Sacramento Continuum of Care
2024 Gaps Analysis: Summary Findings
Produced by Sacramento Steps Forward

Overview

Sacramento Steps Forward, in consultation with the Sacramento Continuum of Care, the City of Sacramento, and Sacramento County, conducted a gaps analysis of the homeless response system for the year 2024. This analysis builds a model that estimates the difference between the scale and scope of the current system and one that would fully serve the community's need. It is intended to allow for more informed decision-making when funding and designing programs by determining where additions would have the largest positive effect on the system. Per HUD guidelines, it should be updated once per year.

The 2024 Gaps Analysis finds that a near-term expansion focusing on prevention, diversion, and rehousing services, combined with a sustained commitment to building additional targeted affordable housing, could result in no unsheltered homelessness in the community within 5 years and a 53% reduction in total homelessness within 10 years.[1] These changes would serve to reduce the inflow to homelessness by expanding prevention and diversion services while increasing outflow from homelessness by expanding Rapid Re-Housing (RRH) programs and available housing stock.

Homelessness Estimate

The gaps analysis model estimates that 16,000 to 19,000 people, in 12,000 to 14,000 households, experience literal homelessness each year in Sacramento. The model reaches this estimate by merging data from the 2024 Point in Time (PIT) count with

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[1] No homeless response system can ensure that no one ever experiences unsheltered homelessness. The model's Year 5 target is that there is sufficient temporary and/or permanent housing for every household experiencing homelessness each year, and that each household is given a viable path into that housing.

2023 annual service totals from the Homeless Management Information System (HMIS).

Key Characteristics

Among the households that experience literal homelessness annually, the gaps analysis estimates that:

- 41% of households are chronically homeless (disabled and literally homeless for 12 months or more within the last three years). Most of these are adult-only households.
- 35% are unsheltered and can't access shelter due to insufficient housing and sheltering capacity. 16% are family households containing both adults and children.
- 10% are veteran-led households.
- 9% are transition-aged youth led households, ages 18 to 24.

Analysis Results

The gaps analysis uses a multi-year model to address the fact that systems take time to change and that changes in one year will have feedback effects that change the need in future years. The goal of the model is to address the existing backlog of unserved households over time, so that no household is unserved by Year 5. It also recognizes that Permanent Supportive Housing (PSH) requires a long lead time to finance and build, so the model assumes 10 years to achieve its target PSH inventory. Given the model's assumptions, serving all homeless households would require a near-term surge in services, followed by a decline as the backlog is addressed.

Figure 1 shows the relative size of each intervention in the homeless response system by year, if all of the modeled changes are made. The largest near-term growth is needed in prevention, diversion, and rapid rehousing services. If successful, this surge is projected to begin reducing the number of households experiencing homelessness, and the corresponding need for services, in later years. However, given the longer lead time to produce permanent supportive housing, PSH need is projected to continue to grow throughout most of the decade. It is also

assumed that there will be a constant flow of new households at risk of homelessness each year, so prevention and diversion services will need to remain robust throughout the decade.

