



KING COUNTY AUDITOR'S OFFICE

Homeless Crisis Demands Unified, Accountable, Dynamic Regional Response



King County

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EXECUTIVE SUMMARY:

King County, the City of Seattle, and All Home have taken steps to align the regional homeless response system. However, diffuse authority for homeless response, and the low vacancy and high cost of private market housing, have reduced the efficiency and flexibility of the system to house the growing number of people experiencing homelessness. We make recommendations focused on further aligning regional funding decisions, reducing unsuccessful housing referrals, addressing racial disparities, and enhancing measurement of rapid rehousing performance.

Homeless Crisis Demands Unified, Accountable, Dynamic Regional Response

REPORT HIGHLIGHTS

What We Found

Local funders—the City of Seattle, King County, and United Way of King County—have worked to increase system consistency, but diffuse authority still hinders regional homeless response. Separate funding and contracting processes burden homeless housing providers, and funder autonomy slows programmatic changes that would respond to community needs. Despite its role as a coordinating body, All Home lacks the authority to unify local funders into an efficient and nimble crisis response system.

The Department of Community and Human Services (DCHS) manages the local coordinated entry system (CEA), but scarce housing and communication barriers have led to extended waits for housing through the system. Unsuccessful housing referrals are common, and, at times, disproportionately affect the most vulnerable. CEA has expanded its outreach, but racial disparities remain.

Local funders have increased investments in rapid rehousing (RRH). However, the limited number of affordable rental units has likely contributed to substandard RRH performance, with fewer than half of RRH enrollees moving into housing while participating in the program. While move-in rates have improved in 2017, more consistent tracking and analysis of data to identify potential housing barriers could improve these results.

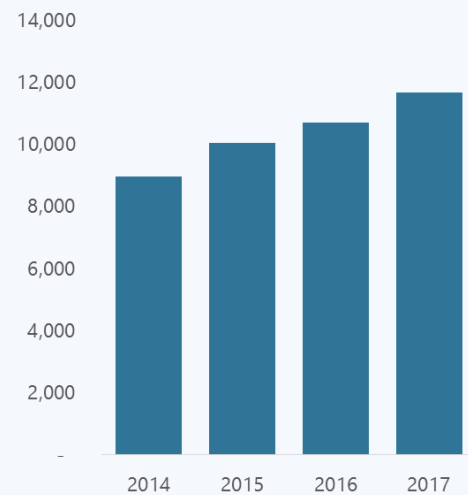
What We Recommend

We recommend that DCHS work with All Home and local funders on a formal, binding process to align funding decisions, and that DCHS use CEA data to identify improvements to the homeless system, reduce unsuccessful housing referrals, and address racial disparities in the system. We also recommend that DCHS work with All Home and local funders to ensure that RRH move-in rates and the number of RRH enrollees evicted or moving out of King County are tracked.

Why This Audit Is Important

King County and the City of Seattle declared homelessness a state of emergency in 2015. Since then the number of people experiencing homelessness has continued to rise. In January 2017, the nationally mandated one-night count found 11,643 people experiencing homelessness. Committed to making homelessness rare, brief, and one time, King County is serving more people than ever. However, as homelessness becomes more common, waits for housing get longer. This audit explores several aspects of the regional homeless system, including how it is organized and how people enter and exit homelessness.

Homelessness in King County continues to rise



Source: 2014-17 point in time counts

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Regional Homeless Response System

SECTION SUMMARY

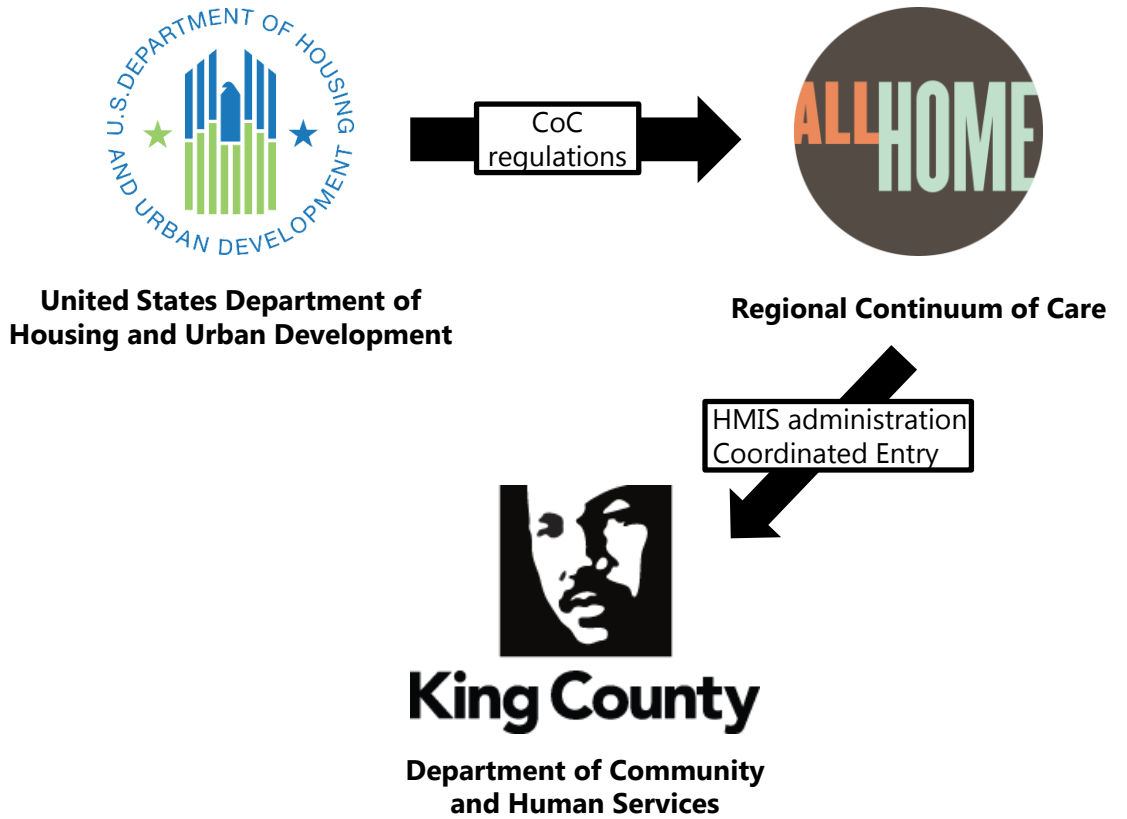
Diffuse authority and loose coordination among local funders make it difficult for the regional homeless response system to adjust and respond to the needs of the growing number of people experiencing homelessness in King County. The main local funders of homeless interventions are the City of Seattle, King County, the King County and Seattle Housing Authorities, and private foundations. The City and County separately manage their funding and contracting processes, presenting administrative and operational burdens for homeless housing providers. Having many large organizations working independently also reduces the ability of the region to respond collectively to community needs, and creates roadblocks to change. All Home is a coordinating body meant to pull together local funders into a homeless response system, but it lacks the authority to do it.

Local funding disconnected from regional vision

Diffuse authority makes systemic change difficult. In King County, different entities with varying levels of political and financial clout carry out elements of homeless response. All Home is the region's federally mandated body ("continuum of care") for coordinating federal funding and ensuring compliance with federal law. To receive funding from the U.S. Department of Housing and Urban Development, federal regulations require regions to operate a continuum of care, whose responsibilities include:

1. ensuring collection of homeless system performance data (a "Homeless Management Information System" or HMIS)
2. establishing and operating a coordinated needs assessment and referral process ("coordinated entry")
3. performing analysis to identify gaps in regional homeless services needs.

