

# **HOUSING and COMMUNITY SERVICES, OREGON**

## **Annual Performance Progress Report (APPR) for Fiscal Year (2011-2012)**

Original Submission Date: 2012

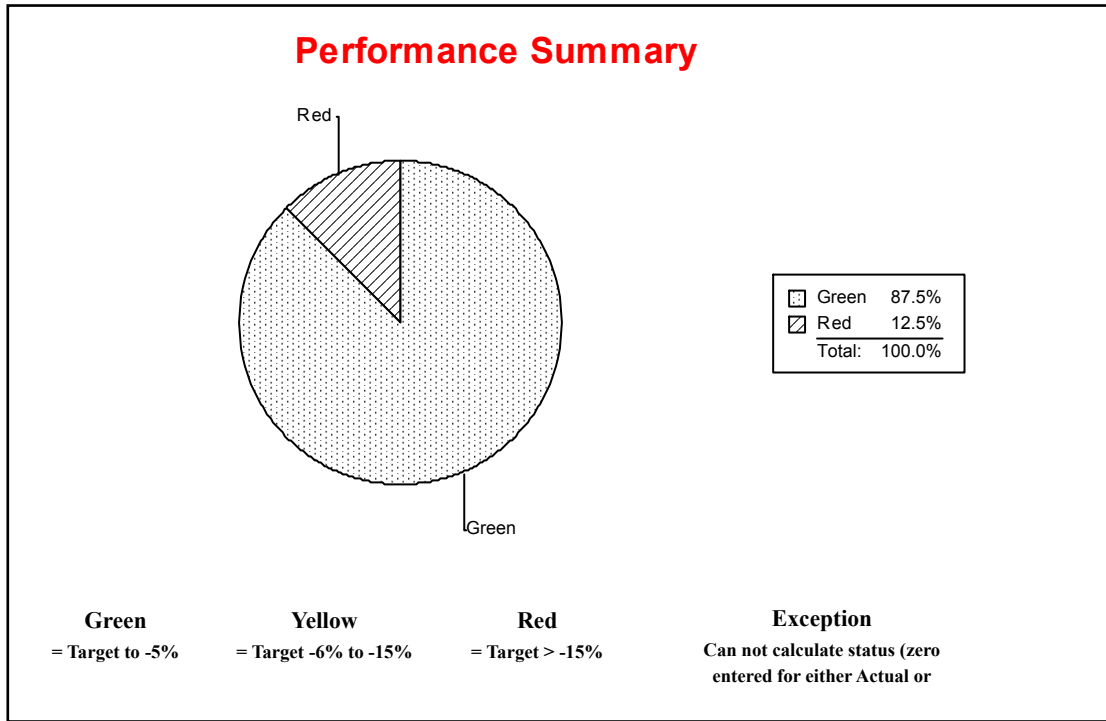
Finalize Date: 10/10/2012

2011-2012 KPM #	2011-2012 Approved Key Performance Measures (KPMs)
1	Affordable Home Ownership Percent of households at or below the state's median income served by our single family programs matches or exceeds Oregon's households at or below median income.
2	Affordable Rental Housing through Bonds, Grants, and Tax Credits – Percent of housing units funded with grants, tax credits, and bonds, excluding market rate housing units, will be affordable to households earning less than 60% of the area median income.
3	Increasing Housing for Special Needs Individuals – Percent of affordable rental housing units developed that provide rental opportunities for the low-income elderly or individuals with special needs compared to the percent of the state's population that are low-income elderly or individuals with special needs.
4	Reducing Homelessness – Percent of homeless persons entering permanent housing with stays of six months or longer. .
5	Construction Costs – Cost per square foot for housing units developed through Grant and Tax Credit programs .
6	Increasing Energy Savings – For all funds invested, the percent of energy savings generated from the Department’s Energy Conservation Helping Oregonians (ECHO) weatherization program.
7	Agency Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.
8	General Fund Food Program - Percent of pounds in donated food distributed through Oregon Food Bank that are processed or repackaged bulk food purchased through the General Fund Food Program.

<b>New Delete</b>	<b>Proposed Key Performance Measures (KPM's) for Biennium 2013-2015</b>
	<b>Title:</b>  <b>Rationale:</b>



<b>HOUSING and COMMUNITY SERVICES, OREGON</b>		<b>I. EXECUTIVE SUMMARY</b>	
<b>Agency Mission:</b> Provide leadership that enables Oregonians to gain housing, become self-sufficient, and achieve prosperity.			
<b>Contact:</b> Tim Fitzgerald, Research Analyst		<b>Contact Phone:</b> 503-986-2057	
<b>Alternate:</b> Bill Carpenter, Chief Information Officer		<b>Alternate Phone:</b> 503-986-2128	



**1. SCOPE OF REPORT**

Oregon Housing and Community Services Key Performance Measures represent the majority of all agency programs. The Department has approximately 64 programs/funding streams that work collectively to address issues of affordable homeownership and rental housing; energy and weatherization assistance; self sufficiency (including homeless, food, and rental assistance programs), and capacity building. New performance measures for the 2011-2013 biennium were approved by the 2011 Legislature that replace several outdated measures; these new measure better indicate the progress of the agency’s programs.

## **2. THE OREGON CONTEXT**

OHCS provides a continuum of services to low-income Oregonians from homeless assistance to homeownership. As part of its long term goals, it is the Departments intent to serve low income citizens (100% Area Median Income and below) with the services that are necessary to move them along the continuum of services and ultimately to self-sufficiency. There are several Oregon Benchmarks in which the Departments KPMs are linked. OBM #56 Homelessness: Number of Oregonians that are homeless on any given night (per 10,000). OBM #58 Hunger: As a percent of the U.S. percent of Oregon households with limited or uncertain access to enough food for all household members to live a healthy and active life: a. food insecurity with hunger; b. food insecurity. OBM #73 Homeownership: Percent of households that are owner occupied. OBM #74 - Affordable Housing: Percent of Oregon households below median income spending 30% or more of their income on housing (including utilities) a. renters; b. owners. OHCS works with a variety of other state and local partners in developing solutions for low-income Oregonians that effectively move them to self-sufficiency.

## **3. PERFORMANCE SUMMARY**

OHCS is meeting our performance goals on seven of our eight Key Performance Measures. The percent of low-income households served by our single family programs matches the proportion of Oregon households at or below Oregon's median income. The percentage of housing units funded with grants, tax credits and bonds (excluding market rate housing) affordable to households earning less than 60% of area median income was well above the 85% target. The percentage of affordable rental housing units developed with opportunities for the state's low-income elderly or individuals with special needs was 46.6%, above our 45% target. The percentage of homeless persons entering permanent housing with stays of six months or longer was 83%, slightly higher than the 80% target. The cost per square foot for housing units developed through grant and tax credit programs was \$173.01, which was significantly lower than the RSMMeans national average of \$192.36, which was the target for this measure. The energy savings generated from the Department's Energy Conservation Helping Oregonians (ECHO) weatherization program greatly exceeded the cost of the investment. Our overall customer service satisfaction exceeded the aggressive 80% target. OHCS did not meet our target for one performance measure: the percent of pounds in donated food distributed through Oregon Food Bank that are processed or repackaged bulk food purchased through the General Fund Food Program remained at 5%, below the 8% target.

## **4. CHALLENGES**

Many of the challenges OHCS faces are related to the housing market as well as resource availability. The financial and housing markets remain troubled, unemployment is still high, and foreclosures continue to remain higher than pre-recession. Trying to develop or create affordable housing for low-income Oregonians in this market often requires increased resources to either get the project built or purchase the home. As long as these costs continue to rise while resources remain stable or decline, OHCS's ability to create affordable housing will obviously diminish.

## **5. RESOURCES AND EFFICIENCY**

Oregon Housing and Community Services annual budget (based on its 2011-13 biennial budget) is approximately \$1.06 billion. The majority of this budget

(approximately 54.5%) is related to the origination of mortgage loans and the subsequent payment of debt services. The Department's budget contains about 1% state General Fund and about 1% of Lottery Funds. Approximately 29.3% of the Departments resources are from Federal funding sources that support a variety of anti-poverty programs, Section 8 rental assistance, and funding to support the development of very low income housing. The Department also receives about 14.2% of Other Funds for energy and weatherization assistance, manufactured dwelling park landlord and tenant mediation, and rental assistance. The Department uses its biennial customer service performance measure to evaluate its efficiency as well as effectiveness in providing service opportunities for low-income Oregonians. The seven other performance measures measure the Departments effectiveness in reaching program goals within its continuum of services, from homelessness and weatherization to providing affordable housing for people with special needs. The following questions indicate how performance measures and data are used for management and accountability purposes.

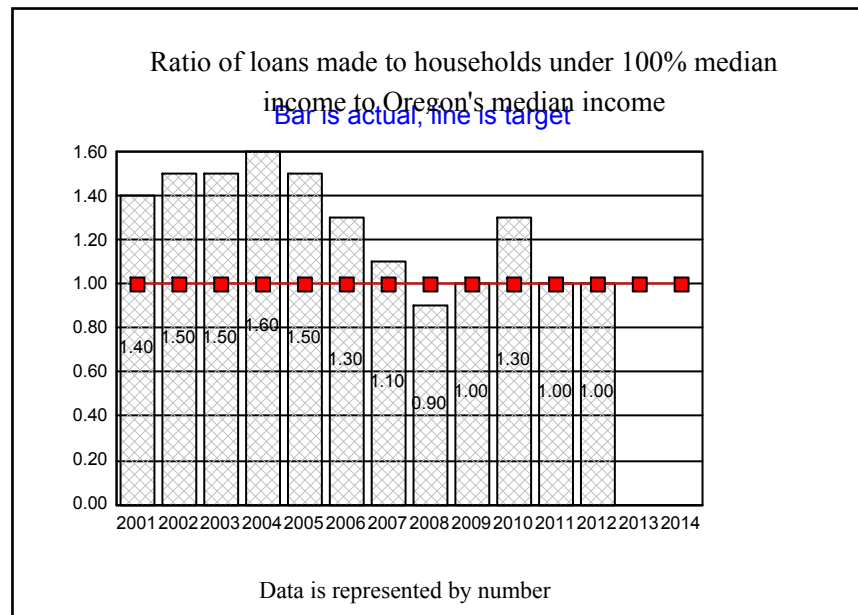
**INCLUSIVITY** - Describe the involvement of the following groups in the development of the agency's performance measures. Staff: The specific program staff linked to each KPM helped in the development of each measurement. Elected Officials: There was no elected official involvement in the development of these measures. Stakeholders: During the most recent reevaluation of the agency's performance measures many outside stakeholders were included in the process of critically reviewing the old measures and drafting new ones. Citizens: There was no citizen involvement in the development of these measures.

**MANAGING FOR RESULTS** - How are performance measures used for management of the agency? What changes have been made in the past year? With the measurements that have been established, the Department is able to make decisions about specific program focus. As necessary, management can make adjustments to how resources are used to impact those areas most in need. The Department includes its measurements related to housing development in applications for the Consolidated Funding Cycle. This communicates the Department's expectations to potential developers.

**STAFF TRAINING** - What training has staff had in the past year on the practical value and use of performance measures? The Department has put specific managers and/or staff in charge of each of the OHCS Performance Measures. Managers provide information and education to staff on the results of the performance measures.

**COMMUNICATING RESULTS** - How does the agency communicate performance results to each of the following audiences and for what purpose? Staff: Every employee is provided a copy of this annual report to see how their programs performed. Elected Officials: Information is provided through the department's web site and in our budget document. Stakeholders: Information is provided through the department's web site. Citizens: Information is provided through the department's web site.

<b>KPM #1</b>	Affordable Home Ownership Percent of households at or below the state's median income served by our single family programs matches or exceeds Oregon's households at or below median income.	2001
<b>Goal</b>	Homeownership: Increase homeownership opportunities for low-income Oregonians.	
<b>Oregon Context</b>	OBM #73 Homeownership: Percent of households that are owner occupied.	
<b>Data Source</b>	OHCS Loan Information Processing System	
<b>Owner</b>	Single Family Section Manager Roberto Franco 503.986.6732	



**1. OUR STRATEGY**

OHCS's strategy is to provide homeownership opportunities to individuals that are at 100% of state median income and below with a heavy emphasis on those that are at 80% and below. The Department works with approximately 30 banks that assist in marketing the program and origination loans.



**2. ABOUT THE TARGETS**

The target is to always provide 100% of these loans to Oregonians who are at 100% of the state median income or below. OHCS continues to focus on targeting those people who are at 80% state median income and below. A higher result on this measure is better, as that indicates that a higher percentage of the people served by the program are those with incomes below median income for the state.

**3. HOW WE ARE DOING**

In FY 2012 almost every person served by the single family program was at or below the median income for the state. The trend has been for the measure to be on target or better for the last several years.

**4. HOW WE COMPARE**

In terms of production, OHCS is on track in comparison to other Housing Finance Agencies around the nation.

**5. FACTORS AFFECTING RESULTS**

Continued low mortgage interest rates has reduced the appeal of the program since the start of the last recession, but the program has additional benefits aside from simply lower borrowing costs.

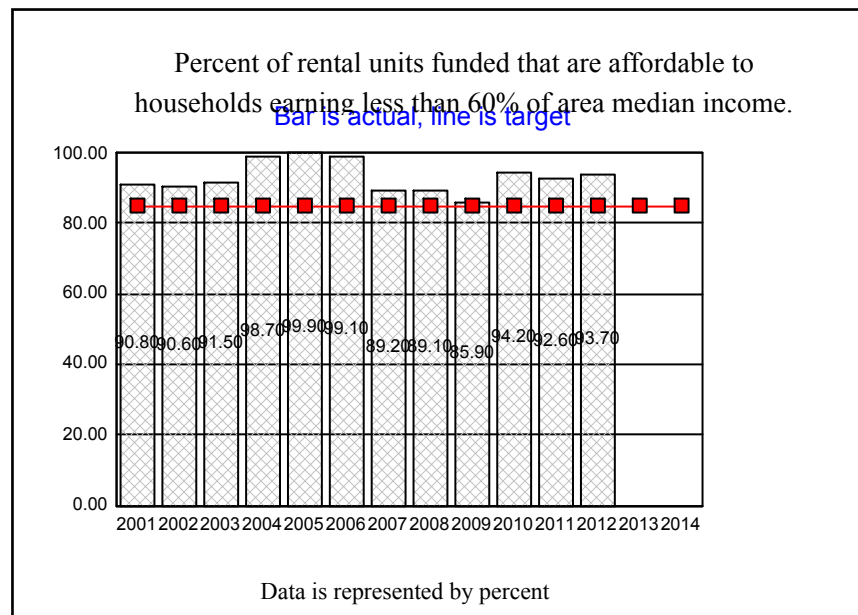
**6. WHAT NEEDS TO BE DONE**

OHCS will need to identify resources that increase down payment assistance in order to make home loans affordable to the lowest income Oregonians. Without this subsidy, homeownership will continue to be out of reach for many low-income Oregonians.

**7. ABOUT THE DATA**

Data is provided for the fiscal year from the Department's Loan Information Processing System. This data is very reliable as it is reconciled with bank servicers on a monthly basis.

<b>KPM #2</b>	Affordable Rental Housing through Bonds, Grants, and Tax Credits – Percent of housing units funded with grants, tax credits, and bonds, excluding market rate housing units, will be affordable to households earning less than 60% of the area median income.	2001
<b>Goal</b>	Housing Insecurity And Homelessness: Reduce housing insecurity and homelessness in Oregon.	
<b>Oregon Context</b>	OBM #74a - Affordable Housing: Percent of Oregon households below median income spending 30% or more of their income on housing (including utilities) a. renters.	
<b>Data Source</b>	OHCS Department Information System for Housing (DISH)	
<b>Owner</b>	Multifamily Housing Section Manager Heather Pate (503) 986-6757	



**1. OUR STRATEGY**

OHCS's strategy is to provide affordable rental housing opportunities for individuals at 60% area median income and below. The Department works with a

variety of affordable housing developers to create affordable housing projects across Oregon. These developers include housing authorities, community development corporations, non-profits organizations, and private housing developers.

## **2. ABOUT THE TARGETS**

The target is to provide 85% of the units developed in the Department's bonds, grants, and tax credits programs for individuals at or below 60% area median income. People making below median income for their area are those most in need of affordable housing. A higher result for this measure is better, as it indicates that more of the units developed by the department are targeted towards those most in need.

## **3. HOW WE ARE DOING**

In 2012, the percent of units developed through the OHCS bonds, grants, and tax credits programs for low-income Oregonians at or below 60% area median income was 93.7%. This measure continues to be above the target.

## **4. HOW WE COMPARE**

In terms of production, OHCS is on track in comparison to other Housing Finance Agencies around the nation.

## **5. FACTORS AFFECTING RESULTS**

The agency places a high priority on developing projects targeted for the Oregonians most in need of affordable housing.

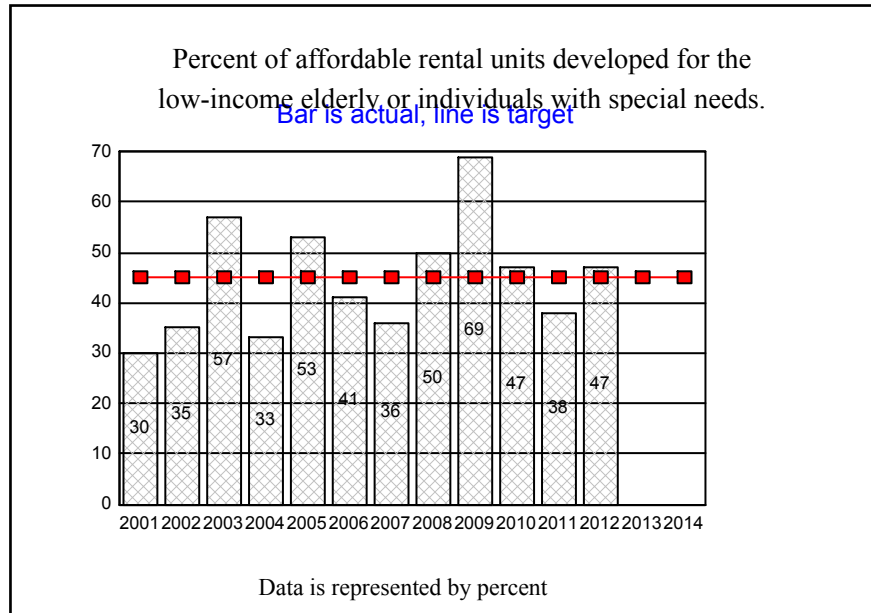
## **6. WHAT NEEDS TO BE DONE**

Based on the successful trend shown in the reported data, OHCS needs to continue to focus on providing affordable housing for people with income less than 60% of the area median income.

## **7. ABOUT THE DATA**

Data is provided on a fiscal year basis from the DISH database. This data is very reliable as it is reconciled with an additional data captured in Excel spreadsheets.

<b>KPM #3</b>	Increasing Housing for Special Needs Individuals – Percent of affordable rental housing units developed that provide rental opportunities for the low-income elderly or individuals with special needs compared to the percent of the state's population that are low-income elderly or individuals with special needs.	2001
<b>Goal</b>	Self-Sufficiency: Increase self-sufficiency among low-income Oregonians	
<b>Oregon Context</b>	OBM #74a - Affordable Housing: Percent of Oregon households below median income spending 30% or more of their income on housing (including utilities) a. renters.	
<b>Data Source</b>	OHCS Loan Information Processing System and Data Information System for Housing	
<b>Owner</b>	Multifamily Housing Section Manager Heather Pate (503) 986-6757	



**1. OUR STRATEGY**

OHCS's strategy is to provide affordable housing opportunities for individuals with special needs. These include, but are not limited to: elderly, disabled, homeless, released offenders, farm workers, and people rehabilitating from drugs or alcohol. This type of housing is typically designed for individuals with very low-income and requires the necessary services to meet the needs of the residents.

**2. ABOUT THE TARGETS**

The target is for 45% of all affordable units developed through OHCS funding for multifamily projects be for individuals with special needs.

**3. HOW WE ARE DOING**

The Department's success in this measure has generally been good, but erratic, due to the varied nature of housing projects proposed for funding. In fiscal year 2012, 47% of all multifamily units developed were targeted for people with special needs.

**4. HOW WE COMPARE**

There is no comparable data for this measure. Typically housing finance agencies set the target for these types of populations annually based on known needs and policy priorities.

**5. FACTORS AFFECTING RESULTS**

Special needs housing often requires intensive services to be provided in order to make the project successful. Many of the barriers that have been associated with creating special needs housing are due to the lack of funding available for services.

**6. WHAT NEEDS TO BE DONE**

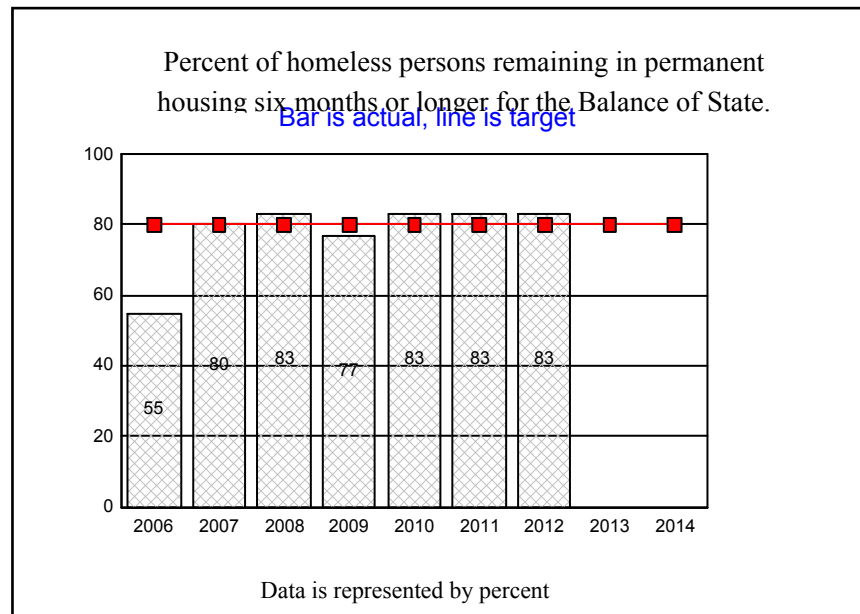
OHCS continues to focus on the "Housing First" model that places stable housing at the center of serving people in need. OHCS will continue to place a priority in funding projects for vulnerable populations.

