

King County and Seattle Homelessness - Some Facts

Final report | December 15, 2017

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Executive summary

- Homelessness continues to be a growing problem in King County and Seattle
 - ~**12K** people experiencing homelessness at a point in time growing at **9%** annually
 - ~**18-22K¹** households access the CRS each year growing at **11%** annually
- The CRS has improved, but cannot meet inflow demand owing to a **shortage of affordable housing** options
 - There is a current **gap of 10-14K² housing options** in Seattle and King County
- While funding has grown at **2.4%** per annum, it has not kept up with growth in aggregate homelessness. To house all households entered in HMIS would take **\$360-410M³** per annum or about **double today's funding**
- The housing options, driven primarily by rental subsidies, and associated estimated costs presented in this analysis represents one possible solution. Alternative solutions should be explored including **improved governance and accountability** for reducing inflows, ensuring stakeholder buy-in and ensuring efficiency and effectiveness of the CRS

¹ HMIS data of 21.7K households experiencing homelessness is best available data as suggested by King County. We have used a range of 18.5-21.7K given potential for duplication in the HMIS and CEA systems and those households not meeting the King County definition of homelessness (e.g., doubled-up households)

² Using the range of 18.5-21.7k homeless households produces a range of 10-14k gap in housing options

³ Using the range of 18.5-21.7k homeless households produces a range of \$360-410M in housing costs.

NOTE: 2017 HMIS entries and exits are full-year estimates based on 3 quarters of data

Context and approach

Context

- This report evaluates the **current state of the Crisis Response System** and **status of the 2016 report recommendations** from Barb Poppe and Focus Strategies
- The work examined homelessness **within the context of the broader Affordable Housing landscape** in King County
- The scope included **quantifying the cost to house the current population of households experiencing homelessness** (as of 2017) emphasizing near-term, cost-effective solutions

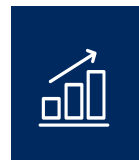
Approach & resources



**Interviews, Meetings
and Trainings**



**Local and National
Reports**



Data sources



Syndication

Size and drivers of homelessness in King County

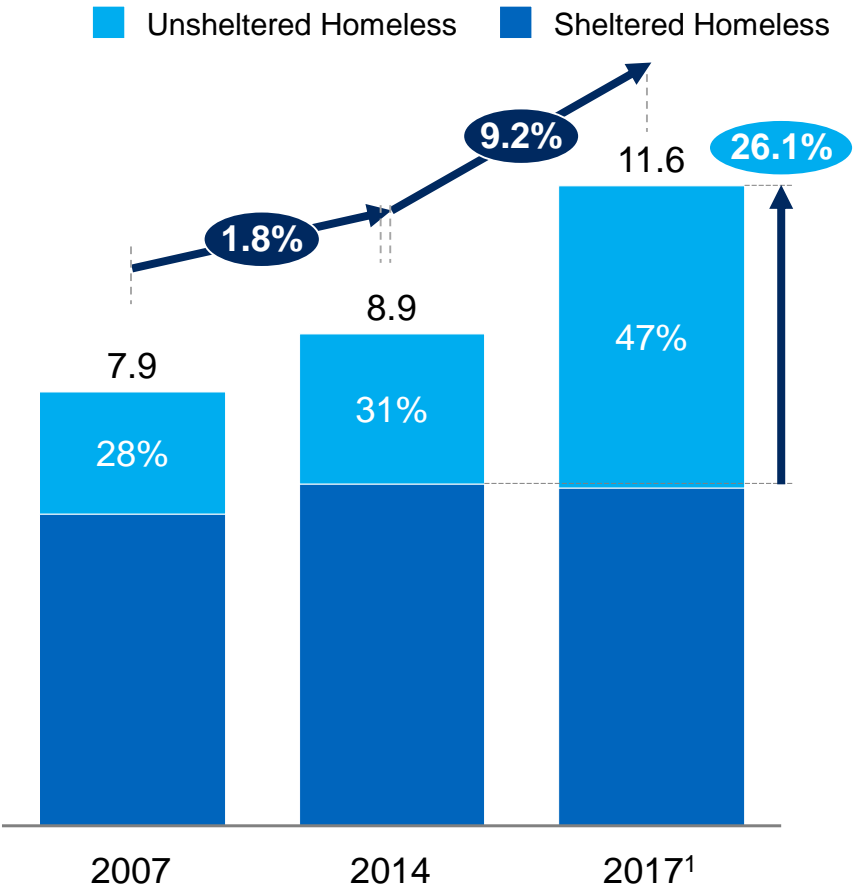
System performance and challenges

Toward a solution

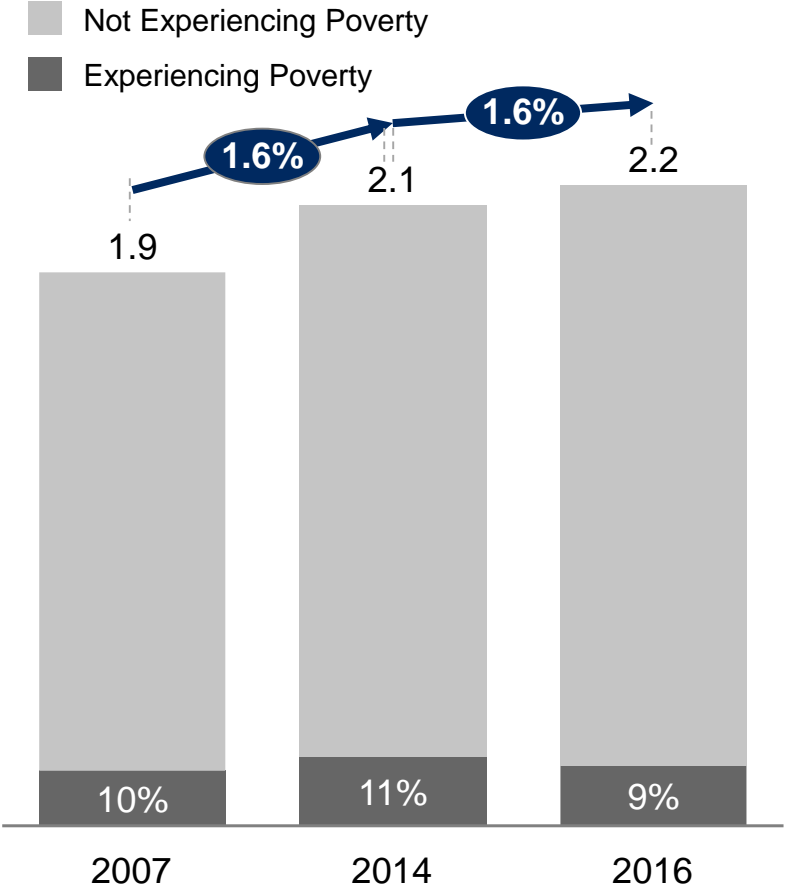
In the last three years, homelessness in King County has increased significantly faster (9.2% per year) than the overall population (1.6% per yr)



King County homeless population at a given point in time, Individuals counted in PIT, Thousands



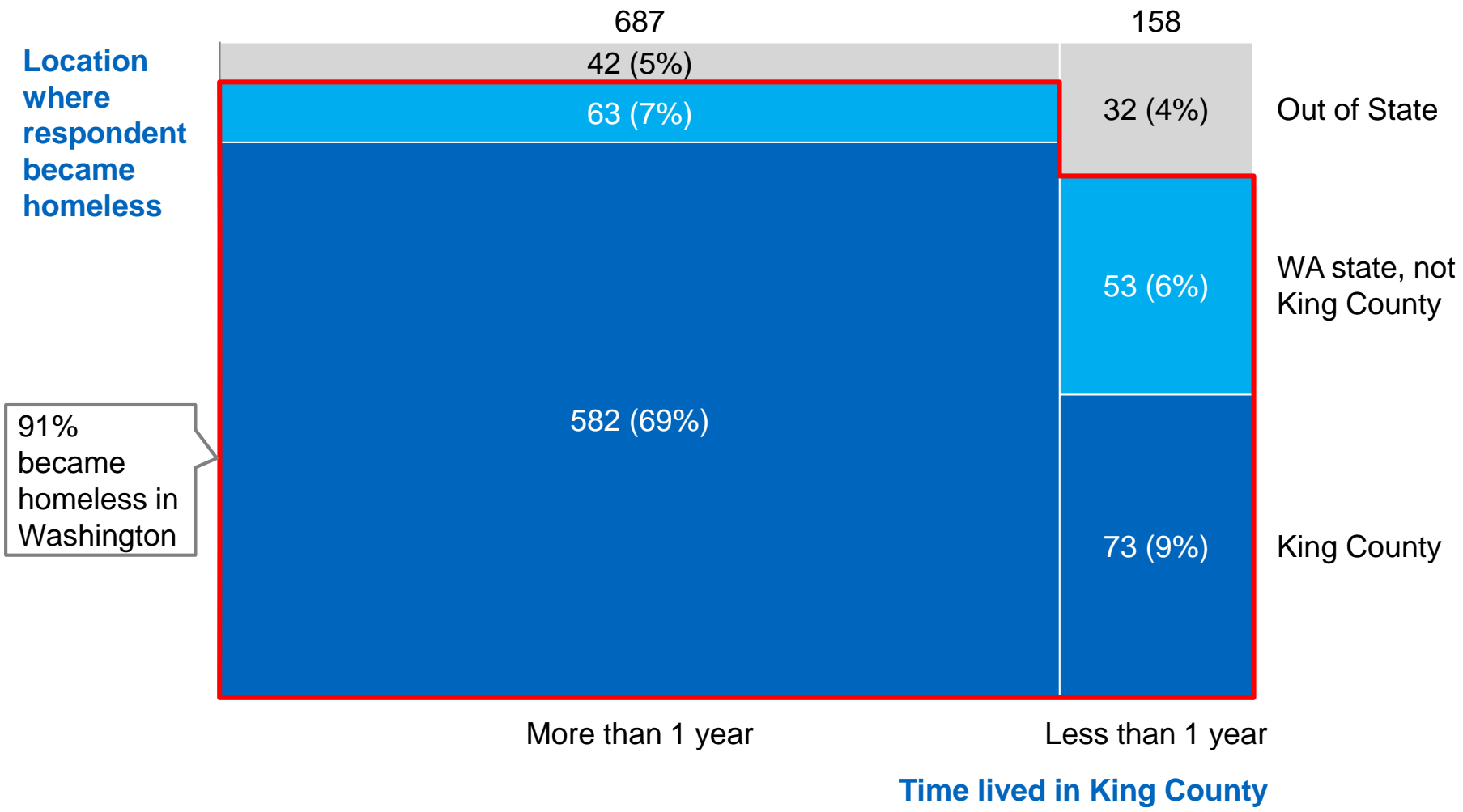
King County population, Individuals, Millions



