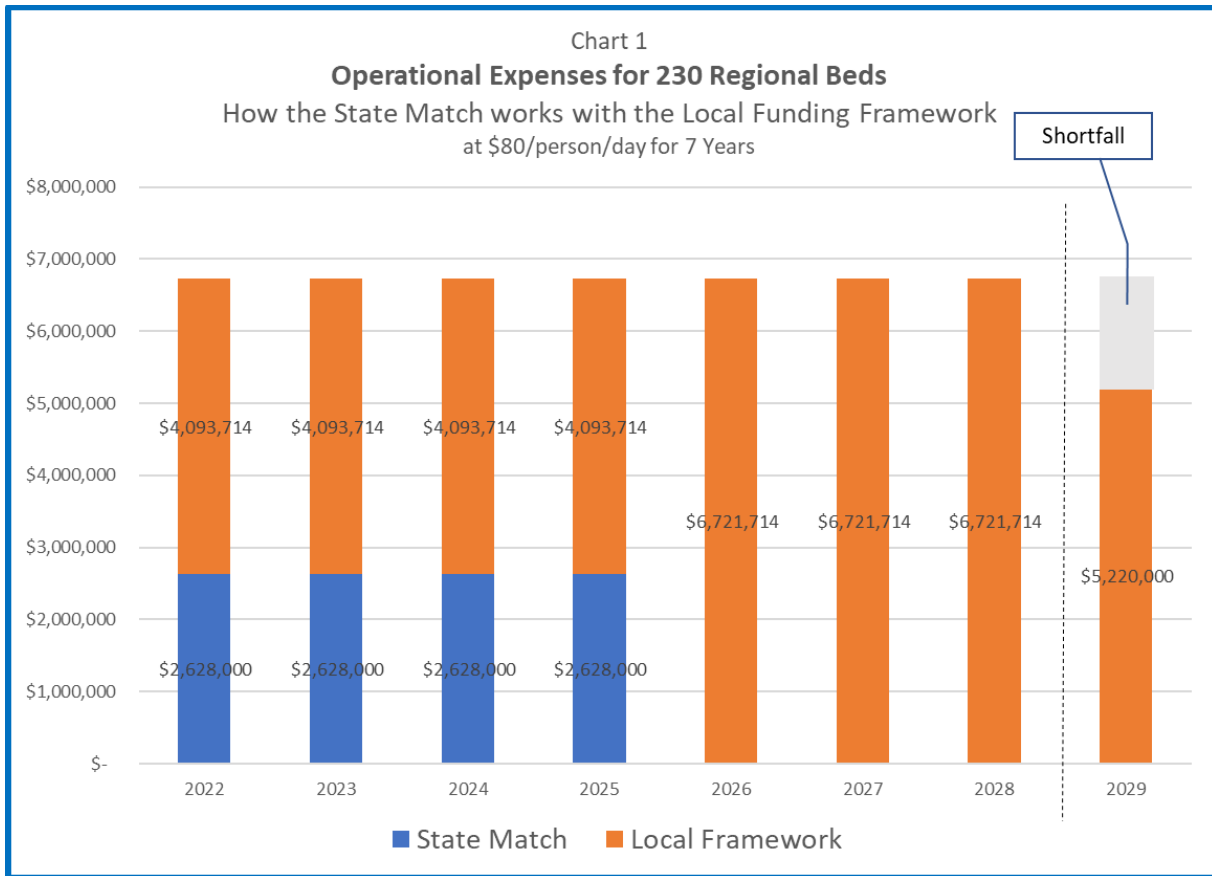
- 150 of our housing vouchers participate in funding at \$1,400/month/unit, as not all 230 units used may be eligible for housing vouchers (i.e. vouchers can be used where there are permanent utility hookups, kitchens or free and open access to ADA kitchens).
- A goal of establishing over \$1.3 million in Early Capital Match to assist localities (and the County itself) in getting additional PHK capital per unit, where needed.

Table 2 shows the applicable funding sources:

Table 2 Proposed Supportive Services Funding Framework & Early Capital Match			
Source	Est Ongoing Revenue (annual)	One-Time Early Capital Match	Additional Detail
HHAP-3, HHAP-4	\$ 2,200,000	\$ -	\$2.2M from the \$8.5M shared jointly with CoC and County (= \$1.1M ea)
Measure O/PSH	\$ 500,000	\$ -	All of the \$500K allocation for Permanent Supportive Housing
Housing Vouchers	\$ 2,520,000	\$ -	Assumes 150 Sonoma County Housing Authority vouchers valued at \$1,400/mo. These vouchers may not be used in Santa Rosa.
Residual HHAP-1 Funds	\$ -	\$ 1,300,000	From the HHAP-1 County funds - emergency shelter-oriented
Other Capital Sources	\$ -	\$ -	Other sources may be identified that can be used for the Early Capital Match
Total =	\$ 5,220,000	\$ 1,300,000	Note: Other local revenues, including General Fund, may be used by the County and cities to contribute to capital costs or operating costs above \$80/person/day.

As shown in Table 3 and Chart 1, the combination of 3-years of State operating subsidies (at a level less than \$80/person/day) and overall a seven-year approach to local match results in the following funding stream through 2028.

Table 3				
Year	State Match	Local Framework	Total Required	Banked Framework
2022	\$ 2,628,000	\$ 4,093,714	\$ 6,721,714	\$ 1,126,286
2023	\$ 2,628,000	\$ 4,093,714	\$ 6,721,714	\$ 1,126,286
2024	\$ 2,628,000	\$ 4,093,714	\$ 6,721,714	\$ 1,126,286
2025	\$ 2,628,000	\$ 4,093,714	\$ 6,721,714	\$ 1,126,286
2026	\$ -	\$ 6,721,714	\$ 6,721,714	\$ (1,501,714)
2027	\$ -	\$ 6,721,714	\$ 6,721,714	\$ (1,501,714)
2028	\$ -	\$ 6,721,714	\$ 6,721,714	\$ (1,501,714)
Totals	\$ 10,512,000	\$ 41,760,000	\$ 52,272,000	\$ 0



As the staff report notes, it will be critical to understand what the region's alternatives are after 2028, as funding streams change and as the State pledge is long gone. These options include:

- Additional resources from State and Federal sources for supportive services.
- Increased economies of scale and/or an improved service model for delivery of supportive services across the region.
- Additional affordable housing supply, so that persons may move into more stable housing more quickly, and that persons entering the system at Homekey sites will have spent less time chronically homeless conditions and possibly be in need of less-costly initial supportive care.