**7. ABOUT THE DATA**

Data is provided on a fiscal year basis from the Department's Data Information System for Housing. The data is very reliable and is verified with staff

spreadsheets of funding awards to ensure accuracy.

<b>KPM #4</b>	Reducing Homelessness – Percent of homeless persons entering permanent housing with stays of six months or longer. .	2001
<b>Goal</b>	Housing Insecurity And Homelessness: Reduce housing insecurity and homelessness in Oregon.	
<b>Oregon Context</b>	OBM #56 Homelessness: Number of Oregonians that are homeless on any given night (per 10,000).	
<b>Data Source</b>	The Homeless Management Information System (HMIS) and the Annual Homeless Statistical Report	
<b>Owner</b>	Richard Mathews, Community Services Section Manager, 503-986-2097	



**1. OUR STRATEGY**

OHCS's strategy is to ensure that homeless households that exit a homelessness program are achieving at least 6-months of stable housing. Studies have shown that people who are able to maintain stable housing for at least six months are most likely to have long-term success.

**2. ABOUT THE TARGETS**

A higher number is better as it indicates that more people who have exited the homelessness programs are able to stay in their housing for at least six months.

**3. HOW WE ARE DOING**

2011 saw 83% of people entering permanent housing stay at least six months; this exceeds the target of 80%. While the number of people entering permanent housing from a homelessness program has fluctuated from year to year, the overall percentage of people able to remain in a stable situation for at least six months after exit has remained above, or close to, the target of 80%.

**4. HOW WE COMPARE**

OHCS's progress on this measure appears consistent with those other states that also follow an intensive permanent housing strategy for the homeless.

**5. FACTORS AFFECTING RESULTS**

Shifting program attention towards the housing-first model has been ongoing for the last few years. Success in this measure appears to be demonstrating the success in this model, especially given the difficult economic circumstances of the last few years.

**6. WHAT NEEDS TO BE DONE**

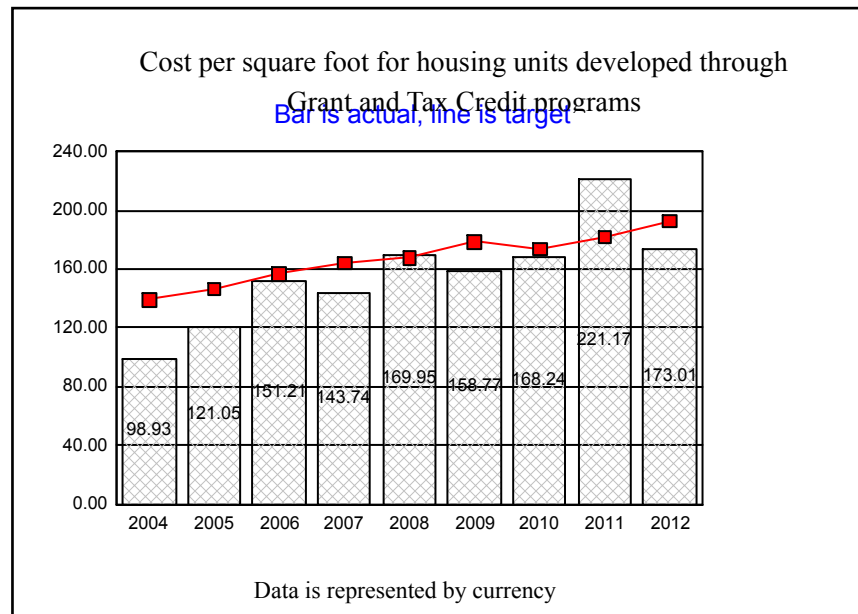
Continued focus on the housing-first model as the goal of programs intended to prevent and end homelessness in Oregon.

**7. ABOUT THE DATA**

Data is collected over the calendar year through the Homelessness Management Information System (HMIS) by local agencies and reported to OHCS.



<b>KPM #5</b>	Construction Costs – Cost per square foot for housing units developed through Grant and Tax Credit programs.	2008
<b>Goal</b>	Maintain a cost per square foot that is no more than 5% above the RSMeans average.	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	OHCS DISH application and current RSMeans data.	
<b>Owner</b>	Multifamily Housing Section Manager Heather Pate (503) 986-6757	



**1. OUR STRATEGY**

The Department’s strategy is to work with its partners to address the costs of construction and keep them in line with national averages.

## 2. ABOUT THE TARGETS

For units built through the Department's Grant and Tax Credit programs (Consolidated Funding Cycle), the target is to ensure that our construction cost per square foot is no more than 5% over that of RS Means.

## 3. HOW WE ARE DOING

This measure was requested by the Legislature in a budget note to our 2007-09 budget. In general, the department's cost per square foot has tracked the RSMeans average. Fiscal Year 2011 construction costs rose in general, with RSMeans increasing by almost 5% to \$181.73 per square foot. The department's costs increased significantly, \$221.17 per square foot., exceeding the performance measure target. Fiscal Year 2012 has seen the department's costs return to normal levels, \$173.01 per square foot, and are now below the RSMeans average.

## 4. HOW WE COMPARE

This measure is unique to Oregon.

## 5. FACTORS AFFECTING RESULTS

The 2007-09 recession, coupled with reduced construction activity, had a moderating impact on construction costs. Many projects completed in fiscal year 2011 received some funding through the federal ARRA stimulus, which required prevailing wages for construction and renovation work, that resulted in an increase in agency costs. Most projects completed in fiscal year 2012 did not have that same requirement and that is reflected in the reported lower costs.

## 6. WHAT NEEDS TO BE DONE

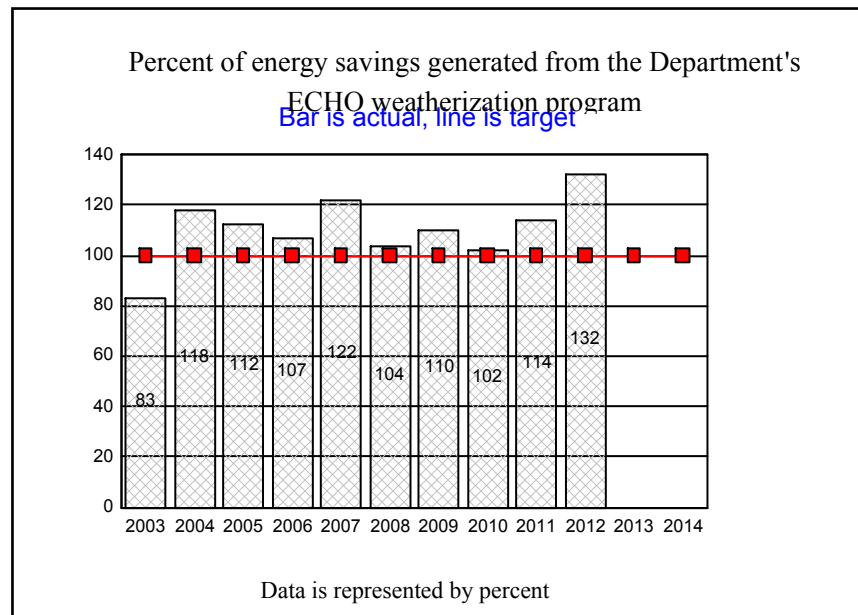
OHCS will need to continue to work with its partners to keep construction costs for housing units controlled.

## 7. ABOUT THE DATA

OHCS cost per square foot data comes from our Data Information System for Housing. RSMeans is North America's leading supplier of construction cost information. A product line of Reed Construction Data, RSMeans provides accurate and up-to-date cost information that helps owners, developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects. (See:

[http://www.rsmeans.com/.](http://www.rsmeans.com/))

<b>KPM #6</b>	Increasing Energy Savings – For all funds invested, the percent of energy savings generated from the Department’s Energy Conservation Helping Oregonians (ECHO) weatherization program.	2003
<b>Goal</b>	Self-Sufficiency: Increase self-sufficiency among low-income Oregonians	
<b>Oregon Context</b>	No Specific State Benchmark Agency Goal: To increase energy savings in Oregon	
<b>Data Source</b>	Quarterly Community Action Agency Reports and the Economics of Energy Calculator	
<b>Owner</b>	Single Family Section Manager Roberto Franco 503.986.6732	



**1. OUR STRATEGY**

OHCS's strategy is to create energy savings in low-income Oregonians' homes to enable them to become more self-sufficient, and have more funds to meet other basic needs (food, medical etc).

## 2. ABOUT THE TARGETS

The target is to create \$1 in energy savings for every \$1 of state investment from the OHCS Energy Conservation Helping Oregonians program. This is represented as 100% of the amounts expended as an energy savings.

## 3. HOW WE ARE DOING

The Department continues to be successful in the results of this program, achieving a return of 132% in 2012. Other than the first year of implementation, the program has been able to create an excess of 100% savings to the amount of state investment.

## 4. HOW WE COMPARE

This target is consistent with benchmark expectations in other states.

## 5. FACTORS AFFECTING RESULTS

Decreasing financing costs for weatherization material impacted the results of this performance measurement this year; 2012 showed a marked improvement from 2011, increasing the return from 114% to 132% of funds invested.

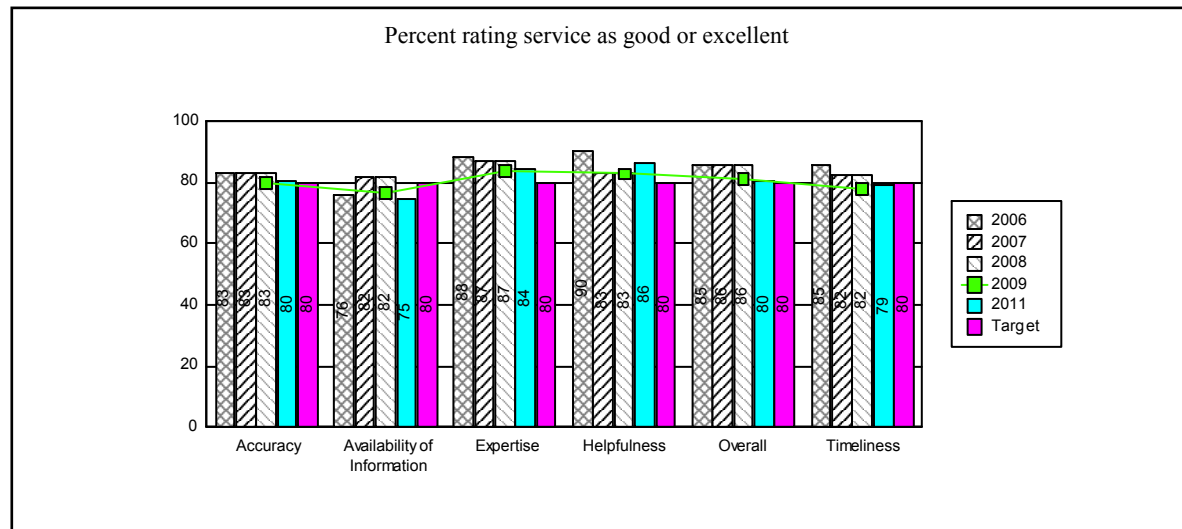
## 6. WHAT NEEDS TO BE DONE

OHCS will continue providing technical assistance to its partners in an effort to improve efficiency and reduce the costs of weatherization. In addition, new techniques for weatherization will be researched, and where appropriate, implemented to create more energy savings.

## 7. ABOUT THE DATA

Data is provided on a quarterly basis from Community Action Agencies. The energy savings is reported in kilowatts which is then converted to savings through the use of a nationally recognized Economics of Energy Calculator.

<b>KPM #7</b>	Agency Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.	2006
<b>Goal</b>	Provide our customers with great customer service.	
<b>Oregon Context</b>	No specific benchmark. Established through the standards provided by the Oregon Progress Board	
<b>Data Source</b>	Biennial External Customer Service Survey	
<b>Owner</b>	Research Analyst, Information Services Division, Tim Fitzgerald, 503.986.2057	



**1. OUR STRATEGY**

OHCS's strategy is to provide good to excellent customer service in the areas of timeliness, accuracy, helpfulness, expertise, and availability of information leading to good to excellent customer service for our overall performance.

**2. ABOUT THE TARGETS**

The target is to ensure that 80% of the respondents to the Department's customer service survey rate the agency as either good or excellent in overall performance, timeliness, accuracy, helpfulness, expertise, and availability of information.

### **3. HOW WE ARE DOING**

In 2011 we did our fourth customer service survey and the Department did not meet its target in all categories - Timeliness and Availability of Information scored below 80% while Accuracy, Expertise, Helpfulness, and Overall Quality scored above 80%. This survey is done biennially; the next OHCS customer survey will be conducted in 2013.

### **4. HOW WE COMPARE**

In comparison to other agencies' performance, OHCS appears to be at or above the average quality of customer service.

### **5. FACTORS AFFECTING RESULTS**

For the 2011 survey we increased the number of people contacted for the survey from 2009 which increased the turnout.

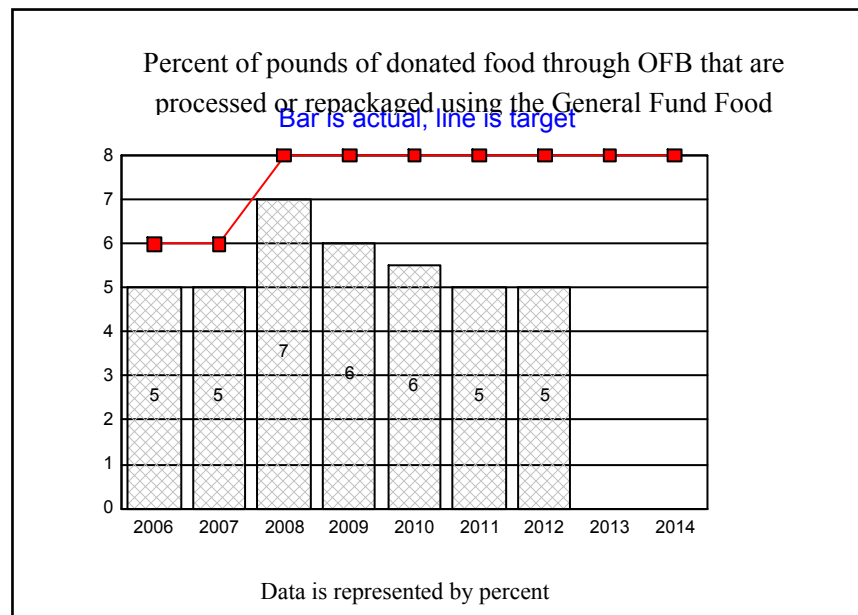
### **6. WHAT NEEDS TO BE DONE**

OHCS continues to work to improve our customers' access to Department information via the Internet and to offer very good customer service in all categories.

### **7. ABOUT THE DATA**

This data is collected through an external survey administered on a biennial basis to a statistically valid sample of OHCS's partners and key stakeholders.

<b>KPM #8</b>	General Fund Food Program - Percent of pounds in donated food distributed through Oregon Food Bank that are processed or repackaged bulk food purchased through the General Fund Food Program.	2006
<b>Goal</b>	Self-Sufficiency: Increase self-sufficiency among low-income Oregonians	
<b>Oregon Context</b>	OBM #58 Hunger: As a percent of the U.S., percent of Oregon households with limited or uncertain access to enough food for all household members to live a healthy and active life: a. food insecurity with hunger; b. food insecurity.	
<b>Data Source</b>	Oregon Food Bank	
<b>Owner</b>	Community Services Section Manager Richard Mathews 503.986.2097	



**1. OUR STRATEGY**

The Department's strategy is to work with its Oregon Food Bank partner and others to address the composition of emergency food boxes and provide families



with greater access to healthy and nutritional food.

## **2. ABOUT THE TARGETS**

Through the use of the Department's General Fund Food Program, the target is to ensure that 8% of the processed or repackaged food distributed through the Oregon Food Bank is linked specifically to the General Fund contribution.

## **3. HOW WE ARE DOING**

For 2012, the General Fund Food Program contributed 5% to the total food that was processed or repackaged through the Oregon Food Bank. The figure appears stable over the last few years, but still below target.

## **4. HOW WE COMPARE**

This measurement is unique to Oregon. Not all states contribute state support to hunger relief efforts.

## **5. FACTORS AFFECTING RESULTS**

As the General Fund contribution has been stable for the program for Fiscal year 2011-2012, other contributions, such as from the food industry, made up a larger percentage of the total food donations. The additional outside donations made the state's contribution relatively small as a percentage of the total amount of food donated.

## **6. WHAT NEEDS TO BE DONE**

OHCS will need to place an emphasis within its existing program on healthy nutritious food and maximizing its funding to meet the target established. In addition, the Department will need to seek increased funding to support this effort.

## **7. ABOUT THE DATA**

Data is provided on a calendar year basis from the Oregon Food Bank that reports the total amount of processed or repackaged food. In addition, OHCS receives an annual report from the Oregon Food Bank that shows the total pounds of repackaged or processed food that is purchased with the General Fund

Food Program. Both sources of data are very reliable due to the Oregon Food Banks excellent system for tracking donated food.

**Agency Mission:** Provide leadership that enables Oregonians to gain housing, become self-sufficient, and achieve prosperity.

**Contact:** Tim Fitzgerald, Research Analyst

**Contact Phone:** 503-986-2057

**Alternate:** Bill Carpenter, Chief Information Officer

**Alternate Phone:** 503-986-2128

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**1. INCLUSIVITY**

- \* **Staff:** The specific program staff linked to each KPM helped in the development of each measurement.
- \* **Elected Officials:** These measures are reviewed and approved by the Oregon Legislature. There was no additional elected official involvement in the development of these measures.
- \* **Stakeholders:** During the most recent reevaluation of the agency's performance measures many outside stakeholders were included in the process of critically reviewing the old measures and drafting new ones.
- \* **Citizens:** There was no citizen involvement in the development of these measures.

**2 MANAGING FOR RESULTS**

With the measurements that have been established, the Department is able to make decisions about specific program focus. As necessary, management can make adjustments to how resources are used to impact those areas most in need.

**3 STAFF TRAINING**

The Department has put specific managers and/or staff in charge of each of the OHCS Performance Measures. Managers provide information and education to staff on the results of the performance measures.

**4 COMMUNICATING RESULTS**

- \* **Staff:** Every employee is provided a copy of this annual report to see how their programs performed.
- \* **Elected Officials:** Information is provided through the department's web site and in our budget document.
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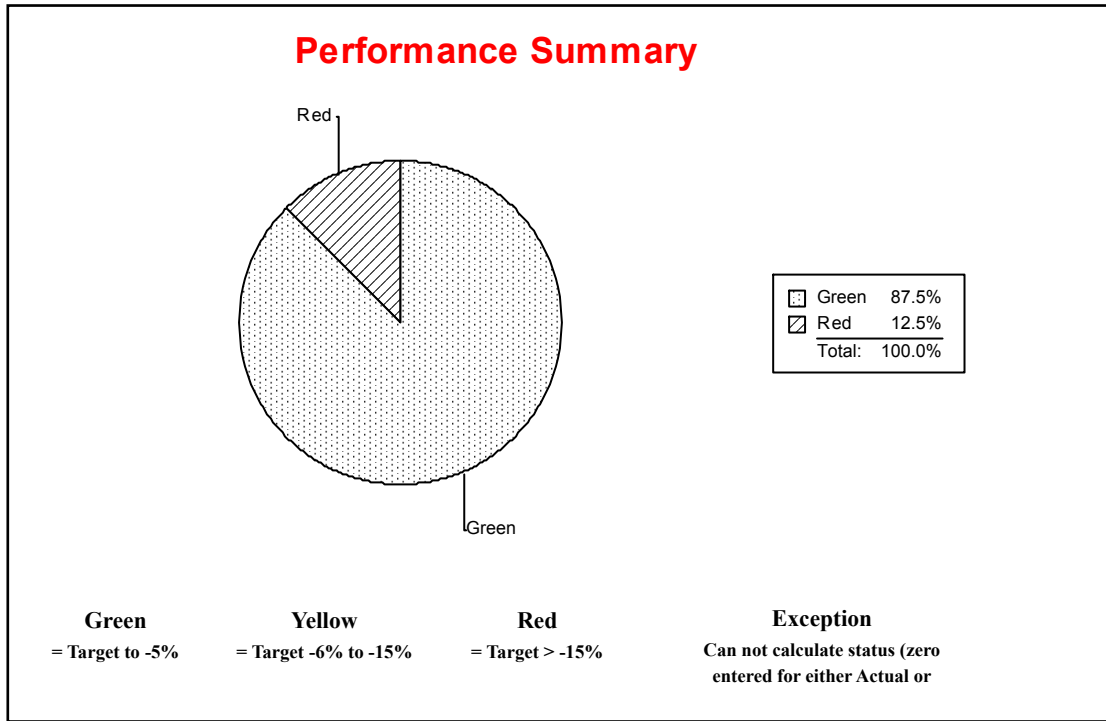
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5	Construction Costs – Cost per square foot for housing units developed through Grant and Tax Credit programs .
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7	Agency Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.
8	General Fund Food Program - Percent of pounds in donated food distributed through Oregon Food Bank that are processed or repackaged bulk food purchased through the General Fund Food Program.

