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Portland, OR 97232-2736

Memo

Date: September 23, 2024
To: Supportive Housing Services Oversight Committee
From: Rachael Lembo, Finance Manager
Subject: FY23-24 Q4 (July 2023 – June 2024) Financial Report

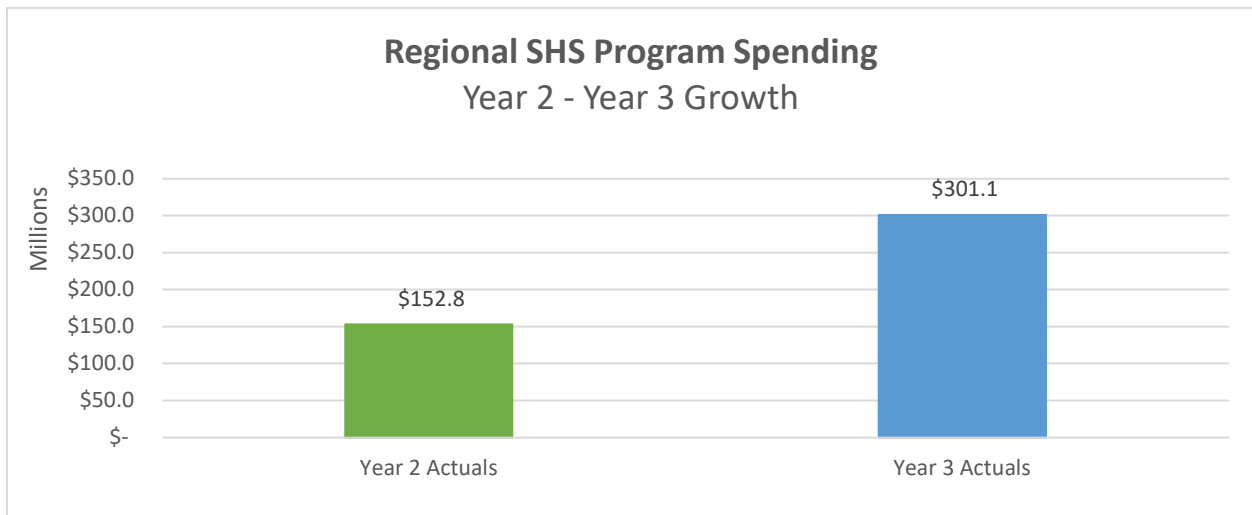
Metro designed this quarterly financial report to provide the information necessary for the SHS Oversight Committee to monitor financial aspects of program administration. It includes details on tax collections and tax collection costs, administrative costs, and program costs. County financial information comes from the quarterly finance reports provided by the counties as part of their quarterly progress reports, and any updates or additional information received from the counties.

Note: The county financial information in this report is accurate as of the counties' Q4 reports. These figures may change once the counties complete their year-end close process and submit their annual reports on October 31.

Year 3 Quarter 4 Financial Overview

Tax collections in FY24 totaled \$335.1 million, plus \$0.7 million in interest from the tax administrator. Total tax revenue exceeded the FY24 budget figure by \$101.7 million. This figure is in line with Metro's forecast, which expected revenue to be slightly under the fall 2023 forecast of \$356.7 million.

Spending in FY24 was significantly higher than last year, continuing the trend of prior years. In fact, spending in Year 3 was almost 2 times more than in Year 2.



For County specific data, see the “Year 2 – Year 3 Growth” charts in the County Snapshots below.

Supportive Housing Services Tax Overview

Key Takeaways:

- As noted above, tax revenue totaled \$335.8 million, 43% higher than the FY24 budget figure.

Tax Revenue Summary			
	Budget	YTD Actuals	% of Budget
Tax Revenue	234,100,000	335,846,858	143%
Tax Collection Costs (Amount Retained)	10,801,686	8,956,429	83%
Adjustment to Administrator Reserves	-	800,000	N/A
Net Tax Revenue	223,298,314	326,090,429	146%
Metro Admin Allowance (5%)	11,163,314	16,304,521	146%
County Partner Revenue	212,135,000	309,785,908	146%
Multnomah County	96,167,867	140,436,278	146%
Washington County	70,711,667	103,261,969	146%
Clackamas County	45,255,467	66,087,660	146%

Tax Collection Costs			
	Budget	YTD Actuals	% of Budget
Tax Collection Costs	10,801,686	8,863,310	82%
Personnel	5,026,047	4,353,578	87%
Software	3,602,815	3,480,948	97%
Other M&S	1,382,414	1,028,784	74%
Contingency	790,410	-	0%

Tax collections above are on an accrual accounting basis and reflect collections received by Metro and disbursed to county partners from September 2023 – August 2024. Tax collections by the tax administrator through July 2023, received by Metro and disbursed to county partners in August 2023, are recorded in FY23 since these tax payments are for income earned during that fiscal year.

The amount retained by Metro for tax collection costs is based on estimated costs; actual YTD tax collection costs are detailed in the second table.

Administration and Oversight Costs

The Supporting Housing Services Measure allows for up to 5% of net tax collections to cover the costs of Metro program administration and oversight. This includes the SHS team, as well as supporting operations like finance, legal, communications, IT, and HR. The costs associated with Metro program administration and oversight are detailed in the table below.

Key Takeaways:

- Metro entered this fiscal year with \$22.0 million in carryover from the prior year. As with the ramp up of county programs, Metro is also expecting its own administrative spending to ramp up over the first 3-4 years. From July 2023 to June 2024, the SHS team grew from 12.1 FTE to 34.6 FTE. Metro is ending this fiscal year with approximately \$32.1 million in carryover, in line with recent forecasts.
- Metro will continue to use carryover funds to fund program growth in FY25, including limited duration FTE and other one-time investments to provide necessary capacity for new and growing bodies of work and programmatic opportunities.

Metro Administrative Costs			
	Budget	YTD Actuals	% of Budget
Prior Year Carryover	14,778,601	21,999,875	149%
YTD Admin Allowance (5%)	11,163,314	16,304,521	146%
Interest Earnings	300,000	971,150	324%
Total Resources	26,241,915	39,275,547	150%
Direct Personnel	5,416,344	2,708,611	50%
Materials & Services	3,306,251	1,090,429	33%
Indirect Costs (Allocation Plan)	3,370,894	3,370,894	100%
Contingency	-	-	N/A
Expense & Contingency	12,093,489	7,169,934	59%
Carryover to next period	14,148,426	32,105,613	

Metro recommends that each county’s program administrative costs do not exceed 5% of SHS program revenue. These costs do not include the administrative costs of service providers or regional long-term rent assistance (RLRA).