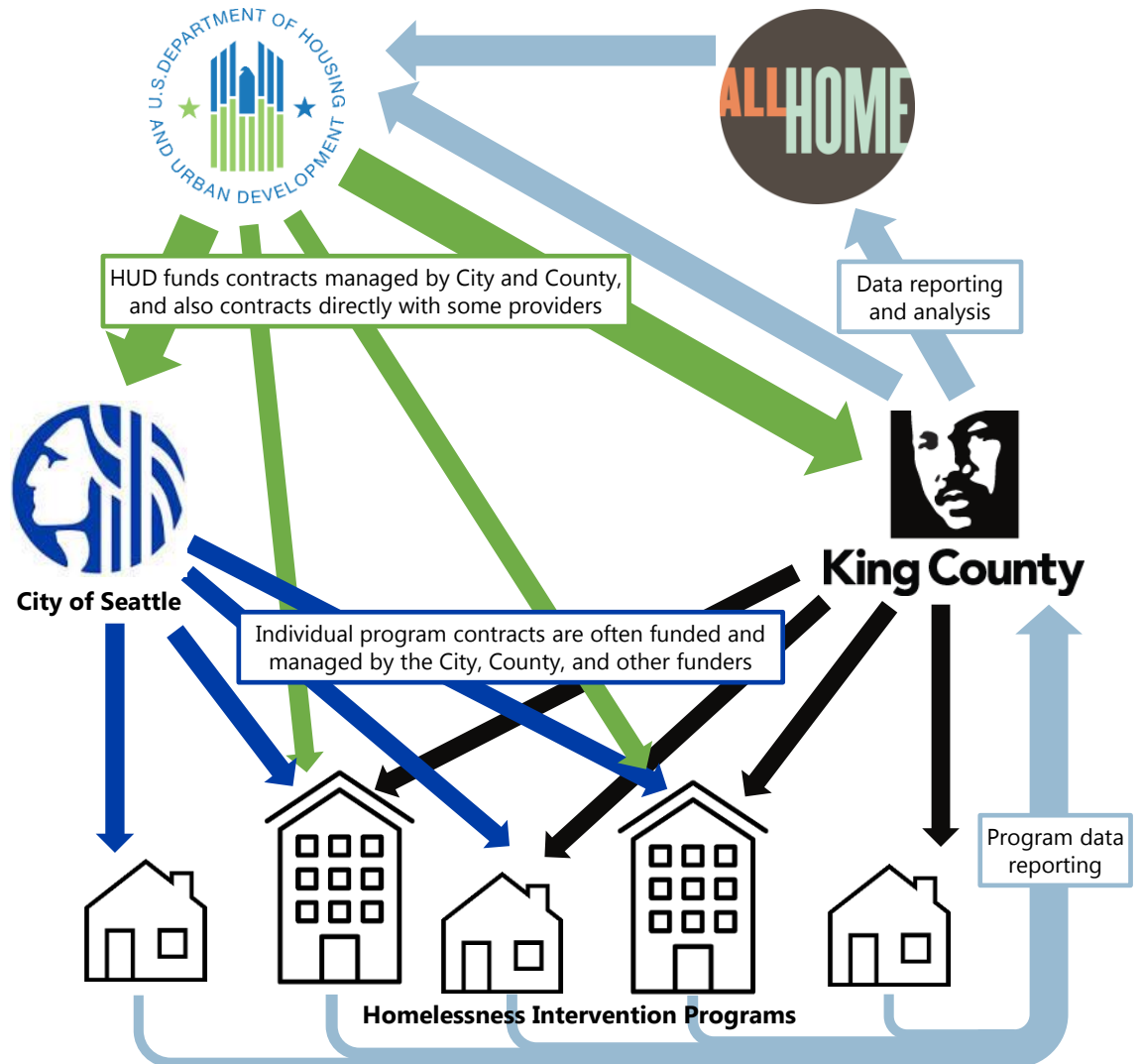
EXHIBIT A: Continuum of care requirements delegated by All Home to King County Department of Community and Human Services



Source: King County Auditor’s Office

In the Seattle/King County region, All Home delegates collection and management of performance data in HMIS to King County’s Department of Community and Human Services (DCHS). DCHS is also in charge of operating the coordinated entry needs assessment and referral process for people experiencing homelessness (discussed in Section 2). The main local funders of homeless interventions are the City of Seattle, King County, the King County and Seattle Housing Authorities, and private foundations. All Home has no authority to compel these funders to address systemic gaps in homeless services and housing.

EXHIBIT B: Regional homeless programs funded and overseen by multiple funders



Source: King County Auditor’s Office

Multiple experts found the governance structure of the homeless response system is too weak to drive change, but this problem has not been resolved. In 2015, the United Way of King County, the City of Seattle, and King County commissioned an analysis of the regional homeless response system. The consultant identified the system’s governance and leadership structure, vis-à-vis All Home and local funders, as a general weakness in rapidly responding to the region’s growing homeless crisis. Concurrently, the City of Seattle commissioned its own consultant, who also recognized the need to reform the regional governance structure to improve homeless response. All Home has restructured its coordinating board, but programmatic decisions remain siloed in the city, county, and other funders.

Local funders are only accountable to themselves

Local funders, including the Department of Community and Human Services, have focused more on provider performance and less on system performance, making the regional response less effective. High-performing homeless response systems use performance data to identify system gaps and weaknesses, and then address the causes of those weaknesses. In the Seattle/King County region, local funders have made progress on setting consistent standards for provider performance across funder contracts. However, local funders have placed less emphasis on how relationships between programs affect system performance. For example, some provider performance measures rely on elements outside the provider's control. The housing resource center, a government-supported concept meant to bolster private market housing interventions, remains unimplemented despite increased investments in rapid rehousing (discussed in Section 3). Peer regional homeless response organizations emphasized the importance of systemic coordination in allocating resources and selecting programs.

In our region, a memorandum of understanding (MOU) between the City of Seattle, King County, and United Way requires providers to meet minimum performance criteria across funder contracts. It also provides that funders will not supplement programs reduced or eliminated by other funders. However, the MOU is voluntary; it is signed by the department directors of Seattle's Human Services Department and DCHS, not the elected leaders of the city or the county. Nothing prevents any of the participants from withdrawing from the MOU at any time.

Federal regulations require "conducting an annual gaps analysis of the homeless needs and services available" and consulting with funding recipients to monitor performance and "take action against poor performers." Yet All Home's charter does not mention gaps. As a result, addressing systemic gaps—revealed by data or other analysis—depends on the willingness of individual funders to shift priorities to address needs. This willingness is constrained by public funding priorities that may not align with the types of interventions needed to serve the most vulnerable people experiencing homelessness. Alternatively, peer regional homeless response organizations reported formal structures for directing federal and local funding as a singular body.

Recommendation 1

The Department of Community and Human Services should work with All Home and local funders to develop a formalized and binding approach to coordinate funding decisions in a structured process, via a strengthened memorandum of understanding or other agreement.

Independent contract management reduces efficiency

The City and County manage their own procurement processes, reducing provider efficiency. The City and County select, fund, and manage contracts for homeless housing and services independently. The County conducts a biannual request for proposals (RFP) process, while in 2017 the City performed its first RFP process in over a decade. City and county staff consult with their peers in developing individual homeless investment strategies, but these conversations are informal and not binding. Although city and county staff reported strong collaboration, each funder can implement performance criteria differently for the same project or program, potentially making administrative tasks (such as grant applications and reporting) more time consuming for both funders and providers. The burden of these administrative tasks can increase when funder RFP deadlines and reporting requirements are duplicative.

Aligned contracting improves provider accountability

Multiple layers of funding—including federal and local grants and internal fundraising—often support individual programs. For example, The U.S. Department of Housing and Urban Development (HUD) continuum of care program grants require matching funding. Transitioning away from poorly performing programs can be more difficult when supported by multiple sources on different funding cycles. For example, since the City and County are on different calendars relative to their program funding cycles, if the City and County both fund a specific program, a decision by one to terminate a contract can serve to shift the financial burden for the program to the other party (instead of eliminating it outright). Although the MOU restricts supplementing individual programs, they still retain their current funding. As a result, funders may feel pressure to follow the unilateral decisions of other funders, rather than the system's overall needs. Aligning funding through combined contract management could increase provider accountability.