<b>New Delete</b>	<b>Proposed Key Performance Measures (KPM's) for Biennium 2013-2015</b>
	<b>Title:</b>  <b>Rationale:</b>



<b>HOUSING and COMMUNITY SERVICES, OREGON</b>		<b>I. EXECUTIVE SUMMARY</b>	
<b>Agency Mission:</b> Provide leadership that enables Oregonians to gain housing, become self-sufficient, and achieve prosperity.			
<b>Contact:</b> Tim Fitzgerald, Research Analyst		<b>Contact Phone:</b> 503-986-2057	
<b>Alternate:</b> Bill Carpenter, Chief Information Officer		<b>Alternate Phone:</b> 503-986-2128	



**1. SCOPE OF REPORT**

Oregon Housing and Community Services Key Performance Measures represent the majority of all agency programs. The Department has approximately 64 programs/funding streams that work collectively to address issues of affordable homeownership and rental housing; energy and weatherization assistance; self sufficiency (including homeless, food, and rental assistance programs), and capacity building. New performance measures for the 2011-2013 biennium were approved by the 2011 Legislature that replace several outdated measures; these new measure better indicate the progress of the agency’s programs.



## **2. THE OREGON CONTEXT**

OHCS provides a continuum of services to low-income Oregonians from homeless assistance to homeownership. As part of its long term goals, it is the Departments intent to serve low income citizens (100% Area Median Income and below) with the services that are necessary to move them along the continuum of services and ultimately to self-sufficiency. There are several Oregon Benchmarks in which the Departments KPMs are linked. OBM #56 Homelessness: Number of Oregonians that are homeless on any given night (per 10,000). OBM #58 Hunger: As a percent of the U.S. percent of Oregon households with limited or uncertain access to enough food for all household members to live a healthy and active life: a. food insecurity with hunger; b. food insecurity. OBM #73 Homeownership: Percent of households that are owner occupied. OBM #74 - Affordable Housing: Percent of Oregon households below median income spending 30% or more of their income on housing (including utilities) a. renters; b. owners. OHCS works with a variety of other state and local partners in developing solutions for low-income Oregonians that effectively move them to self-sufficiency.

## **3. PERFORMANCE SUMMARY**

OHCS is meeting our performance goals on seven of our eight Key Performance Measures. The percent of low-income households served by our single family programs matches the proportion of Oregon households at or below Oregon's median income. The percentage of housing units funded with grants, tax credits and bonds (excluding market rate housing) affordable to households earning less than 60% of area median income was well above the 85% target. The percentage of affordable rental housing units developed with opportunities for the state's low-income elderly or individuals with special needs was 46.6%, above our 45% target. The percentage of homeless persons entering permanent housing with stays of six months or longer was 83%, slightly higher than the 80% target. The cost per square foot for housing units developed through grant and tax credit programs was \$173.01, which was significantly lower than the RSMMeans national average of \$192.36, which was the target for this measure. The energy savings generated from the Department's Energy Conservation Helping Oregonians (ECHO) weatherization program greatly exceeded the cost of the investment. Our overall customer service satisfaction exceeded the aggressive 80% target. OHCS did not meet our target for one performance measure: the percent of pounds in donated food distributed through Oregon Food Bank that are processed or repackaged bulk food purchased through the General Fund Food Program remained at 5%, below the 8% target.

## **4. CHALLENGES**

Many of the challenges OHCS faces are related to the housing market as well as resource availability. The financial and housing markets remain troubled, unemployment is still high, and foreclosures continue to remain higher than pre-recession. Trying to develop or create affordable housing for low-income Oregonians in this market often requires increased resources to either get the project built or purchase the home. As long as these costs continue to rise while resources remain stable or decline, OHCS's ability to create affordable housing will obviously diminish.

## **5. RESOURCES AND EFFICIENCY**

Oregon Housing and Community Services annual budget (based on its 2011-13 biennial budget) is approximately \$1.06 billion. The majority of this budget

(approximately 54.5%) is related to the origination of mortgage loans and the subsequent payment of debt services. The Department's budget contains about 1% state General Fund and about 1% of Lottery Funds. Approximately 29.3% of the Departments resources are from Federal funding sources that support a variety of anti-poverty programs, Section 8 rental assistance, and funding to support the development of very low income housing. The Department also receives about 14.2% of Other Funds for energy and weatherization assistance, manufactured dwelling park landlord and tenant mediation, and rental assistance. The Department uses its biennial customer service performance measure to evaluate its efficiency as well as effectiveness in providing service opportunities for low-income Oregonians. The seven other performance measures measure the Departments effectiveness in reaching program goals within its continuum of services, from homelessness and weatherization to providing affordable housing for people with special needs. The following questions indicate how performance measures and data are used for management and accountability purposes.

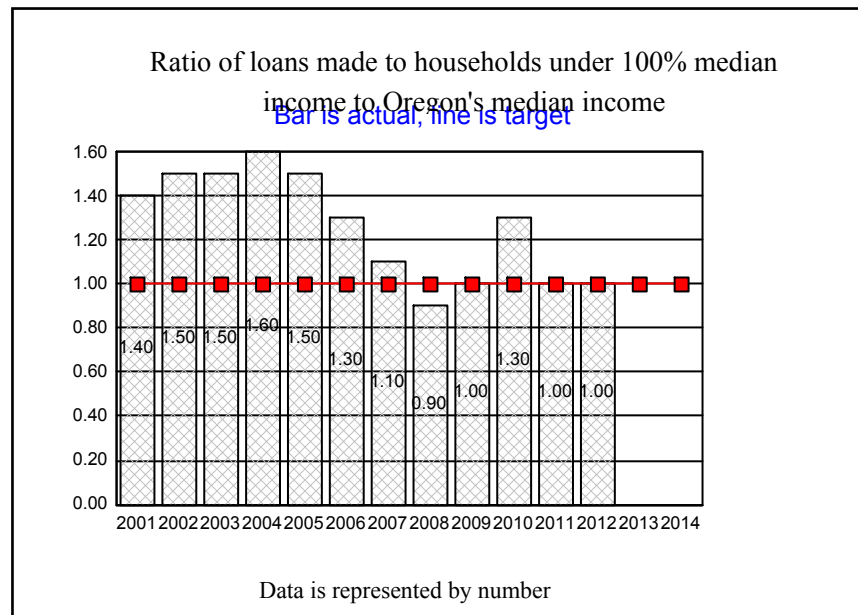
**INCLUSIVITY** - Describe the involvement of the following groups in the development of the agency's performance measures. Staff: The specific program staff linked to each KPM helped in the development of each measurement. Elected Officials: There was no elected official involvement in the development of these measures. Stakeholders: During the most recent reevaluation of the agency's performance measures many outside stakeholders were included in the process of critically reviewing the old measures and drafting new ones. Citizens: There was no citizen involvement in the development of these measures.

**MANAGING FOR RESULTS** - How are performance measures used for management of the agency? What changes have been made in the past year? With the measurements that have been established, the Department is able to make decisions about specific program focus. As necessary, management can make adjustments to how resources are used to impact those areas most in need. The Department includes its measurements related to housing development in applications for the Consolidated Funding Cycle. This communicates the Department's expectations to potential developers.

**STAFF TRAINING** - What training has staff had in the past year on the practical value and use of performance measures? The Department has put specific managers and/or staff in charge of each of the OHCS Performance Measures. Managers provide information and education to staff on the results of the performance measures.

**COMMUNICATING RESULTS** - How does the agency communicate performance results to each of the following audiences and for what purpose? Staff: Every employee is provided a copy of this annual report to see how their programs performed. Elected Officials: Information is provided through the department's web site and in our budget document. Stakeholders: Information is provided through the department's web site. Citizens: Information is provided through the department's web site.

<b>KPM #1</b>	Affordable Home Ownership Percent of households at or below the state's median income served by our single family programs matches or exceeds Oregon's households at or below median income.	2001
<b>Goal</b>	Homeownership: Increase homeownership opportunities for low-income Oregonians.	
<b>Oregon Context</b>	OBM #73 Homeownership: Percent of households that are owner occupied.	
<b>Data Source</b>	OHCS Loan Information Processing System	
<b>Owner</b>	Single Family Section Manager Roberto Franco 503.986.6732	



**1. OUR STRATEGY**

OHCS's strategy is to provide homeownership opportunities to individuals that are at 100% of state median income and below with a heavy emphasis on those that are at 80% and below. The Department works with approximately 30 banks that assist in marketing the program and origination loans.

**2. ABOUT THE TARGETS**

The target is to always provide 100% of these loans to Oregonians who are at 100% of the state median income or below. OHCS continues to focus on targeting those people who are at 80% state median income and below. A higher result on this measure is better, as that indicates that a higher percentage of the people served by the program are those with incomes below median income for the state.

**3. HOW WE ARE DOING**

In FY 2012 almost every person served by the single family program was at or below the median income for the state. The trend has been for the measure to be on target or better for the last several years.

**4. HOW WE COMPARE**

In terms of production, OHCS is on track in comparison to other Housing Finance Agencies around the nation.

**5. FACTORS AFFECTING RESULTS**

Continued low mortgage interest rates has reduced the appeal of the program since the start of the last recession, but the program has additional benefits aside from simply lower borrowing costs.

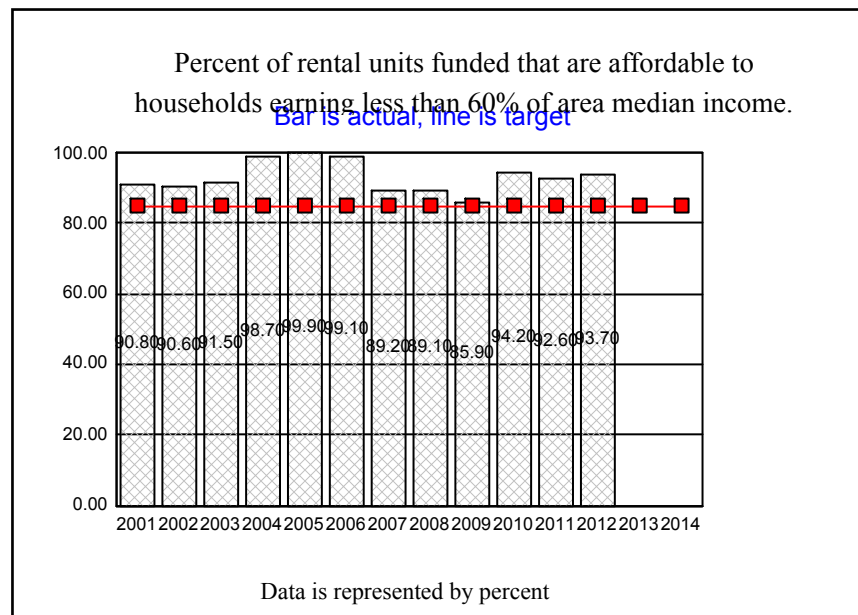
**6. WHAT NEEDS TO BE DONE**

OHCS will need to identify resources that increase down payment assistance in order to make home loans affordable to the lowest income Oregonians. Without this subsidy, homeownership will continue to be out of reach for many low-income Oregonians.

**7. ABOUT THE DATA**

Data is provided for the fiscal year from the Department's Loan Information Processing System. This data is very reliable as it is reconciled with bank servicers on a monthly basis.

<b>KPM #2</b>	Affordable Rental Housing through Bonds, Grants, and Tax Credits – Percent of housing units funded with grants, tax credits, and bonds, excluding market rate housing units, will be affordable to households earning less than 60% of the area median income.	2001
<b>Goal</b>	Housing Insecurity And Homelessness: Reduce housing insecurity and homelessness in Oregon.	
<b>Oregon Context</b>	OBM #74a - Affordable Housing: Percent of Oregon households below median income spending 30% or more of their income on housing (including utilities) a. renters.	
<b>Data Source</b>	OHCS Department Information System for Housing (DISH)	
<b>Owner</b>	Multifamily Housing Section Manager Heather Pate (503) 986-6757	



**1. OUR STRATEGY**

OHCS's strategy is to provide affordable rental housing opportunities for individuals at 60% area median income and below. The Department works with a

variety of affordable housing developers to create affordable housing projects across Oregon. These developers include housing authorities, community development corporations, non-profits organizations, and private housing developers.

## **2. ABOUT THE TARGETS**

The target is to provide 85% of the units developed in the Department's bonds, grants, and tax credits programs for individuals at or below 60% area median income. People making below median income for their area are those most in need of affordable housing. A higher result for this measure is better, as it indicates that more of the units developed by the department are targeted towards those most in need.

## **3. HOW WE ARE DOING**

In 2012, the percent of units developed through the OHCS bonds, grants, and tax credits programs for low-income Oregonians at or below 60% area median income was 93.7%. This measure continues to be above the target.

## **4. HOW WE COMPARE**

In terms of production, OHCS is on track in comparison to other Housing Finance Agencies around the nation.

## **5. FACTORS AFFECTING RESULTS**

The agency places a high priority on developing projects targeted for the Oregonians most in need of affordable housing.

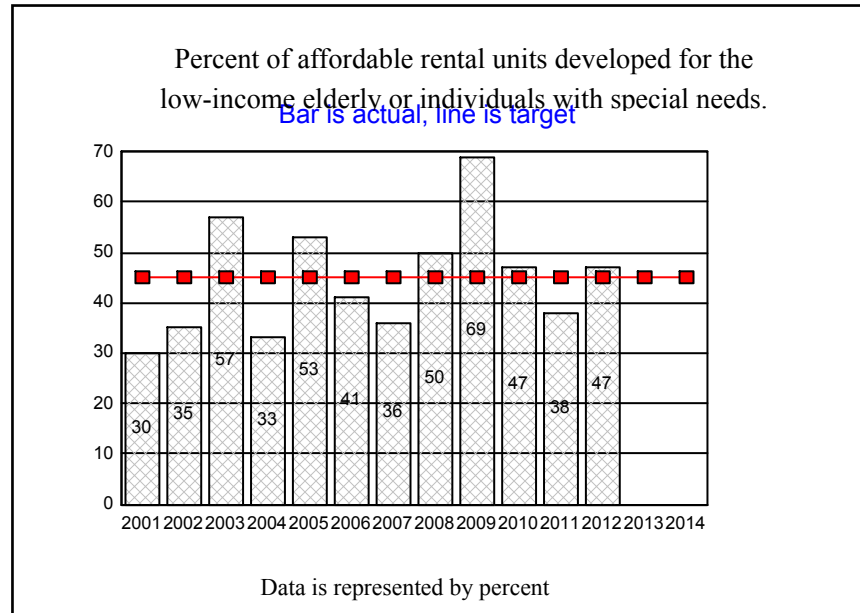
## **6. WHAT NEEDS TO BE DONE**

Based on the successful trend shown in the reported data, OHCS needs to continue to focus on providing affordable housing for people with income less than 60% of the area median income.

## **7. ABOUT THE DATA**

Data is provided on a fiscal year basis from the DISH database. This data is very reliable as it is reconciled with an additional data captured in Excel spreadsheets.

<b>KPM #3</b>	Increasing Housing for Special Needs Individuals – Percent of affordable rental housing units developed that provide rental opportunities for the low-income elderly or individuals with special needs compared to the percent of the state's population that are low-income elderly or individuals with special needs.	2001
<b>Goal</b>	Self-Sufficiency: Increase self-sufficiency among low-income Oregonians	
<b>Oregon Context</b>	OBM #74a - Affordable Housing: Percent of Oregon households below median income spending 30% or more of their income on housing (including utilities) a. renters.	
<b>Data Source</b>	OHCS Loan Information Processing System and Data Information System for Housing	
<b>Owner</b>	Multifamily Housing Section Manager Heather Pate (503) 986-6757	



**1. OUR STRATEGY**

OHCS's strategy is to provide affordable housing opportunities for individuals with special needs. These include, but are not limited to: elderly, disabled, homeless, released offenders, farm workers, and people rehabilitating from drugs or alcohol. This type of housing is typically designed for individuals with very low-income and requires the necessary services to meet the needs of the residents.

## **2. ABOUT THE TARGETS**

The target is for 45% of all affordable units developed through OHCS funding for multifamily projects be for individuals with special needs.

## **3. HOW WE ARE DOING**

The Department's success in this measure has generally been good, but erratic, due to the varied nature of housing projects proposed for funding. In fiscal year 2012, 47% of all multifamily units developed were targeted for people with special needs.

## **4. HOW WE COMPARE**

There is no comparable data for this measure. Typically housing finance agencies set the target for these types of populations annually based on known needs and policy priorities.

## **5. FACTORS AFFECTING RESULTS**

Special needs housing often requires intensive services to be provided in order to make the project successful. Many of the barriers that have been associated with creating special needs housing are due to the lack of funding available for services.

## **6. WHAT NEEDS TO BE DONE**

OHCS continues to focus on the "Housing First" model that places stable housing at the center of serving people in need. OHCS will continue to place a priority in funding projects for vulnerable populations.

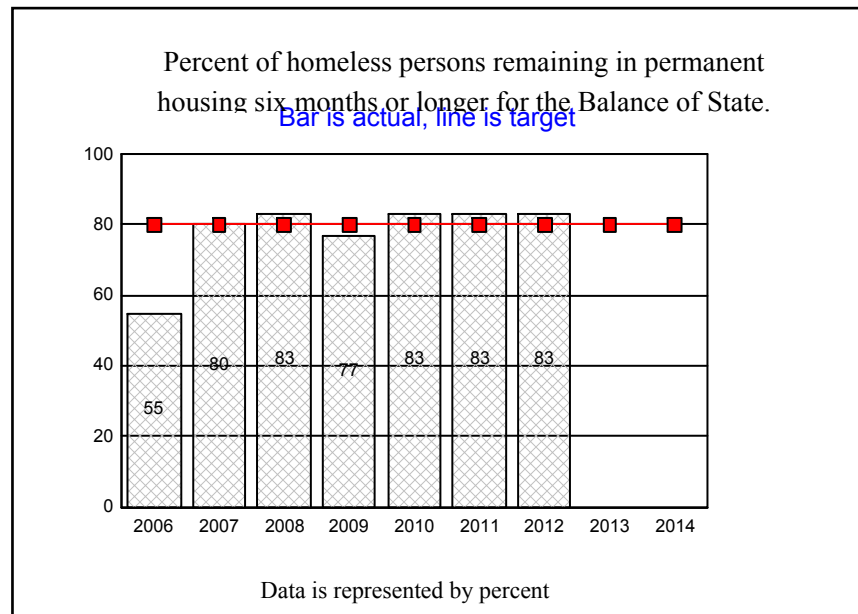
## **7. ABOUT THE DATA**

Data is provided on a fiscal year basis from the Department's Data Information System for Housing. The data is very reliable and is verified with staff



spreadsheets of funding awards to ensure accuracy.

<b>KPM #4</b>	Reducing Homelessness – Percent of homeless persons entering permanent housing with stays of six months or longer. .	2001
<b>Goal</b>	Housing Insecurity And Homelessness: Reduce housing insecurity and homelessness in Oregon.	
<b>Oregon Context</b>	OBM #56 Homelessness: Number of Oregonians that are homeless on any given night (per 10,000).	
<b>Data Source</b>	The Homeless Management Information System (HMIS) and the Annual Homeless Statistical Report	
<b>Owner</b>	Richard Mathews, Community Services Section Manager, 503-986-2097	



**1. OUR STRATEGY**

OHCS's strategy is to ensure that homeless households that exit a homelessness program are achieving at least 6-months of stable housing. Studies have shown that people who are able to maintain stable housing for at least six months are most likely to have long-term success.

**2. ABOUT THE TARGETS**

A higher number is better as it indicates that more people who have exited the homelessness programs are able to stay in their housing for at least six months.

**3. HOW WE ARE DOING**

2011 saw 83% of people entering permanent housing stay at least six months; this exceeds the target of 80%. While the number of people entering permanent housing from a homelessness program has fluctuated from year to year, the overall percentage of people able to remain in a stable situation for at least six months after exit has remained above, or close to, the target of 80%.

**4. HOW WE COMPARE**

OHCS's progress on this measure appears consistent with those other states that also follow an intensive permanent housing strategy for the homeless.

**5. FACTORS AFFECTING RESULTS**

Shifting program attention towards the housing-first model has been ongoing for the last few years. Success in this measure appears to be demonstrating the success in this model, especially given the difficult economic circumstances of the last few years.

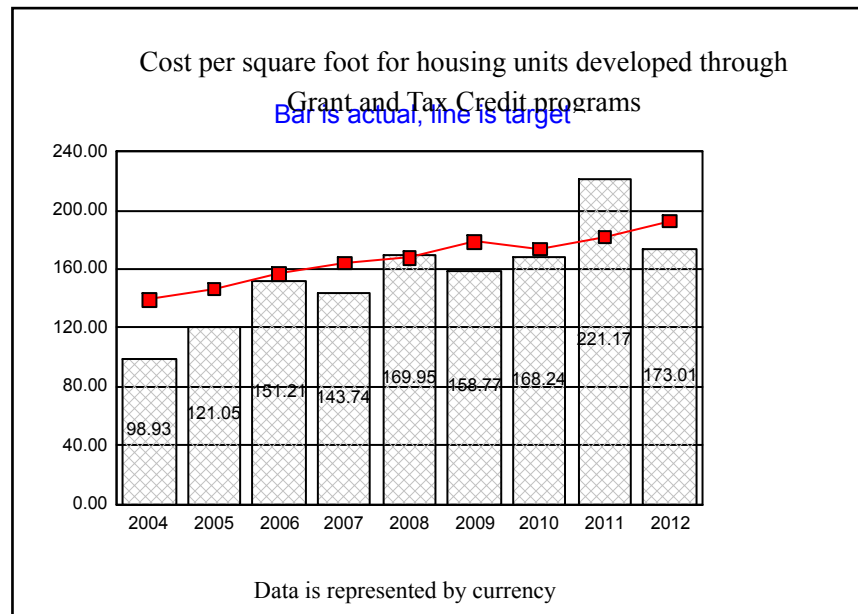
**6. WHAT NEEDS TO BE DONE**

Continued focus on the housing-first model as the goal of programs intended to prevent and end homelessness in Oregon.

