

## MEMORANDUM OF UNDERSTANDING

### *Implementation of Revised System Wide Performance Targets and Minimum Standards*

The City of Seattle Human Services Department, the City of Seattle Office of Housing, the King County Department of Community and Health Services, and the United Way of King County (the Funders) enter into this Memorandum of Understanding ("MOU") as collaborative partners to implement System Wide Minimum and Target Standards for Homeless Investments and Funding Processes.

#### **I. Description of Partner Funders**

##### Homelessness Services Funders:

The Seattle Human Services Department (HSD) is one of the largest contributors to Seattle's safety net as it provides \$89 million in funding through 450 contracts to nearly 200 agencies that support Seattle's most vulnerable residents each year. The city of Seattle is committed to addressing the homelessness crisis in Seattle and HSD invests nearly \$50 million dollars in services to address homelessness. The Human Services Departments investments include contracts for Emergency Shelter, Transitional and Rapid Re-Housing, Permanent Supportive Housing, Prevention and Diversion Services, Case-Management and Food Programs.

The mission of the King County Department of Community and Human Services (DCHS) is to enhance the quality of life, protect rights and promote the self-sufficiency of our region's diverse individuals, families and communities. The Homeless Housing Program within DCHS administers and oversees funding for housing stability and services programs for families and individuals in King County. The program invests \$37 million dollars annually to address homelessness in our community.

The United Way of King County's mission is to bring caring people together to give, volunteer, and take action to help people in need and solve our community's toughest challenges. The United Way is committed to addressing homelessness and has established a goal to reduce the number of unsheltered people by 50%. The United Way invested \$8.8M to support efforts to address homelessness over the last fiscal year.

##### Housing Capital Funders:

The Seattle Office of Housing provides capital and operating funding for development and preservation of affordable housing in Seattle. The Seattle Housing Levy, the Office of Housing's largest fund source, dedicates at least 60% of rental program funds to housing serving extremely low-income residents below 30% AMI, including homeless households. The Office of Housing anticipates investing \$34 million in capital funds in 2016.

The Housing Finance Program within the King County DCHS provides capital funding for affordable housing, including housing for homeless households, throughout King County. The Housing Finance Program anticipates investing nearly \$10 million in capital funding towards homeless housing in 2016.

#### **II. Background**

The federal Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act requires that each Continuum of Care (CoC) establish targets and show annual progress in achieving those targets and reducing homelessness.

In 2013, the Seattle/King County CoC established CoC System Wide Performance Metrics for: 1) Exits to Permanent Housing, 2) Length of Stay, and 3) Returns to Homelessness that each program aspires to accomplish. The current CoC targets were developed based on a review of existing project type data taking sub-population distinctions into consideration. The Seattle Human Services Department, King County, and United Way funding contracts all include the current CoC targets language detailing the quarterly monitoring of targets and the consequences of projects failing to meet projected targets. Programs were provided with performance data in both 2013 and 2014 as an initial step toward measuring progress quarterly.

All Home (lead for the Seattle/King County CoC) launched a new Strategic Plan in June 2015 which calls for a continuation and improvement of efforts to measure our progress and adapt practices based on data. As part of the action steps of the Strategic Plan, All Home stakeholders committed to using the System-Wide Analytics and Projection (SWAP) suite of tools to better understand our systems planning and change efforts. King County, the City of Seattle, and United Way of King County jointly funded a consulting contract with Focus Strategies that includes a full system analysis using the SWAP tools. Using our local data, Focus Strategies has made recommendations to realign funding and programming, and to improve investment alignment between King County funders to better support our shared goals to make homelessness rare, brief, and a one-time occurrence.

Focus Strategies recommends that the Seattle / King County CoC revise the current CoC System Wide Targets as follows: move away from an approach grounded in local data to one based on national practices; adopt utilization rate and entries from homelessness as additional standards; eliminate the distinction between overnight and case managed emergency shelters for single adults; adopt standards for transitional housing that reflect a 'bridge' model; and alter the distinctions between sub-populations. Based on the Focus Strategies recommended targets, the proposed System Wide Targets are:

| <b>REVISED System Wide Targets</b>  |                                       |                                |                                    |                                  |                         |
|-------------------------------------|---------------------------------------|--------------------------------|------------------------------------|----------------------------------|-------------------------|
| <b>Project Type</b>                 | <b>Core Outcomes</b>                  |                                |                                    | <b>Entries from Homelessness</b> | <b>Utilization Rate</b> |
|                                     | <b>Exit Rate to Permanent Housing</b> | <b>Length of Stay</b>          | <b>Return Rate to Homelessness</b> |                                  |                         |
| <b>Emergency Shelter</b>            | 50% (S & YYA)<br>80% (F)              | 30 days (S/F)<br>20 days (YYA) | 8% (S/F)<br>5% (YYA)               | 90%                              | 95%                     |
| <b>Transitional Housing</b>         | 85%                                   | 90 days (S/F)<br>180 (YYA)     | 8% (S/F)<br>5% (YYA)               | 95%                              | 95%                     |
| <b>Rapid Rehousing</b>              | 85%                                   | 120 days                       | 3% (S/F)<br>5% (YYA)               | 95%                              | NA                      |
| <b>Permanent Supportive Housing</b> | 90*                                   | N/A                            | 3% (S/F)<br>5% (YYA)               | 95%                              | 95%                     |

\*Following HEARTH, the PSH performance standard for Exits to Permanent Housing will be exits to and retention of permanent housing.

In addition, Focus Strategies recommends that for the first time the Seattle / King County CoC adopts minimum standards under which programs who do not meet the minimum standards would not be eligible to receive funding.

| NEW System Wide Minimum Standards |                                |                                  |                             |                           |                        |
|-----------------------------------|--------------------------------|----------------------------------|-----------------------------|---------------------------|------------------------|
| Project Type                      | Core Outcomes                  |                                  |                             | Entries from Homelessness | Utilization Rate       |
|                                   | Exit Rate to Permanent Housing | Length of Stay (days)            | Return Rate to Homelessness |                           |                        |
| Emergency Shelter                 | 40%(S)<br>65%(F)<br>35% (YYA)  | 90 days (S/F)<br>30 days (YYA)   | 10% (S/F)<br>20% (YYA)      | 90%                       | 85% (S/F)<br>90% (YYA) |
| Transitional Housing              | 80%                            | 150 days (S/F)<br>270 days (YYA) | 10% (S/F)<br>20% (YYA)      | 90%                       | 85%                    |
| Rapid Rehousing                   | 80%                            | 180 days                         | 5% (S/F)<br>20% (YYA)       | 90%                       | NA                     |
| Permanent Supportive Housing      | 90%*                           | NA                               | 5% (S/F)<br>20% (YYA)       | 90%                       | 85%                    |

\*Following HEARTH, the PSH performance standard for Exits to Permanent Housing will be exits to and retention of permanent housing.

### III. Commitment

Improving system-wide performance increases our ability to make homelessness rare, brief, and one-time in King County. The implementation of minimum standards and revision of current target performance standards provides an opportunity to support this improvement by identifying and rewarding high-performing projects and providing targeted assistance to low-performing projects.

Towards this end, the homelessness services funders -- Seattle Human Services Department, the King County Department of Community and Human Services Homeless Housing Program, and the United Way of King County-- hereby agree to phase in a shift from our current CoC targets to the revised System Wide Targets in the chart above over the next two years, fully implementing by 2018 based on each funder's schedule of funding processes. See Attachment 1.

Effective immediately, new and renewed services contracts will include language reflecting the new system wide targets and minimum standards, and begin to evaluate and provide technical assistance to providers.

In order to implement the new system-wide targets and minimum standards, shifts in project models for transitional housing projects and emergency shelters without case management are needed. Shifts in relevant targets for those project types will be made in accordance with shifts in project models, with a goal to fully implement the recommendations by 2018.

RFI/RFP funding decisions will be based on a model consistent with our **Continuum of Care Notice of Funding Availability (CoC NOFA) ranking system**, adopted by the All Home Funder Alignment Committee. Under this model, for each RFI/RFP:

- For all funding processes, the CoC evaluation team, acting on behalf of All Home, will create a consolidated ranking of all projects based on performance on the new system-wide targets and minimum standards identified above. The performance ranking will be used by funders for scoring in the RFI/RFP process. The ranking and the process used to create it will be shared on the All Home website. For processes led by a single funder, funder evaluation staff will follow a parallel process.
- In addition, as part of the application process, agencies will report on their project performance and provide a plan and timeline for improvement where needed.
- Projects meeting the System Wide Targets in effect at the time of the RFI/RFP will be awarded bonus points.