Recommendation 2

The Department of Community and Human Services should work with the City of Seattle to develop a uniform requests for proposals and contract management process for homeless programs aligning funding, performance standards, and reporting requirements.



Coordinated Entry to Homeless Housing

SECTION SUMMARY

The scarcity of housing and communication barriers lengthen wait times for housing in the coordinated entry system the Department of Community and Human Services manages. Coordinated Entry for All (CEA) is a federally mandated system to assess people experiencing homelessness and to prioritize the most vulnerable for housing referral. However, the length of time people wait from assessment to referral exceeds federal guidelines, and after long waits most referrals are unsuccessful due to loss of contact which makes CEA less effective at housing the most vulnerable first. CEA has done a good job expanding assessments as more people became homeless, but CEA assessments and waits for housing show racial disparities. We recommend that DCHS use CEA data to identify changes to the homeless system that would support community need, take steps to reduce denied housing referrals, and report and address racial disparities in the system.

CEA prioritizes the most vulnerable for housing

The Department of Community and Human Services manages King County’s federally mandated coordinated entry system for homeless crisis response. Through the CEA system, DCHS and local homeless service providers assess and score the vulnerability of people experiencing homelessness.¹ Based on these scores, CEA prioritizes people into a “community queue” to wait for referral to housing.² When a unit opens, CEA finds the household currently prioritized for housing, determines eligibility, confirms a household’s interest in the unit, and then refers them to the housing provider. The All Home Coordinating Board designed this method to ensure that people have fair and equal access to scarce housing resources.

Per the All Home Coordinating Board, CEA divides vulnerability scores into three bands (high, medium, and low) to determine who is eligible for housing. People in the low band are not eligible.³ Those in the high and medium bands are eligible for various housing options including rapid rehousing, which we discuss in Section 3. People in the high band are uniquely eligible for permanent supportive housing.

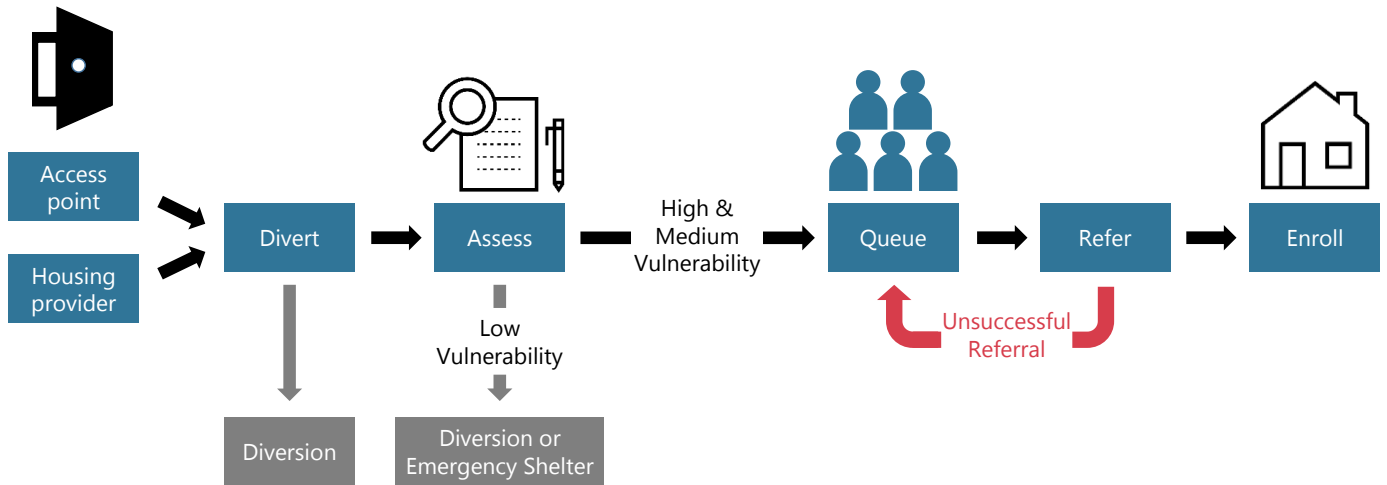
¹ There are three vulnerability assessments available based on population, i.e., families, young adults, and single adults. Vulnerability is scored based on categories including housing history, risks (e.g., of harm, exploitation, use of emergency services), socialization and daily functions, and health.

² In this report, we focus on referrals to homeless housing, which we define as permanent supportive housing, other permanent housing, rapid rehousing, and transitional housing. We do not discuss referrals to emergency shelter or other services.

³ Clients with low vulnerability may be eligible for other services including flexible financial assistance, sometimes called prevention or diversion resources, and emergency shelter.

EXHIBIT C:

Coordinated entry assesses and makes referrals based on vulnerability



Source: King County Auditor’s Office based on Department of Community and Human Services operations manual

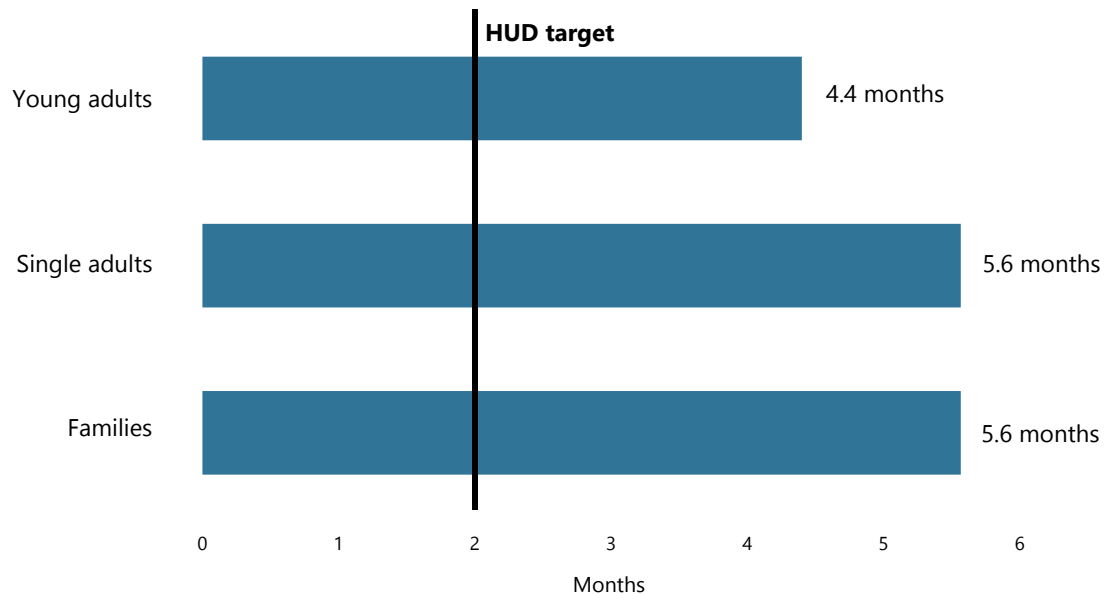
Waits to referral exceed federal guidelines

The average time a prioritized household waits between CEA assessment and housing referral was much longer than the federal standard, leaving people uncertain about when and whether they will get help. HUD stipulates that prioritized households should wait no more than 60 days from assessment to referral. However, average waits were more than twice as long in the third quarter of 2017 (see Exhibit D). Evidence shows that long waits make homeless assistance less effective and reduces homeless system performance. As such, HUD states that coordinated entry systems should eliminate waits for prioritized households of several months where possible. Long waits may also undermine equal access to housing by dissuading the most vulnerable from going through CEA or resulting in knowledgeable clients providing false information to get to the top of the list for housing referral.