**7. ABOUT THE DATA**

Data is collected over the calendar year through the Homelessness Management Information System (HMIS) by local agencies and reported to OHCS.

<b>KPM #5</b>	Construction Costs – Cost per square foot for housing units developed through Grant and Tax Credit programs.	2008
<b>Goal</b>	Maintain a cost per square foot that is no more than 5% above the RSMeans average.	
<b>Oregon Context</b>	N/A	
<b>Data Source</b>	OHCS DISH application and current RSMeans data.	
<b>Owner</b>	Multifamily Housing Section Manager Heather Pate (503) 986-6757	



1. OUR STRATEGY

The Department’s strategy is to work with its partners to address the costs of construction and keep them in line with national averages.

## 2. ABOUT THE TARGETS

For units built through the Department's Grant and Tax Credit programs (Consolidated Funding Cycle), the target is to ensure that our construction cost per square foot is no more than 5% over that of RS Means.

## 3. HOW WE ARE DOING

This measure was requested by the Legislature in a budget note to our 2007-09 budget. In general, the department's cost per square foot has tracked the RSMeans average. Fiscal Year 2011 construction costs rose in general, with RSMeans increasing by almost 5% to \$181.73 per square foot. The department's costs increased significantly, \$221.17 per square foot., exceeding the performance measure target. Fiscal Year 2012 has seen the department's costs return to normal levels, \$173.01 per square foot, and are now below the RSMeans average.

## 4. HOW WE COMPARE

This measure is unique to Oregon.

## 5. FACTORS AFFECTING RESULTS

The 2007-09 recession, coupled with reduced construction activity, had a moderating impact on construction costs. Many projects completed in fiscal year 2011 received some funding through the federal ARRA stimulus, which required prevailing wages for construction and renovation work, that resulted in an increase in agency costs. Most projects completed in fiscal year 2012 did not have that same requirement and that is reflected in the reported lower costs.

## 6. WHAT NEEDS TO BE DONE

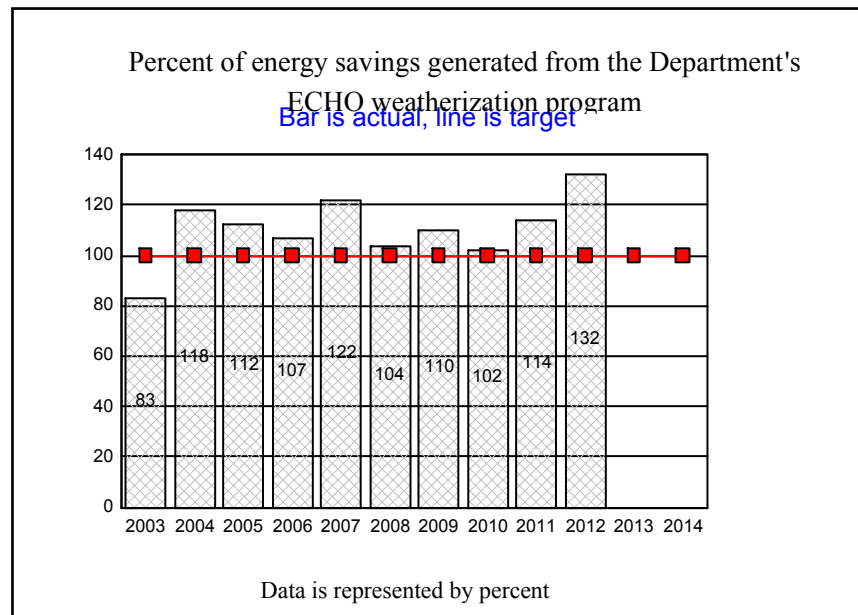
OHCS will need to continue to work with its partners to keep construction costs for housing units controlled.

## 7. ABOUT THE DATA

OHCS cost per square foot data comes from our Data Information System for Housing. RSMeans is North America's leading supplier of construction cost information. A product line of Reed Construction Data, RSMeans provides accurate and up-to-date cost information that helps owners, developers, architects, engineers, contractors and others to carefully and precisely project and control the cost of both new building construction and renovation projects. (See:

[http://www.rsmeans.com/.](http://www.rsmeans.com/))

<b>KPM #6</b>	Increasing Energy Savings – For all funds invested, the percent of energy savings generated from the Department’s Energy Conservation Helping Oregonians (ECHO) weatherization program.	2003
<b>Goal</b>	Self-Sufficiency: Increase self-sufficiency among low-income Oregonians	
<b>Oregon Context</b>	No Specific State Benchmark Agency Goal: To increase energy savings in Oregon	
<b>Data Source</b>	Quarterly Community Action Agency Reports and the Economics of Energy Calculator	
<b>Owner</b>	Single Family Section Manager Roberto Franco 503.986.6732	



**1. OUR STRATEGY**

OHCS's strategy is to create energy savings in low-income Oregonians' homes to enable them to become more self-sufficient, and have more funds to meet other basic needs (food, medical etc).

**2. ABOUT THE TARGETS**

The target is to create \$1 in energy savings for every \$1 of state investment from the OHCS Energy Conservation Helping Oregonians program. This is represented as 100% of the amounts expended as an energy savings.

**3. HOW WE ARE DOING**

The Department continues to be successful in the results of this program, achieving a return of 132% in 2012. Other than the first year of implementation, the program has been able to create an excess of 100% savings to the amount of state investment.

**4. HOW WE COMPARE**

This target is consistent with benchmark expectations in other states.

**5. FACTORS AFFECTING RESULTS**

Decreasing financing costs for weatherization material impacted the results of this performance measurement this year; 2012 showed a marked improvement from 2011, increasing the return from 114% to 132% of funds invested.

**6. WHAT NEEDS TO BE DONE**

OHCS will continue providing technical assistance to its partners in an effort to improve efficiency and reduce the costs of weatherization. In addition, new techniques for weatherization will be researched, and where appropriate, implemented to create more energy savings.

**7. ABOUT THE DATA**

Data is provided on a quarterly basis from Community Action Agencies. The energy savings is reported in kilowatts which is then converted to savings through the use of a nationally recognized Economics of Energy Calculator.



<b>KPM #7</b>	Agency Customer Service – Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.	2006
<b>Goal</b>	Provide our customers with great customer service.	
<b>Oregon Context</b>	No specific benchmark. Established through the standards provided by the Oregon Progress Board	
<b>Data Source</b>	Biennial External Customer Service Survey	
<b>Owner</b>	Research Analyst, Information Services Division, Tim Fitzgerald, 503.986.2057	



**1. OUR STRATEGY**

OHCS's strategy is to provide good to excellent customer service in the areas of timeliness, accuracy, helpfulness, expertise, and availability of information leading to good to excellent customer service for our overall performance.

**2. ABOUT THE TARGETS**

The target is to ensure that 80% of the respondents to the Department's customer service survey rate the agency as either good or excellent in overall performance, timeliness, accuracy, helpfulness, expertise, and availability of information.

### **3. HOW WE ARE DOING**

In 2011 we did our fourth customer service survey and the Department did not meet its target in all categories - Timeliness and Availability of Information scored below 80% while Accuracy, Expertise, Helpfulness, and Overall Quality scored above 80%. This survey is done biennially; the next OHCS customer survey will be conducted in 2013.

### **4. HOW WE COMPARE**

In comparison to other agencies' performance, OHCS appears to be at or above the average quality of customer service.

### **5. FACTORS AFFECTING RESULTS**

For the 2011 survey we increased the number of people contacted for the survey from 2009 which increased the turnout.

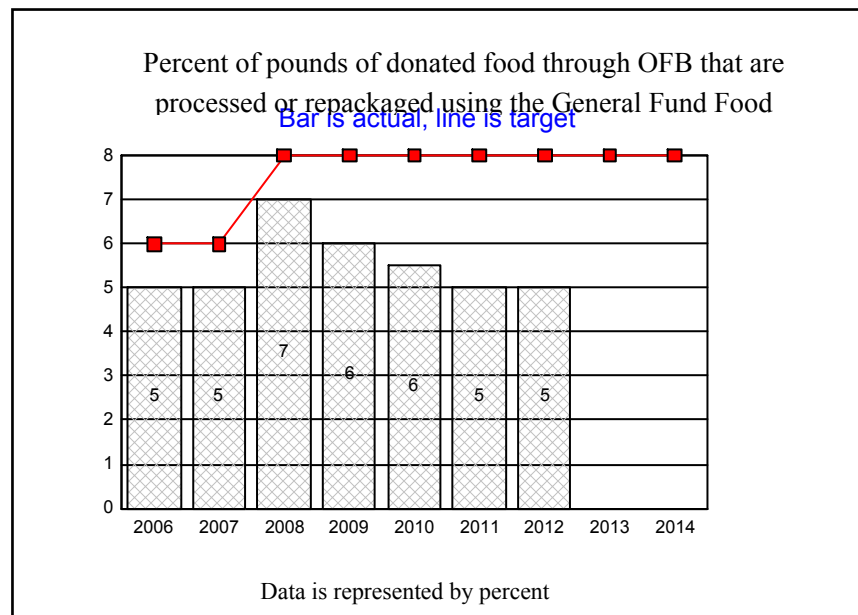
### **6. WHAT NEEDS TO BE DONE**

OHCS continues to work to improve our customers' access to Department information via the Internet and to offer very good customer service in all categories.

### **7. ABOUT THE DATA**

This data is collected through an external survey administered on a biennial basis to a statistically valid sample of OHCS's partners and key stakeholders.

<b>KPM #8</b>	General Fund Food Program - Percent of pounds in donated food distributed through Oregon Food Bank that are processed or repackaged bulk food purchased through the General Fund Food Program.	2006
<b>Goal</b>	Self-Sufficiency: Increase self-sufficiency among low-income Oregonians	
<b>Oregon Context</b>	OBM #58 Hunger: As a percent of the U.S., percent of Oregon households with limited or uncertain access to enough food for all household members to live a healthy and active life: a. food insecurity with hunger; b. food insecurity.	
<b>Data Source</b>	Oregon Food Bank	
<b>Owner</b>	Community Services Section Manager Richard Mathews 503.986.2097	



**1. OUR STRATEGY**

The Department's strategy is to work with its Oregon Food Bank partner and others to address the composition of emergency food boxes and provide families

with greater access to healthy and nutritional food.

## **2. ABOUT THE TARGETS**

Through the use of the Department's General Fund Food Program, the target is to ensure that 8% of the processed or repackaged food distributed through the Oregon Food Bank is linked specifically to the General Fund contribution.

## **3. HOW WE ARE DOING**

For 2012, the General Fund Food Program contributed 5% to the total food that was processed or repackaged through the Oregon Food Bank. The figure appears stable over the last few years, but still below target.

## **4. HOW WE COMPARE**

This measurement is unique to Oregon. Not all states contribute state support to hunger relief efforts.

## **5. FACTORS AFFECTING RESULTS**

As the General Fund contribution has been stable for the program for Fiscal year 2011-2012, other contributions, such as from the food industry, made up a larger percentage of the total food donations. The additional outside donations made the state's contribution relatively small as a percentage of the total amount of food donated.

## **6. WHAT NEEDS TO BE DONE**

OHCS will need to place an emphasis within its existing program on healthy nutritious food and maximizing its funding to meet the target established. In addition, the Department will need to seek increased funding to support this effort.

## **7. ABOUT THE DATA**

Data is provided on a calendar year basis from the Oregon Food Bank that reports the total amount of processed or repackaged food. In addition, OHCS receives an annual report from the Oregon Food Bank that shows the total pounds of repackaged or processed food that is purchased with the General Fund

Food Program. Both sources of data are very reliable due to the Oregon Food Banks excellent system for tracking donated food.

**Agency Mission:** Provide leadership that enables Oregonians to gain housing, become self-sufficient, and achieve prosperity.

**Contact:** Tim Fitzgerald, Research Analyst

**Contact Phone:** 503-986-2057

**Alternate:** Bill Carpenter, Chief Information Officer

**Alternate Phone:** 503-986-2128

**The following questions indicate how performance measures and data are used for management and accountability purposes.**

**1. INCLUSIVITY**

- \* **Staff:** The specific program staff linked to each KPM helped in the development of each measurement.
- \* **Elected Officials:** These measures are reviewed and approved by the Oregon Legislature. There was no additional elected official involvement in the development of these measures.
- \* **Stakeholders:** During the most recent reevaluation of the agency's performance measures many outside stakeholders were included in the process of critically reviewing the old measures and drafting new ones.
- \* **Citizens:** There was no citizen involvement in the development of these measures.

**2 MANAGING FOR RESULTS**

With the measurements that have been established, the Department is able to make decisions about specific program focus. As necessary, management can make adjustments to how resources are used to impact those areas most in need.

**3 STAFF TRAINING**

The Department has put specific managers and/or staff in charge of each of the OHCS Performance Measures. Managers provide information and education to staff on the results of the performance measures.

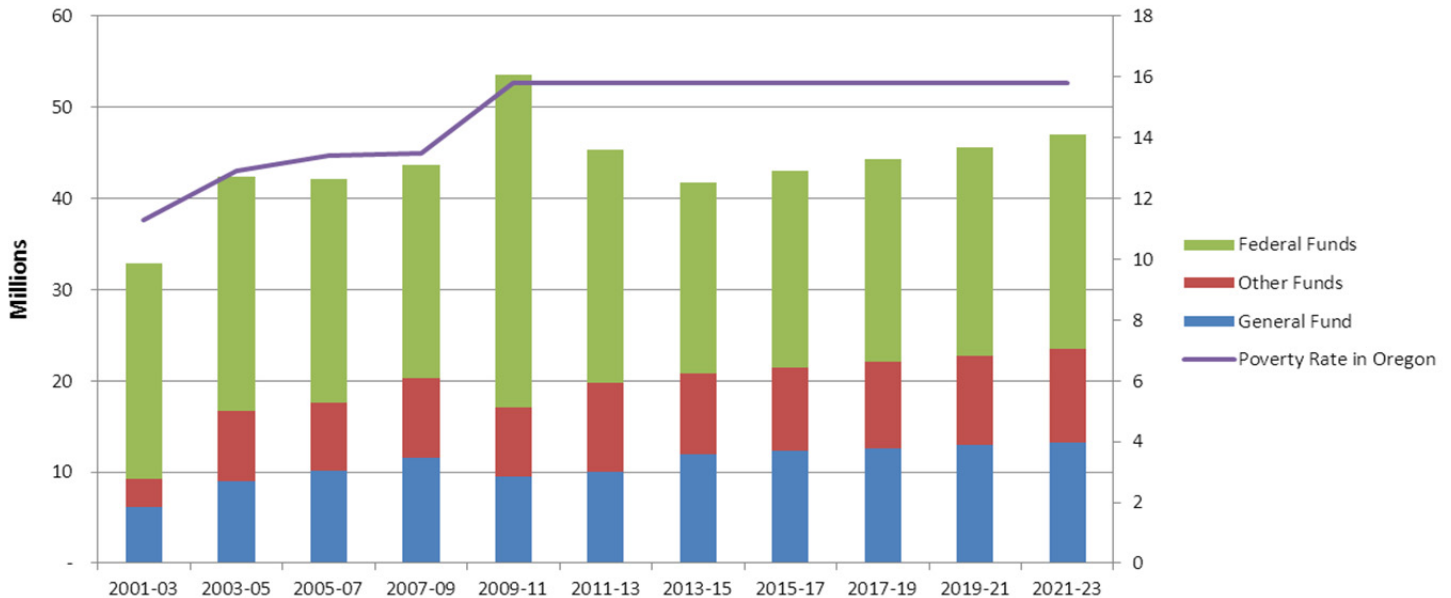
**4 COMMUNICATING RESULTS**

- \* **Staff:** Every employee is provided a copy of this annual report to see how their programs performed.
- \* **Elected Officials:** Information is provided through the department's web site and in our budget document.
- \* **Stakeholders:** Information is provided through the department's web site.
- \* **Citizens:** Information is provided through the department's web site.

# Oregon Housing and Community Services: Safety Net Programs

Primary Outcome Area: Healthy People

Program Contact: Richard Mathews  
503-986-2097  
[richard.mathews@state.or.us](mailto:richard.mathews@state.or.us)



## Executive Summary

Safety Net Programs comprise a continuum of services intended to help individuals stabilize their housing, as well as achieve greater economic stability and self-sufficiency. Services include providing access to healthy food, emergency housing, rental assistance and other homeless prevention activities.

## Program Descriptions

In general, a social “Safety Net” protects vulnerable or at-risk households from the harsh impacts of poverty, hunger, and homelessness. Oregon Housing and Community Services (OHCS) provides local communities with a wide range of tools necessary to develop a safety net for low-income Oregonians.

**Homeless Programs** aid local practitioners to prevent and end homelessness. Through use of assessment tools, local providers identify the unique resources necessary to maintain or regain housing stability for eligible households (earning 30% or less of area median income). Through a variety of state and federal funding, qualified Oregonians may access services ranging from emergency shelter, transitional or permanent-supportive housing, rental assistance, case management, life and job skills training, counseling, transportation and childcare.

**Rent Guarantee Programs** support rent-readiness activities for homeless households with poor rental histories. Upon completion of classes such as “Landlord-Tenant Law”, “Home Maintenance”, and “Understanding Your Finances”-- participants receive Certificates of Completion that can be provided to property owners. These certificates increase the likelihood that low income Oregonians will obtain permanent housing. On a case-by-case basis, a financial guarantee may also follow the applicant to cover limited damage or non-payment of rent. **Rental Assistance Programs** are available to low-income Oregonians earning at or below 50% of area median income. These programs offer rental assistance and refundable security deposits paid directly to property owners on the tenants’ behalf. All households receiving rental assistance must participate in self-sufficiency planning to receive benefits.

**Food Programs** strengthen the Safety Net through commodity food distribution, emergency feeding programs and nutrition education across Oregon. Food programs also support state and regional food banks with infrastructure, equipment, and capacity building needs (such as transportation or expansion). **The Community Services Block Grant Program** provides communities with funds to develop programs and services which can mitigate the impacts of poverty. Community Services Block Grant funding is specifically intended to meet unique local need and is used to address economic and life stability in a variety of ways. This includes, but is not limited to, employment, education, income management, housing, emergency services, nutrition and health.

Oregon's Safety Net Programs are currently delivered statewide by Community Action Agencies, county governments, senior centers, tribes and other non-profit organizations. These providers collaborate as an extensive network to ensure coordination and leveraging of services for at-risk Oregonians. Other partners include state and federal agencies such as the Department of Human Services (DHS), the Department of Housing and Urban Development (HUD) and the Veterans Administration (VA).

In order to be successful, each community must work as a system to maximize/leverage limited resources, address gaps in service delivery, and improve program performance. With recent, statewide implementation of the Homeless Management Information System (HMIS)--data is now collected for all Safety Net Programs. This enhancement will assist in targeting solutions for families and individuals who are at risk, newly homeless or chronically homeless, and provide a more cost effective approach to program implementation.

### Program Justification and Link to 10-Year Outcome

Oregonians who are supported by Safety Net Programs often overwhelm the health care system in terms of cost and frequency of use. OHCS' Safety Net Programs provide services that assist vulnerable households to stabilize--moving as many as possible toward greater and sustainable self-sufficiency. Safety Net Programs most closely align with Strategies Four and Five of the Healthy People Policy Vision --which are to *"Ensure all Oregonians have access to decent housing which meets their basic needs and allows them to reach their full potential"* and *"Ensure access to sufficient, nutritious and affordable food for all Oregonians."*<sup>1</sup> Outcomes for these strategies are achieved through programs designed to prevent and end homelessness, as well as increase access to emergency food in communities statewide.

In 2010, the Poverty Rate in Oregon reached a 10-year high and directly affected nearly 600,000 Oregonians. Poverty is the leading cause of hunger and homelessness, both of which pose significant short and long-term health risks among adults and children. For example:

- The impacts of being homeless, even temporarily, are significant. Multiple studies indicate that adults experiencing homelessness face significantly higher rates of chronic illness, emotional distress, disability and premature death than the general population. Homelessness is also linked to poor physical health in children including low birth weight, malnutrition, ear infections, exposure to environmental toxins, and chronic illness.<sup>2</sup>
- Hungry children are less successful in the classroom because they are not well prepared for school, and have difficulty concentrating. They have more social and behavioral problems because they feel poorly, have less energy for complex social interactions, and cannot adapt as effectively to environmental stresses.<sup>3</sup>

By addressing the economic/life stability of Oregonians, Safety Net Programs can assist in preventing and ending homelessness, and ensure that Oregonians maintain access to affordable housing. National studies indicate that while a small portion of the homeless population needs intensive, long-term services, most people experiencing homelessness can regain housing with rent assistance and some housing stabilization services (such as help with employment, connecting with other financial assistance programs, or budget counseling).<sup>4</sup>

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<sup>1</sup> State of Oregon. 2012. "10 Year Plan for Oregon Project: Healthy People Policy Vision."

<sup>2</sup> American Psychological Association. 2012. Effects of Poverty, Hunger, and Homelessness on Children and Youth. Available at: <http://www.apa.org/pi/families/poverty.aspx>

<sup>3</sup> John Cook and Karen Jeng (2009). [Child Food Insecurity: The Economic Impact on Our Nation](http://feedingamerica.org/SiteFiles/child-economy-study.pdf), Feeding America. Available at: <http://feedingamerica.org/SiteFiles/child-economy-study.pdf>

<sup>4</sup> National Alliance to End Homelessness, 2012. "Prevention and Rapid Rehousing." Available at: [http://www.endhomelessness.org/section/solutions/prevention\\_and\\_rapid\\_re\\_housing](http://www.endhomelessness.org/section/solutions/prevention_and_rapid_re_housing)



OHCS Safety Net Programs, in partnership with the Oregon Food Bank, ensure four unique funding streams are used to help regional providers acquire, store, transport, and distribute food to 20 regional food banks and 947 food pantries across Oregon--thereby *“improving the food security safety net, especially in rural communities.”*<sup>5</sup>

Addressing the economic stability of Oregonians also impacts economic, safety and education outcomes. Research indicates that every \$1 invested in homeless youth yields an average savings of \$4.12 resulting from reduced need for medical care, juvenile justice programs, school district services and foster care placement.<sup>6</sup> Similarly, chronically homeless Oregonians who are provided permanent, supportive housing services see an average 50% rise in earned income, and a 40% rise in employment.<sup>7</sup>

## Program Performance

Current program indicators include the percentage of homeless persons entering permanent housing, the number of emergency food boxes distributed to Oregonians and the number of households receiving Rental Assistance.