¹ PIT count methodology updated in 2017; ² Latest available population estimates from Census

SOURCE: PIT Counts reported to HUD (2006-2017); King County PIT Count 2017 administered by All Home; Population data from US Census

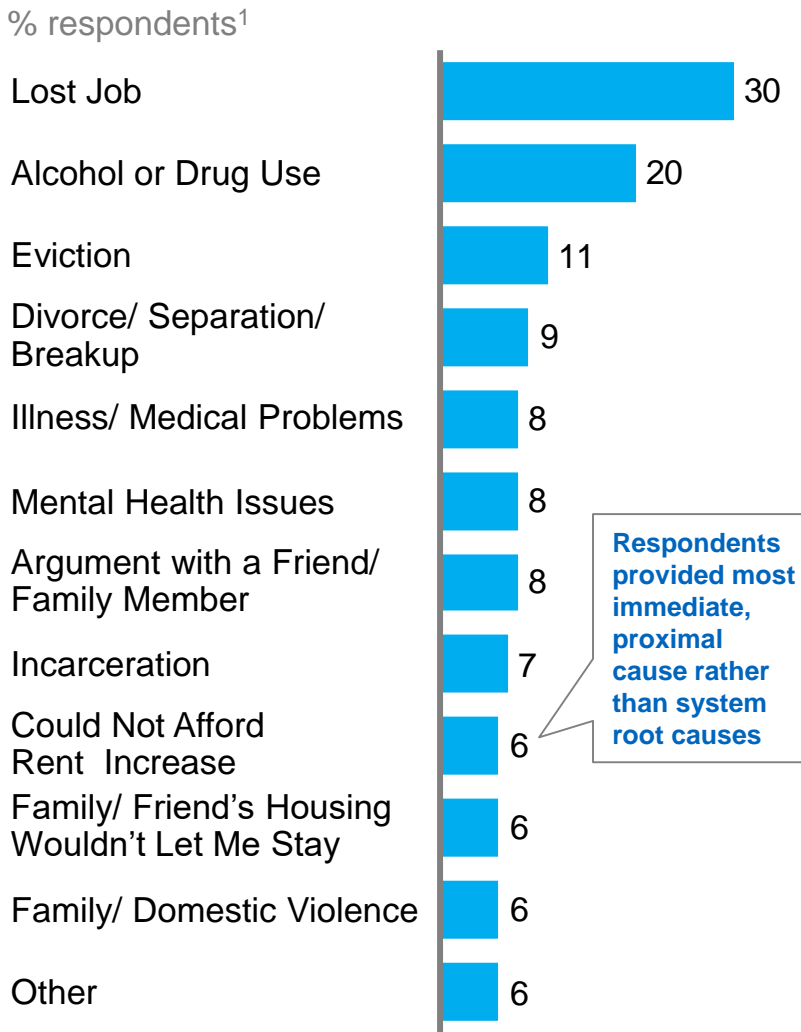
69% of respondents in the 2017 Point in Time Count Survey became homeless in King County and have lived here for more than one year



Several factors linked are to homelessness and may vary by sub-population

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Self-reported cause of homelessness



Common Risk Characteristics and populations impacted

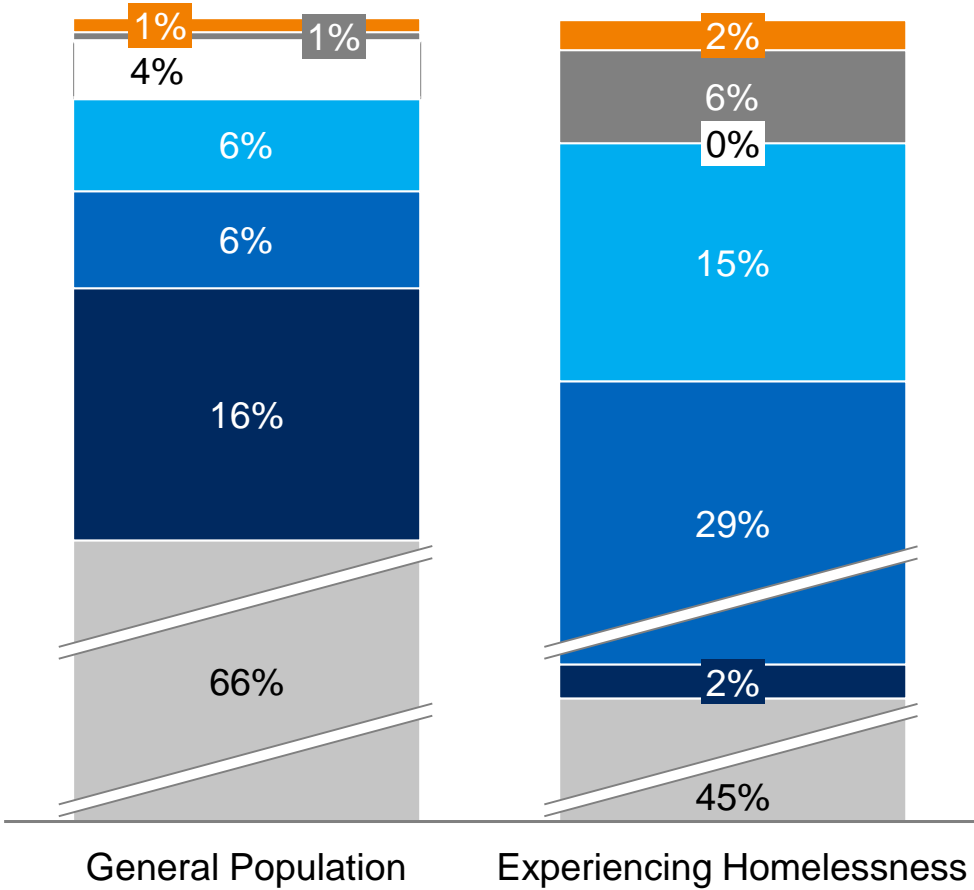
Common risk characteristics ¹	Populations most affected			
	Adults	Families	Veterans	YYA
Less access to housing	✓	✓	✓	✓
Poor social networks	✓	✓	✓	✓
Exposure to domestic violence, abuse	✓	✓		✓
Behavioral or mental health issues	✓		✓	
Previous incarceration in the justice system	✓			✓
Repeated or extended deployments			✓	
Self-identify as LGBTQ				✓
Experience with institutional or foster care				✓

¹ Respondents could select more than one option; does not include options that received less than 6% total responses (e.g., Exiting foster care). Full detail in Appendix

Racial inequities are also present in rates of homelessness

Percent of population by race

Rate difference in general and homeless population	
Native Hawaiian or Pacific Islander	2x
American Indian or Alaskan Native	6x
Other	-
Multiple Races	3x
Black or African-American	5x
Asian	0.1x
White	0.7x