The Office of Housing and the King County DCHS Housing Finance Program, as housing capital funders, agree to support effective implementation of system wide targets and standards by coordinating with homelessness service funders when awarding capital funding for homeless housing. This coordination will include evaluating provider performance on targets and standards when reviewing applications for capital funding for new homeless housing. Support for implementation of targets and standards will also include activities to revise existing programs to improve performance, such as working with funders and providers to convert to alternative homeless program models, and working with owners to make physical changes to buildings, as necessary and feasible,

The homelessness services funders agree to support funding decisions made by each other and not provide supplemental services funding to a program whose funding has been reduced or eliminated by another funder due to failure to meet minimum standards. The Funders acknowledge that should it be necessary to convert a homeless housing project to serve another extremely low-income population, operating and services funding from sources other than the homeless services system may be required.

**V. Approval**

We, the undersigned have read and agree with this MOU. Further, we have reviewed and approve the collaborative effort described here.



Catherine Lester, Director  
Human Services Department  
City of Seattle  
Date: 9-6-16



Sara Levin, Vice President,  
Community Services  
United Way of King County  
Date: 9/6/16



Adrienne Quinn, Director  
King County Department of Community &  
Human Services  
Date: 9/6/16



Steve Walker, Director  
Seattle Office of Housing  
Date: 9/6/16

## Implementation Timeline

Below is an outline of how each of the Funders will align to our shared 2018 goal that all housing programs will meet at least one of the CORE new system wide targets to be eligible for funding and that 50% of RFP scoring will be based on performance metrics.

| Year 1 - 2016                 |  |                        |   |
|-------------------------------|--|------------------------|---|
|                               | County   | City                   | UWKC  |
| <b>Data Review</b>            |  |                        |   |
|                               | <ul style="list-style-type: none"> <li>- Project-level performance will be posted quarterly on the All Home website with a one-quarter delay.</li> <li>- As always, providers may review their performance on all metrics other than returns to homelessness at any time.</li> </ul>   |                        |   |
| <b>RFP's</b>                  |  |                        |   |
|                               | <ul style="list-style-type: none"> <li>- Include language in all RFPs prioritizing the NEW system wide targets and minimum standards.</li> <li>- 30% of RFP points are dedicated to performance metrics.</li> <li>- Apply CoC Funding Ranking Order process to determine applicants points awarded for performance metrics.</li> </ul> | No RFP process in 2016 | <ul style="list-style-type: none"> <li>- Include language in all RFPs prioritizing the NEW system wide targets and minimum standards.</li> <li>- Apply CoC Funding Ranking Order process to determine applicants points awarded for performance metrics.</li> </ul> |
| <b>Continuation Contracts</b> |  |                        |   |
|                               | <ul style="list-style-type: none"> <li>- At contract renewal, projects that do not meet or demonstrate progress on the project – level targets and minimums during 2016 will receive a notification of low performance.</li> </ul>   |                        |   |

**Year 2 – 2017**

Changes from year 1 are underlined

**Data Review**

- Project-level performance will be posted quarterly on the All Home website with a one-quarter delay.
- As always, providers may review their performance on all metrics other than returns to homelessness at any time.

**RFP's**

- 40% of RFP points are dedicated to performance metrics.
- Apply CoC Funding Ranking Order process to determine applicants points awarded for performance metrics.
- Projects must meet one of the NEW system wide minimum standards.

**Continuation Contracts**

- Projects that do not meet or demonstrate progress on the project – level targets and minimums during 2017 will not receive continuation funding in 2018.
- At contract renewal projects must meet at least one of the Core NEW system minimum standards.

**Year 3 – 2018**

Changes from year 2 are underlined

**Data Review**

- Project-level performance will be posted quarterly on the All Home website with a one-quarter delay.
- As always, providers may review their performance on all metrics other than returns to homelessness at any time.

**RFP's**

- 50% of RFP points are dedicated to performance metrics.
- Apply CoC Funding Ranking Order process to determine applicants points awarded for performance metrics.
- Projects must meet one of the core NEW system wide targets.

**Continuation Contracts**

- Projects that do not meet or demonstrate progress on the project-level targets and minimum standards may not receive continuation funding.
- At contract renewal projects must meet at least one of the Core NEW system minimum standards.