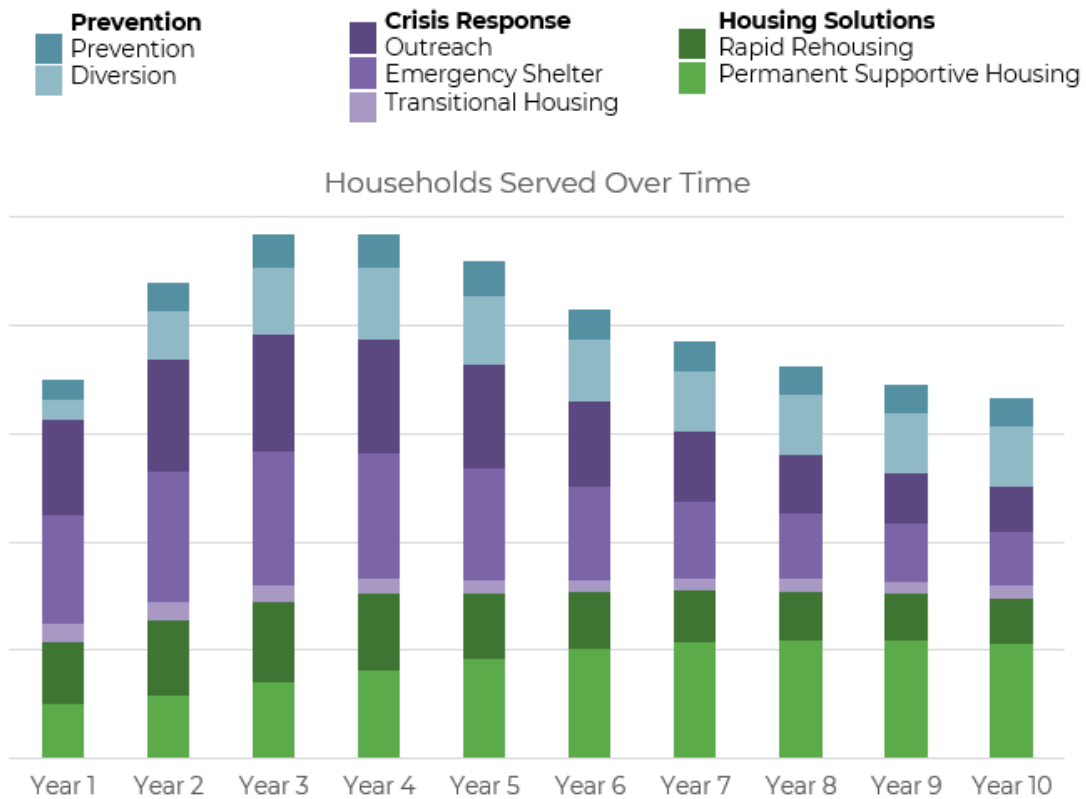**Figure 1: Households Served by Each Intervention Over Time**

Figure 2 shows the additional growth needed to reach the amount of service required in Year 3, the peak of the modeled surge. The gaps shown are the difference between the projected size of the system including currently planned growth and the need estimated by the model.

Figure 2: Calculated Year 3 Operating Gap

	Households To Be Served	Full Time Equivalent (FTE) Staff			Slots/Beds/Units			Percent Growth	Annual Operating Cost Gap
		Current/ Planned	Needed	Gap	Current/ Planned	Needed	Gap		
Prevention									
Prevention	1,550	3	6	3	75 slots	130 slots	55 slots	73%	$2,200,000
Diversion	3,100	1	4	3	3 daily clients	8 daily clients	5 daily clients	167%	$200,000
Crisis Response									
Outreach	5,400	50	64	14	1,000 slots	1,300 slots	300 slots	30%	$1,000,000
Emergency Shelter	6,200	123	128	5	2,700 beds/units	2,800 beds/units	100 beds/units	4%	$4,800,000
Transitional Housing	800	23	27	4	550 units	680 units	130 units	24%	$3,900,000
Housing Solutions									
Rapid Rehousing	3,700	60	101	41	1,200 slots	2,200 slots	1,000 slots	83%	$29,000,000
Permanent Supportive Housing	3,500	211	211	0	3,900 units	3,900 units	0 units	0%	$0
								Total	**$41,100,000**

Because the model builds in additional time to achieve the necessary growth in permanent supportive housing, Figure 2 shows no gap in Year 3 between already-planned PSH growth and need. However, the model does estimate a need for additional PSH development beyond the current development rate, as shown in Figure 3. Achieving this growth would require not just sustaining but augmenting current efforts to expand PSH over the next decade. This would require securing additional approval for new units from the state, new available resources from the state such as the Homekey+ program, and the continuation of federal operating subsidies such as project-based housing choice vouchers. Due to the long lead time to develop housing, any desired increase in production several years from now will require the identification of additional resources in the near term.

	Units	Approximate Capital Costs	Approximate Local Contribution*
Currently Planned New PSH Units	800 units over 4 years (200 units per year)	$260M - $430M	$90M - $100M
PSH Units Built In 10 Years At Current Rate	2,000 units (200 units per year over 10 years)	$660M - $1.1B	$220M - $240M
PSH Units Required to Meet Modeled Need	2,500 units (250 units per year over 10 years)	$825M - $1.35B	$275M - $300M
Gap Between Projected at Current Rate vs Needed Total	**500 units (50 additional units per year)**	**$165M - $270M**	**$55M - $60M**