Long waits are due in large part to a shortage of homeless housing. Given the current homeless housing stock and vacancy rate, even if no one else joined the community queue, it would take more than seven years for everyone to secure housing. In the entire county, only about 1,120 homeless housing units become vacant each year.⁴ Meanwhile, by the end of September 2017, there were 8,299 households awaiting housing referral through CEA.

⁴ Local funders reported to HUD that there were 11,238 total year-round permanent housing, transitional housing, and rapid rehousing beds in the county’s 2017 homeless housing inventory. We assume a 10 percent vacancy rate based on All Home’s reported homeless housing utilization rate of 85 percent for transitional housing and 95 percent for permanent supportive housing for the year ending September 30, 2017. Ten percent of 11,238 is approximately 1,120.

EXHIBIT D: Waits from assessment to referral exceed federal guidance



Source: King County Auditor’s Office analysis based on the Department of Community and Human Services Coordinated Entry Quarterly Review (October 2017)

Housing referrals are typically unsuccessful

More than half of CEA referrals were unsuccessful, counter to the federal policy for denied referrals to be rare and justified. Homeless housing providers denied or people offered housing refused 52 percent of housing referrals (707 of 1,353) initiated and completed through CEA between July 1, 2016, and September 30, 2017.⁵ Providers record why referrals were unsuccessful, so DCHS can usually determine whether these decisions are justified. We discuss common reasons for unsuccessful housing referrals later in this section.

One of the most common reasons for unsuccessful referrals does not offer enough information to tell if denials were justified. “Other” accounts for 15 percent of unsuccessful referrals, and housing providers are not required to note what “other” means. The referral database does not have a separate field to specify the reasons for “other” denials, but it does have fields for notes.

Eighteen percent of unsuccessful referrals happen because people offered housing refuse it. DCHS instructs providers to put information on why clients refuse referrals in a note, since this data helps DCHS better identify ways the homeless housing system could support community need.

⁵ DCHS took over CEA in June 2016 and provided the Auditor’s Office with CEA data through October 13, 2017. DCHS began referring adults to permanent housing programs through CEA on February 1, 2017.

Recommendation 3

The Department of Community and Human Services should ensure that housing providers give reasons for denial that are specific enough to determine whether denials are justified.

Recommendation 4

The Department of Community and Human Services should enhance data collection efforts to ensure that housing providers report why clients refuse housing referrals.

Recommendation 5

The Department of Community and Human Services should use data on client refusals to identify community need and work with All Home to devise, implement, and test a strategy to change the homeless system accordingly.

Providers often deny people they cannot contact

Housing providers typically deny clients who do not show up or call in for an intake appointment, making clients that are more vulnerable less likely to obtain housing.

Providers denied 236 (33 percent) of the 707 housing referrals made through CEA because clients did not show up or call for an intake appointment. DCHS requires providers to contact a client at least twice within 48 hours before denying a referral. Providers denied 41 percent of people who received a high vulnerability score for not showing up or calling, compared with 28 percent of those with a medium score.

DCHS has developed strategies to reduce the portion of referrals denied through CEA.⁶ For example, when CEA staff make referrals to housing providers they initiate conference calls with clients who agree to referral to an open unit. CEA has also made policy changes to allow case managers to accept referrals on behalf of clients. These strategies reduce the number of times a client needs to be available by phone. However, it does not address no shows caused by lack of transportation nor explicitly address disparities among more vulnerable clients, who are often more difficult to reach.⁷

⁶ To improve the efficiency and effectiveness of CEA, DCHS has set targets to reduce denials to 40 percent by April 2018, and 20 percent by the end of 2018.

⁷ People with higher vulnerability are harder to reach because they lack regular access to phone, internet, transportation, or social networks, or because they are more at likely to be exposed to trauma or in poor health.

CEA assessments have left some communities behind

Some communities of color are less likely to be assessed for homeless housing, indicating mixed progress in the county’s goal of reducing racial disparities.

According to King County’s Equity and Social Justice Strategic Plan, a pro-equity focus would target people whose needs are the greatest. In King County, American Indians or Alaska Natives, Blacks or African Americans, multi-racial people, Latinos, and Native Hawaiian or Pacific Islanders are overrepresented in the homeless population (Exhibit F), meaning their needs are greatest in this context.

To see if CEA focused on people whose needs are greatest, we compared the racial and ethnic breakdown of the homeless population to that of households assessed through CEA.⁸ We found that CEA had done a good job assessing Blacks or African Americans, but that CEA left American Indians or Alaska Natives, Latinos, and multi-racial people underrepresented among those assessed (Exhibit F). In its work to reduce racial disparities, DCHS has integrated cultural competency into the scoring framework it uses to select agencies that do CEA assessments.⁹ However, scores for cultural competency do not take into account whether an agency’s competencies support communities underserved by CEA.

EXHIBIT F: Some racial and ethnic communities are more likely to be homeless and less likely to be assessed for homeless housing

	More likely to be homeless	Less likely to be assessed	
American Indian, Alaska Native	✓	✓	} Pro-equity focus is on those most likely to be homeless and less likely to be assessed
Latino	✓	✓	
Multi-racial	✓	✓	
Asian	✗	✗	
Black, African American	✓	✗	
Native Hawaiian, Pacific Islander	✓	✗	
White	✗	✓	

Source: King County Auditor’s Office analysis of data from Department of Community and Human Services and 2017 Count Us In report

⁸ The racial and ethnic breakdown of the homeless population is from the 2017 point in time count for King County.

⁹ These agencies are regional access points.

Recommendation 8

The Department of Community and Human Services should publicly report data on coordinated entry assessments by race and ethnicity.

Recommendation 9

The Department of Community and Human Services should use data to develop, implement, and test a strategy to increase outreach to communities of color that are underrepresented in coordinated entry, as compared to the homeless population.

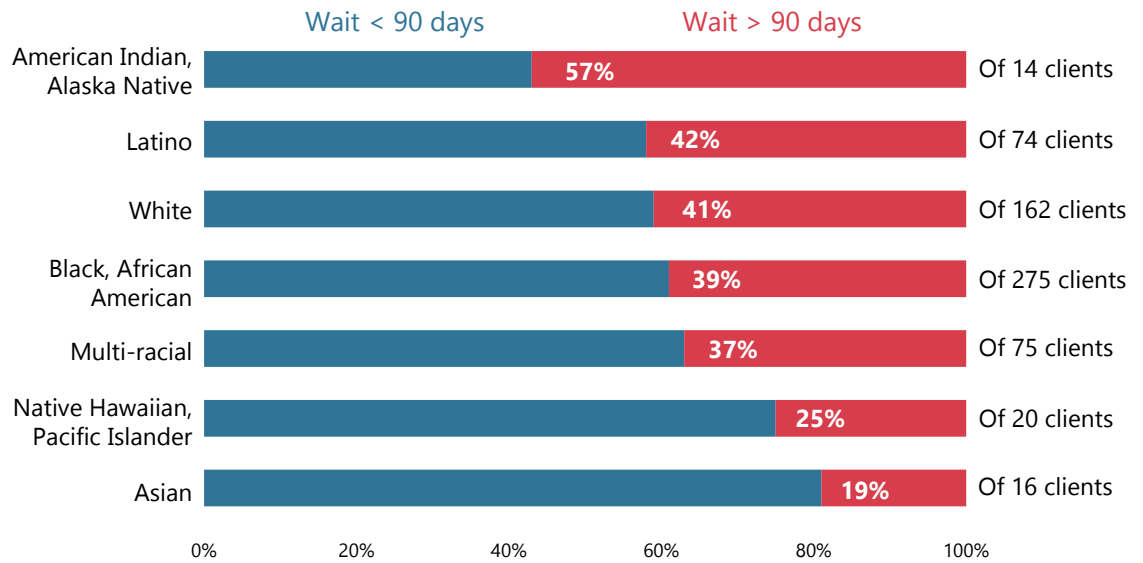
American Indians wait longest for housing

American Indians or Alaska Natives waited nearly a month longer for housing than other racial and ethnic groups, which is counter to the goal of reducing racial disparities. The median time from CEA assessment to housing enrollment was 97 days for American Indians or Alaska Natives, compared with 69 days for all racial and ethnic groups combined.¹⁰ Fifty seven percent of American Indians and Alaska Natives waited more than 90 days from assessment to enrollment, compared with 39 percent for all racial and ethnic groups combined (for breakdown by race and ethnicity, see Exhibit F). On its public dashboard, DCHS breaks down the numbers of people referred to housing by race. It does not publish by race and ethnicity metrics such as wait times and exits from CEA. This reduces transparency and accountability by making it difficult for the public to discern the extent of racial disparity in the homeless housing system.