County Administrative Costs				
	Clackamas County	Multnomah County	Washington County	Total
County Administrative Costs	2,791,351	2,234,764	1,989,490	7,015,605
<i>% of annual SHS program revenue (recommended limit is 5%)</i>	4%	2%	2%	2%

RLRA is administered by the housing authority of each county, separate from SHS, and these administrative costs are detailed below. Metro recommends that administrative costs for RLRA not exceed 10% of annual RLRA expenses.

Long-term Rent Assistance Administrative Costs				
	Clackamas County	Multnomah County	Washington County	Total
RLRA Administrative Costs	557,152	1,170,958	424,089	2,152,200
<i>% of RLRA costs (recommended limit is 10%)</i>	4%	11%	2%	5%

County Partner Snapshots

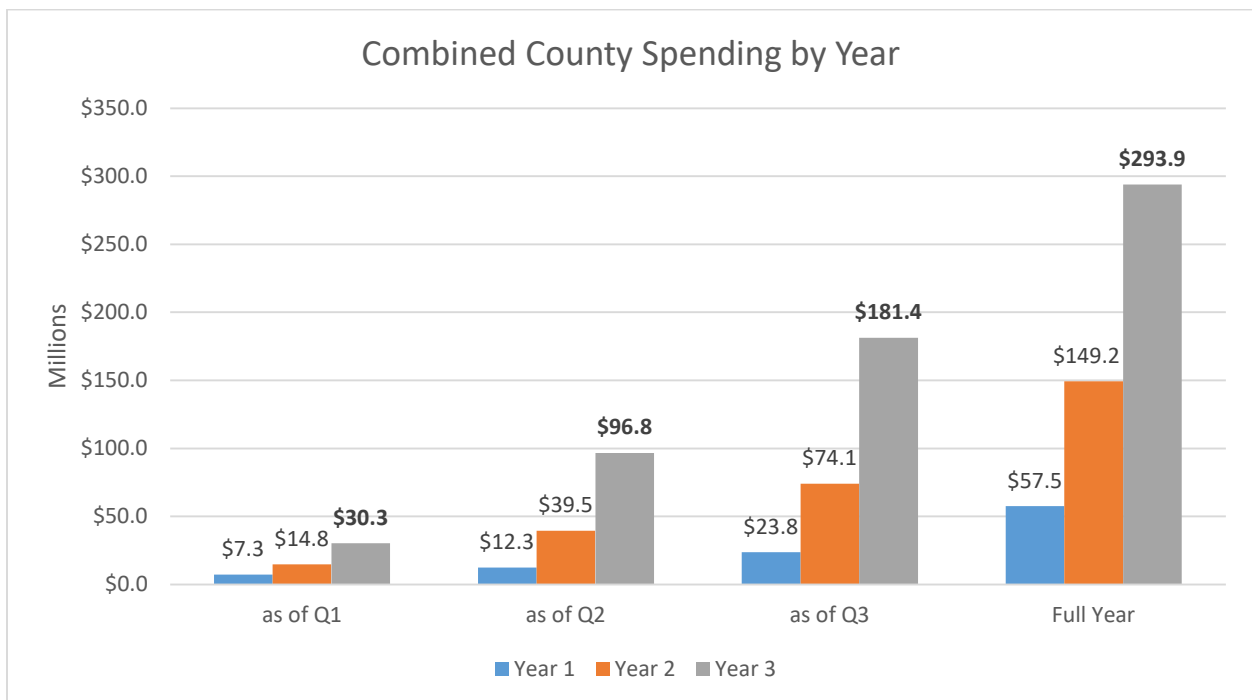
The following pages summarize financial information by county, in both numerical and visual form. This provides a consistent format to compare the similar but unique programs of each county.

Note: SHS Program Revenue reported below is per the counties' financial reports. It may differ from the revenue reported above due to additional revenue, such as interest earnings.

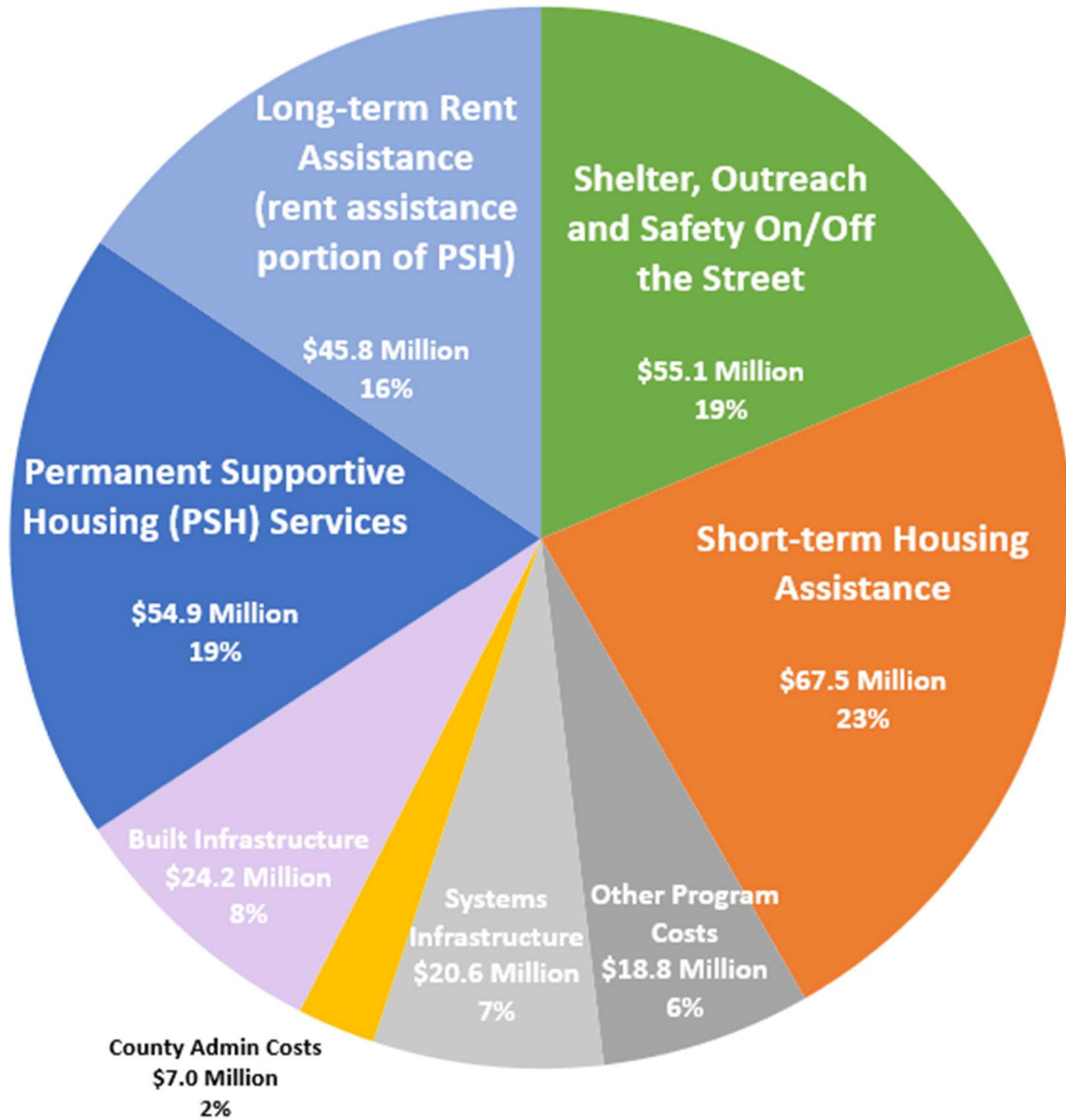
Key Takeaways:

- Together, the counties spent a combined total of \$293.9 million on SHS program costs in Year 3 (July 2023 – June 2024), which is nearly 2 times more than the \$149.2 million spent last year.

County Summary (in millions) as of June 2024				
	Clackamas County	Multnomah County	Washington County	Total
Prior Year Carryover	\$92.7	\$126.4	\$115.5	\$334.6
SHS Program Revenue	\$69.3	\$145.1	\$106.6	\$321.1
Total Resources	\$162.0	\$271.5	\$222.1	\$655.6
Program Costs	\$54.3	\$143.5	\$96.1	\$293.9
Total Expense	\$54.3	\$143.5	\$96.1	\$293.9
Ending Balance	\$107.7	\$128.0	\$125.9	\$361.7
<i>Tax Stabilization and RIF Reserves</i>	\$23.7	\$34.3	\$27.1	\$85.1
<i>Carryover for future projects/program reserves</i>	\$84.0	\$93.7	\$98.9	\$276.6



Regional SHS Spending by Program Category
\$293.9 million
(Year 3 Q4: July 2023 – June 2024)



Clackamas County Snapshot

Overview

Clackamas County included estimated carryover in its FY24 budget, however actual carryover was \$34.1 million higher due to higher than anticipated collections in the prior year. Similarly, Clackamas County’s budget for FY24 program revenue reflected Metro’s initial budget, while actual revenue was \$23.9 million higher. As a result, Clackamas County ended the year with \$58 million more in resources than initially budgeted.

Clackamas County reported \$54.3 million in expenses as of FY24 Q4, resulting in an ending balance of \$107.7 million for next fiscal year. This includes \$23.7 million in tax stabilization and Regional Strategy Implementation Fund reserves and \$84 million in carryover for future projects.

Carryover Spending

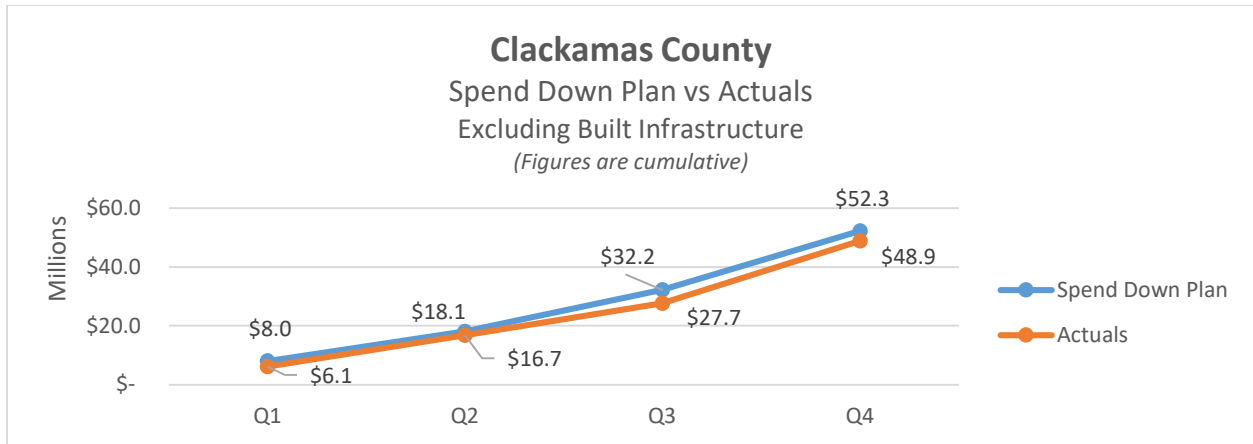
After entering the year with \$92.7 million in carryover, Clackamas County has spent \$14.0 million of these funds as of FY24 Q4, with the majority of spending going towards limited-term investments in service provider capacity building, an expansion of short-term rent assistance, and capital investments as noted in built infrastructure below. In FY25, Clackamas County plans to continue funding these investments using carryover funds, while also funding its stabilization reserves.