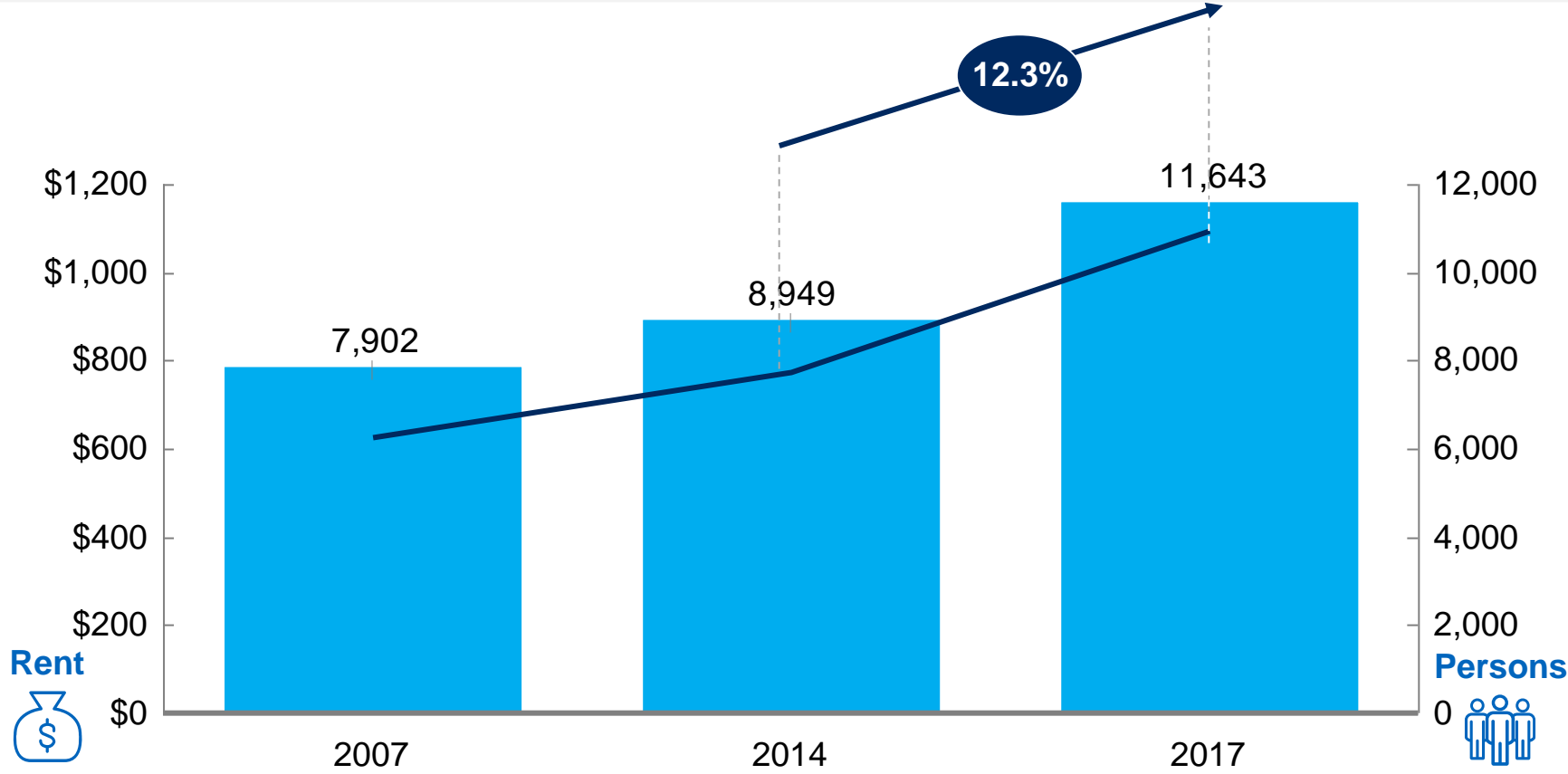
Even controlling for poverty, racial disparities still exist

Yet, the strongest correlation with homelessness is the increase in King County rents over the same period of time, leading to an affordability crisis

 PIT Count  FMR  CAGR

King County Homeless Population and King County Fair Market Rent for Studio Unit

Individuals counted in PIT, Thousands; Unit rents in USD

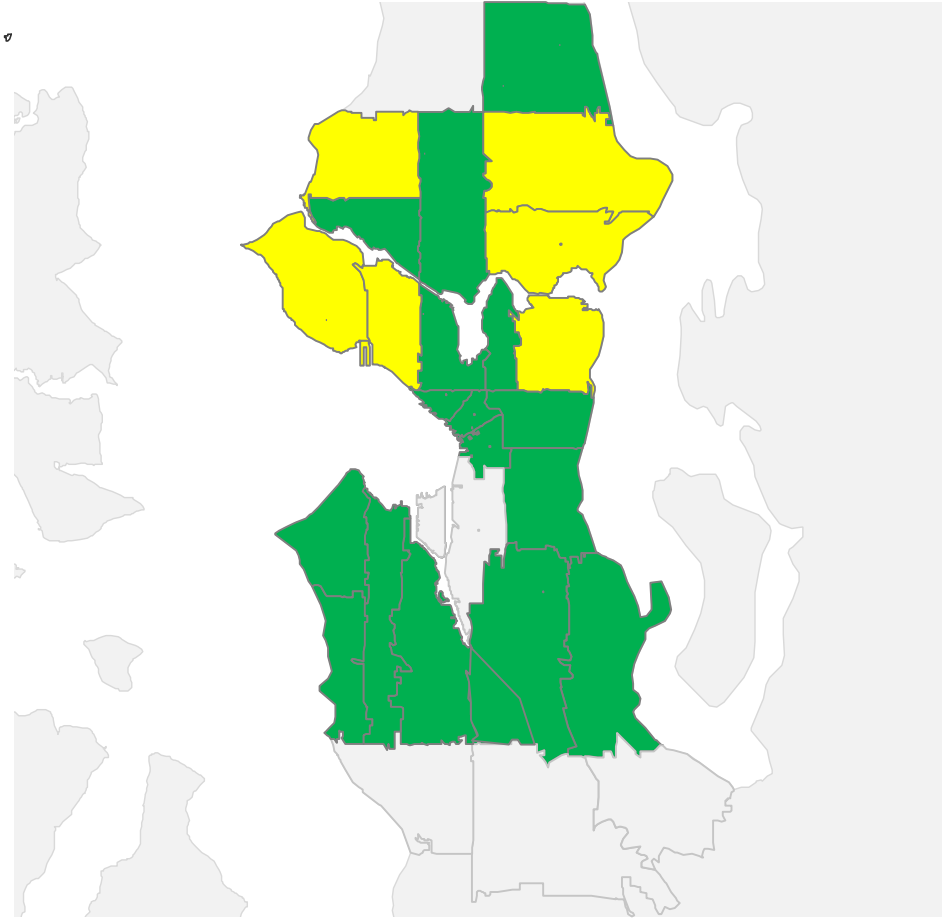


SOURCE: PIT Counts reported to HUD (2006-2017); King County PIT Count 2017 administered by All Home; Fair Market Rents from HUD

Historically, Seattle's median rent was affordable to households at 90-120% AMI

60% -90% 90% - 120% 120%-150%

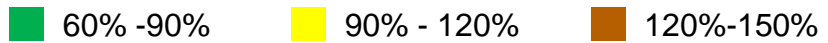
Percent of Area Median Income needed to afford median rent¹ by zip code December 2011



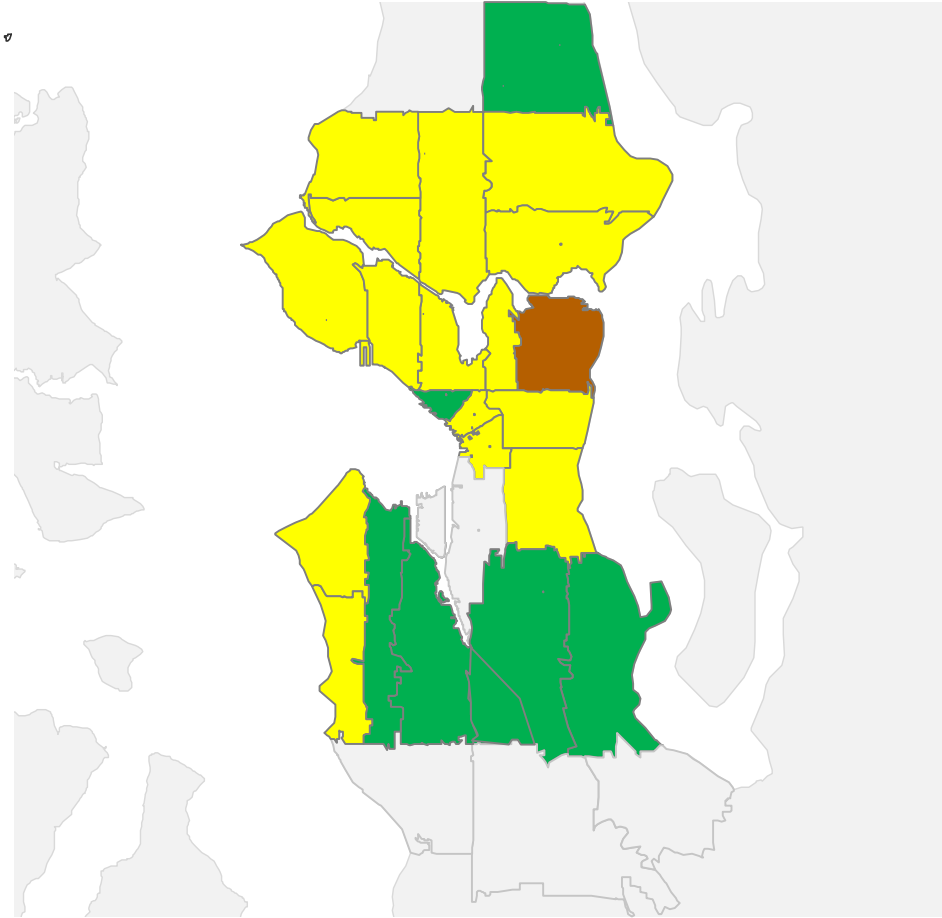
AMI²: \$86,800

¹ As measured by Zillow Rent Index, see appendix for details; data from zip code 98134 in the Industrial District has been suppressed due to too few residential rentals
² AMI shown here is for a household size of 4, and reported as an annual figure. HUD considers rent to be affordable if it consumes 30% or less of a household's income.