To help reduce racial disparities, CEA added a representative of American Indian and Alaska Native communities to its Policy Advisory Committee. However, few housing programs focus on serving Native peoples. Of the 134 housing programs DCHS offers through CEA, 22 report having specific cultural competency. Of these, one focuses on American Indians or Alaska Natives and it targets young adults, who accounted for 17 of the 173 American Indians and Alaska Natives awaiting housing enrollment. More than 70 percent of Native people awaiting assistance through CEA were adults.

¹⁰ This discrepancy does not appear related to factors like time of assessment or level of need. American Indians or Alaska Natives made up three percent of clients assessed in each of the five quarters from July 2016 through September 2017. The breakdown of high and medium vulnerability among these clients was 55 percent and 45 percent, the same as for White clients.

EXHIBIT G: American Indians, Alaska Natives wait longest from assessment to housing enrollment



Source: King County Auditor’s Office analysis of CEA data from Department of Community and Human Services

Recommendation 10

The Department of Community and Human Services should use coordinated entry data, including data on wait times and Coordinated Entry for All exits, to identify racial disparities in the homeless housing system and to develop, implement, and test a strategy to address them.



Rapid Rehousing in the Rental Market

SECTION SUMMARY

Local funders have increased investments in rapid rehousing (RRH), but past performance, market challenges, and limited information raise concerns about its potential limitations. RRH performance in King County has consistently fallen below national benchmarks and local standards, and fewer than half of enrollees got housing through a RRH program between January 1, 2015 and August 1, 2017. Those who do not get housing are less likely to exit to permanent housing and more likely to return to homelessness. While move-in rates have notably improved in 2017, the limited number of affordable rental units in the local market likely contributes to these poor move-in rates and outcomes. Consultants and local funders have proposed strategies to address these challenges, but implementation has been slow and some gaps in data important to RRH implementation remain.

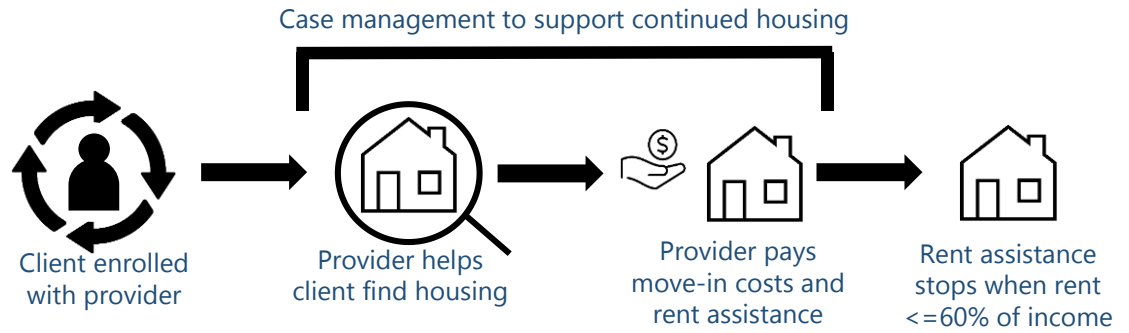
Rapid rehousing helps people access private market housing

Local funders have increased funding for rapid rehousing as a homeless intervention in recent years. RRH aims to help clients quickly leave homelessness by finding housing in the private market. It does this by helping in the housing search, paying move-in costs, temporarily subsidizing rental costs, and providing case management to help avoid returns to homelessness (see Exhibit H).¹¹ RRH programs can also help resolve housing barriers such as housing-related debt. Because RRH programs usually begin with a housing search, enrollees do not move into housing immediately, and they may never find suitable housing through the program.

Given the need to quickly address the homelessness crisis, RRH plays a unique role in the homeless system. Unlike other interventions such as transitional housing, funders can expand RRH efforts quickly without building more homeless housing. This means that funders can potentially expand RRH without replacing other homeless housing options.

¹¹ The details of RRH services in King County vary, but King County guidelines state that funding for rent progressively decreases until the household spends 60 percent of its gross income on rent.

EXHIBIT H: RRH helps clients find and stay in housing through temporary rental subsidies and case management



Source: King County Auditor's Office based on King County/Seattle rapid rehousing guidelines

Poor performance driven by a costly housing market

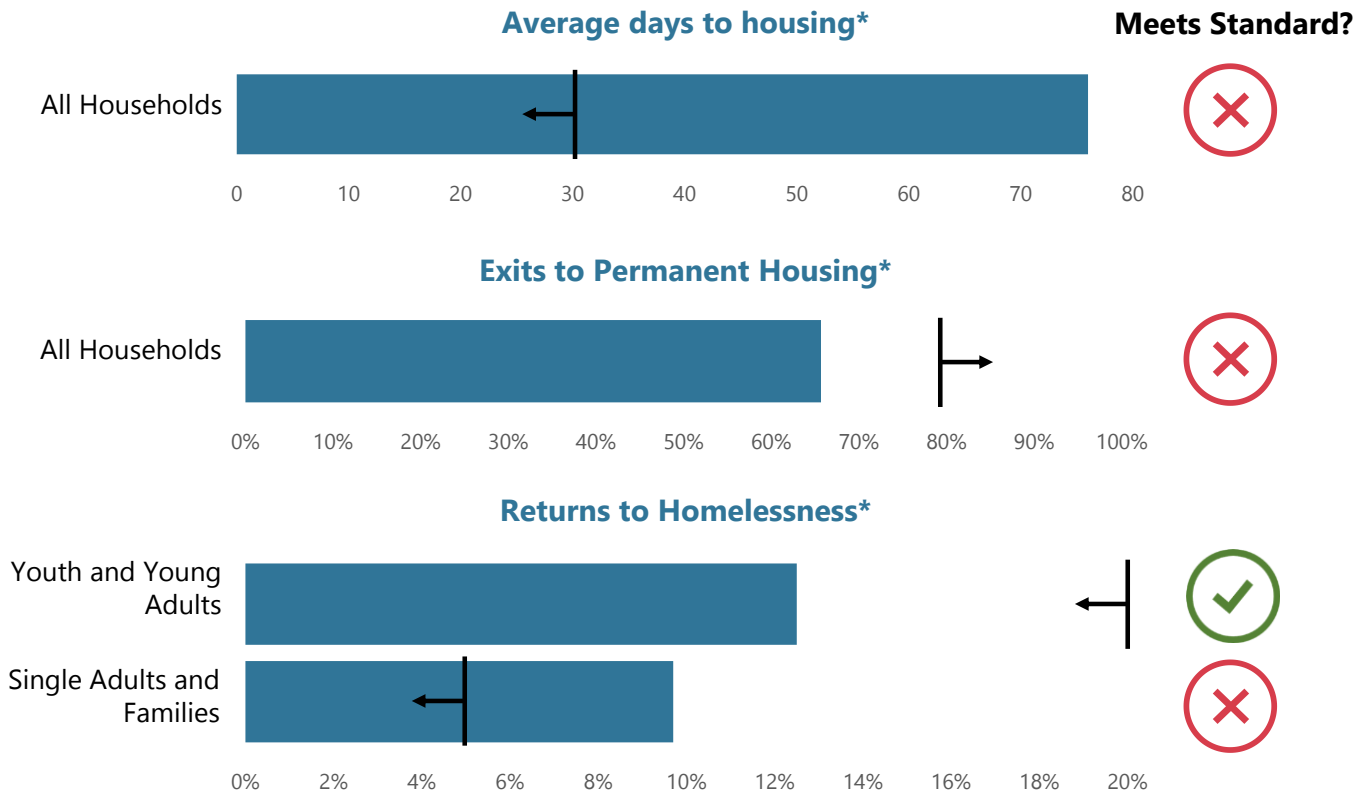
Local rapid rehousing performance has not met national standards and local benchmarks, raising concerns about its potential to significantly reduce homelessness in King County. The National Alliance to End Homelessness (NAEH) sets a benchmark for the average time it takes to move into housing among other benchmarks. DCHS and other local funders set minimum standards and targets for RRH outcomes through a memorandum of understanding (MOU) as well. These focus on exits to permanent housing and returns to homelessness based on national best practice and HUD guidance. In King County, RRH programs do not meet most of these standards (see Exhibit I).¹² While the NAEH and other experts note that RRH programs in tight housing markets may not meet all benchmarks, failure to meet key standards set by NAEH and the local MOU raises concerns about RRH's potential limitations.¹³