	2007	2008	2009	2010	2011	2012 (estimated)	2013-15 (forecasted)
% of Homeless Persons Exiting the Program to Permanent Housing	80%	83%	77%	83%	83%	80%	n/a <sup>a</sup>
Emergency Food Boxes Distributed <sup>b</sup>	700,277	789,061	808,701	903,829	965,000	1,022,900	2,233,604
Households receiving Rental Assistance	1650	1162	850	940	902	675	1200

<sup>a</sup> OHCS hopes to be using a new measure beginning in 2013-15 (noted below).

<sup>b</sup> Data represents funding from the General Fund Food Program, The Emergency Food Assistance Program, and leveraged private resources.

With recent, statewide rollout of the Homeless Management Information System (HMIS)—new data is now collected for all Safety Net programs. Beginning in the 2013-15 biennium, updated performance outcomes will include, but are not limited to:

- **Length of Stay in Shelter:** Percent of persons with stays of less than 31 days and exit to permanent housing
- **Recidivism:** Persons who experience more than one shelter stay in one year
- **Retention in Housing:** Percent of persons that retain housing for 6 months or longer and 12 months or longer
- **Discharge to Housing:** Percentage of persons discharged into permanent housing
- **Income:** Percentage of persons with cash and/or non-cash income at exit

## Enabling Legislation/Program Authorization – All Safety Net Programs

The table below outlines authorizing legislation (both State and Federal) for Safety Net Programs:

<b>Homeless Services</b>	State	Emergency Housing Account	ORS 458.620
	State	State Homeless Assistance Program	ORS 458.600
	Federal	TANF-Housing Stabilization Program	42 U.S.C. 7
	Federal	Emergency Solutions Grant	42 U.S.C. 11371-11378
<b>Rental Assistance</b>	State	Rent Guarantee	ORS 458.600

<sup>5</sup> State of Oregon. 2012. “10 Year Plan for Oregon Project: Healthy People Policy Vision.” (Strategy 5, page 20)

<sup>6</sup> Cahn, Katherine. 2009. “Stronger Youth and Smarter Communities: An Analysis of Oregon’s Investment in Runaway and Homeless Youth Programs.” Available at: [http://www.oregon.gov/OCCF/Documents/Runaway\\_Homeless\\_Youth/2009\\_PSU\\_Analysis\\_of\\_Oregons\\_Investment\\_in\\_Runaway-Homeless\\_Youth\\_Programs\\_Exec\\_Summary.pdf?ga=t](http://www.oregon.gov/OCCF/Documents/Runaway_Homeless_Youth/2009_PSU_Analysis_of_Oregons_Investment_in_Runaway-Homeless_Youth_Programs_Exec_Summary.pdf?ga=t)

<sup>7</sup> Moore, Thomas L. 2006. “Estimated Cost Savings Following Enrollment in the Community Engagement Program.” Available at: <http://documents.csh.org/documents/policy/PortlandCostStudy.pdf>

	State	Low-Income Rental Housing Fund	ORS 458.350-458.460
	Federal	HOME Tenant-Based Rental Assistance	42 U.S.C. 12725
<b>Food and Nutrition</b>	Federal	The Emergency Food Assistance Program	42 U.S.C. 7508
	Federal	Commodity Supplemental Food Program	7 U.S.C. 612(c)
	Federal	Food Distribution Persons on Indian Reservations	7 U.S.C. 2013(b), 7 U.S.C. 612(c)
	State	General Fund Food Program	ORS 458.525 – 458.545
<b>Anti-Poverty</b>	Federal	Community Services Block Grant	42 U.S.C. 9901-9926

## Funding Streams

Safety Net Programs are funded by a number of Federal, General Fund and Other (e.g. State Document Recording Fee) sources as outlined below:

<b>Homeless Services</b>	Dept. of Housing & Urban Development	Emergency Solutions Grant	42 U.S.C. 119(IV)
	Dept. of Health and Human Services *	TANF-Housing Stabilization Program	42 U.S.C. 7
	State Document Recording Fees	Emergency Housing Account	ORS 458.620
	State General Fund	State Homeless Assistance Program	ORS 458.600
<b>Rental Assistance</b>	Dept. of Housing & Urban Development	HOME Tenant-Based Rental Assistance	42 USC Sec. 6833
	State General Fund	Low-Income Rental Housing Fund	ORS 458.600
<b>Food and Nutrition Programs</b>	US Dept. of Agriculture	The Emergency Food Assistance Program	42 U.S.C. 7501
	US Dept. of Agriculture	Commodity Supplemental Food Program	7 U.S.C. 612c
	US Dept. of Agriculture	Food Distribution Program on Indian Reservations	7 U.S.C. 612(c)
	State General Fund	General Fund Food Program	ORS 458.525-545
<b>Anti-Poverty</b>	US Dept. of Health & Human Services	Community Services Block Grant	42 U.S.C. 9903

\*in partnership with Oregon Department of Human Services

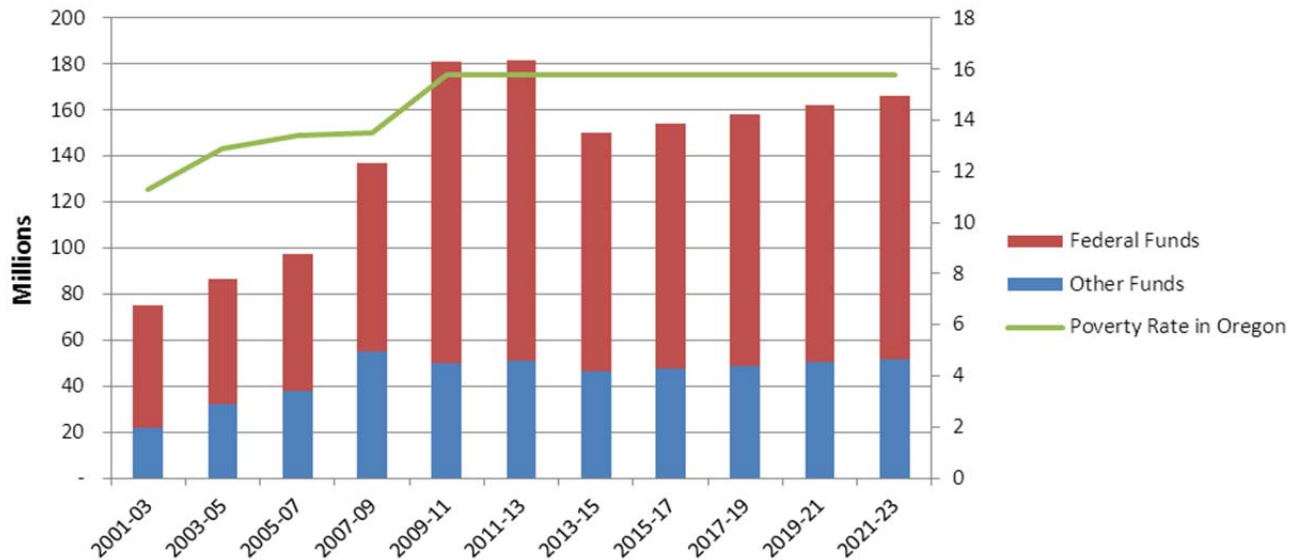
## Significant Proposed Program Changes from 2011-13

OHCS will be reviewing these programs for impact, financial sustainability, and duplication as it works to revise its business model and funding strategies. The department has historically generated unrestricted funds from its bond activities, and used these funds to support numerous programs, including some Safety Net programs. Because of declining bond activity, the possibilities for internally subsidizing programs and initiatives is shrinking.

# Oregon Housing and Community Services: Energy and Weatherization Programs

Primary Outcome Area: Healthy People

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## Executive Summary

Energy Assistance and Weatherization programs mitigate high energy costs, address health and safety risks, and improve energy efficiency in the homes of low-income Oregonians. Services include utility bill payment assistance, health and safety improvements, heating system repair and replacement, energy conservation services, baseload measures (including replacement of inefficient appliances and lighting), and energy conservation education.

## Program Description

For many vulnerable Oregonians, increasing energy costs mean choosing between heat and other basic necessities such as food, healthcare or prescriptions. **Low-Income Energy Assistance** is critical for preventing utility disconnection, and in some cases, restoring home energy services. Both the federal Low-Income Home Energy Assistance Program (LIHEAP) and the ratepayer-funded Oregon Energy Assistance Program (OEAP) provide annual, one-time bill payment assistance to eligible households earning 60% or less of Oregon's median income.

**Low-Income Weatherization Assistance Programs** have operated in Oregon since 1979. Through a diverse mix of federal, state and ratepayer monies--these programs provide home health and safety improvements, heating system repair and replacement, energy conservation services, and baseload measures (including replacement of inefficient appliances and lighting) to households earning 60% or less of state median income level. Priority is given to the most vulnerable Oregonians, seniors (60 years of age and older), people with disabilities, and households with children under six (6) years of age.

All households receiving energy assistance or weatherization services also have access to energy education. Through workshops, home visits or one-on-one appointments, energy education provides information to low-income Oregonians on how to reduce home energy bills through behavioral changes; thereby optimizing household utility savings gained from bill payment assistance or weatherization improvements.

Both Energy Assistance and Weatherization programs are administered and delivered through the statewide Community Action network, which includes county governments, senior centers, housing authorities and tribes. While current funding levels for energy programs can only serve a percentage of eligible households, partnering with Community Action Agencies increases access to local, private, and other leveraged resources—maximizing the funding impact for low-income Oregonians.

OHCS and local providers constantly strive to keep administrative costs low. One example includes the use of a statewide database which prevents duplicate payments, accurately determines benefit levels, and proactively identifies discrepancies in household information provided at the time of eligibility determination. Our department is also continually assessing service delivery in an effort to improve program performance. For example, Oregon Housing and Community Services (in collaboration with statewide partners) is currently in the process of developing a Request for Proposal (RFP) to evaluate alternative delivery models for energy assistance, particularly those that have proven successful in other states.

### Program Justification and Link to 10-Year Outcome

Energy and Weatherization Programs support the Healthy People Outcome Goal. More specifically, these programs align with Strategy Four of the Healthy People Policy Vision, which is to “*Ensure all Oregonians have access to decent housing which meets their basic needs and allows them to reach their full potential.*”<sup>1</sup> This is achieved by helping households maintain life-saving utility services, addressing home health and safety issues, as well as tackling high home energy costs among low-income Oregonians.

In 2010, approximately 67,000 of Oregon’s poorest families paid over 36.5% of their income on energy bills.<sup>2</sup> Rising energy costs, coupled with older housing stock, pose significant health risk to vulnerable Oregonians. For example:

- Up to 26% of low-income households keep their home at temperatures that are unsafe or unhealthy.<sup>3</sup> Furthermore, over 25% of families who lose their primary source of heating use unsafe methods to keep themselves warm--risking burns, carbon monoxide poisoning, and house fires.<sup>4</sup>
- A short term lack of hot water, refrigeration and cooking capacity can result in lost wages, evictions, and in some cases, homelessness.<sup>5</sup>
- High energy costs and deferred maintenance increase the likelihood that low income families will experience unhealthy housing conditions--including lack of heat, water leaks, mold, and lead paint.<sup>6</sup>

**Energy Assistance Programs** assure that low-income households can maintain heat in their homes during winter months. In warmer regions of the state, energy assistance can also help Oregonians keep cool during life-threatening heat waves. These services are especially critical among vulnerable households (elderly, disabled, families with young children) who are particularly sensitive to variations in temperature.<sup>7</sup>

However, the impacts of Energy Assistance go well beyond staying warm or cool. Households who receive energy assistance are less likely to accumulate excessive arrearages or experience utility disconnection, thereby reducing the risk of eviction or homelessness.<sup>8</sup> Studies from the Boston Medical Center also indicate that many low-income households are making dangerous trade-offs between food and energy--resulting in increased rates of food insecurity, lower weight and decreased growth rates among children (particularly within families of color).<sup>9</sup> Energy Assistance has a

<sup>1</sup> State of Oregon. 2012. “10 Year Plan for Oregon Project: Healthy People Policy Vision.”

<sup>2</sup> Fisher, Sheehan and Colton. 2011. “On the Brink 2010: The Home Energy Affordability Gap.” Available at: <http://www.homeenergyaffordabilitygap.com>

<sup>3</sup> NEADA. 2010. “2009 National Energy Assistance Survey.” Available at: <http://neada.org/communications/press/NEADA%202009%20Survey%20Report%204-16-10.pdf>

<sup>4</sup> Snyder, Lynne and Chris Baker. 2010. “Affordable Home Energy and Health: Making the Connections.” AARP: Research Report No. 2010-05.

<sup>5</sup> Boston Medical Center. 2006. “Unhealthy Consequences: Energy Costs and Child Health.” Available at: [www.childrenshealthwatch.org/upload/resource/ENERGY\\_CHIA.pdf](http://www.childrenshealthwatch.org/upload/resource/ENERGY_CHIA.pdf)

<sup>6</sup> Boston Medical Center. 2006. “Unhealthy Consequences: Energy Costs and Child Health.” Available at: [www.childrenshealthwatch.org/upload/resource/ENERGY\\_CHIA.pdf](http://www.childrenshealthwatch.org/upload/resource/ENERGY_CHIA.pdf)

<sup>7</sup> Snyder, Lynne and Chris Baker. 2010. “Affordable Home Energy and Health: Making the Connections.” AARP: Research Report No. 2010-05.

<sup>8</sup> Ettinger de Cuba, S., Frank, D.A., Cook, J., et al. 2007. “Balancing Acts: Energy Insecurity among Low-Income Babies and Toddlers of Color Increases Food Insecurity and Harmful Health Effects.” in *Research Findings from the Children’s Sentinel Nutrition Assessment Program (C-SNAP)*: Joint Center for Political and Economic Studies Health Policy Institute.

<sup>9</sup> Ibid

proven *protective* effect against this “Heat or Eat” phenomenon, with recipients less likely to demonstrate food insecurity and slowed physical growth.<sup>10</sup>

The living environment itself is also a significant health driver. **Low-Income Weatherization Programs** provide a unique opportunity to address household health and safety. When weatherization crews visit a home to complete energy upgrades and repairs—they also perform important health and safety assessments. For example, every home is tested for lead if paint is disturbed and visually inspected for mold. Ventilation systems are tested and upgraded if necessary to improve indoor air quality, and all houses with combustion appliances receive Carbon Monoxide alarms. Additionally, repair and replacement of dysfunctional heating systems prevent health and safety risks associated with combustion by-products, lack of heat, and fire hazards. Research indicates that every \$1 invested in weatherization programs yields a return of \$7-- including avoided costs associated with uninsured medical expenses, lost work and fire damage.<sup>11</sup>

As a result of weatherizing a home, the utility bills of the low-income Oregonians are also reduced. National research indicates that low-income households who receive weatherization services experience energy savings of \$350 or more per year.<sup>12</sup> These savings make it easier for families to pay for other necessities such as rent, medical care and food-- subsequently increasing their likelihood of maintaining housing stability.

## Program Performance

The indicators below reflect federal program objectives, as well as strategies outlined in Oregon’s 10-Year Plan. As noted, some of the low-income energy assistance and weatherization performance measures are currently being developed, and will not be available until the 2013-15 biennium.

<b>Energy Assistance</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2013-15</b>
Total Households Served	74,600	83,018	115,535	109,505	104,157	208,300
Average Energy Assistance Benefit	\$323	\$342	\$396	\$428	\$409	\$410
Number of Households who Received Energy Education	<i>Being developed for 2013-15 Biennium</i>					
Number of Households Linked to Other, Safety Net Services	<i>Being developed for 2013-15 Biennium</i>					
Number of Households where No-Heat Crisis was Prevented	28,455	33,198	51,672	47,979	44,950	92,000
Number of Households where Home Energy/Utility Restored	4,195	4,485	6,548	6,843	9,716	16,000
Average Decrease in Energy Burden*	<i>Being developed for 2013-15 Biennium</i>					

\* Energy Burden is the percentage of income which is used to pay for home energy/utility costs.

<b>Weatherization</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2013-15</b>
Total Households Served	3,644	3,654	4,726	4,391	4,444	8,888
Households Receiving Health and Safety Repair	987	1,194	1,182	2,335	2,178	4,250
Number of Households who Received Energy Education	<i>Being developed for 2013-15 Biennium</i>					
Persons Served Age 60 and Over	1,986	1,721	1,701	2,225	1,733	3,460
Persons Served Under the Age of 6	858	937	1,024	1,614	1,063	2,126
Disabled Persons Served	1,438	1,186	1,282	1,519	1,295	2,595
Average Decrease in Energy Use (Post-Weatherization)	<i>Being developed for 2013-15 Biennium</i>					

## Enabling Legislation/Program Authorization

<sup>10</sup> Frank, D.A., Ettinger de Cuba, S., Neault, N., et al. 2006. “Protecting the Health and Nutrition of Young Children of Color: The Impact of Nutrition Assistance and Income Support Programs” in *Research Findings from the Children’s Sentinel Nutrition Assessment Program (C-SNAP)* prepared for Joint Center for Political and Economic Studies Health Policy Institute.

<sup>11</sup> J. Oppenheim and T. MacGregor. 2008. “Energy Efficiency Equals Economic Development.” Available at: [http://www.energys.com/global/our\\_community/advocate/Poverty\\_book.pdf](http://www.energys.com/global/our_community/advocate/Poverty_book.pdf)

<sup>12</sup> Department of Energy. 2009. “The Weatherization Program Fact Sheet.” Available at: [http://www1.eere.energy.gov/wip/pdfs/wap\\_factsheet.pdf](http://www1.eere.energy.gov/wip/pdfs/wap_factsheet.pdf)

The table below outlines authorizing legislation (both State and Federal) for Energy Assistance and Weatherization Programs:

Oregon Energy Assistance Program (OEAP)	State	ORS 757.612(7)
Low Income Home Energy Assistance Program (LIHEAP)	Federal	42 U.S.C. § 8621-8630
Weatherization Assistance Program (WAP)	Federal State	42 USC Sec. 6833 ORS 757.612, ORS 456.587

### Funding Streams

Revenue for Energy Assistance and Weatherization Programs comes from a mix of federal grants, ratepayer collections and settlement funding. No General Fund is used to provide Energy Assistance or Weatherization services.

Specific sources and related legislative citations are listed in the tables below:

#### Energy Assistance (Bill Payment) Services

US Dept. of Health and Human Services	Low Income Home Energy Assistance Program (LIHEAP)	42 U.S.C. § 8621-8630
PGE and Pacific Power Ratepayers	Meter Charges (Oregon Energy Assistance Program)	ORS 757.612(7)

#### Weatherization Services

US Department of Energy	Weatherization Assistance Program (WAP)	42 USC Sec. 6833
US Dept. of Health and Human Services	Low Income Home Energy Assistance Program (LIHEAP)	42 U.S.C. § 8621-8630
Bonneville Power Administration	Weatherization Assistance Program (WAP)	--
PGE and Pacific Power Ratepayers	Energy Conservation Helping Oregonians (ECHO)	ORS 757.612
Department of Justice	Various Settlement Funds, Escrow Accounts	--

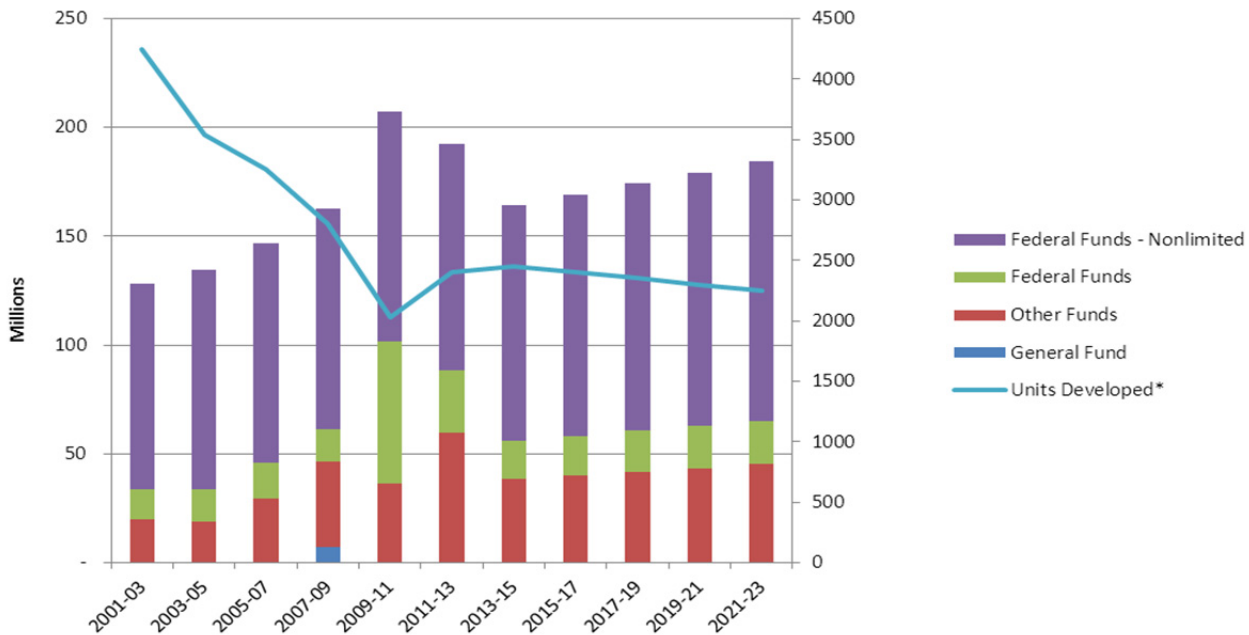
### Significant Proposed Program Changes from 2011-13

OHCS is reviewing all its programs for effectiveness, impact, and financial sustainability. The agency will also begin exploring duplication and the prospects of service delivery fragmentation as it moves to align with the 10 year plan objectives related to improving government.