Historically, Seattle's median rent was affordable to households at 90-120% AMI



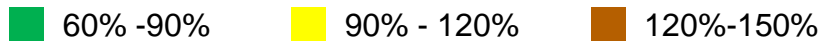
Percent of Area Median Income needed to afford median rent¹ by zip code December 2014



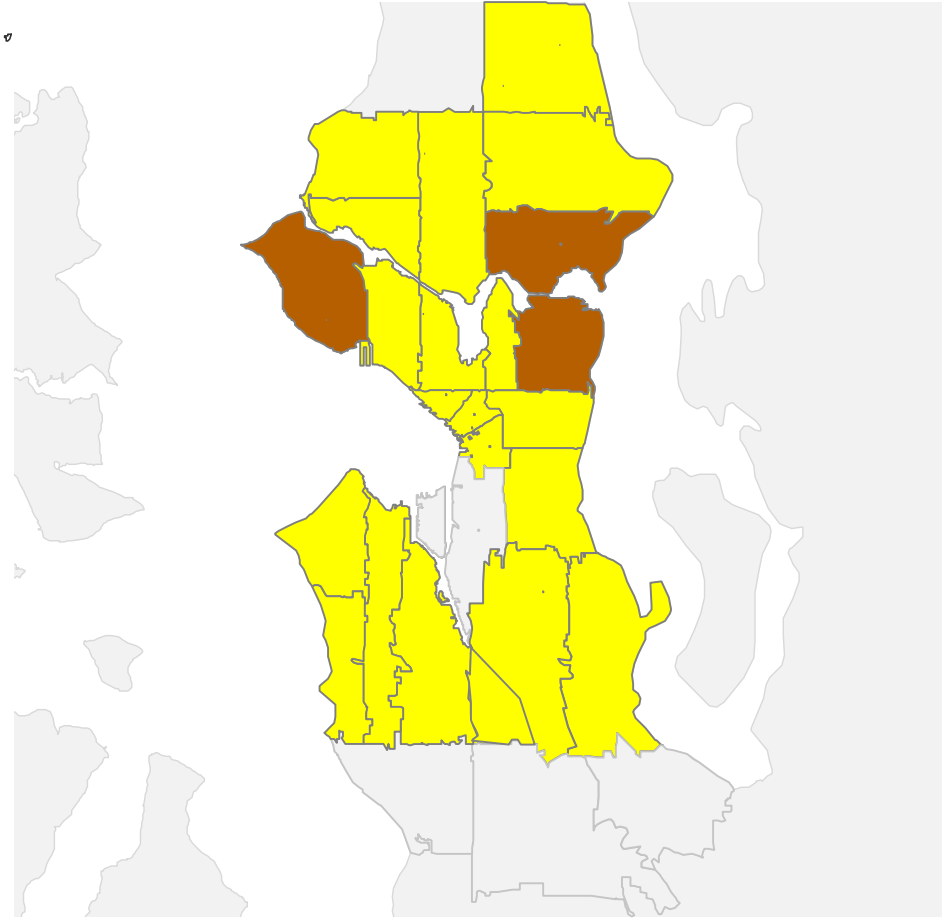
AMI²: \$88,200

¹ As measured by Zillow Rent Index, see appendix for details; data from zip code 98134 in the Industrial District has been suppressed due to too few residential rentals
² AMI shown here is for a household size of 4, and reported as an annual figure. HUD considers rent to be affordable if it consumes 30% or less of a household's income.

Historically, Seattle's median rent was affordable to households at 90-120% AMI



Percent of Area Median Income needed to afford median rent¹ by zip code December 2017



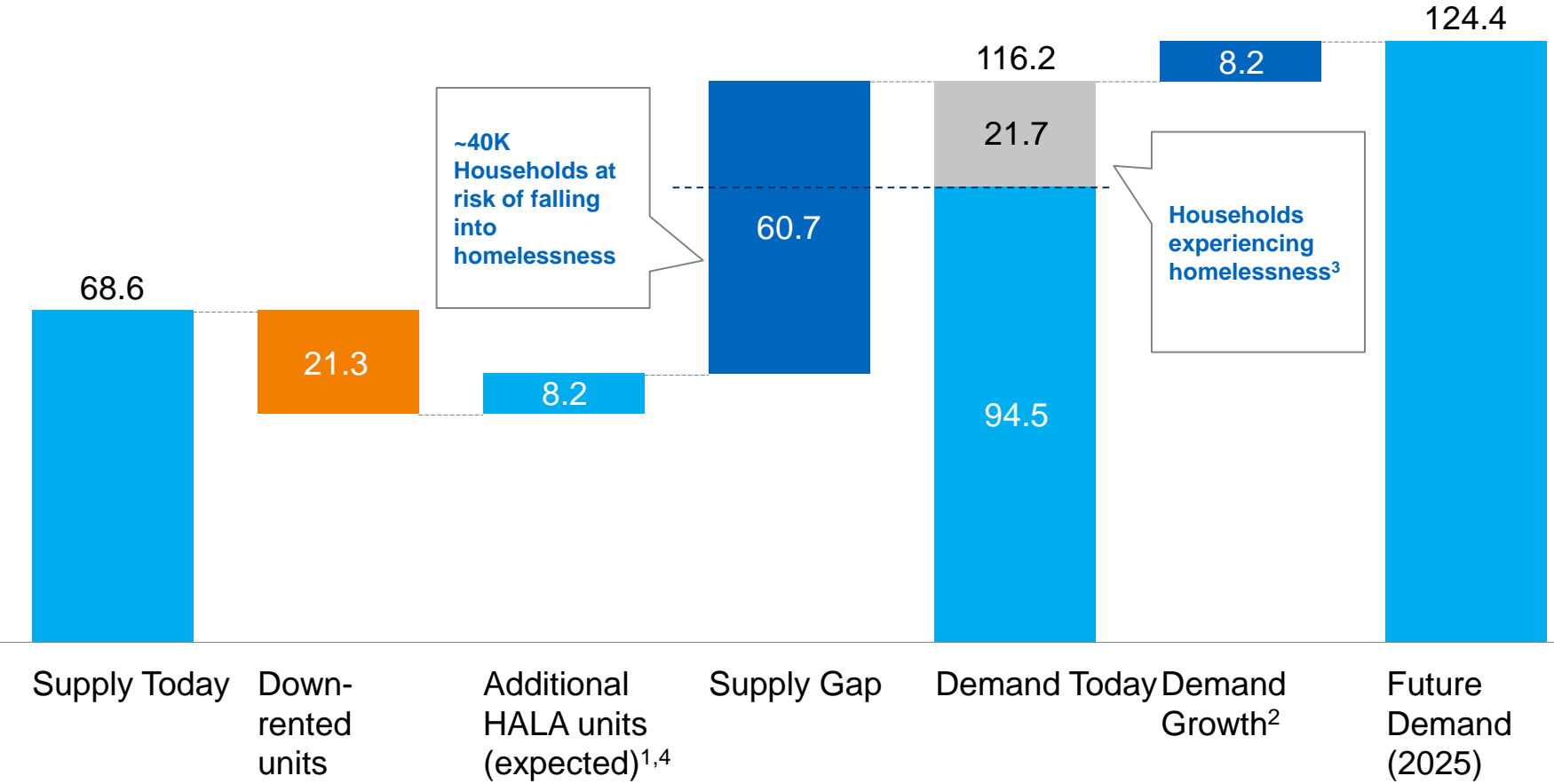
AMI²: \$96,000

¹ As measured by Zillow Rent Index, see appendix for details; data from zip code 98134 in the Industrial District has been suppressed due to too few residential rentals
² AMI shown here is for a household size of 4, and reported as an annual figure. HUD considers rent to be affordable if it consumes 30% or less of a household's income.