Clackamas County			
	Budget	YTD Actuals	% of Budget
Prior Year Carryover	58,623,269	92,701,597	158%
SHS Program Revenue	45,375,392	69,300,566	153%
Total Resources	103,998,661	162,002,163	156%
Program Costs (excluding Built Infrastructure)	80,429,813	48,867,542	61%
Built Infrastructure	12,250,000	5,437,423	44%
Contingency	2,263,770	-	0%
Expense & Contingency	94,943,583	54,304,966	57%
Ending Balance (incl. Reserves)	9,055,078	107,697,198	
<i>Tax Stabilization and RIF Reserves</i>	<i>9,055,078</i>	<i>23,671,942</i>	
<i>Carryover for future projects/program reserves</i>	<i>-</i>	<i>84,025,256</i>	

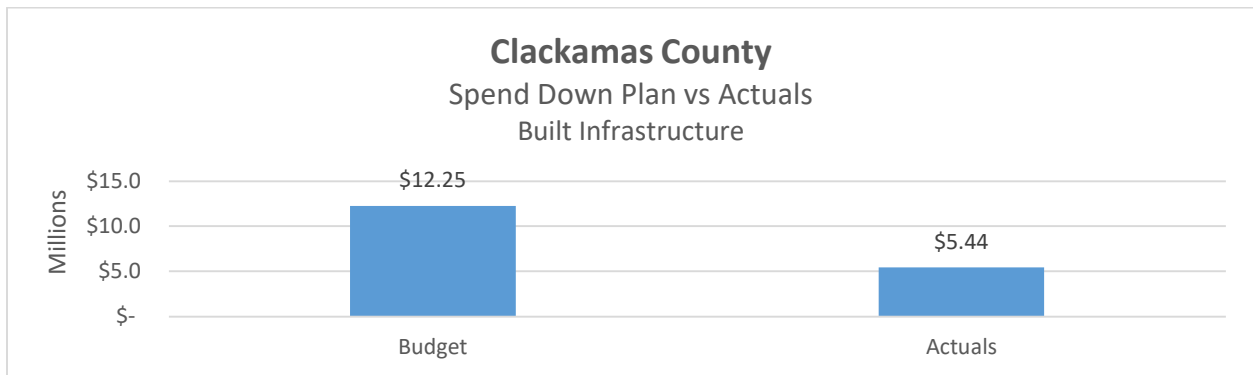
Annual Spending

FY24 spending was \$54.3 million, nearly 3 times the prior year amount.

The spend down plan reflects estimated spending of the annual program budget by quarter and is compared to actual spending below. Clackamas County’s spend down plan projected that it would spend 65% of its annual program budget in FY24, excluding built infrastructure. Actual spending was 61%.

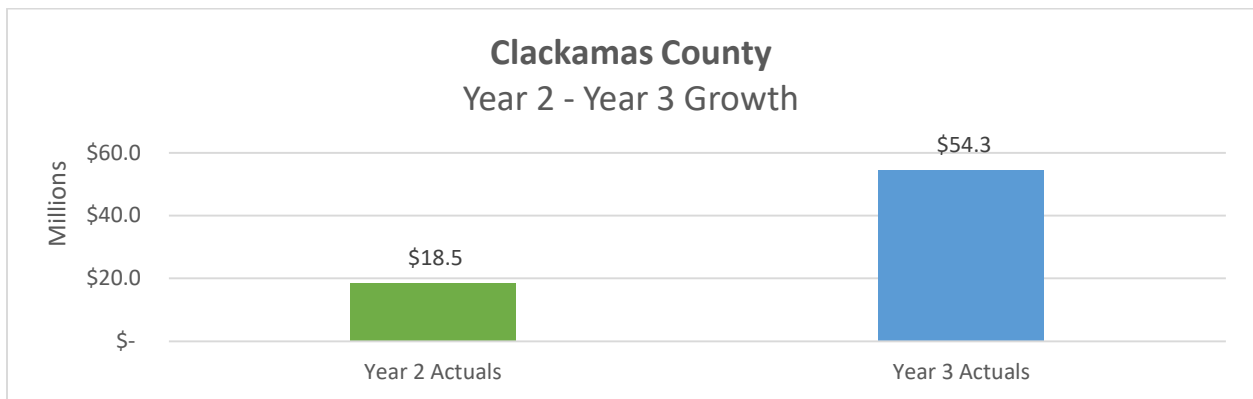


Built infrastructure is forecasted separately as these expenses tend to occur in large tranches as opposed to gradually over time. Clackamas County spent \$5.4 million on built infrastructure in FY24 on the new Clackamas Village transitional shelter site and service-enriched resource center in downtown Oregon City.