# Oregon Housing and Community Services: Multifamily Rental Housing Programs

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\*Funding totals for each biennium include federal Section 8 pass-through dollars, which are not used for housing development.

## Executive Summary

Federal and state funded Multifamily Rental Housing Programs allow Oregon Housing and Community Services (OHCS) to provide financing for a continuum of housing options for low-income and fragile Oregonians. This includes grants and loans to enable the development of new housing units, rehabilitation of existing housing units, and preservation of affordable housing projects with project-based Section 8 and Rural Development rental subsidies, and administration of HUD rental assistance contracts with private owners.

## Program Description

Multifamily Rental Housing Programs expand the availability of decent, affordable housing for low-income Oregonians. This is achieved by funding a portion of the new construction, acquisition, and rehabilitation of existing rental housing units--ranging from housing for persons with special needs to housing for lower income, working families. The developments are usually financed using a combination of resources which include the allocation of low income housing tax credits, low interest loans (including tax-exempt bond financing), grants, and tax incentives. The success of OHCS's programs relies on the effective public/private partnerships that are utilized in delivering on our mission, while leveraging the public subsidy with private funds (e.g., tax credit equity, conventional construction and permanent financing).

The majority of the funding resources are awarded through a competitive process, while others are open for application year-round. Application processes incorporate OHCS's policy objectives to assure that funds are targeted to projects with strong affordability achievements, and also demonstrate a link to unique local community need. Additionally,

funding is tied to appropriate resident services being provided to the project's target population, which goes a long way in assuring housing stability and meeting the needs of Oregon's most vulnerable residents. Examples include, but are not limited to, health care services, afterschool programs, mental health programs or meal programs. The utilization of a competitive process ensures that the public subsidy is going to the projects that best meet the State's policy objectives, given that there are more worthy projects contemplated than funding available.

Often, OHCS allocates multiple sources of funding to any given project that is seeking financial assistance from the State. In exchange for the public investment made by OHCS in the construction or rehabilitation of rental units, property owners are required to maintain long-term affordability of the units, which is documented through a regulatory agreement that is recorded against the real property.

Given the regulatory compliance requirements that come with the federal and state resources, OHCS's Asset Management and HUD Contract Administration Sections monitor the physical condition, management, and tenant eligibility of projects that have received funding. Many properties are inspected at least annually, and a review of management is conducted to ensure compliance with regulatory standards, federal regulations, and state rules. Individual units, common areas, building exteriors, roofs and landscaping are inspected in conjunction with representatives from the property management firm responsible for the day-to-day management of the projects.

Finally, OHCS serves as the Performance Based Contract Administrator (PBCA) for project-based Section 8 housing in Oregon. OHCS performs contract administration activities for approximately 269 contracts in HUD Section 8 properties across the state, which equates to 9,802 total units. The department also provides technical support to owners, managing agents, site staff, and residents. In addition, OHCS helps provide information to persons seeking housing, who might already be living in Section 8 housing, or who may be experiencing housing problems.

For Multifamily Rental Housing Programs to be effective, OHCS partners with individuals, corporations, housing authorities, and other entities. Associated cost drivers for administration of this program include compliance monitoring, financial review (both at the time of development and during the regulatory compliance period), underwriting costs, contract renewals and tenant complaint resolution. Processes associated with Multifamily Housing Rental Programs are continuously under evaluation in an effort to identify more efficient delivery methods, improve performance, and realize meaningful outcomes, given the scarce resources and high demand.

### **Program Justification and Link to 10-Year Outcome**

Multifamily Rental Housing Programs support the Healthy People Outcome Goal. More specifically, these programs align with Strategy Four of the Healthy People Policy Vision, which is to *"Ensure all Oregonians have access to decent housing which meets their basic needs and allows them to reach their full potential."*<sup>1</sup> This is achieved by increasing the availability of affordable rental housing and ensuring existing affordable rental housing stock is safe and decent—as well as reducing housing burden for qualified tenants.

Through the allocation of Low Income Housing Tax Credits, low-interest loan programs, grants, and tax incentives, OHCS works in cooperation with local partners to provide resources necessary to successfully develop and preserve affordable housing throughout Oregon.

Reduced borrowing costs to developers, through low interest loans and low income housing tax credit equity, results in decreased monthly rents for qualified, low-income tenants. Similarly, Section 8 subsidies assure that low-income Oregonians pay no more than 30% of their income toward housing costs. Both of these strategies provide individuals and families with more residual income to cover critical household expenses. One prominent study found that *"working families paying 30 percent or less of their income for housing were able to dedicate more than twice as much of their income to health care and insurance as those paying 50 percent or more for housing."*<sup>2</sup>

### **Program Performance**

<sup>1</sup> State of Oregon. 2012. "10 Year Plan for Oregon Project: Healthy People Policy Vision."

<sup>2</sup> Lubell, Jeffrey, Rosalyn Crain and Rebecca Cohen. 2007. "Framing the Issues—the Positive Impacts of Affordable Housing on Health." Center for Housing Policy. Available at: [http://www.nhc.org/media/documents/FramingIssues\\_Heath.pdf](http://www.nhc.org/media/documents/FramingIssues_Heath.pdf)



The number of units developed or rehabilitated each year is the primary performance measure for Multifamily Programs. The chart below outlines data from 2005-present.

<b>Number of Affordable Units Produced or Rehabilitated</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2013-15</b>
	2140	1703	1551	1612	1191	812	1221	3200

The demand for affordable rental housing units is significantly greater than the resources available through OHCS. This is demonstrated by the very low vacancy rates realized at the projects funded by OHCS, as well as the long wait lists for subsidized housing and Section 8 project-based rental assistance.

### **Enabling Legislation/Program Authorization**

The table below outlines authorizing legislation (both State and Federal) for Multifamily Housing Programs:

<b>Authority</b>	<b>Program</b>	<b>Legislation</b>
Federal	HOME	42 USC 12724
Federal	Section 8	42 U.S.C. 1437(f)(b)
Federal	Low Income Housing Tax Credits	IRS Section 42
State	Oregon Affordable Housing Tax Credits	ORS 317.097
State	General Housing Assistance Program	ORS 456.550-725
State	Housing Development Grant Program	ORS 456.515-720
State	Farmworker Housing Tax Credit	ORS 458.620
State	Farmworker Housing Development Account	ORS 458.660
State	Community Incentive Fund	ORS 458.700-740
State	Oregon Rural Rehabilitation	ORS 566.340
State	Housing Preservation Fund Program	ORS 456.548; 456.555; 456.620-720
State	Elderly and Disabled Housing Program	ORS 456.535, 456.539
State	Risk Share Rental Housing Program	ORS 456.620; 456.625
State	Pass Through Revenue Bond Financing Program	ORS 456.620-456.720
State	HELP	ORS 456.555
State	Loan Guarantee Program	ORS 456.625
State	Predevelopment Loan Program	ORS 456
State	Vertical Housing Program	ORS 456.555; ORS 307.841-867
State	Mobile Home Park Purchase Predevelopment Loan Program	ORS 456.579-456.581

### **Funding Streams**

#### **Federal Funding Streams:**

- HOME Investment Partnership Program is a federal program for the development of affordable housing for lower income Oregonians (42 USC 12724).
- Low Income Housing Tax Credit (LIHTC) is a federal income tax credit to developers who construct, rehabilitate, or acquire and rehabilitate qualified lower income rental housing. Credits are issued through a competitive process (IRS Section 42).
- Section 8 is a federal pass-through rental assistance program for low- to extremely low-income Oregonians (USC 1437(f)(b)).

#### **Other Funding Streams:**

- Farmworker Housing Tax Credit (FWHTC) Program is designated to give state income tax credit to investors who incur costs to construct, install, and acquire or rehabilitate farmworker housing (ORS 458.620).
- Oregon Affordable Housing Tax Credits (OAHTC) Program provides a state income tax credit for affordable housing loans for which the lender reduces the interest rate by up to 4% (ORS 317.097).
- Vertical Housing Program encourages mixed use commercial/residential developments in areas designated by communities through a partial property tax exemption (ORS 456.555).
- General Housing Account Program (GHAP), Housing Development Tax Credit (Trust Fund), and Low Income Weatherization (WX) provide grants and loans to developers for the development of low income housing (ORS 456, ORS 757.612).
- Elderly and Disabled, Pass-through Revenue Bond Financing (Conduit), Mobile Home Park Purchase, Risk Share, Loan Guarantee, Predevelopment Loans, Oregon Rural Rehabilitation Loan and Mobile Home Park Purchase are all loan programs that provide below-market interest rate permanent mortgage and/or predevelopment loans at lower interest rates (ORS 456).

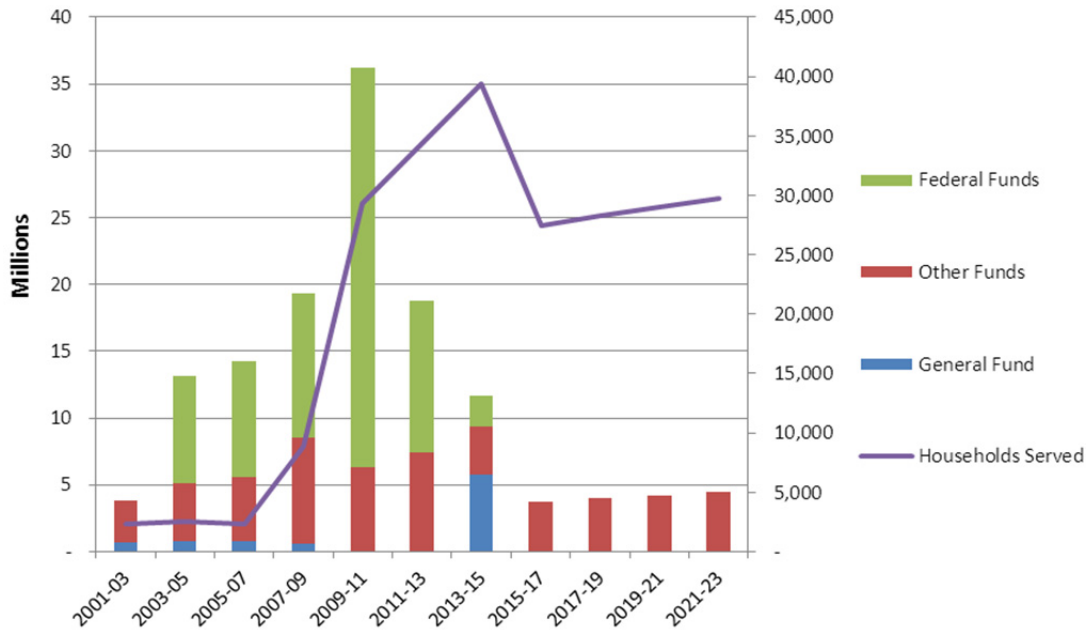
### **Significant Proposed Program Changes from 2011-13**

The competitive process for awarding funds to multifamily development projects is undergoing significant changes. These changes are being designed to give greater deference to local and regional housing priorities, to improve transparency and accountability, and to lessen the costs borne by both applicants and OHCS in the current and historic application process. This redesign will also be an important opportunity to ensure that policy outcomes goals of the 10YP are imbedded in OHCS's prioritization, and that projects receiving housing development financing also leverage or complement other State investments in healthy people and economic and community development. OHCS will strive to develop funding criteria that promote greater access to opportunities for prosperity. These policy and program delivery changes will take multiple years, and will be guided by strong community engagement.

# Oregon Housing and Community Services: Single Family Housing Programs

Primary Outcome Area: Healthy People

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## Executive Summary

Homeownership Programs expand access to affordable homeownership through below market rate residential loans, as well as assisting homeowners in retaining their homes through education, foreclosure counseling and financial assistance services. These programs benefit low-income homebuyers and homeowners who are typically not served by traditional lenders, and who would not otherwise have access to the for-sale housing market and homeownership services.

## Program Description

The purpose of Oregon Housing and Community Services' (OHCS) homeownership programs is to provide financing and related services to increase homeownership, support housing retention, and stabilize residential neighborhoods.. OHCS achieves these objectives by offering affordable, below market rate residential loans to qualified first time homebuyers. The Residential Loan Program is currently financed with proceeds from the sale of tax-exempt bonds to investors.

The Residential Loan Program utilizes a network of approved lenders who originate, underwrite and finance residential loans under the agency's program guidelines. The agency invests in and purchases these loans from the lenders in a Residential Loan Portfolio. The success of new loan production in tax-exempt bond financed programs is largely affected by general economic conditions and current financial markets. At the present time, the extraordinarily low mortgage interest rates have virtually eliminated the rate advantage OHCS's tax-exempt financing programs have to offer. As a consequence, OHCS is originating fewer mortgages and its portfolio size is declining. The agency is evaluating other potential business models. .

In addition to residential loans, OHCS also offers an array of services to assist low-income Oregonians with affordable homeownership access and retention. A combination of state and federal funding is used to deliver down payment

assistance programs, homebuyer education and foreclosure avoidance counseling for low-income households. Senate Bill 1552 is the latest program authorized and funded by the Legislature. The Department contracts with non-profit housing providers, local government jurisdictions, public housing authorities, and a network of non-profit organizations to deliver these programs. This program area also provides conflict resolution support for manufactured dwelling park residents and owners.

### Program Justification and Link to 10-Year Outcome

Home Ownership Programs support the Healthy People Outcome Goal. More specifically, these programs align with Strategy Four of the Healthy People Policy Vision, which is to “Ensure all Oregonians have access to decent housing which meets their basic needs and allows them to reach their full potential.”<sup>1</sup> This is achieved by expanding access to decent, affordable homeownership, and by aiding housing stability through an array of foreclosure prevention and homeowner education programs.

Affordable single-family loans financed through OHCS Bond Program provide qualified first-time homebuyers the opportunity to move from being renters to homeowners. When people advance through the housing continuum into homeownership, it helps to free up existing rental housing stock, thereby potentially increasing affordable housing opportunities for Oregonians. Affordable, below market rate residential loans give homeowners more income to use for food, health care, and education, and ultimately, housing stability.

While obtaining decent affordable housing improves health outcomes, maintaining housing stability is equally important for the health and well-being of low-income households. In a survey conducted by the National Coalition for the Homeless, 79% of service providers indicated that at least some of their clients were homeless due to foreclosure, with many displaced homeowners staying with family and friends, in motels, or on the streets.<sup>2</sup> The impacts of housing instability, even temporarily, are significant. For example, children who experience housing instability face increased rates of behavioral issues, teen pregnancy, drug use and depression—all compounded by reduced access to consistent healthcare.<sup>3</sup> This can also lead to higher dropout rates in the education system. Foreclosure prevention, education, counseling and mediation all increase the likelihood that Oregonians will maintain affordable, safe and decent housing which meets their basic needs and allows them to reach their full potential.

### Program Performance

The primary measures for Homeownership Program performance are the number of residential loans financed, the number of people accessing housing centers for Homebuyer Education and Foreclosure Counseling, and the number of households utilizing services from the department’s Manufactured Community Resource Center. Performance data for the last five years is outlined in the table below.

It is important to note that the economic recession, as well as stumbling housing and bond markets, led to the agency’s decision to suspend the residential loan program from late 2008 until the later part of 2010, when the agency began selling tax-exempt bonds again.

	2007	2008	2009	2010	2011	2013-15
Home Purchase (Residential Loans)	1,381	1,598	384	190	800	900
Housing Centers (Households Served)			7,500	11,998	10,036	19,600
Foreclosure Counseling (Persons Served)	1,119	315	1,674	1,084	2,334	19,500

<sup>1</sup> State of Oregon. 2012. “10 Year Plan for Oregon Project: Healthy People Policy Vision.”

<sup>2</sup> National Coalition for the Homeless. 2009. “Foreclosure to Homelessness: The Forgotten Victims of the Subprime Crisis.” Available at: <http://www.nationalhomeless.org/factsheets/foreclosure.pdf>

<sup>3</sup> Jelleman T and Spencer N. “Residential Mobility in Childhood and Health Outcomes: A Systematic Review.” *J Epidemiology and Community Health*, 62(7): 584-92, 2008.

Manufactured Community Relations (Households Served)				3,158	3,173	6,300
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For 2013-15, OHCS anticipates a significant increase in the number of households receiving foreclosure counseling due to the implementation of SB 1552 (requiring foreclosure counseling and mediation), as well as the targeted use of the state and banking settlement funds.

### Enabling Legislation/Program Authorization

<b>Residential Loan Program</b>	State	Bond Financing—Residential Loan Program	ORS 456
<b>Homeownership Retention and Foreclosure Prevention</b>	Federal	National Foreclosure Mitigation Counseling	42 U.S.C. 8101-8107
	State	Increasing Homeownership, Retention	456.550
	Federal	Neighborhood Stabilization Program	Public Law 111-203
	State	Manufactured Park Resources	ORS 446.515 – 446.547

The recent passage of Senate Bill 1552 mandates not only additional protection for homeowners but also requires that homeowners facing foreclosure be offered mediation by their lenders and receive foreclosure counseling as part of the mediation process.

### Funding Streams

**Federal:** Federal funding comes from the Department of Housing and Urban Development Neighborhood Stabilization Program (Public Law 111-203) and from NeighborWorks--which administers the National Foreclosure Mitigation Counseling Program (42 U.S.C. 8101-8107) on behalf of HUD.

**Other:** Proceeds from OHCS bonds, backed with US Treasury terms, provide the funding stream to finance residential loans (ORS 456). Document recording fees support homeownership retention activities (456.550) and manufactured dwelling assessment and park registration fees (ORS 446.525 and ORS 90.732) fund mediation and support services for park tenants and owners. State General Fund – sourced from the national multi-bank settlement with 49 States Attorneys General –is providing funds for foreclosure counseling anticipated in SB 1552, currently for one year only.

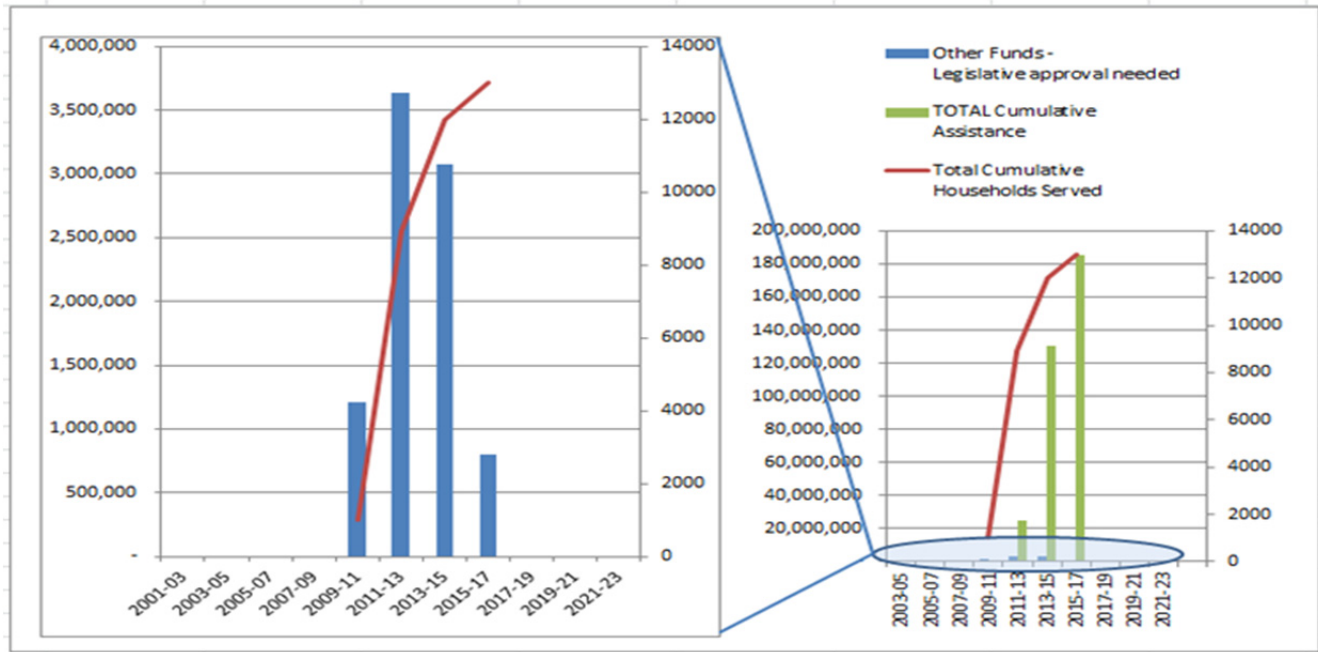
### Significant Proposed Program Changes from 2011-13

As noted above, the business model for financing single family homeownership opportunities is under review because the current system does not provide a rate advantage to homeowners, and is not sustainable long-term. The agency is keeping abreast of emerging practices in other states, and is considering the appropriate and most helpful role for the State to play in advancing homeownership opportunities. Likewise, OHCS is working to better coordinate its disparate foreclosure avoidance programs and will look to modify its role as needed to support the growing network of housing counselors across Oregon, and to balancing need with funding availability.

# Oregon Housing and Community Services: Homeownership Stabilization Initiative

Primary Outcome Area: Healthy People

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## Executive Summary

The Oregon Homeownership Stabilization Initiative (OHSI) is a foreclosure prevention program that assists at-risk homeowners to avoid foreclosure through a number of activities. The program--known nationally as the Hardest Hit Fund program--is funded entirely by federal Troubled Asset Relief Program (TARP) resources from the US Department of Treasury. Oregon is one of 18 states awarded funds because of the severe impacts suffered during the current economic recession. The overall goal of the Hardest Hit Funds (HHF) program is to stabilize the housing market through foreclosure prevention activities. Oregon received a \$220 million HHF award in 2010, and must expend all of these resources by 2017.