While RRH efforts did not meet these standards, in 2017 RRH providers had higher rates of exit to permanent housing and lower rates of returns to homelessness within six months than transitional housing providers.

¹² Based on program performance between January 1, 2015, and August 1, 2017.

¹³ Returns to homelessness only captures clients who reengage with the King County homeless system in certain homelessness programs. Given that some clients will leave King County, others may not choose to re-engage, and others may not meet this definition. This rate of returns to homelessness is inherently an underestimate.

EXHIBIT I: King County RRH household outcomes fall below most national and local standards



Source: King County Auditor’s Office based on Homeless Management Information System data for RRH entries from 1/1/2015 – 8/1/2017. *Average days to housing is a NAEH standard, while exits to permanent housing and returns to homelessness are standards set by the joint MOU between King County, the City of Seattle, and United Way.

Low move-in rates and a tight housing market are largely responsible for substandard outcomes. While the purpose of RRH is to help clients quickly find and move into private housing, fewer than half of participating households moved into housing while in RRH between January 1, 2015 and August 1, 2017, although rates were higher in 2017 (64 percent).

Even when households find housing, fewer than 40 percent are able to move in within 30 days of program entry, the benchmark set by NAEH. This is concerning given that households that move into housing while in a RRH program are far more likely to move into permanent housing when they exit the program. They are also less likely to return to homelessness in the future. These clients that do not move into housing while in RRH also do not reap the benefits of being off the street as they would with other homelessness programs.

While performance and practices vary by RRH provider, the high-rent, low-vacancy rental market likely drives low move-in rates. RRH relies on market-rate housing that clients can feasibly pay for. It assumes that with short-term rental assistance, a client will be able to remain housed without rent assistance. However, very little housing is available in

King County at rents that are feasible for RRH households.¹⁴

Competition for limited affordable housing makes it difficult to move rapid rehousing clients into units. In King County, there are on average 470 one-bedroom units and studios affordable to households making less than 30 percent of area median income at a time.¹⁵ Since 2016, RRH providers have sought these types of units for an average of between 235 and 386 households at a time¹⁶ (see Exhibit I). This means that providers would need to be able to place clients in half to over three quarters of these available units, with constrained conditions for larger households as well. Given that other households compete for these same market units, finding units that RRH enrollees can occupy is a challenge.

Local funders aim to create a housing resource center to improve access to private market units, as recommended by a consultant in August of 2016, but implementation has been slow. While local conditions have made it difficult to find the ideal partner for this service, the housing resource center’s delay indicates the system’s challenge acting quickly to solve the homelessness crisis, as discussed in section one.¹⁷ While two RFPs have been issued for a housing resource center partner, none have been found as of March 2018.

EXHIBIT J: Rapid rehousing households are competing for a small number of affordable units



Source: King County Auditor’s Office analysis based on King County Homeless Management Information System data for RRH entries from 1/1/2016 – 8/1/2017 for estimate of households seeking units; Dupre Scott Apartment Advisors for housing price estimates, and the 2016 American Community Survey for vacancy estimates to estimate available units at a point in time.

¹⁴ Our analysis assumes that rent is feasible once a household is able to spend 60 percent or less of its gross income on rent given that RRH programs cease funding once household rent is 60 percent of client income or less. Payment of over 50 percent of gross income on rent is considered severely rent burdened.

¹⁵ The vast majority of RRH households make below 30 percent of area median income (\$20,160 per year for a single person household as of 2017).

¹⁶ 235 represents only one person households, while 386 includes two and three person households who may live in one bedroom units. For more details, see the Statement of Compliance, Scope, Objective & Methodology.

¹⁷ Local funders are seeking a partner with private sector knowledge of the rental market, rather than a traditional nonprofit provider. As of January 2018, they have not identified a potential partner.

Given market constraints, difficulties facilitating housing move-ins could limit rapid rehousing success. As local funders increase their funding for RRH, it is possible that move-in rates will go down as more households compete for a limited number of units. Given the importance of client move-ins to later success, if this occurs additional funding spent on RRH may have diminishing benefits relative to its costs.

As such, it is particularly important that funders consider this information in RRH efforts. Efforts to ensure that move-in rates do not decrease must either increase household access to available units in the King County housing market, alter expectations for client units, or expand where clients can look for housing. While RRH is a flexible tool that can serve increased numbers of households relatively quickly, this reliance on housing in the community is an important limitation.

Recommendation 11

The Department of Community and Human Services should work with All Home and other funders to develop a benchmark for rapid rehousing move-in rates and move-in times, and develop, implement, and test a strategy to address underperformance if it occurs.

Data limitations make it hard to address specific challenges

Local homelessness partners do not consistently track the data necessary to identify major barriers and potential side effects of rapid rehousing efforts, preventing the system from addressing specific challenges and making informed program design improvements. RRH providers consistently noted that it is particularly difficult to find units for clients with past eviction histories. They also raised concerns about the impacts of moving clients away from their local support networks, which becomes increasingly likely as King County units become less affordable. Funders do not require housing providers to track and report data on client eviction history or client move-in locations however, preventing an analysis of these factors' effects on client outcomes.

Focus Strategies, the consultant that local homelessness services funders hired in 2016, recommended using data to inform homelessness response efforts. While system partners have significantly improved data access and use, this missing information represents an important knowledge gap. Advocates and providers raised concerns about the potential for RRH placements to lead to client evictions, which makes escaping homelessness even harder. Without data to understand the impacts of evictions and the likelihood of other negative outcomes, current RRH efforts risk causing unintended consequences. Understanding this information would help local partners to shape RRH use and address specific barriers to success.

Recommendation 12

The Department of Community and Human Services should work with other funders and All Home to require that housing providers track client evictions at program entry and moves out of King County when housed. This information should be used to inform continued improvements to rapid rehousing services.

Executive Response



King County

Dow Constantine

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April 19, 2018

Kymer Waltmunson
King County Auditor
Room 1033
COURTHOUSE

Dear Ms. Waltmunson:

Thank you for the opportunity to review and comment on the proposed final report on "Homeless Crisis Demands Unified, Accountable, Dynamic Regional Response". Last year, over 20,000 people entered the homeless crisis response system and nearly 19,000 people exited the system. This crisis requires innovation, adaptiveness and our relentless action. We appreciate the auditing team's recognition of this and their collaborative approach to understanding the current environment to support thoughtful and relevant recommendations.