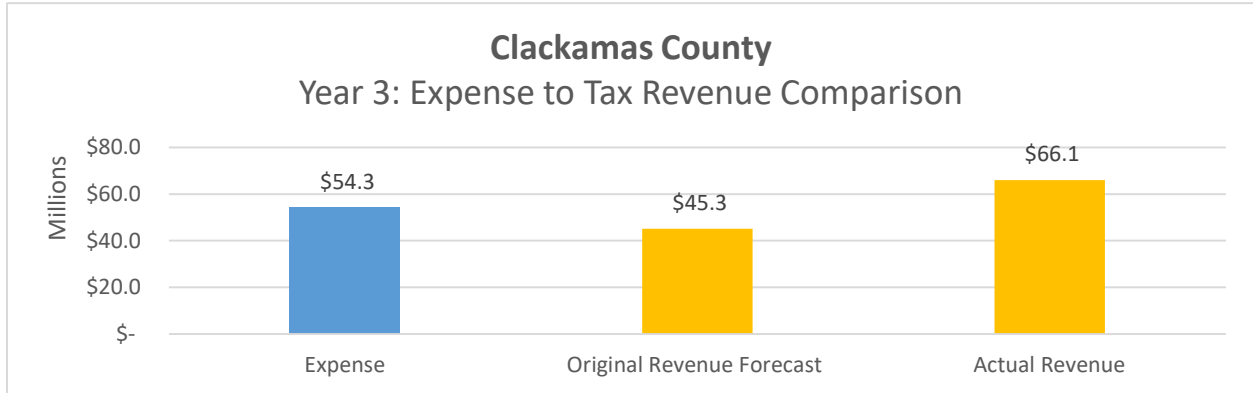


Growth

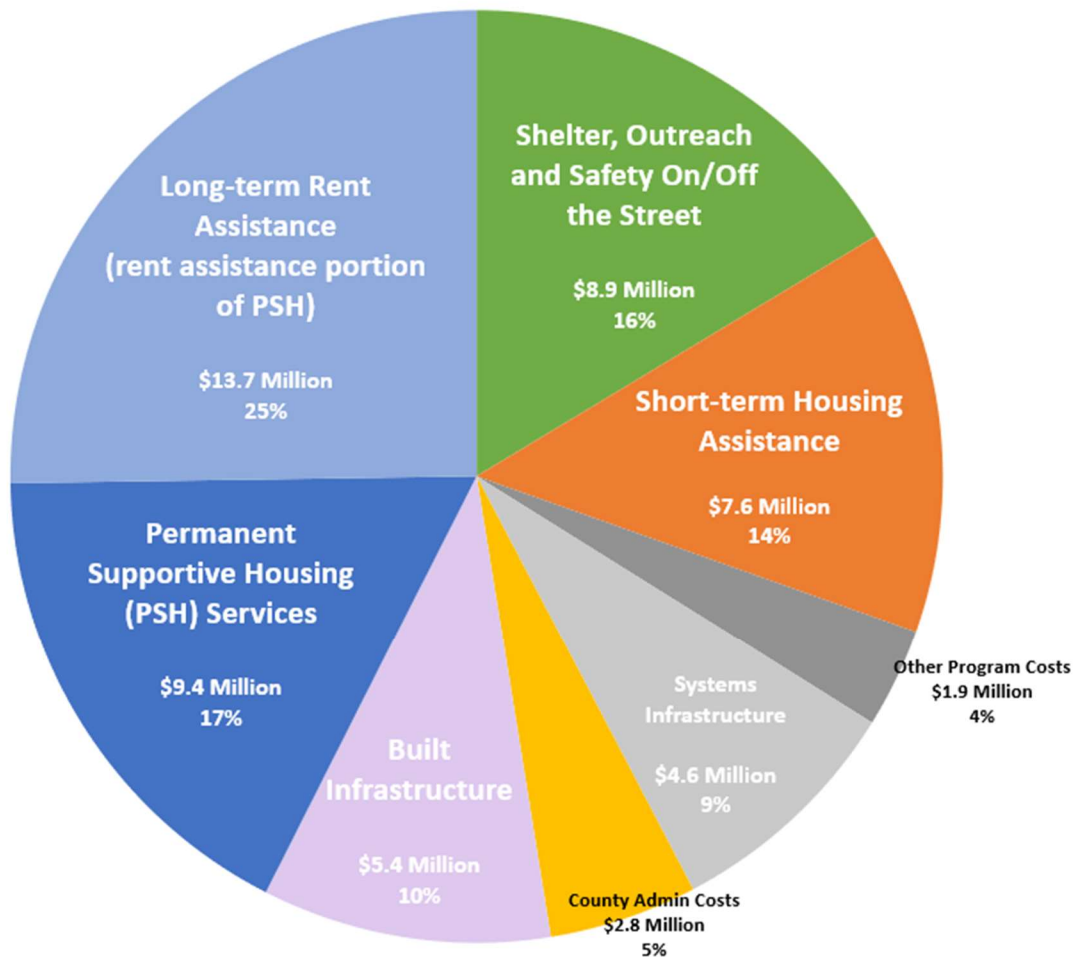
The following chart compares Year 2 spending with Year 3. Clackamas County spent nearly 3 times more in Year 3 as compared to Year 2.



The chart below compares expense and current year tax revenue (original forecast and actual). In Year 3 there is less of a gap between expense and revenue as counties have built out their programs and started investing prior year carryover. For the next few years expense will exceed current year revenue, as counties spend down the remaining programmatic carryover.



Clackamas County SHS Spending by Program Category
(Year 3 Q4: July 2023 – June 2024)



Multnomah County Snapshot

Overview

Multnomah County included estimated carryover in its FY24 budget, however actual carryover was \$17.7 million higher. Similarly, Multnomah County’s budget for FY24 program revenue reflected Metro’s initial budget, while actual revenue was \$49 million higher. As a result, Multnomah County ended the year with \$66.7 million more in resources than initially budgeted.

Multnomah County reported \$143.5 million in expenses as of FY24 Q4, resulting in an ending balance of \$128 million for next fiscal year. This includes \$34.3 million in tax stabilization and Regional Strategy Implementation Fund reserves and \$93.7 million in carryover for future projects.

Carryover Spending

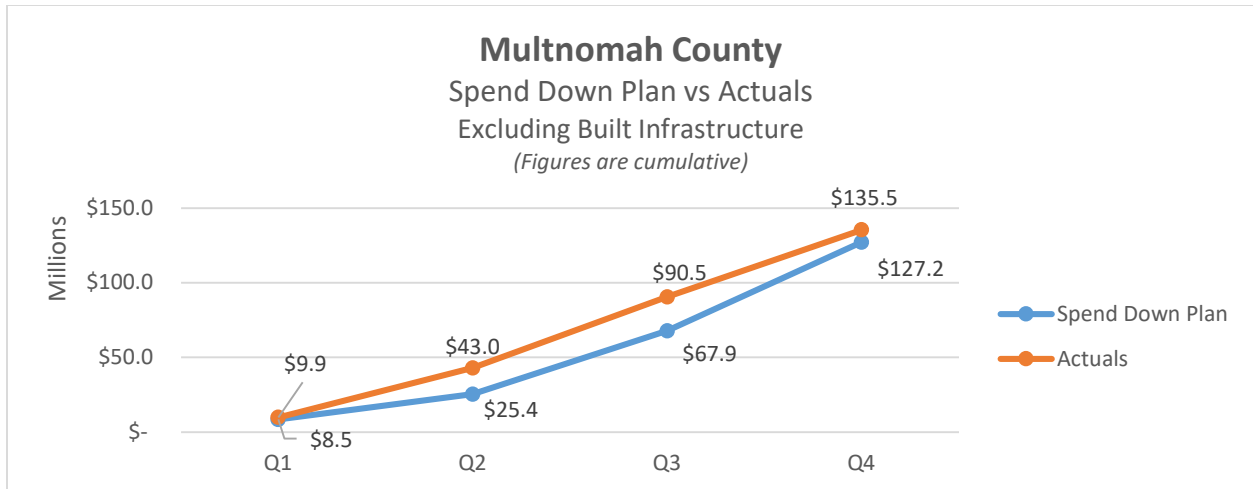
After entering the year with \$126.4 million in carryover, Multnomah County has spent \$63.0 million of these funds as of FY24 Q4, with the majority of spending going towards limited-term investments in Temporary Alternative Shelter Sites, capacity building and organizational health grants to contracted service providers, and short-term housing assistance. In FY25, Multnomah County plans to use its carryover funds on a variety of investments, with the largest investment areas being shelter, rapid re-housing, and built infrastructure, as well as funding its stabilization reserves.