## Program Description

The Homeownership Stabilization Initiative is a foreclosure prevention program that assists at-risk homeowners to avoid foreclosure through one of a number of programs. These include Mortgage Payment Assistance, Loan Preservation Assistance, and a Loan Refinancing Assistance Pilot Program (LRAPP). Through these programs, Oregonians hard hit by the recent economic downturn are provided financial assistance that aims to help prevent foreclosure. To date, 4,500 homeowners have been served, and over the course of the program, an anticipated 13,000 homeowners could receive assistance.

In the Mortgage Payment Assistance Program, mortgage payments are made directly to loan servicers on behalf of qualified participants. The program makes up to 12 monthly payments or provides up to \$20,000 in assistance (whichever comes first). Loan Preservation Assistance provides a one-time benefit of up to \$20,000 to reinstate a mortgage in arrears (in cases where the homeowner is positioned to resume payments without assistance).

The Loan Refinancing Assistance Pilot Program (LRAPP) is currently being piloted in two of Oregon's hardest hit counties (Jefferson and Deschutes). LRAPP is appropriate for borrowers who are "under water"-- owing more on their mortgage than their home is worth. The program provides a mortgage refinance sized to the current (lower) property value for clients who have suffered a financial hardship, but demonstrate an ability to make the new payment without assistance. The program is currently in pilot stage as banks, mortgage investors, and loan servicing companies assess their level of interest in participation.

Programs are delivered in collaboration with local partners which include community action agencies, community housing development organizations, and HUD-certified counselors. Delivery is also highly reliant on strong business partnerships with the mortgage servicing industry, as payments from the program are provided through servicers.

Program activities are paid for with a \$220 million HHF award from Treasury. Because the original funds source is TARP, Treasury required Oregon to establish a separate legal entity. Oregon Housing and Community Services (OHCS) created the Oregon Affordable Housing Assistance Corporation (OAHAC) as a stand-alone, non-profit to be the recipient of these federal funds. OAHAC in turn contracts with OHCS for program administration. The Homeownership Stabilization Initiative is the section within OHCS that operates the programs.

The program was challenging to launch in Oregon, as in other states, for a variety of reasons. A recent report by the Special Inspector General of the Troubled Assets Relief Program (SIGTARP) sharply criticized Treasury for its lack of planning and leadership, especially with securing participation commitments from servicers at the national level. OHCS has strengthened its operations for better and more timely program delivery, and Oregon currently leads the other 17 states in the percentage of its funds provided to homeowners.

### **Program Justification and Link to 10-Year Outcome**

The Homeownership Stabilization Initiative supports the Healthy People Outcome Goal. More specifically, program activities align with Strategy Four of the Healthy People Policy Vision, which is to *"Ensure all Oregonians have access to decent housing which meets their basic needs and allows them to reach their full potential."*<sup>1</sup> This is achieved by providing assistance necessary for Oregonians to prevent foreclosure and retain their homes.

The impacts of foreclosure and housing instability are significant, particularly for the elderly and youths. A recent study indicates that elderly people who are displaced even once may undergo emotional or physical setbacks, making it difficult to recover. The authors also state that *"as their health declines and independence lessens, elderly people rely on their connections to place to help them control and predict their circumstances."*<sup>2</sup>

Youth are also considerably shaped by housing instability. When parents are struggling to keep or find housing, it is difficult to maintain routines, help with homework or stick with bedtimes.<sup>3</sup> Children who move often tend to have more behavioral problems, worse academic performance, and less stability in health care services than children with greater housing stability.<sup>4</sup>

In addition to assuring that Oregonians can retain housing, the Homeownership Stabilization Initiative also contributes to the Strategy Four sub-outcome of *"Piloted and Developed New Initiatives."*<sup>5</sup> The Loan Refinancing Assistance Pilot Program (LRAPP) is an innovative approach to the kind of supportive housing which allows participants to retain their existing home, thereby reducing the demand for limited, affordable housing options.

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<sup>1</sup> State of Oregon. 2012. "10 Year Plan for Oregon Project: Healthy People Policy Vision."

<sup>2</sup> Kingsley, G. Thomas, Robin Smith and David Price. 2009. *"The Impacts of Foreclosures on Families and Communities: A Primer."* Available at: <http://www.urban.org/url.cfm?ID=411910>

<sup>3</sup> Ibid

<sup>4</sup> Rebecca Cohen and Keith Wardrip, 2011. *"Should I Stay or Should I Go: Exploring the Effects of Housing Instability and Mobility on Children."* Prepared for the Center for Housing Policy. Available at: <http://www.nhc.org/media/files/HsgInstabilityandMobility.pdf>

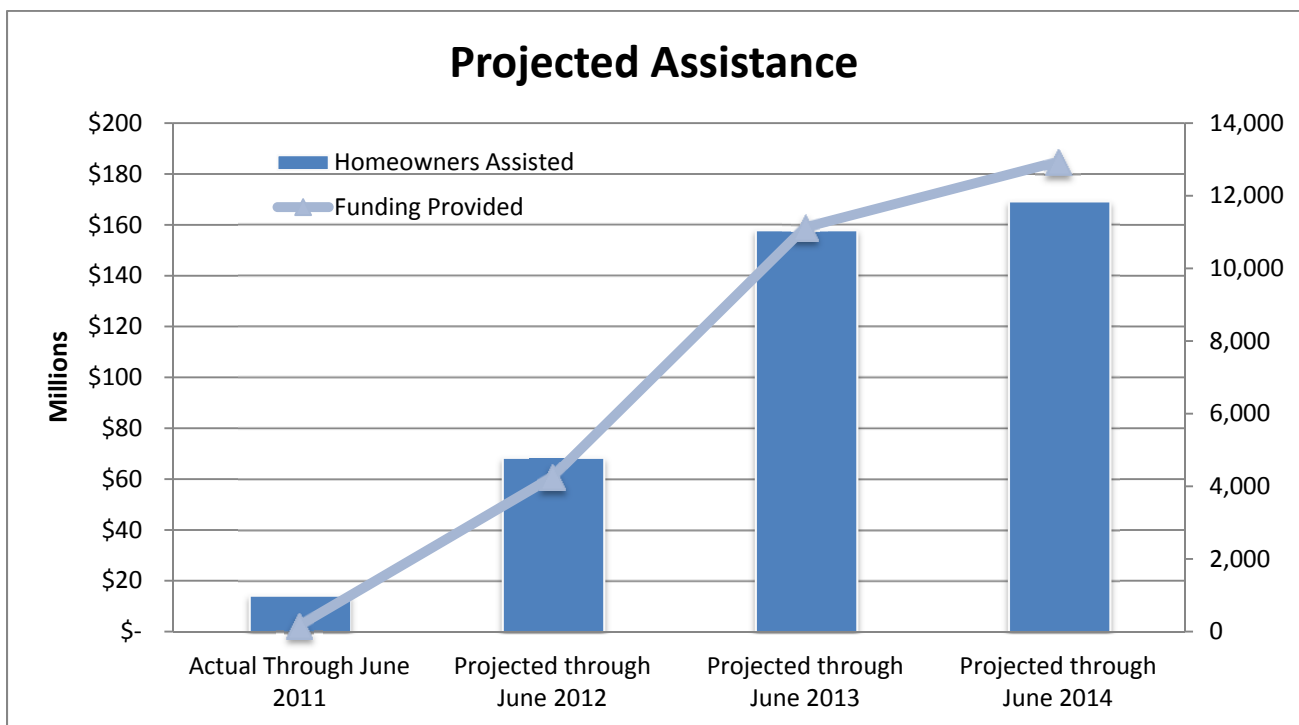
<sup>5</sup> State of Oregon. 2012. "10 Year Plan for Oregon Project: Healthy People Policy Vision." (Page 18)

Beyond the Healthy People outcome areas, foreclosure avoidance activities serve to keep neighborhoods and communities from the negative affects of blight, thus indirectly benefiting Jobs and Economy, Education (through retention of property tax payments), and Safety outcome areas.

**Program Performance**

Oregon reports performance quarterly to the US Treasury.<sup>6</sup> The primary performance outcome associated with the Homeownership Stabilization Initiative is homeowners assisted. Over the life of the program, nearly 13,000 Oregonians will receive services to avoid foreclosure and retain their homes (see chart below).

An additional metric for the Homeownership Stabilization Initiative is timeliness of assistance. As of the first quarter in 2012, Oregon reported 29% of its Hardest Hit Funding spent, more than any other state. In addition, Oregon was second in the nation for having the most funding on the ground, even compared to states where the total allocation of Hardest Hit Funding was much higher.



**Enabling Legislation/Program Authorization**

As noted above, the Homeownership Stabilization Initiative administers HHF under contract with OAHAC using TARP funds which are authorized under 12 U.S.C. 5211.

**Funding Streams**

OAHAC receives the TARP funds from Treasury, and then contracts with OHCS for administration. In the OHCS budget, these are Other Funds.

<sup>6</sup> Reports are available at <http://www.oregonhomeownerhelp.org/en/reporting>.



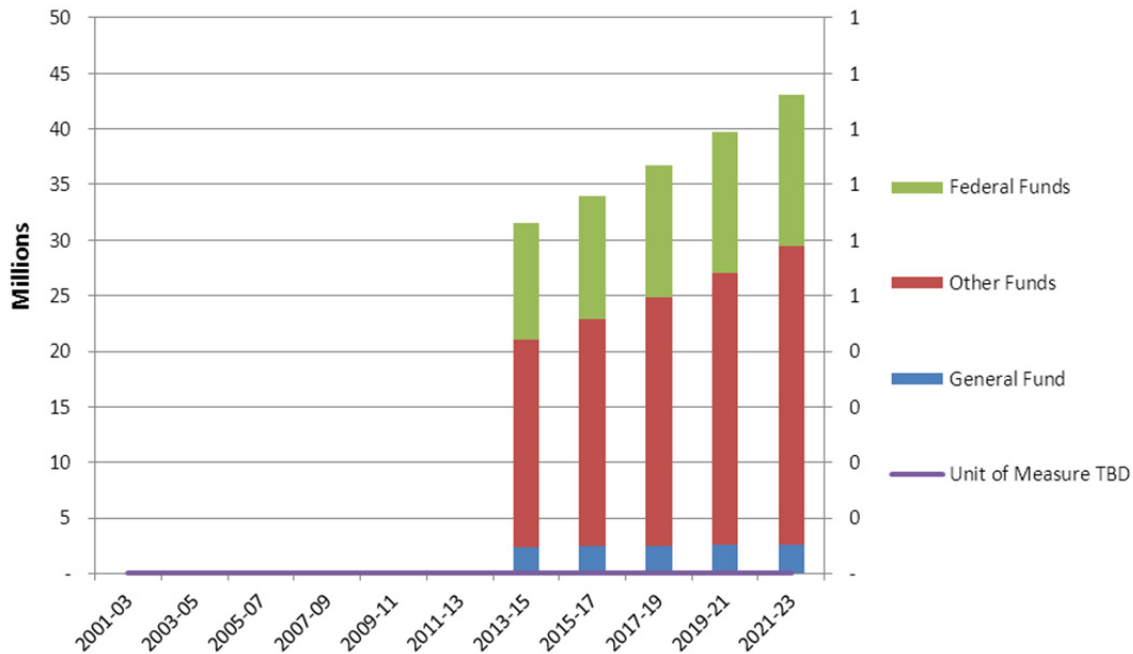
## **Significant Proposed Program Changes from 2011-13**

The HHF agreement requires that the funds be completely spent by December 31, 2017. In Oregon, projections are to spend the complete allocation prior to this deadline. Because the funding was designated to help those states hardest hit by the economy, the United States Treasury has urged HHF states to spend the funding at an accelerated pace so that the funding is helping to stabilize the housing market now. Significant program changes will include a slow, steady, phase out of the program. While some staff may be required to work into the 15-17 biennium, it is expected that no new program rollout or new funding of applicants will occur beyond 13-15.

# Oregon Housing and Community Services: Central Services

Primary Outcome Area: Healthy People

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## Executive Summary

The Central Services program unit encompasses the administrative functions including Debt Service/Debt Management and Asset Management for the department, and contains three separate divisions. There are two programs, Oregon Volunteers Commission for Voluntary Action and Service (Oregon Volunteers) and Court Appointed Special Advocates (CASA), which are part of the Policy, Strategy, and Community Engagement (PSCE) division. Both the Oregon Volunteer and CASA programs are volunteer-based programs that tie strongly to the community engagement model emphasized in the new agency reorganization and managed through the PSCE division.

## Program Description

The Central Services program area resulted from the newly structured budget of the agency. In order to provide more clarity for internal and external cohorts, the streamlined budget features the key responsibility areas of the agency: Bond Debt Service, Bond-Related Activities, Safety Net, Multifamily Rental Housing, Single Family Housing, Energy and Weatherization, and Homeowner Stabilization Initiative programs. Central Services supports all of the program areas. Centralizing the administrative and operational functions for all areas of the agency enables greater efficiency and facilitates better assessment of program delivery effectiveness. This format also helps effectively manage the long-term commitments of the agency resulting from competitive funding processes for the Safety Net and Multifamily Program areas.

Central Services includes 78 FTE of the agency in the Director's Office and Human Resources, Policy, Strategy, and Community Engagement (PSCE) division, and the Business Operations division. The Policy, Strategy, and Community Engagement division includes the Regional Advisors to the Director (RADs) assigned to the Governor's Regional Solutions Teams throughout the state. The RADs provide outreach to Oregon communities in identifying and addressing critical

community development activities. The group helps communities to build capacity, finance affordable housing developments, and advocates for community support of affordable and special needs housing.

Another notable component of the PSCE division is Oregon Volunteers that includes the Court Appointed Special Advocates (CASA) program. The CASA program transferred to Oregon Volunteers in May 2012, funded by General Funds, provides for 1 FTE and special payments to CASA program participants throughout the state. The CASA program provides advocacy for children placed in foster care during court proceedings involving caseworkers and government attorneys to protect the interest of the children. The program leverages local community dollars 3:1 to provide a necessary constant for disadvantaged children in the court system. Research shows that children with CASA volunteers receive more services while in the system, spend less time in foster care, and do better in school. Oregon Volunteers promotes and supports AmeriCorps, volunteerism, and civic engagement to strengthen Oregon communities. Federal funding from the Corporation for National and Community Services (CNCS) provides the operational budget and special payments for the program.

The Business Operations division provides core business functions such as IT, financial services, accounting, and budget; additionally, the division also includes Debt Management and Asset Management. The program funding team proposals for Bond Debt Service and Bond-Related Activities illustrate the work of the Debt Management section. Asset Management facilitates oversight of the agency’s long-term commitments in multifamily rental housing development and rehabilitation. The section ensures regulatory compliance resulting in safe, sanitary, and decent housing for the low to moderate-income Oregonians who live in the state’s portfolio of nearly 800 multifamily, elderly and disabled, and special needs housing projects.

**Program Justification and Link to 10-Year Outcome**

The Central Services program area provides all of the administrative and operational support to the agency to fulfill the objectives of all seven other program funding team areas. Centralizing support functions for the agency realizes greater efficiencies and collaboration within the agency. The reorganization of the agency into three parts: Program Delivery, Program, Strategy, and Community Engagement, and Business Operations, enables results-focused decisions that can better achieve the 10-Year plan objectives.

OHCS Central Services support the Healthy People Outcome Goal. Central Services most closely align with Strategies Four and Five of the Healthy People Policy Vision –which are to *“Ensure all Oregonians have access to decent housing which meets their basic needs and allows them to reach their full potential”* and *“Ensure access to sufficient, nutritious, and affordable food for all Oregonians.”*<sup>1</sup>The Central Services program area achieves the outcomes for these strategies through the administrative and operational support provided for all activities carried out in the other seven areas of responsibility the agency performs.

**Program Performance**

In the 2013-15 biennium, the Central Services program area will determine a unit of measure that adequately gauges the efficacy of the recent refinement of the organizational structure and new business model implemented by Oregon Housing and Community Services. The changes reflect a commitment by agency leadership to concentrate on a long-term results-focused budget that builds on evidence-based decision making to deliver the outcomes of the 10-Year Plan.

**Enabling Legislation/Program Authorization**

<b>Oregon Volunteers</b>	Federal	Corporation for National and Community Service	National and Community Service Trust Act of 1993
	State	Oregon Volunteers Commission for Voluntary Action and Service	ORS 458.555
<b>Court Appointed Special Advocates</b>	State		HB 4082 (2012)

<sup>1</sup> State of Oregon. 2012. “10 Year Plan for Oregon Project: Healthy People Policy Vision.”

The recent passage of House Bill 4082 transferred authority of the Court Appointed Special Advocate (CASA) program to the Oregon Volunteers Commission for Voluntary Action and Service effective May 1, 2012.

### **Funding Streams**

Based on the agency's Cost Allocation Plan approved by the Department of Housing and Urban Development in 2004, all funding sources in the agency contribute to Central Services program costs. The relative benefit received by each program accounts for the allocated share of costs determined to contribute toward the Central Services program area. The agency's flexible funding sources, derived mostly from self-supporting activities such as the bond-financed loan programs, subsidize programs that do not produce sufficient revenue to cover costs. During the 2013-15 biennium, the agency will thoroughly review all funding sources and program outcomes and align the overall business model to be financially sustainable while producing high quality public service.

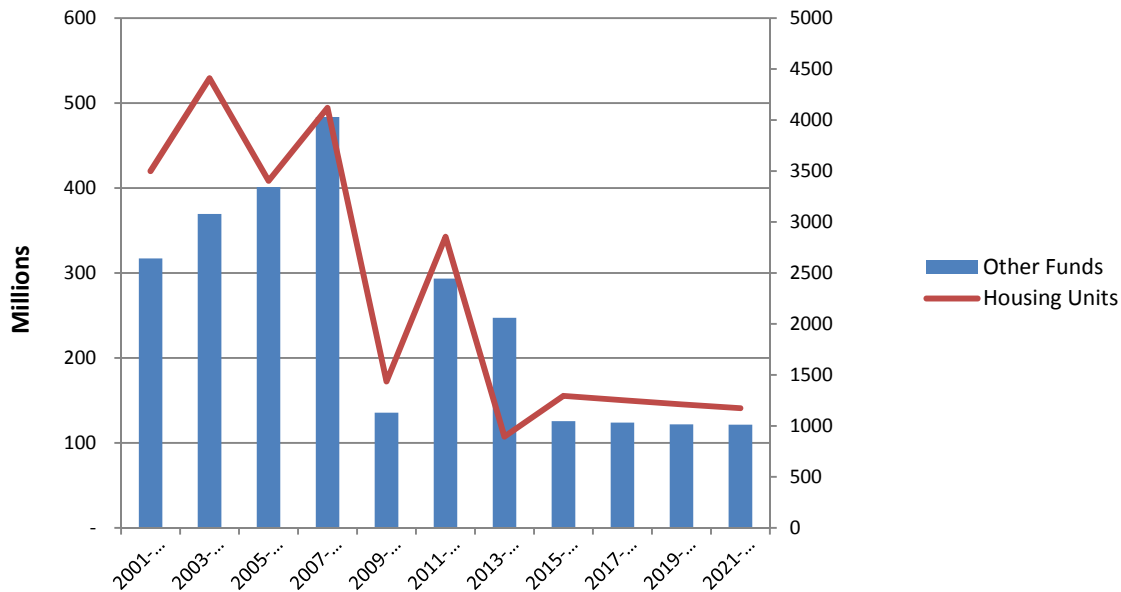
### **Significant Proposed Program Changes from 2011-13**

The Central Services program area will diligently monitor progress in the other program funding team areas toward improving business models that deliver programs and services efficiently and within available resources. As business models change to increase transparency and accountability, the Central Services program area will respond to provide inventive and cost effective means of administrative and operational support.

# Oregon Housing and Community Services: Bond-Related Activities

Primary Outcome Area: Healthy People

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## Executive Summary

Oregon Housing and Community Services' (OHCS) bond-financed loan programs provide safe and affordable rental housing to low income Oregonians, and provide opportunities for first-time homebuyers to finance their mortgages at below-market interest rates. Bond related activities include disbursement of bond proceeds to finance multifamily and single-family mortgage loans, bond issuance costs, administrative expenses related to outstanding debt, and asset-protection costs associated with foreclosures and acquired properties.

## Program Description

Bond-Related Activities provide the mechanism to expend funds related to OHCS bond financed loan programs. OHCS sells tax-exempt bonds to investors and uses the proceeds to finance multifamily and residential (single-family) mortgage loans. Investors play a key role in the success of this program. Since interest earned from these bonds is generally exempt from federal income tax, investors are willing to accept lower interest yields on these investments. This results in reduced borrowing costs, which are passed on to borrowers in the form of below-market interest rates on their loans.

To qualify for federal tax-exemption, these bonds are subject to various federal requirements. For multifamily housing bonds, projects financed with tax-exempt bonds must meet either of the following requirements: 1) 40% of the project's units at rents that would be affordable to persons at 60% of area-median income or less; or 2) 20% of the project's unit at rents that would be affordable to persons at 50% of area-median income or less. For single-family housing bonds, this includes borrower eligibility requirements that generally restrict the program to owner-occupied properties, first-time homebuyers with incomes that do not exceed area median income, and purchase price limits established by the federal government.

OHCS uses two different approaches to finance multifamily housing projects with revenue bond loan programs. One approach involves the issuance of direct revenue bonds in which OHCS underwrites multifamily housing projects and directly finances these projects with bond proceeds. These loans remain in OHCS's multifamily loan portfolio.