Strong coordination of homeless investments and policy-making is critical to effectively serve people currently experiencing homelessness while also addressing the root causes so that fewer people in King County experience homelessness. Our community has made dramatic improvements in the homeless crisis response system, housing twice as many households in 2017 than in 2013. It is essential that we look for every opportunity to improve our systems, increase effectiveness of homeless interventions, and further coordinate our investments countywide using data to ensure we achieve outcomes which have the biggest impact for the people we serve.

The Department of Community and Human Services (DCHS) concurs with the recommendations of the report and will be working with All Home and funding partners to implement them swiftly and effectively to the extent possible, with currently available or future funding. Some of the recommendations outlined in the report align with efforts already underway, while some recommendations will require additional resources for full implementation.

The DCHS is actively engaged with All Home, the City of Seattle and other public and private funders to strengthen regional coordination of the homeless crisis response system, particularly investment strategies and decision-making. Authority and decision-making on homeless investments and policy are distributed across multiple entities. All Home's authority is limited to



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the Continuum of Care functions, though responsible for regional coordination across public and private funders. Large-scale change requires system-wide accountability.

Since the launch of Coordinated Entry for All in 2016, there have been many continuous improvement efforts that resulted in significant enhancements within the coordinated entry and assessment system. With the availability of timely data from the new Homeless Management Information System and transition to case conferencing, the referral process became more transparent, equitable and effective.

Rapid Re-Housing has demonstrated significant improvement in performance, increasing permanent housing exits last year from 63 percent to 69 percent, and from 50 percent to 73 percent for American Indian/Alaskan Native households. With such significant needs and simultaneous shortage of permanent supportive housing and other homeless housing resources, Rapid Re-Housing is a critical and cost effective resource. The recommendations for additional data collection to enhance the measurement of Rapid Re-Housing performance will ensure the most effective use of this intervention in a high demand housing market. This will be accomplished with continuous performance evaluations across all interventions to maximize system-wide impact and inform the right balance of resources across the county.

The DCHS is working with All Home and our funding partners to ensure a collaborative approach to implement the recommendations in this report. Some actions can be taken immediately, while others require coordination and the cooperation with external partners, further data collection and analysis, and additional resources.

Thank you for effort on this important work. If you have any questions regarding our audit response, please contact Adrienne Quinn, DCHS Director, at 206-263-9100.

Sincerely,



Dow Constantine
King County Executive

Enclosure

cc: Casey Sixkiller, Chief Operating Officer, King County Executive Office (KCEO)
Rachel Smith, Chief of Staff, KCEO
Dwight Dively, Director, Office of Performance, Strategy and Budget
Adrienne Quinn, Director, Department of Community and Human Services

Recommendation 1

The Department of Community and Human Services should work with All Home and local funders to develop a formalized and binding approach to coordinate funding decisions in a structured process, via a strengthened memorandum of understanding or other agreement.

Agency Response

Concurrence	Concur
Implementation date	July 2019
Responsible agency	All Home
Comment	This requires significant coordination and consensus between executive's offices and councils at both King County and the City of Seattle, and with other regional funding partners.

Recommendation 2

The Department of Community and Human Services should work with the City of Seattle to develop a uniform requests for proposals and contract management process for homeless programs aligning funding, performance standards, and reporting requirements.

Agency Response

Concurrence	Concur
Implementation date	2021-2022
Responsible agency	DCHS
Comment	Also see comments in Recommendation 1. DCHS and the City of Seattle are already in the process of aligning many areas of the RFP process, such as application dates, application forms, and budget. Pay for performance standards will also need to be aligned.

Recommendation 3

The Department of Community and Human Services should ensure that housing providers give reasons for denial that are specific enough to determine whether denials are justified.

Agency Response

Concurrence	Concur
Implementation date	January 2019
Responsible agency	DCHS
Comment	This is currently in process and requires customization of the HMIS software. Providers will need to be trained.

Recommendation 4

The Department of Community and Human Services should enhance data collection efforts to ensure that housing providers report why clients refuse housing referrals.

Agency Response

Concurrence	Concur
Implementation date	January 2019
Responsible agency	DCHS
Comment	Same as Recommendation 3 comments.

Recommendation 5

The Department of Community and Human Services should use data on client refusals to identify community need and work with All Home to devise, implement, and test a strategy to change the homeless system accordingly.

Agency Response

Concurrence	Concur
Implementation date	2019-2020
Responsible agency	DCHS and All Home
Comment	This is a sequential process dependent on completion of recommendation 4. This may require quantitative analysis of data and will necessitate coordination with the different All Home committees to interpret findings and identify strategies to test and implement.

Recommendation 6

The Department of Community and Human Services should devise, implement, and test a strategy to reduce the number and proportion of people with high vulnerability denied housing because they “did not show up or call.”

Agency Response

Concurrence	Concur
Implementation date	September 2018
Responsible agency	DCHS
Comment	This is currently in process.

Recommendation 7

The Department of Community and Human Services should improve data entry forms for unit vacancy to reduce the number and proportion of denials due to gaps in unit availability data.

Agency Response

Concurrence	Concur
Implementation date	June 2018
Responsible agency	DCHS
Comment	This is currently in process.

Recommendation 8

The Department of Community and Human Services should publicly report data on coordinated entry assessments by race and ethnicity.

Agency Response

Concurrence	Concur
Implementation date	December 2018
Responsible agency	DCHS
Comment	This is currently in process.

Recommendation 9

The Department of Community and Human Services should use data to develop, implement, and test a strategy to increase outreach to communities of color that are underrepresented in coordinated entry, as compared to the homeless population.

Agency Response

Concurrence	Concur
Implementation date	January 2019
Responsible agency	All Home and DCHS
Comment	This is already in process and will likely require additional funding for increased outreach capacity.

Recommendation 10

The Department of Community and Human Services should use coordinated entry data, including data on wait times and Coordinated Entry for All exits, to identify racial disparities in the homeless housing system and to develop, implement, and test a strategy to address them.

Agency Response

Concurrence	Concur
Implementation date	2019 - 2020
Responsible agency	All Home and DCHS
Comment	We are already tracking wait times and exits. This is associated with recommendation 8. We need to revise system-wide dashboards to collect data to inform the strategies and policies. This will also require input from the All Home committees and the Consumer Advisory groups.

Recommendation 11

The Department of Community and Human Services should work with All Home and other funders to develop a benchmark for rapid rehousing move-in rates and move-in times, and develop, implement, and test a strategy to address underperformance if it occurs.

Agency Response

Concurrence	Concur
Implementation date	July 2019
Responsible agency	All Home and DCHS
Comment	This is in process.

Recommendation 12

The Department of Community and Human Services should work with other funders and All Home to require that housing providers track client evictions at program entry and moves out of King County when housed. This information should be used to inform continued improvements to rapid rehousing services.

Agency Response

Concurrence	Concur
Implementation date	October 2019
Responsible agency	All Home and DCHS
Comment	The data point of client evictions will be much more effective if all clients are asked at entry into the homeless system, rather than only asking clients at entry to a program such as Rapid Rehousing. We concur that having the eviction data will be more useful on a system perspective when asked during program enrollment. Both will need require customization to the HMIS software and training for providers.



Statement of Compliance, Scope, Objective & Methodology

Statement of Compliance 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.

Scope of Work on Internal Controls

We assessed internal controls relevant to the audit objectives. This included a review of local homelessness strategic plans and guidelines. We also interviewed knowledgeable staff in the King County Department of Community and Human Services (DCHS), the City of Seattle, United Way of King County, All Home, and local homelessness service providers. In performing our audit work, we identified concerns related to contract selection and decision-making processes, efficient and equitable referral of services, and the potential challenges of rapid rehousing efforts.

Scope

This performance audit evaluated homelessness efforts in the region, and the potential for DCHS to implement positive change. Data used ranged from January 1, 2015 to September 30, 2017, and included data from the regional Homelessness Management Information System (HMIS) and the Coordinated Entry for All (CEA) database managed by DCHS.