Unit growth in King County will not meet demand for 0-50% AMI households

Total Supply of Affordable rental units for 0-50% AMI households in King County

Thousands of Units



1 Includes 4%, 9% Low Income Housing Tax Credits, Preservation, and SEDU / Congregates; excludes any HALA expected units above 50% AMI

2 Assumes 1% population increase year over year per King County predictions and constant percentage of renters to owners

3 Assumes that all households experiencing homelessness are part of the 0-50% AMI tier

4 Additional affordable units may become available through other housing initiatives outside of HALA in greater King County

NOTE: 2017 HMIS entries and exits are full-year estimates based on 3 quarters of data

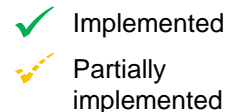
SOURCE: King County Comprehensive Plan, Housing Appendix; HALA report; HALA Gap Analysis (6000-9000-5000) Final; Team analysis

Size and drivers of homelessness in King County

System performance and challenges

Toward a solution

The Crisis Response System has implemented 5/10 recommended improvements with the rest in progress



Recommendation	Required type of system change		Status
	Policy	Operational	
General			
Create a distinct Crisis Response System	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Act with urgency and boldness (e.g., Align funders to adopt Focus Strategy recommendations; Implement Minimum Standards)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Leadership, Funding, and Governance			
Establish action oriented Governance structure ¹	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ensure data informed funding decisions	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Ensure adequate data analysis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
System Performance Improvement			
Use outreach and Coordinated Entry for All (CEA) to Target Unsheltered Persons	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Expand Shelter Diversion/More Effective Targeting of Prevention Resources	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Improve Effectiveness of Shelters in Exiting People to Permanent Housing	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Invest in More Effective Interventions: Expand Rapid Re-Housing and Eliminate Low Performing Projects	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
More Strategic Use of Permanent Affordable Housing ²	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

¹ While All Home has implemented structural changes including creation of subcommittees, reduction of providers on the coordinating board, and enforcement of conflict of interest policy, there may be further opportunities to improve action-orientation
² Most action steps have been taken besides the delay of the Housing Resource Center

The Crisis Response System includes three separate government entities with many overlapped or redundant responsibilities

Role	Functions	City	County	All Home
Set policy and strategic direction	Identify key metrics; set targets and minimum standards	✓	✓	✓
	Craft new system elements (diversion, outreach team, housing navigators, etc)	✓	✓	✓
	Establish program criteria (e.g. reducing barriers)	✓	✓	✓
	Set rules for prioritizing clients and resources (e.g CEA policy, diversion eligibility)	✓	✓	✓
Manage supportive functions	Provide training and facilitate gathering Provider input	✓	✓	✓
	Manage data and infrastructure (HMIS and CEA)		✓	
	Coordinate with other agencies (e.g. behavioral health, foster care)		✓	?
Allocate funding	Manage contracts	✓	✓	
	Track outcomes	✓	✓	
	Re-allocate/ prioritize funding based on outcomes	✓	✓	✓

- All Home has **influence but not authority** and is therefore not fully empowered or accountable to drive change
- With decision making spread across multiple bodies, the system **lacks agility to quickly implement change**
- Critical tasks (e.g., CEA) require coordination between bodies hosted in different agencies **increasing complexity**

Multi-channel Crisis Response System funding makes coordination and rapid adjustment difficult

\$ of funding (millions) % of total intervention funding	King County	City of Seattle	HUD CoC ¹	Total ²
Emergency Services	3.8 (12%)	26.0 (85%)	0.8 (3%)	30.6 (100%)
Transitional Housing	0.7 (11%)	3.5 (53%)	2.4 (36%)	6.5 (100%)
Permanent Housing	26.7 (44%)	8.9 (15%)	25.6 (42%)	61.2 (100%)
Rapid ReHousing	3.8 (31%)	5.5 (44%)	3.1 (25%)	12.4 (100%)
Prevention	6.4 (100%)	0.0 (0%)	0.0 (0%)	6.4 (100%)
Other	2.1 (22%)	3.8 (39%)	3.8 (39%)	9.7 (100%)
Access & Supportive Services	0.0 (0%)	12.0 (100%)	0.0 (0%)	12.0 (100%)
HEN (Housing & Essential Needs)	9.8 (100%)	0.0 (0%)	0.0 (0%)	9.8 (100%)
Coordinated Entry²	1.6 (69%)	0.7 (31%)	0.0 (0%)	2.3 (100%)
Total reported through funding entities³	54.9 (36%)	60.3 (40%)	35.7 (24%)	150.9 (100%)
Other (i.e., remaining federal and philanthropy)		44.7		195.6

 Majority investor

Multiple funding sources may create duplicative proposals and reporting for providers and duplicative RFP processes for funders

¹ 2017 HUD McKinney Continuum of Care Final Priority Order; Prioritized by All Home, administered by City and County; does not include CoC funds that go directly to Seattle and King County

² Includes funding for Regional Access Points and Housing Navigators

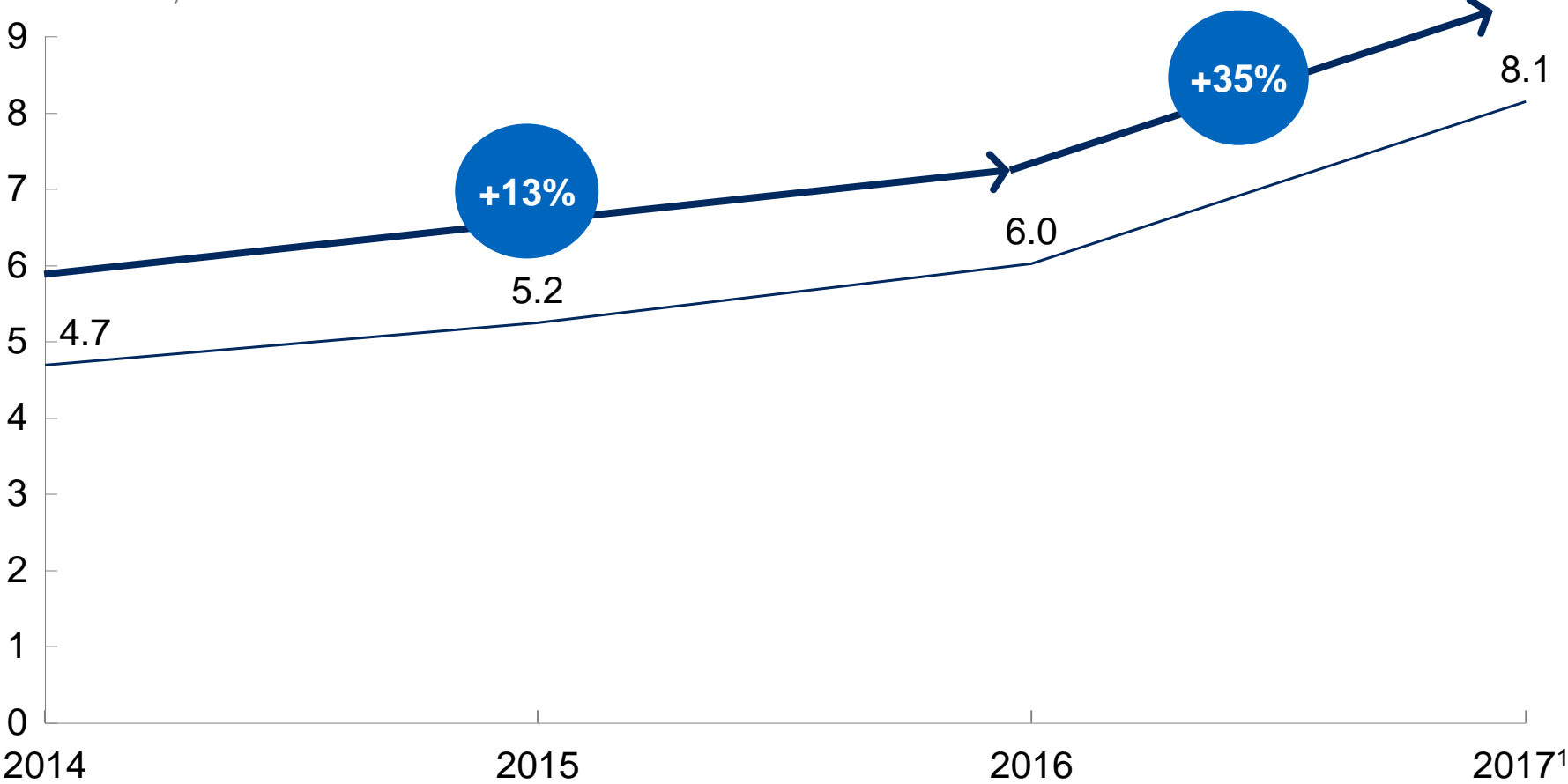
³ Does not include additional Federal Funding issued outside of the CoC such as Housing Authority dollars; does not include private funding sources; King County and City of Seattle budgets include federal and state pass through funds.

And its performance has improved significantly -- with a 35% increase since 2016 following report recommendations