* Assuming state and federal resources remain available to subsidize units

Figure 3: Permanent Supportive Housing Capital Costs

The gaps analysis does not calculate a specific gap for other types of subsidized affordable housing beyond permanent supportive housing. However, it estimates that households leaving homelessness occupy 10,000 to 12,000 housing units in Sacramento at any given time. Recent exit data suggests that just under 40% of households exiting homelessness to permanent housing exit to subsidized affordable units, and the remaining 60% exit to unsubsidized market-rate housing. To support the model's assumption of higher percentages of households exiting to permanent housing, along with lower return rates from housing back to homelessness, it projects that formerly homeless households could occupy an additional 6,000 units of subsidized housing, not including permanent supportive housing, over the next decade. If current rates of affordable housing construction continue over the next decade, Sacramento may build about 6,000 units of non-PSH

affordable housing in that time. However, the majority of these units would likely be occupied by households that are not formerly homeless. Any increase in affordable housing construction over the next decade would be beneficial to Sacramento's low-income population generally, and to the formerly homeless population specifically.

Key Takeaways

- Near-term investments in prevention, diversion, and rapid rehousing would have the most impact on homelessness rates, serving to reduce inflow to homelessness and increase outflow to housing. These investments are also cost-effective, reducing the need for more expensive emergency shelter.
- To the extent that additional funding is directed toward emergency shelters, it should prioritize developing and expanding rapid rehousing programs within those shelters, which will improve their successful exit rates, freeing up more existing beds for new residents.
- Sustaining and expanding efforts to produce permanent supportive housing units and other affordable housing units will be necessary over the next decade to support additional successful exits from homelessness.
- Additional investments in case-carrying street outreach will support moving more households from unsheltered into sheltered homelessness, and in some cases directly into housing.

Assumptions and Limitations

Population growth and demographic changes: The gaps analysis assumes no marked changes in population growth or composition will occur over the next decade. If population growth accelerates, particularly among low-income households, this will increase demand for affordable housing and increase the population who are more likely to become homeless.

Changes to the housing market: The gaps analysis likewise assumes no other significant changes in the Sacramento housing market over the next decade beyond the recommended increase in efforts to build permanent supportive housing and other regulated affordable housing. If, however, external economic

factors restrict the availability of new housing stock, putting upward pressure on rental costs and downward pressure on vacancy rates, this would also increase the population at risk of homelessness.

Intervention success rates and adherence to community standards: The gaps analysis model assumes that successful exit rates from most interventions will gradually improve toward those set within Sacramento's recently adopted Community Standards. The Community Standards are built from evidence-based practices to improve service quality, equity, and outcomes and are modeled on high performing communities. Efforts are ongoing to assist providers in meeting these standards. As adherence to the standards improves, success rates are expected to improve with them.

Funding availability and coordination: The changes recommended in the gaps analysis require new or redirected funding to be available in the near term, and for the responsible local entities to agree and coordinate on the activities to be funded by them. Additional state or local funding to support local homelessness response efforts, continued collaboration on implementing specific actions from the Regionally Coordinated Homelessness Action Plan, and continued coordination of each party's roles and responsibilities will be necessary to achieve these goals.

Methodology

The 2024 gaps analysis approach involved the following steps:

1. Estimate the total number of households experiencing literal homelessness over the course of one year in Sacramento County, and how many fall into different subpopulations such as individuals or families; chronically homeless or not; veterans, transition-aged youth, or others.
2. Determine how many of each type of household are receiving each type of homeless response service each year, and the current rate of successful exit from each type of pathway.
3. Determine the ideal participation rates and target success rates for each subgroup in each type of pathway based on national best practices and observed optimal success rates.
4. Project participation and success rates for all pathways through the homeless response system for 10 years, assuming a gradual change toward

the target rates each year so that the targets are reached in Year 5 for most pathways, and in Year 10 for all pathways involving permanent supportive housing.

5. Translate projected rates into actual numbers by running the simulation for each year, calculating the new population needing services each year by adding together the unserved and unsuccessfully served population from the prior year with a modeled new inflow population.

6. Estimate the current and planned capacity to address service needs, including projects that are funded or under development.

7. Calculate the gap between the projected need each year and the amount of service planned to be available each year.

8. Estimate the costs and staffing necessary to provide each service and the additions that would be necessary to close the calculated gaps each year.