Multnomah County			
	Budget	YTD Actuals	% of Budget
Prior Year Carryover	108,677,054	126,381,795	116%
SHS Program Revenue	96,190,265	145,140,947	151%
Total Resources	204,867,319	271,522,742	133%
Program Costs (excluding Built Infrastructure)	169,661,460	135,468,061	80%
Built Infrastructure	20,473,881	8,007,350	39%
Contingency	4,809,513	-	0%
Expense & Contingency	194,944,854	143,475,411	74%
Ending Balance (incl. Reserves)	9,922,465	128,047,331	
<i>Tax Stabilization and RIF Reserves</i>	<i>9,922,465</i>	<i>34,325,889</i>	
<i>Carryover for future projects/program reserves</i>	<i>-</i>	<i>93,721,442</i>	

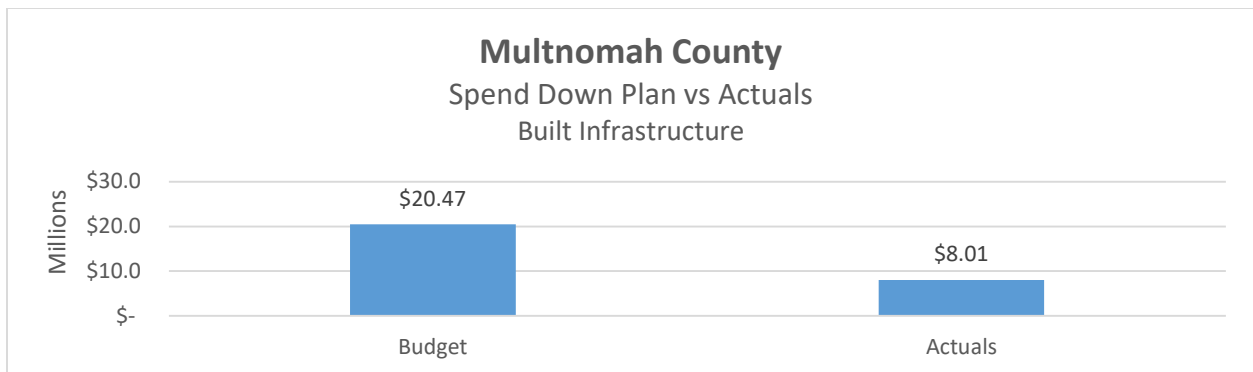
Annual Spending

FY24 spending was \$143.5 million, 174% of the prior year amount.

The spend down plan reflects estimated spending of the annual program budget by quarter and is compared to actual spending below. Multnomah County’s spend down plan projected that it would spend 75% of its annual program budget in FY24, excluding built infrastructure. Actual spending was 80%.

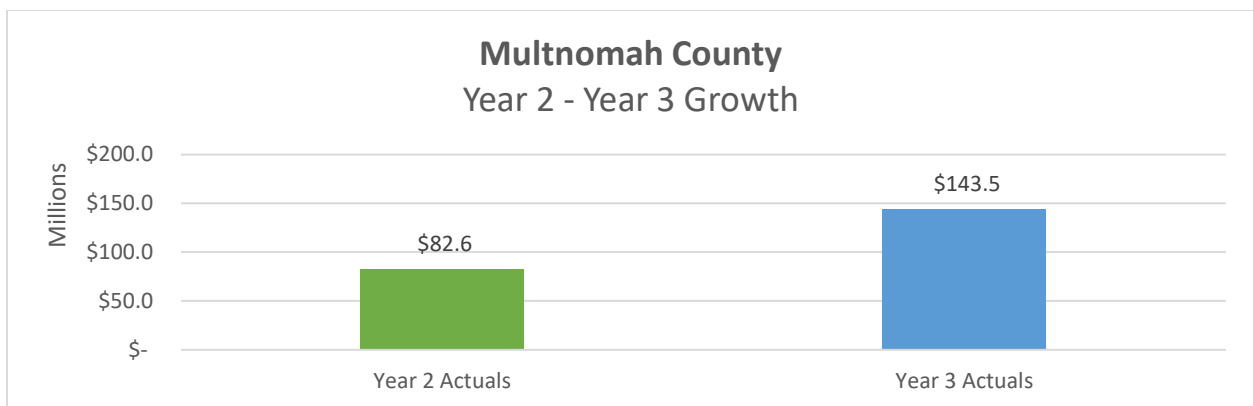


Built infrastructure is forecasted separately as these expenses tend to occur in large tranches as opposed to gradually over time. Multnomah County spent \$8 million on built infrastructure in FY24, including for stabilization and transitional housing and shelter capital projects.