Annual growth of exits from homelessness

Total exits to permanent stable housing, 2014-17

Households, Thousands



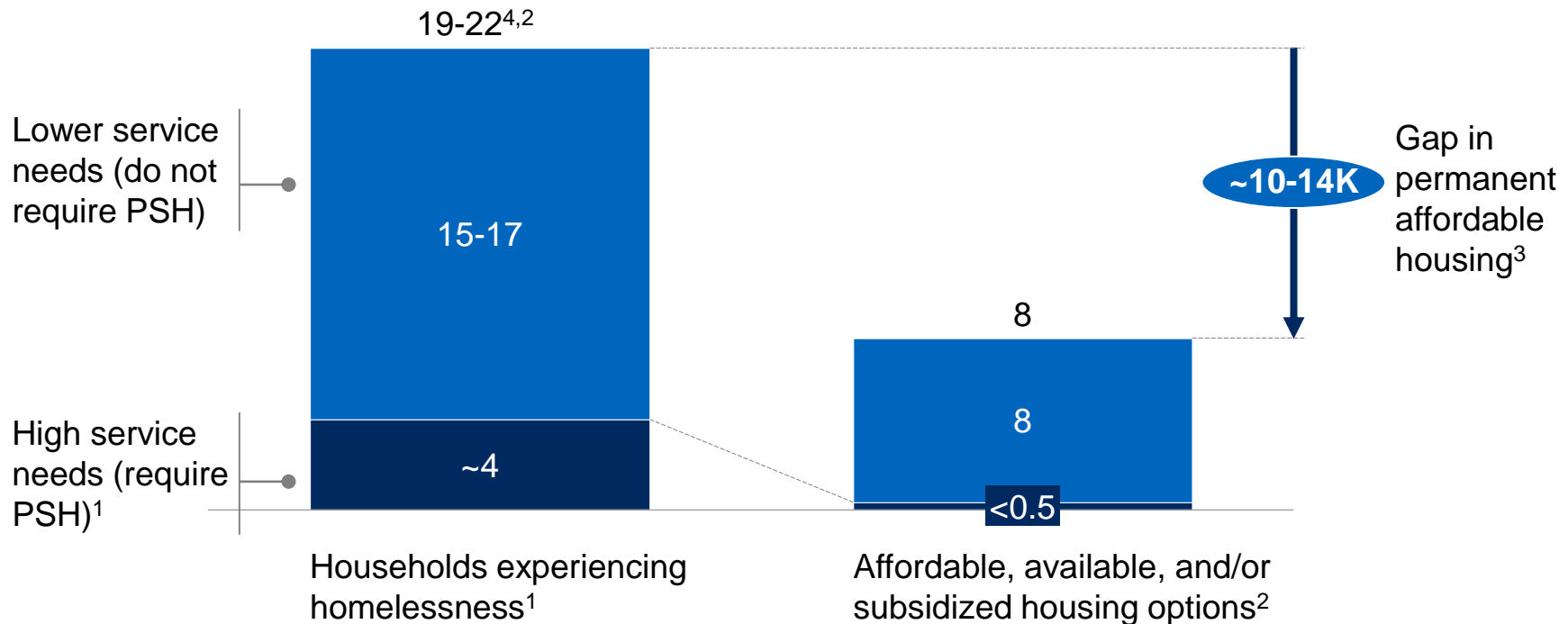
¹ Projected based on run rate for first three quarters of 2017
NOTE: 2017 HMIS entries and exits are full-year estimates based on 3 quarters of data
SOURCE: All Home Coordinating Board dashboard (excludes prevention) accessed 12/11/2017

...however the gap of ~10-14K housing options to meet today's demand may constrain a continued growth in exits

■ High service needs ■ Low service needs

Comparison of housing demand and outflow capacity

Households needing affordable units annually, housing options (thousands) annually



1 4224 Chronically homeless households as reported by King County based on CEA data; 2 Assumes that homeless persons seeking spots/units for very low-income housing (0-50% AMI) secure those units with equal likelihood as other low-income households; assumes no overlap between subsidies and units at the 0-50% AMI level; assumes upper bound of confidence interval on "Other Affordable"; thus, this is conservative estimate and value is likely lower; 3 For those households not able to secure an affordable, available, and/or subsidized unit, additional options include doubling up or securing an unaffordable unit, 4 HMIS data of 21.7K households experiencing homelessness is best available data as suggested by King County. We have used a 15% range of 18.5-21.7K given potential for duplication in the HMIS and CEA systems and those households not meeting the King County definition of homelessness (e.g., doubled-up households)

2 Note figures don't add due to rounding

NOTE: 2017 HMIS entries and exits are full-year estimates based on 3 quarters of data

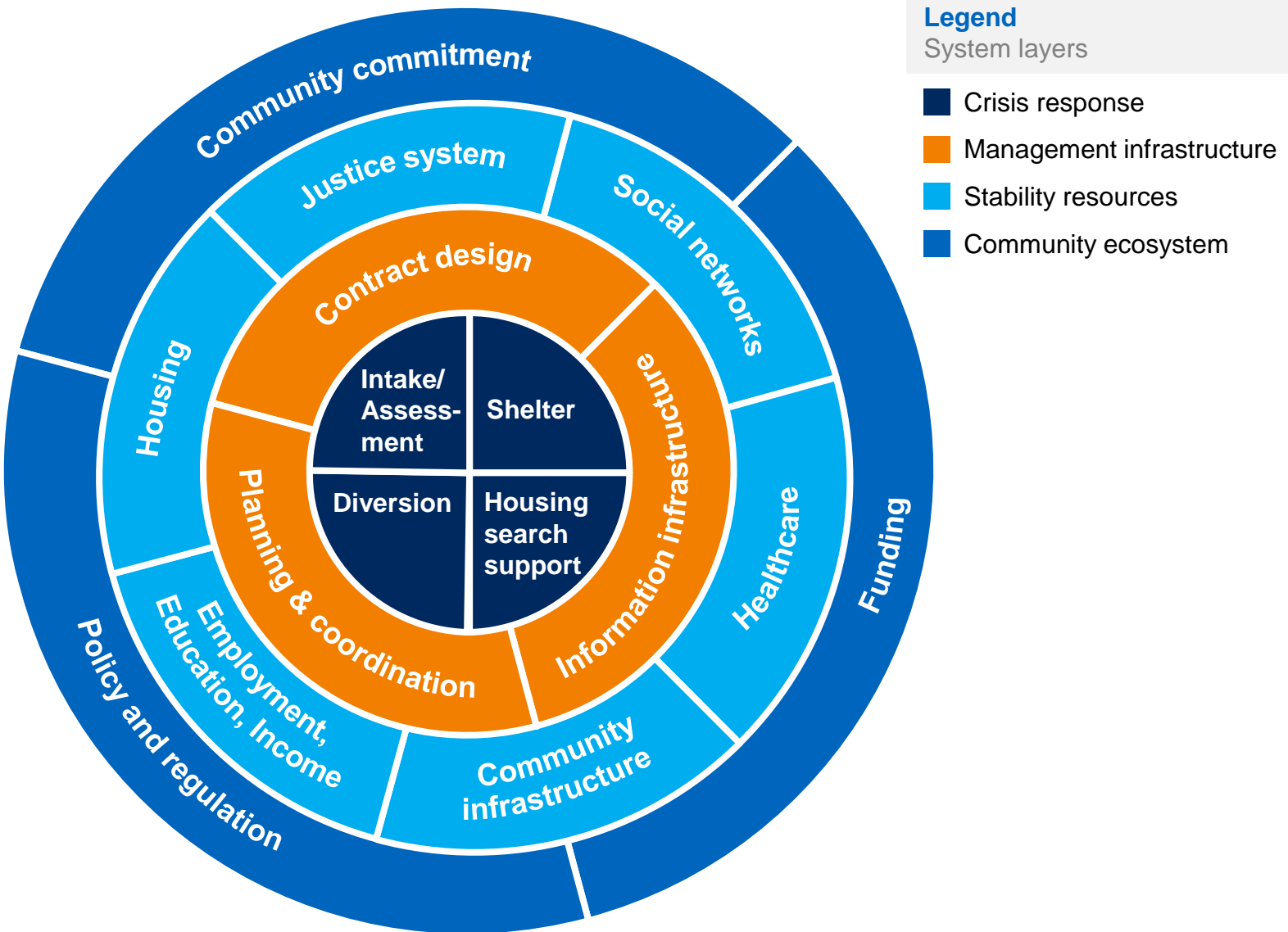
SOURCE: King County; 2016 HUD Inventory Count; 2016 American Community Survey; Team Analysis

Size and drivers of homelessness in King County

System performance and challenges

Toward a solution

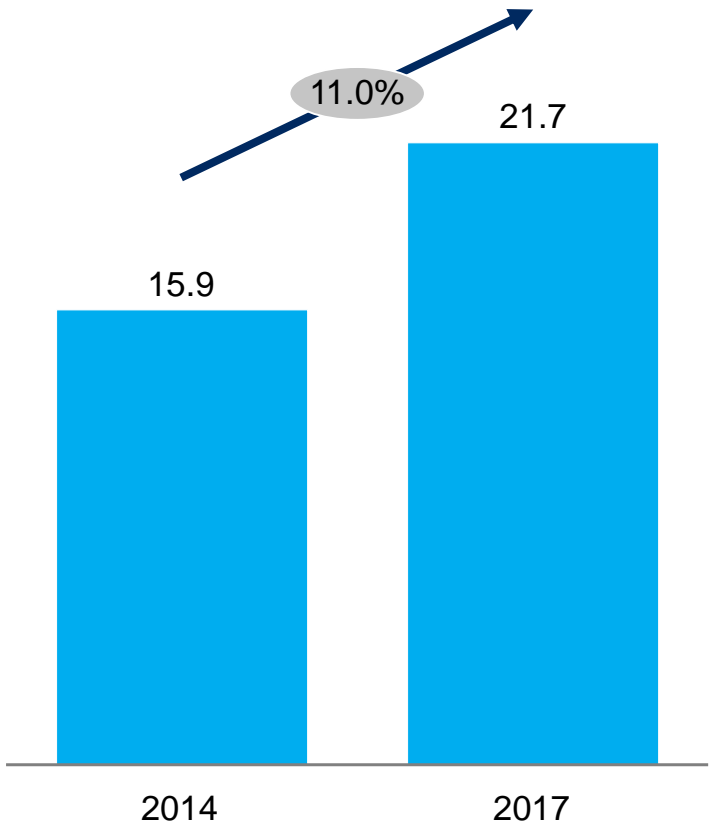
Investments in a portfolio of mutually reinforcing system elements are necessary to make homelessness rare, brief, and one-time