Objectives

The objectives of this audit were to evaluate whether DCHS designs its homeless housing interventions to achieve intended outcomes, and to what extent King County rapid rehousing (RRH) efforts were capable of meeting rehousing goals. We also evaluated whether DCHS prioritizes and allocates homeless housing to clients effectively and equitably.

To understand how well DCHS prioritizes and allocates homeless housing interventions, we reviewed CEA policies and procedures and analyzed data on CEA assessments, denials, and enrollments from King County's CEA database from July 1, 2016 to September 30, 2017. We analyzed data by race and ethnicity based on individuals' self-identification and using All Home's methodology. Namely, "Multi-Racial" refers to individuals who identified as two or more races; "Latino" refers to individuals who identified as Hispanic/Latino and up to one other race. All other race categories indicate that individuals identified as only one race and not as Hispanic/Latino. CEA outcomes are reported by individual clients, rather than households.

To understand how RRH functions in King County we interviewed DCHS staff, RRH providers, and City of Seattle Office of Housing staff, and reviewed local RRH guidelines. We evaluated RRH performance and participation using HMIS data from January 1, 2015 to August 1, 2017. All outcomes were reported by households, as opposed to individual clients given that RRH services are provided based on household income. We made estimates of available housing units using census data on rental vacancies and market cost estimates from Dupre Scott and Associates. Because RRH providers indicated that two and three person households may be housed in one-bedroom units or smaller when that is what they

can afford, we made two estimates of need for different unit sizes. One estimate assumes that no two and three person households will live in one-bedroom units or smaller, and one assumes that all two and three person households will live in one-bedroom units or smaller if that is what they can afford. This results in the range of households that may live in one bedrooms or smaller presented in page 17 of the report.

Limitations of Analysis

As part of data cleaning process dataset used in section two, we excluded rapid rehousing entries that overlapped each other. These entries may have indicated program continuation with a shift in funding or simple data entry errors, but there was not a consistent way to determine the true program entry, exit, or housing move-in dates. While this represented a small number of total households, it leads to a slight underestimate of rapid rehousing participation. Given that relatively few entries were excluded, we determined that this was unlikely to significantly alter our findings. We also removed other entries that were internally inconsistent from our analysis (e.g., exit or move-in dates preceded program entry dates).

The housing market analysis discussed in section three meant to be used as a basic estimate of the housing available by unit and price, at a single point in time. The amount of housing in the market may fluctuate, and this analysis does not take into account how long units stay on the market. This analysis also only considers units inside of King County. We used data from Dupre Scott and Associates' annual rent survey to arrive at unit price estimates. We chose to base our analysis on Dupre Scott and Associates' data given that it was the most comprehensive dataset available on the local rental market. There are several limitations to this data however:

- The dataset is based on occupied units in King County, not rental units that are vacant, which could result in rent underestimates from this dataset.
- The dataset excludes utility costs that are not incorporated directly into rent, which results in an underestimate of total unit costs.
- The dataset is based on the rental market in September 2017, which could result in small rent underestimates from this dataset as rent increases.
- The dataset excludes certain types of units, including tax credit units, retirement properties, and micro units (although small efficiency dwelling units are still counted as studios). This could result in an overestimate of rents, particularly for one bedroom units and smaller.
- The dataset may be more complete for units in properties with more than five units, and particularly for properties with more than twenty units. The impact of this on cost estimates is unclear.



List of Recommendations & Implementation Schedule

Recommendation 1

The Department of Community and Human Services should work with All Home and local funders to develop a formalized and binding approach to coordinate funding decisions in a structured process, via a strengthened memorandum of understanding or other agreement.

IMPLEMENTATION DATE: July 2019

ESTIMATE OF IMPACT: Using a binding, coordinated funding approach will increase the speed and decisiveness of regional homeless crisis response.

Recommendation 2

The Department of Community and Human Services should work with the City of Seattle to develop a uniform requests for proposals and contract management process for homeless programs aligning funding, performance standards, and reporting requirements.

IMPLEMENTATION DATE: 2021-2022

ESTIMATE OF IMPACT: Using a uniform requests for proposals and contract management process will reduce the administrative burden of homeless services and housing providers.

Recommendation 3

The Department of Community and Human Services should ensure that housing providers give reasons for denial that are specific enough to determine whether denials are justified.

IMPLEMENTATION DATE: January 2019

ESTIMATE OF IMPACT: Requiring that housing providers give specific reasons for why they denied client referrals will help ensure that denials are justified.

Recommendation 4

The Department of Community and Human Services should enhance data collection efforts to ensure that housing providers report why clients refuse housing referrals.

IMPLEMENTATION DATE: January 2019

ESTIMATE OF IMPACT: Ensuring that housing providers give specific reasons for why clients refused referrals will improve data on homeless community need.

Recommendation 5

The Department of Community and Human Services should use data on client refusals to identify community need and work with All Home to devise, implement, and test a strategy to change the homeless system accordingly.

IMPLEMENTATION DATE: 2019-2020

ESTIMATE OF IMPACT: Using data on community need to develop the region's mix of homeless interventions will improve the efficiency, effectiveness, and equity of the homeless system.

Recommendation 6

The Department of Community and Human Services should devise, implement, and test a strategy to reduce the number and proportion of people with high vulnerability denied housing because they "did not show up or call."

IMPLEMENTATION DATE: September 2018

ESTIMATE OF IMPACT: Reducing denied referrals among people with high vulnerability will help coordinated entry meet its goal of serving the most vulnerable first.

Recommendation 7

The Department of Community and Human Services should improve data entry forms for unit vacancy to reduce the number and proportion of denials due to gaps in unit availability data.

IMPLEMENTATION DATE: June 2018

ESTIMATE OF IMPACT: Improving data on unit vacancy will reduce the number of unsuccessful referrals due to gaps in unit availability data and improve efficiency and customer service.

Recommendation 8

The Department of Community and Human Services should publicly report data on coordinated entry assessments by race and ethnicity.

IMPLEMENTATION DATE: December 2018

ESTIMATE OF IMPACT: Reporting data on coordinated entry assessments by race and ethnicity will increase transparency regarding any racial disparities in access to homeless housing through coordinated entry.

Recommendation 9

The Department of Community and Human Services should use data to develop, implement, and test a strategy to increase outreach to communities of color that are underrepresented in coordinated entry, as compared to the homeless population.

IMPLEMENTATION DATE: January 2019

ESTIMATE OF IMPACT: Using strategies to increase outreach to underrepresented communities of color will help meet the county's goal of reducing racial disparities.

Recommendation 10

The Department of Community and Human Services should use coordinated entry data, including data on wait times and Coordinated Entry for All exits, to identify racial disparities in the homeless housing system and to develop, implement, and test a strategy to address them.

IMPLEMENTATION DATE: 2019 - 2020

ESTIMATE OF IMPACT: Using and acting on exit data disaggregated by race will help meet the county's goal of reducing racial disparities.

Recommendation 11

The Department of Community and Human Services should work with All Home and other funders to develop a benchmark for rapid rehousing move-in rates and move-in times, and develop, implement, and test a strategy to address underperformance if it occurs.

IMPLEMENTATION DATE: July 2019

ESTIMATE OF IMPACT: Establishing a benchmark for rapid rehousing move-in rates and move-in times will ensure that King County and their partners address challenges as they occur.

Recommendation 12

The Department of Community and Human Services should work with other funders and All Home to require that housing providers track client evictions at program entry and moves out of King County when housed. This information should be used to inform continued improvements to rapid rehousing services.

IMPLEMENTATION DATE: October 2019

ESTIMATE OF IMPACT: Tracking data on client evictions and moves out of King County will help King County and their partners to understand potential barriers to rapid rehousing and potential limitations to reliance on county-specific data and homeless interventions.



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This audit product conforms to the GAGAS standards for independence, objectivity, and quality.