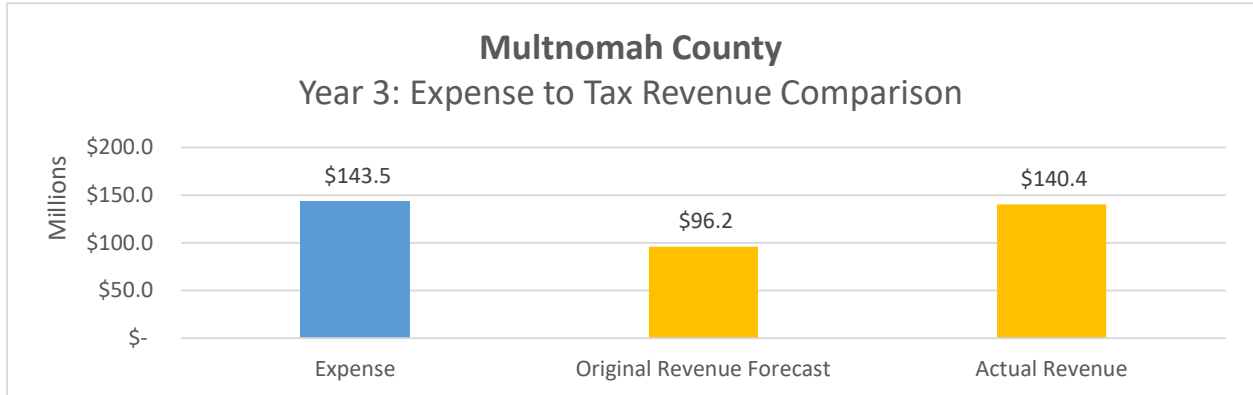


Growth

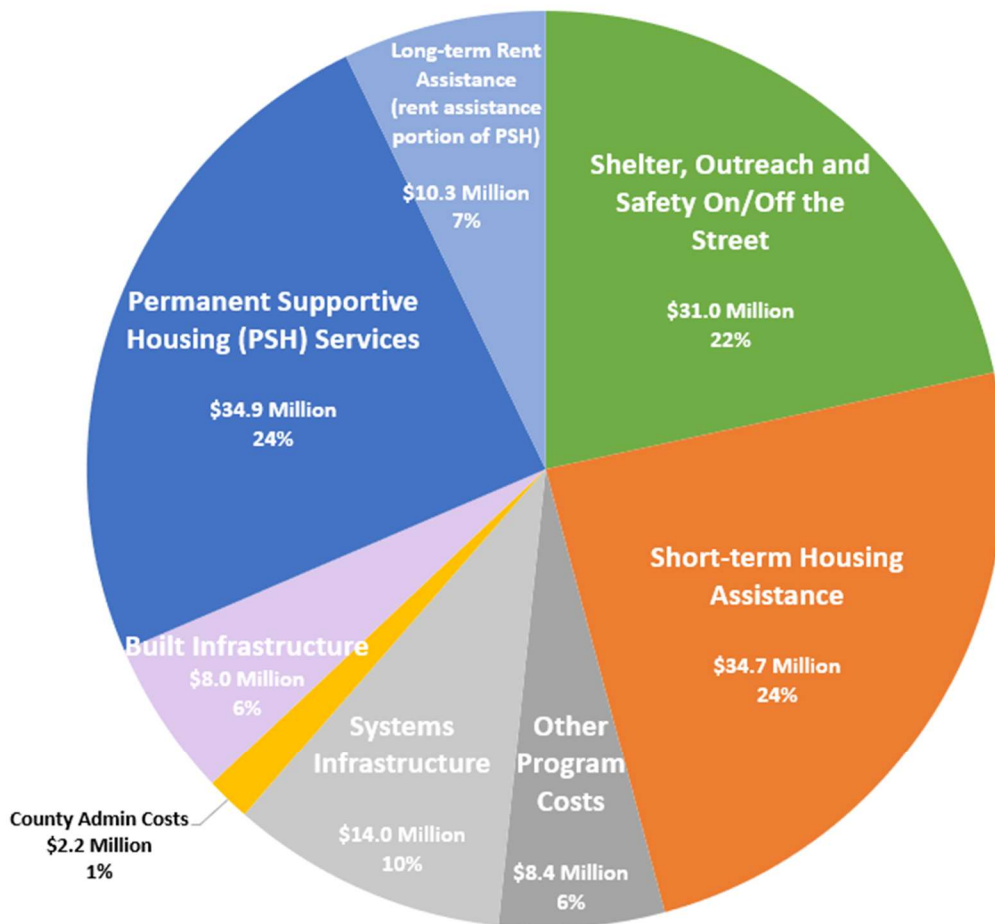
The following chart compares Year 2 spending with Year 3. Multnomah County has spent over 1.7 times more in Year 3 as compared to Year 2.



The chart below compares expense and current year tax revenue (original forecast and actual). In Year 3 there is less of a gap between expense and revenue as counties have built out their programs and started investing prior year carryover. For the next few years expense will exceed current year revenue, as counties spend down the remaining programmatic carryover.



Multnomah County SHS Spending by Program Category (Year 3 Q4: July 2023 – June 2024)



Washington County Snapshot

Overview

Washington County amended its budget in March 2024. This amended budget reflects higher actual carryover and revenue forecasts for FY24. As a result, Washington County’s budget for resources closely aligns with FY24 actuals. Washington County also updated its spend-down plan and built infrastructure forecast.

Washington County reported \$96.1 million in expenses as of FY24 Q4, resulting in an ending balance of \$125.9 million for next fiscal year. This includes \$27.1 million in tax stabilization and Regional Strategy Implementation Fund reserves and \$98.9 million in carryover for future projects.

Carryover Spending

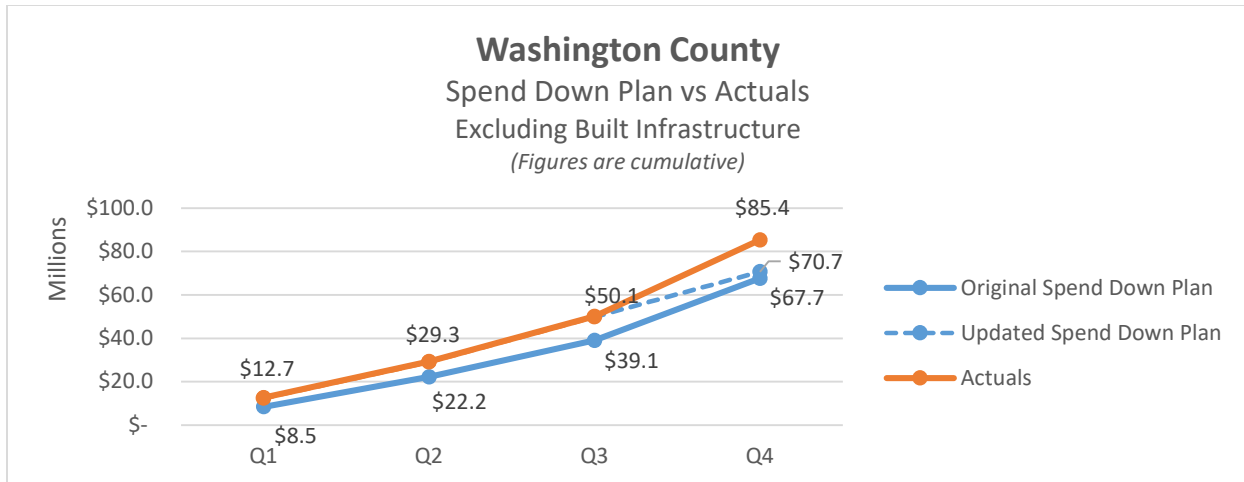
After entering the year with \$115.5 million in carryover, Washington County has spent \$26.6 million of these funds as of FY24 Q4, with the majority of spending going towards limited-term investments in an expansion of short-term rent assistance, as well as built infrastructure for shelters, drop-in centers, and transitional supportive housing. In FY25, Washington County plans to continue funding these investments using carryover funds.