Funding for the Crisis Response System has not kept pace with the growth in households experiencing homelessness

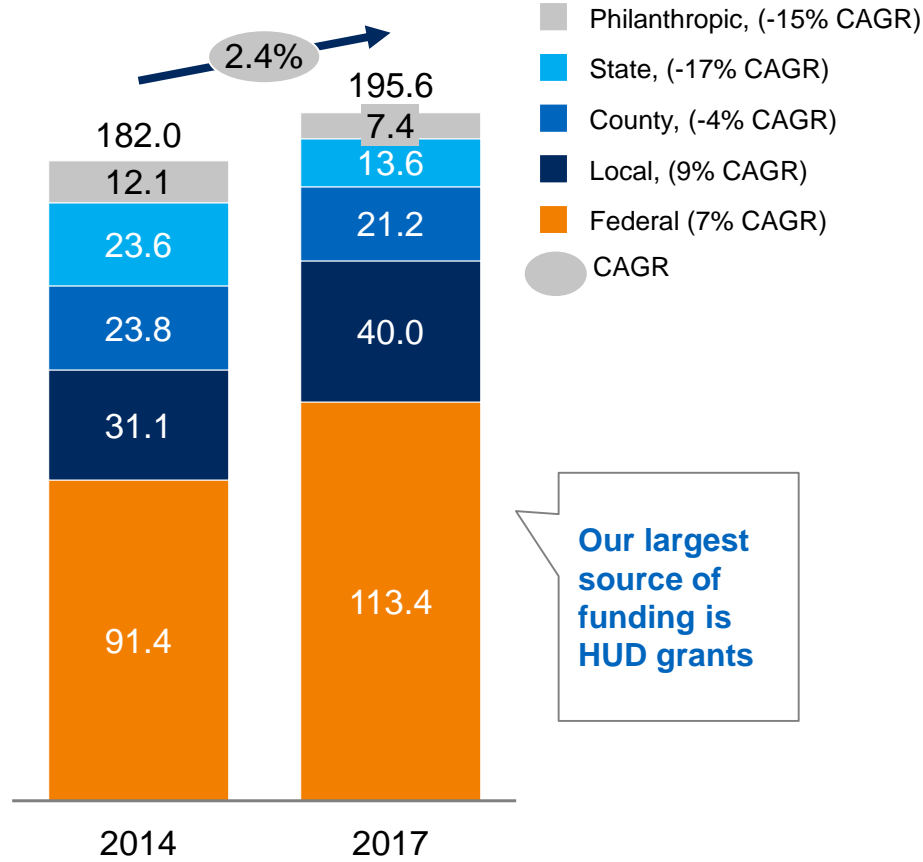
Growth in Households entered in HMIS

Households, Thousands



Growth in reported funding

\$, Millions

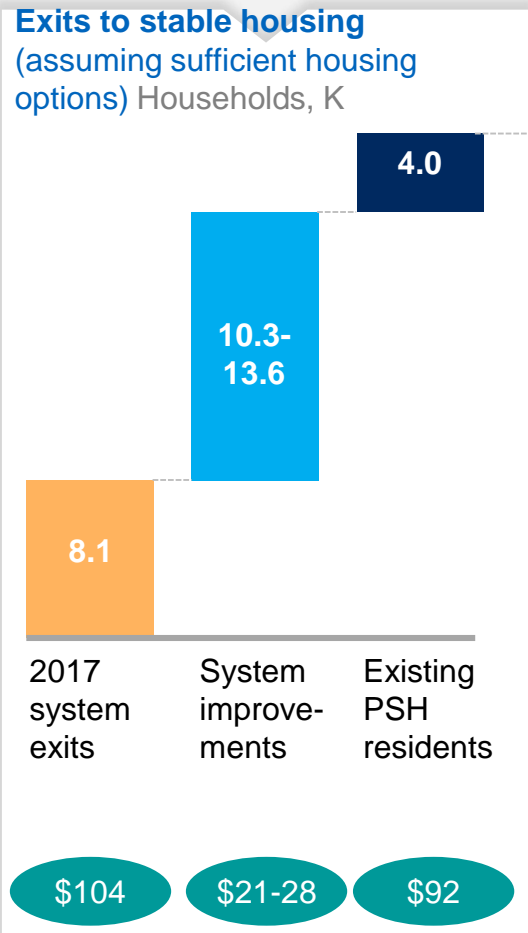


NOTE: 2017 HMIS entries and exits are full-year estimates based on 3 quarters of data
 SOURCE: King County Inflow Data (2014-2017), 2015 All Home Strategic Plan, 2017 Seattle Times Funding Analysis

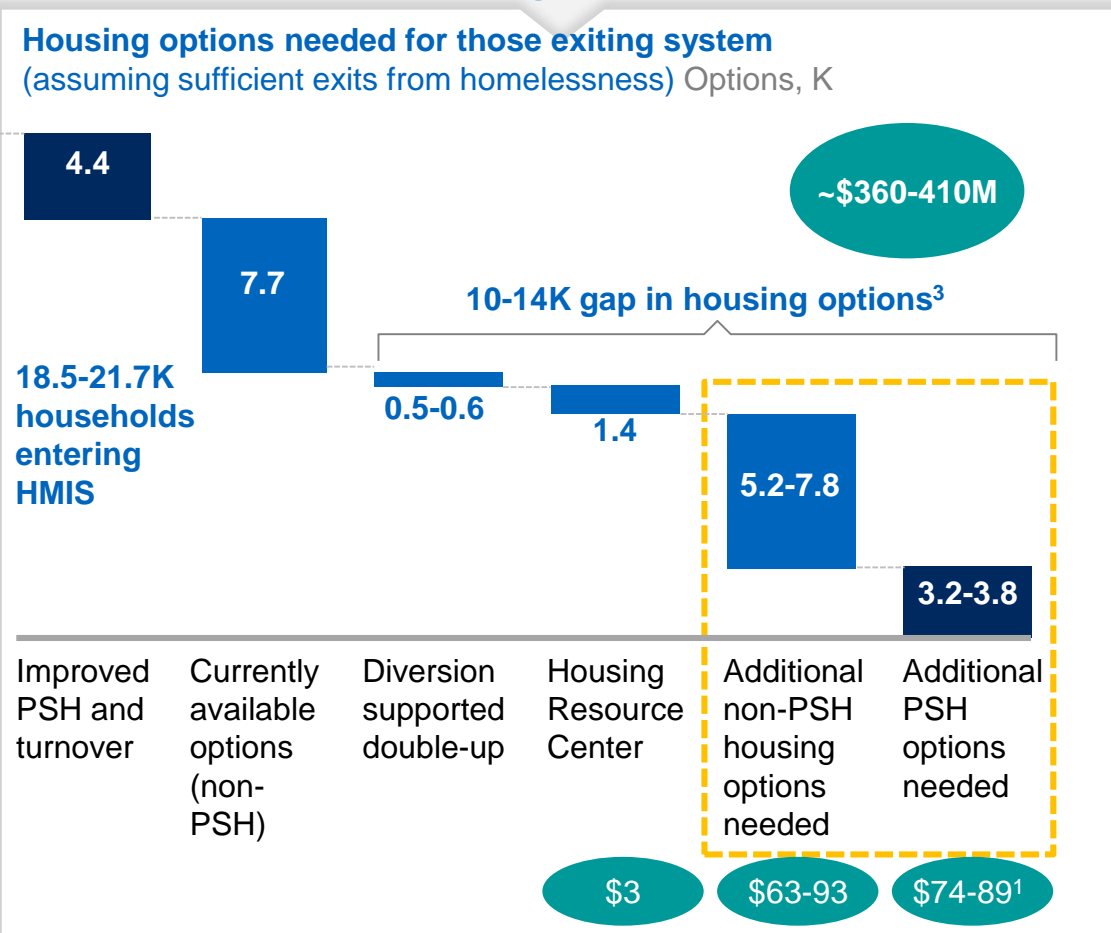
A combination of strategies are needed to ensure adequate access to housing within King County

Existing exits Incremental exits High-service needs/PSH Not high-service needs Costs (millions) Remaining unit gap

Exit homelessness....

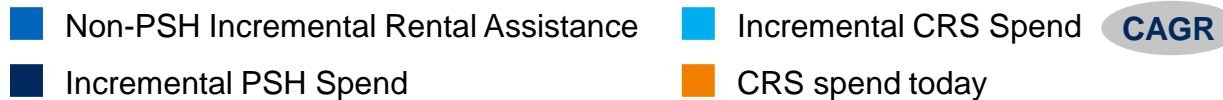


... into permanent housing



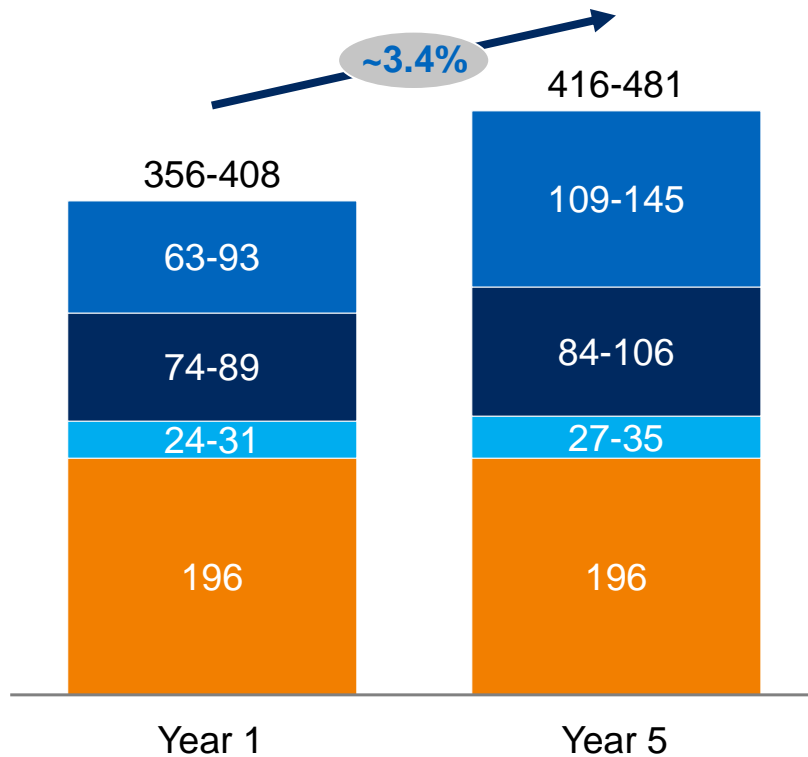
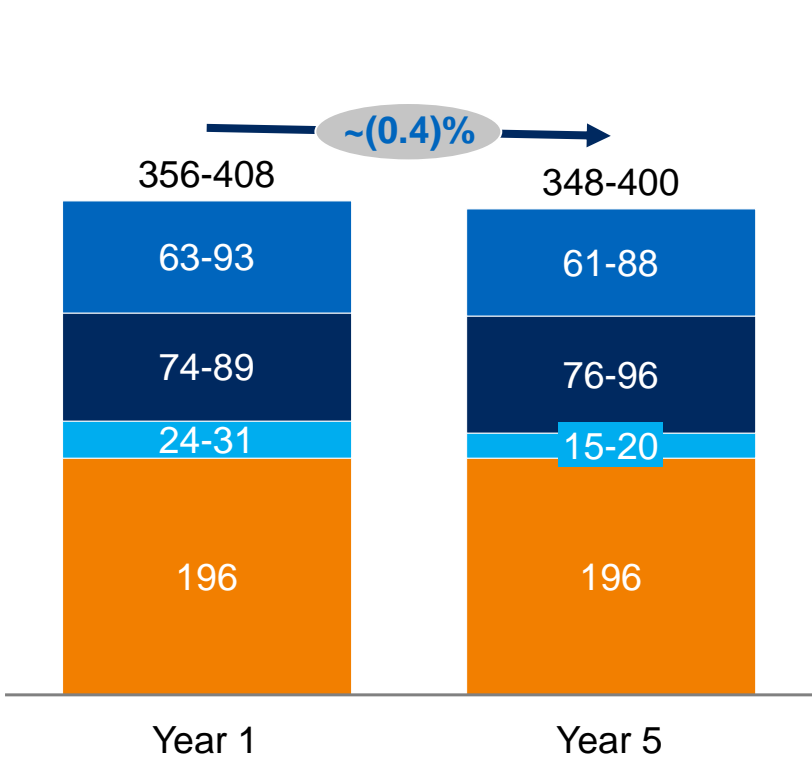
1 Calculated based on scattered-site PSH costs (\$23,270/HH inclusive of rent assistance and services and admin) , however a mixed model of scattered-site and dedicated PSH units would be optimal and may be higher cost
 2 HMIS data of 21.7K households experiencing homelessness is best available data as suggested by King County. We have used a 15% range of 18.5-21.7K given potential for duplication in the HMIS and CEA systems and those households not meeting the King County definition of homelessness (e.g., doubled-up households)
 3 The housing options and associated estimated costs presented here represents one possible solution. Alternative solutions should be explored (e.g., building housing)
 NOTE: 2017 HMIS entries and exits are full-year estimates based on 3 quarters of data
 SOURCE: All Home Quarterly Dashboard, 2017 Point in Time Count, King County PSH scattered-site data (1/18); All Home Inflow estimates, McKinsey team Analysis

Reducing inflow rates into homelessness is critical to stemming cost growth



Cost Trajectory for Tiered Rental Subsidies^{1,2} assuming no inflow growth, \$, M

Cost Trajectory for Tiered Rental Subsidies^{1,2} assuming 9% inflow growth, \$, M



1 Assumes no cost change over time

2 Cost data presented assuming an 18.5- 21.7K households entering homelessness in 2017.

NOTE: 2017 HMIS entries and exits are full-year estimates based on 3 quarters of data

SOURCE: All Home Quarterly Dashboard, 2017 Point in Time Count, King County PSH scattered-site data (1/18); All Home Inflow estimates, McKinsey team Analysis

Ours is not the only city facing a homelessness crisis – currently there are ~94,000 people experiencing homelessness across major West Coast cities

Alameda County - Oakland

Total Homeless: 5,629
Per square mile: 8
 Per capita⁴ 34.2
 % Unsheltered: 69%
 UHY: 991
 Homeless Veterans: 531

San Francisco County

Total Homeless: 6,858
Per square mile: 146
 Per capita: 78.7
 % Unsheltered: 63%
 UHY: 1274
 Homeless Veterans: 684

San Mateo County

Total Homeless: 1,253²
Per square mile: 14
 Per capita: 54.4
 % Unsheltered: 51%
 UHY: 2,560
 Homeless Veterans: 765

Santa Clara County - San Jose

Total Homeless: 7,943³
Per square mile: 6
 Per capita: 38.5
 % Unsheltered: 74%
 UHY: 2,560
 Homeless Veterans: 765

King County - Seattle

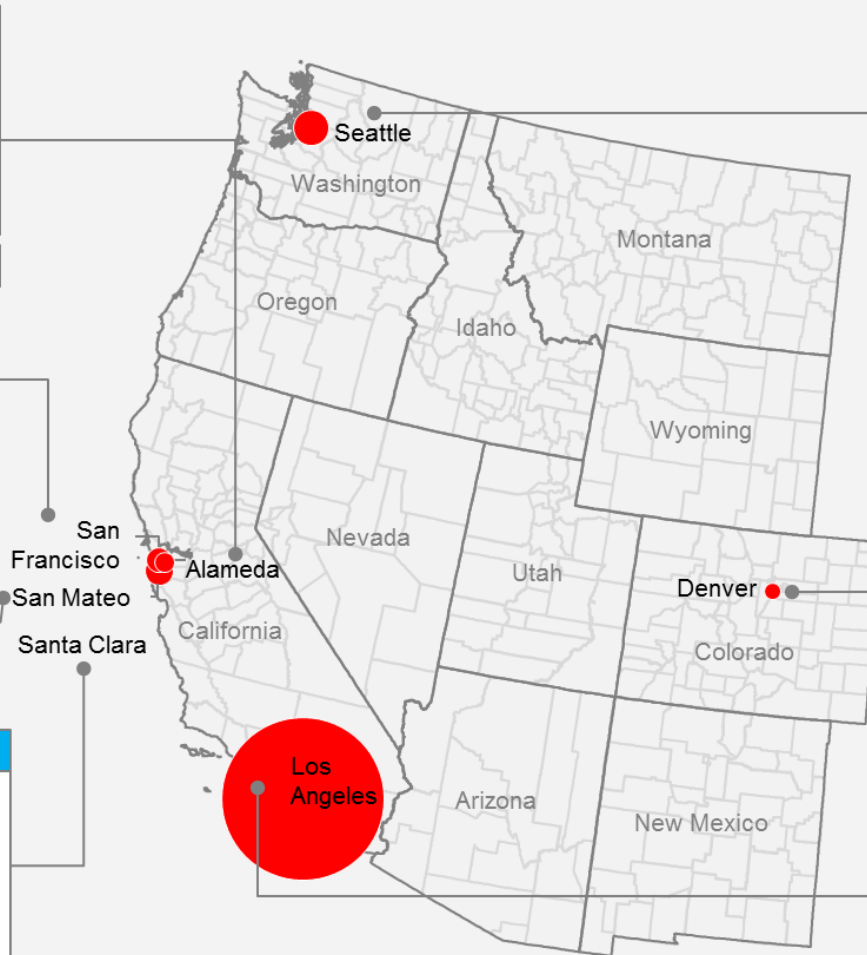
Total Homeless: 11,643
Per square mile: 6
 Per capita: 54.2
 Unsheltered: 47%
 UHY: 1,498
 Homeless Veterans: 1,329

Denver County

Total Homeless: 5,506
Per square mile: 36
 Per capita: 79.4
 % Unsheltered: 16%
 UHY: 436
 Homeless Veterans: 548

Los Angeles County

Total Homeless: 55,188
Per square mile: 14
 Per capita: 54.4
 % Unsheltered: 75%
 UHY: 5,163
 Homeless Veterans: 4,476



1 UHY: Unaccompanied Homeless Youth; 2 San Mateo county is Daly/San Mateo County CoC, 3 Santa Clara is San Jose/Santa Clara City & County CoC, 4 Per capita homelessness is PIT count per 10,000 people given most recent population estimates