Washington County			
	Budget	YTD Actuals	% of Budget
Prior Year Carryover	111,634,198	115,473,580	103%
SHS Program Revenue	111,000,000	106,616,670	96%
Total Resources	222,634,198	222,090,250	100%
Program Costs (excluding Built Infrastructure)	83,228,635	85,403,895	103%
Built Infrastructure	12,943,088	10,745,072	83%
Contingency	5,450,000	-	0%
Expense & Contingency	101,621,723	96,148,968	95%
Ending Balance (incl. Reserves)	121,012,475	125,941,282	
<i>Tax Stabilization and RIF Reserves</i>	<i>24,578,639</i>	<i>27,064,333</i>	
<i>Carryover for future projects/program reserves</i>	<i>96,433,836</i>	<i>98,876,949</i>	

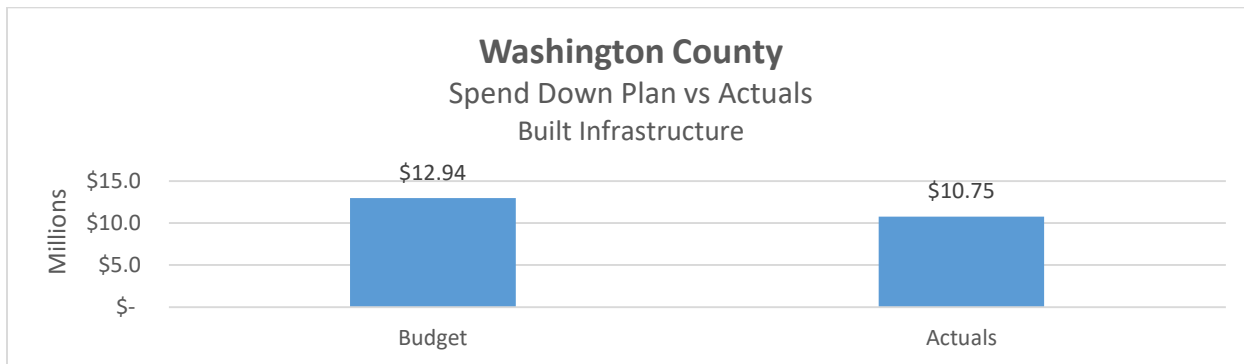
Annual Spending

FY24 spending was \$96.1 million, 2 times the prior year amount.

The spend down plan reflects estimated spending of the annual program budget by quarter and is compared to actual spending below. Washington County’s updated spend down plan projected that it would spend 85% of its annual program budget in FY24, excluding built infrastructure. Actual spending was 103%.

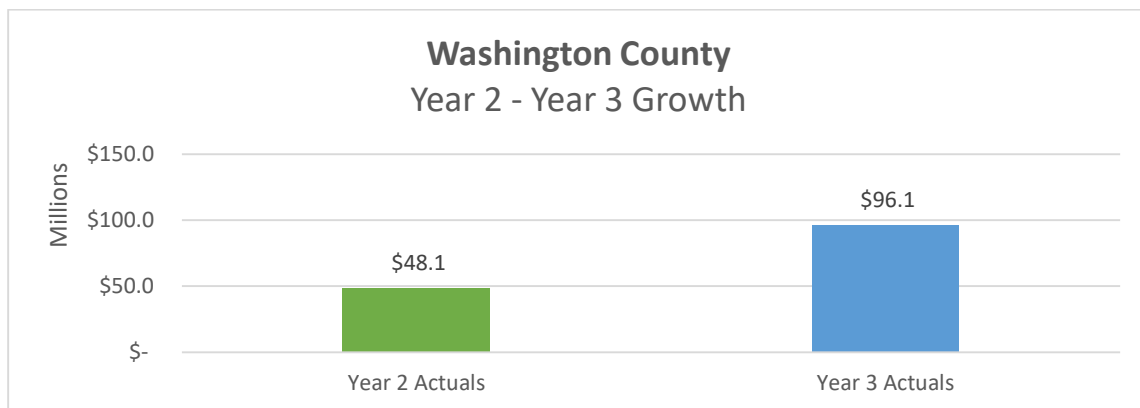


Built infrastructure is forecasted separately as these expenses tend to occur in large tranches as opposed to gradually over time. Washington County spent \$10.8 million on built infrastructure in FY24 to support the Center for Addiction Triage and Treatment, the Elm Street transitional supportive housing acquisition and capital grants for shelters.

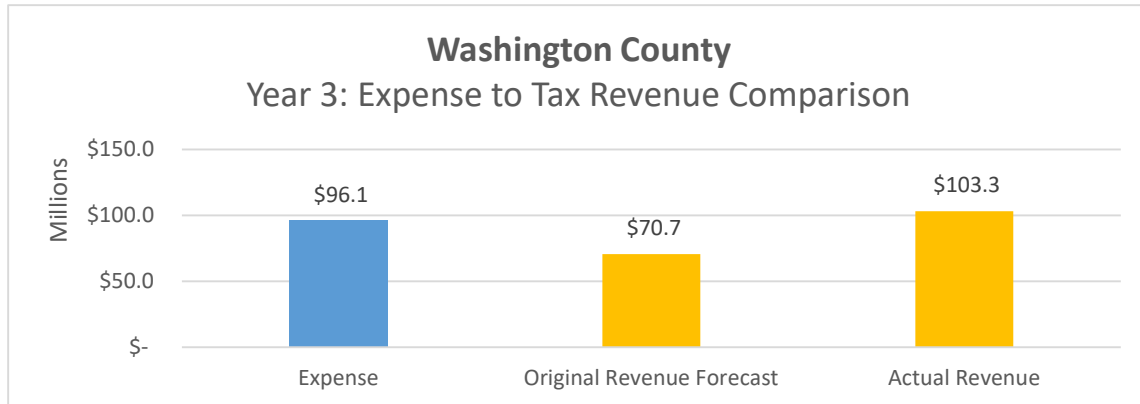


Growth

The following chart compares Year 2 spending with Year 3. Washington County has spent 2 times more in Year 3 as compared to Year 2.



The chart below compares expense and current year tax revenue (original forecast and actual). In Year 3 there is less of a gap between expense and revenue as counties have built out their programs and started investing prior year carryover. For the next few years expense will exceed current year revenue, as counties spend down the remaining programmatic carryover.



Washington County SHS Spending by Program Category
(Year 3 Q4: July 2023 – June 2024)