The other approach involves the issuance of pass-through ("conduit") revenue bonds. These bonds are issued as "no obligation" debt of OHCS and the State of Oregon, who are simply providing borrowers with access to lower financing rates in the tax-exempt market. Most conduit revenue bonds are sold as private placements to large commercial banks. As the bond purchaser, these banks underwrite the projects and negotiate specific transaction terms with the borrower. The success of this program is largely dependent upon the capacity of commercial banks that operate in Oregon to participate as lenders

OHCS's residential (single-family) loan program utilizes a network of approximately 40 banks and mortgage companies located throughout Oregon to reserve, underwrite and originate mortgage loans for eligible borrowers. Participation by these lenders is critical to the success of the residential loan program. OHCS uses bond proceeds to purchase loans from these lenders which remain in OHCS's single-family loan portfolio.

Expenditures related to OHCS's bond-financed loan programs include the following:

- 1) Disbursement of lendable bond proceeds to purchase single-family loans and finance multifamily housing loan from non-conduit bond issues, as well as amounts disbursed to borrowers as down payment assistance generated from certain single-family bond structures.
- 2) Bond Issuance Costs which include all charges for professional services (bond underwriters, attorneys, financial advisors, trustees, etc.) incurred when bonds are issued to assure compliance with all state, federal and investor requirements.
- 3) Administrative expenses related to outstanding debt (trustee fees, State Treasury assessments, legal and financial advisory services, bond liquidity and remarketing fees, etc.) that are necessary to assure compliance with all covenants to bond holders and federal tax law requirements for the entire period that bonds remain outstanding.
- 4) Asset protection expenses which include all costs associated with acquiring and maintaining foreclosed properties necessary to preserve OHCS's claims to mortgage insurance proceeds, keep properties in marketable condition and prevent properties from becoming blights on the communities in which they are located.

The success of new loan production in tax-exempt bond financed programs is largely affected by general economic conditions and current financial markets. Historically low conventional mortgage interest rates have recently made financing affordable housing at below-market rates with tax-exempt bond programs difficult. OHCS is in the process of evaluating other models for financing the residential loan program. However, even if new delivery models are implemented, OHCS will still have bond proceeds remaining from recent bond issues that will be expended for new loans during 2013-15. OHCS will also still have approximately \$1.2 billion of previously issued debt outstanding that will need to be managed for the remaining life of these bonds.

### **Program Justification and Link to 10-Year Outcome**

OHCS Bond-Related Activities support the Healthy People Outcome Goal. More specifically, these activities align with Strategy Four of the Healthy People Policy Vision, which is to *"Ensure all Oregonians have access to decent housing which meets their basic needs and allows them to reach their full potential."*<sup>1</sup> This is achieved by providing the funding mechanism that creates affordable housing for low to median income Oregonians.

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<sup>1</sup> State of Oregon. 2012. "10 Year Plan for Oregon Project: Healthy People Policy Vision."

For multifamily housing projects financed through OHCS bond programs, reduced borrowing costs to developers and federal tax law affordability requirements result in decreased monthly rents for qualified tenants, as well as affordable housing opportunities for vulnerable populations, such as elderly and disabled persons.

Single-family loans financed through OHCS bond programs provide qualified first-time homebuyers the opportunity to move from being renters to home owners. When persons advance through the housing continuum into home ownership, it helps to free up existing multifamily housing stock, thereby increasing affordable housing opportunities for all Oregonians.

Both multifamily and single-family loan production also stimulates economic activity in communities and statewide. Some economic models suggest that for every \$1 million of bond proceeds used to finance multifamily or single-family loans, between 8.6 and 14.6 direct and indirect jobs are created or saved statewide. This includes jobs in construction, banking, real estate, and other related services.<sup>2</sup>

## Program Performance

The primary performance measure for Bond Related Activities is the number of affordable housing units financed for multifamily and single-family housing. The following table illustrates performance for each of the past ten fiscal years:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2013-15*
Single Family Units	1,322	1,014	1,051	1,447	1,149	1,195	1,850	836	171	383	350
Multifamily Units	206	958	1,192	719	548	512	1,012	421	374	507	900
Total	1,528	1,972	2,243	2,166	1,697	1,707	2,862	1,257	545	890	1250

\* 2013-15 estimates reflect future uncertainty in the tax-exempt bond market, expiration of New Issue Bond Program, and potential for alternative delivery models.

For single-family housing, the data above is based on the number of loans purchased from program lenders. For multifamily housing, figures are based on loans closed in each fiscal year--except for projects financed with conduit debt, which are based on the fiscal year in which the bond transaction closed.

Due to adverse economic conditions in the tax-exempt housing bond market, OHCS was unable to issue new debt for single-family loans from September 2008 to December 2010. This forced OHCS to discontinue accepting reservations for single-family loans between March 2009 and November 2010.

Multifamily loan production decreased in 2009 and 2010 in part because of increased underwriting standards (resulting from the financial crisis of 2008), as well as reduced capacity to benefit from the Oregon Affordable Housing Tax Credit.

## Enabling Legislation/Program Authorization

**OHCS's bond-financed loan programs are authorized throughout ORS Chapter 456.** In addition, Article XI- I (2) of the Oregon Constitution authorizes that bonds used to finance multifamily housing for elderly and disabled persons be issued as general obligation bonds of the State of Oregon and establishes a limit of Elderly and Disabled Housing Bonds that may be outstanding at any given in an amount equal to or not to exceed ½% of true cash value of all taxable property in the State (this amount is currently about \$2.2 billion).

<sup>2</sup> Wardrip, Keith, L. Williams and S. Hauge. 2011. "The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of the Literature." Prepared for Center for Housing Policy. Available at: <http://www.nhc.org/media/files/Housing-and-Economic-Development-Report-2011.pdf>

ORS 456.661 establishes a limit for all outstanding direct revenue bonds issued by OHCS in an amount not to exceed \$2.5 billion. ORS 456.692 exempts pass-through revenue bonds issued by OHCS from the outstanding debt limitation established by ORS 456.661. Specific legislation passed each biennium known as the “Bond Bill” establishes OHCS’s biennial new issuance limits by debt category and allocates federal “private activity bond” authority to the agency for the following two calendar years.

### **Funding Streams**

Proceeds from the sale of OHCS bonds provide the funding stream for purchasing or financing loans and funding bond indenture required reserves. All of OHCS’s bond-financed loan programs are self-supporting from payments received on the loans financed under these programs; no other state or federal revenues are received to support the debt service payments or other costs of these programs. Although restricted by federal tax law and bond indenture restrictions, income earned over and above amounts needed to cover debt service and program administrative expenses can be used to pay the general operating expenses of the agency. Loan purchases/financing, bond issuance costs and asset protection are Other Fund (Non-Limited) expenditures and administrative expenses are Other Funds (Limited) in the OHCS budget.

Successful financing of multifamily housing projects with tax-exempt bond proceeds usually requires the leveraging of multiple sources of capital. In addition to the proceeds of tax-exempt bonds, most multifamily housing projects utilize other funding sources such as 4% housing tax credits, state and federal grants, federal housing subsidies, local property tax abatement, subordinated debt or other funding sources from local governments, deferred developer’s fees, and other capital contributions. For conduit bond issue, lenders are also often able to take advantage of the Oregon Affordable Housing Tax Credit (OAHTC), a lenders tax credit, which helps them effectively lower the interest offered to borrowers.

### **Significant Proposed Program Changes from 2011-13**

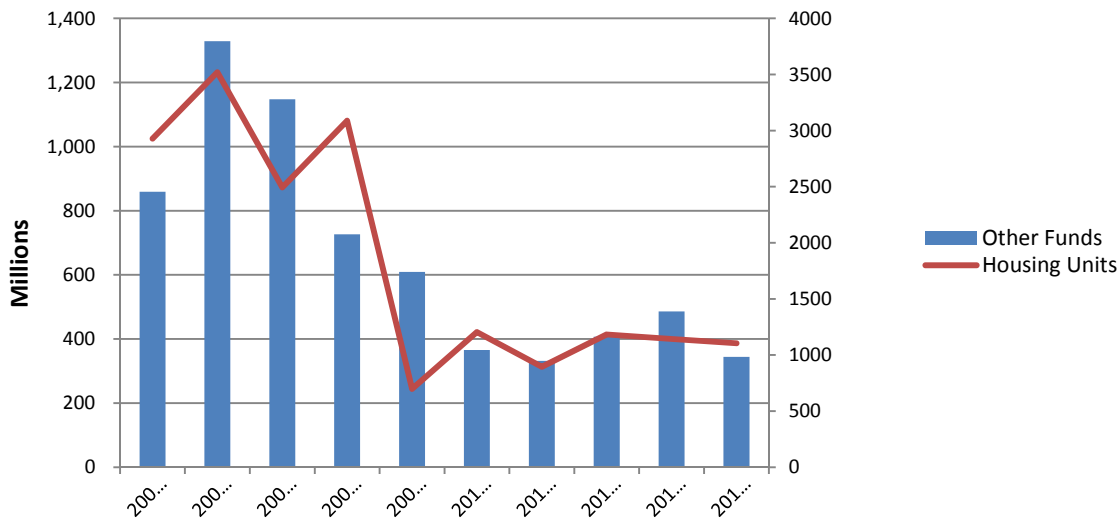
OHCS is considering alternatives and assessing effectiveness of the agency’s current business model for bond related activities. Federal tax law, bond indenture restrictions, the strength of the (mortgage revenue) bond market and the recovering economy are all factors that externally affect the agency’s deliberative process to strengthen the Bond Related Activities program. As a result, at this time there are no significant proposed program changes for the 2013-15 biennium in this program directly, though changes are anticipated in other programs and activities that draw funding from Bond Related Activities.



# Oregon Housing and Community Services: Bond Debt Service

Primary Outcome Area: Healthy People

Program Contact: Robert Larson  
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## Executive Summary

Oregon Housing and Community Service’s (OHCS) Debt Service activities represent non-limited expenditures that repay investors and other parties’ obligations owed on the outstanding debt issued by the agency to finance various loan program activities. These loan programs provide safe and affordable rental housing to low-income Oregonians, and provide opportunities for first-time homebuyers to finance their mortgages at below-market interest rates.

## Program Description

Debt Service expenditures represent the repayment of amounts borrowed from investors, the proceeds from which provide the funding for OHCS’s Bond-Related Activities. These expenditures represent the largest portion of OHCS’s budget each biennium.

OHCS sells tax-exempt bonds to investors and uses the proceeds to finance multifamily and residential (single-family) mortgage loans. Investors play a key role in the success of this program. Since interest earned from these bonds is generally exempt from federal income tax, investors are willing to accept lower interest yields on these investments. This results in reduced borrowing costs, which are passed on to borrowers in the form of below-market interest rates on their loans.

To qualify for federal tax-exemption, these bonds are subject to various federal requirements. For multifamily housing bonds, projects financed with tax-exempt bonds must meet either of the following requirements: 1) 40% of the project’s units at rents that would be affordable to persons at 60% of area-median income or less; or 2) 20% of the project’s units at rents that would be affordable to persons at 50% of area-median income or less. For single-family housing bonds, this includes borrower eligibility requirements that generally restrict the program to owner-occupied properties, first-time homebuyers with incomes that don’t exceed area median income, and purchase price limits established by the federal government. These federal tax requirements also include many provisions that affect the structure of bonds issued and can impact the timing and amount of debt service payments.

Expenditures related to OHCS's Debt Service activities include the following:

- 1) Regular scheduled principal and interest payments on all of the OHCS's outstanding direct revenue bonds and Elderly and Disabled Housing Bonds (which are self-supporting State of Oregon general obligation bonds). This does not include any debt service payments for any of OHCS's outstanding pass-through revenue bonds ("conduits"), as these represent "no-obligation" debt of OHCS and the State of Oregon, the debt service from which is paid to investors directly from program borrowers.
- 2) Payments of principal and related accrued interest related to early redemption of OHCS's outstanding direct revenue bonds and Elderly and Disabled Housing Bonds. These early redemptions of bonds can occur as the result of the refunding of current outstanding debt, prepayment of mortgage loans, excess bond-financed reserve (which occurs when outstanding bonds are paid down) and unexpended bond proceeds. Federal tax law related to housing bonds also has various restrictions which require bonds to be redeemed prior to maturity; these relate primarily to single-family loan prepayments received after ten years from the date of the original bond issue.
- 3) Net interest payments owed to counterparties pursuant to interest-rate exchange agreements ("swaps"). Swaps are used by OHCS to effectively hedge interest rate risk related to the variable rate portion of the agency's outstanding debt. These agreements comply with strict swap policies of the State Treasury and OHCS, both of which closely monitor these swap activities on an on-going basis. These net interest payments are processed and made in conjunction with the regularly scheduled principal and interest payments for certain OHCS bonds issued under the indentures for Mortgage Revenue Bonds (Single-Family Mortgage Program) and Multifamily Housing Revenue Bonds.
- 4) Arbitrage rebate or yield reduction payments owed to the federal government. Federal tax law generally requires that any investments earnings related to proceeds of tax-exempt bonds that exceed the federal tax bond yield of a specific bond issue be repaid to the U.S. Treasury. For investment earnings related to proceeds of tax-exempt bonds in specific funds and accounts not subject to arbitrage rebate requirements, other federal restrictions may still require payments to the U.S. Treasury notwithstanding the absence of an arbitrage liability.

As of June 1, 2012, OHCS had the following amounts of direct revenue bonds and Elderly and Disabled Housing Bonds outstanding:

Indenture	Outstanding Bonds (as of June 1, 2012)
Mortgage Revenue Bonds (Single-Family Mortgage Program)	\$873,330,000
Housing Revenue Bonds (Single-Family Mortgage Program)	\$172,870,000
Multifamily Housing Revenue Bonds	\$159,235,000
Multiple Purpose Bond	\$3,605,000
Total Direct Revenue Bonds	\$1,209,040,000
Elderly and Disabled Housing Bonds	\$124,985,000
Total State of Oregon General Obligation Bonds	\$124,985,000
Total Outstanding Bonds (excluding Pass Through Revenue Bonds)	\$1,334,025,000

OHCS Debt Service expenditures are can vary greatly between years and are largely affected by general economic conditions and current financial markets. Debt service expenditures are impacted by both new bond issuance and early redemption of existing debt. During periods of low interest rates, economic refunding opportunities can result in higher debt service expenditures as existing debt is paid off and replaced with new, lower rate debt. Interest rate environments in which tax-exempt bond financing is favorable relative to conventional market rate financing can result in increased tax-exempt debt issuance, which increases debt service expenditures in current and future periods. Also, OHCS used various debt management strategies (including the issuance of short-term and draw-down bonds) prior to 2009 to preserve otherwise expiring federal private activity bond authority and other structuring opportunities which significantly increased the amount debt service expenditures during those periods as large amounts of debt were being

refunded on an annual basis. Based on current program needs, these strategies are no longer necessary, resulting in reduced amounts of debt service expenditures in recent years.

Historically low conventional mortgage interest rates have recently made financing affordable housing at below-market rates with tax-exempt bond programs difficult. As a result, OHCS’s future issuance of tax-exempt bonds is difficult to project, as is the impact these projections would have on future debt service expenditures. OHCS is in the process of evaluating other models for financing the residential loan program. However, even if new delivery models are implemented, OHCS will still have over \$1 billion of previously issued debt outstanding that will continue to have debt service payments owed for the remaining life of these bonds.

### Program Justification and Link to 10-Year Outcome

OHCS Debt Service supports the Healthy People Outcome Goal. More specifically, this activity aligns with Strategy Four of the Healthy People Policy Vision, which is to *“Ensure all Oregonians have access to decent housing which meets their basic needs and allows them to reach their full potential.”*<sup>1</sup> This is achieved by providing the repayment mechanism for the funding source that creates affordable housing for low to median income Oregonians.

OHCS has a financial and contractual obligation to repay amounts borrowed from investors along with periodic interest payments based on the specific terms (e.g., maturity dates, interest rates and other special redemption provisions) of each bond financing. Based on these obligations, failure to pay debt service would irrevocably damage the credit worthiness of OHCS bond programs and the reputation of all State of Oregon bond programs. Any such default on OHCS’s debt service obligations would likely result in an immediate ratings downgrade, which not only would preclude the agency from being able to issue future debt, but more importantly, would potentially cause the agency to violate various covenants in bond documents and other related agreements, creating additional liability and other serious financial conditions for these bond programs and the agency.

### Program Performance

Since Debt Service activities support OHCS’s Bond Related Activities, the number of affordable housing units financed for multifamily (excluding units financed from conduit bond issues) and single-family housing is a relevant program performance measurement. The following table illustrates performance for each of the past ten fiscal years:

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2013-15*
Single Family Units	1,322	1,014	1,051	1,447	1,149	1,195	1,850	836	171	383	350
Multifamily Units	206	386	766	256	52	97	79	323	0	144	0
Total	1,528	1,400	1,817	1,703	1,201	1,292	1,929	1,159	171	527	350

\* 2013-15 estimates reflect future uncertainty in the tax-exempt bond market, expiration of New Issue Bond Program, and potential for alternative delivery models.

For single-family housing, the data above is based on the number of loans purchased from program lenders. Due to adverse economic conditions in the tax-exempt housing bond market, OHCS was unable to issue new debt for single family loans from September 2008 to December 2010. This forced OHCS to discontinue accepting reservations for single-family loans between March 2009 and November 2010.

For multifamily housing, figures are based on loans closed in each fiscal year. Multifamily loan production decreased in 2009 and 2010 in part because of increased underwriting standards (resulting from the financial crisis of 2008).

<sup>1</sup> State of Oregon. 2012. “10 Year Plan for Oregon Project: Healthy People Policy Vision.”

While Debt Service activities supports OHCS's Bond Related Activities, it is important to note that debt service expenditures extend up to 40 years after the period in which units of affordable housing are financed.

### **Enabling Legislation/Program Authorization**

**OHCS's bond-financed loan programs are authorized throughout ORS Chapter 456.** In addition, Article XI- I(2) of the Oregon Constitution authorizes that bonds used to finance multifamily housing for elderly and disabled persons be issued as general obligation bonds of the State of Oregon, and establishes a limit of Elderly and Disabled Housing Bonds that may be outstanding at any given time in an amount equal to or not to exceed to ½% of true cash value of all taxable property in the State (this amount is currently about \$2.2 billion).

ORS 456.661 establishes a limit for all outstanding direct revenue bonds issued by OHCS in an amount not to exceed \$2.5 billion. ORS 456.692 exempts pass-through revenue bonds issued by OHCS from the outstanding debt limitation established by ORS 456.661. Specific legislation passed each biennium known as the "Bond Bill" establishes OHCS's biennial new issuance limits by debt category and allocates federal "private activity bond" authority to the agency for the following two calendar years. Debt service payments related to OHCS bond-financed loan programs are considered Other Funds – Non Limited for budgetary purposes.

### **Funding Streams**

All of OHCS's bond-financed loan programs are self-supporting activities; as such, all debt service expenditures are funded solely from borrower's payments received on loans financed under each indenture, interest earnings on invested indenture funds and reserves, proceeds from the sale of acquired properties and any recoveries from mortgage insurance related to these foreclosed properties. No other state or federal revenues are received to support the debt service payments or other costs of these programs. Although restricted by federal tax law and bond indenture restrictions, income earned over and above amounts needed to cover debt service and program administrative expenses can be used to pay the general operating expenses of the agency.

### **Significant Proposed Program Changes from 2011-13**

OHCS is considering alternatives and assessing effectiveness of the agency's current business model. Federal tax law, bond indenture restrictions, the strength of the bond market and the recovering economy are all factors that externally affect the agency's deliberative process to strengthen the Bond Debt Service program. As a result, at this time, changes in other programs and activities that benefit from proceeds of Bond Debt Service are being examined, but Bond Debt Service itself should not see changes.

**OHCS Position Reclassifications  
2011-13 Biennium**

Position Number	FROM			TO		
	Repr, Class No. & Pay/Rg Opts	Class Title	Salary Range	Repr, Class No. & Pay/Rg Opts	Class Title	Salary Range
0001040	OA C0862 AA	Program Analyst 3	29	OA C0861 AA	Program Analyst 2	27
0010005	OA C0862 AA	Program Analyst 3	29	OA C0861 AA	Program Analyst 2	27
0000859	OA C5247 AA	Compliance Spec 2	25	OA C1003 AA	Loan Specialist 3	30
0000880	OA C0118 AA	Exec Supp Spec 1	17	OA C1482 IA	Info Systems Spec 2	21
0000901	MMN X1003 AA	Loan Specialist 3	30X	MMN X0863 AA	Program Analyst 4	31X
0000970	OA C3615 AA	Architectural Cnslt	29	OA C1003 AA	Loan Specialist 3	30
0001149	MMN X1003 AA	Loan Specialist 3	30X	MMN X0863 AA	Program Analyst 4	31X
0000862	MMN X0212 AA	Acct Tech 3	19X	OA C0212 AA	Acct Tech 3	19
0000927	MMN X1321 AA	Human Res An 2	26X	MMN X1320 AA	Human Res An 1	23X
0010001	MESN Z7008 IA	Prin Exec/Mgr E	33X	MMS X7006 IA	Prin Exec/Mgr D	31X
0010009	MMN X0119 AA	Exec Support Spec 2	19X	OA C0107 AA	Administrative Spec 1	17
0000958	OA C0863 AA	Program Analyst 4	31	MMN X0863 AA	Program Analyst 4	31X
0001159	MMS X7006 AA	Prin Exec/Mgr D	31X	MMS X7008 AA	Prin Exec/Mgr E	33X
0000834	OA C1216 AA	Accountant 2	23	OA C1217 AA	Accountant 3	27
0009015	OA C0107 AA	Admin Spec 1	17	OA C0108 AA	Admin Spec 2	19
0000913	OA C1003 AA	Loan Specialist 3	30	OA C0861 AA	Program Analyst 2	27
0000966	MMN X1244 AA	Fiscal Analyst 2	27X	OA C1244 AA	Fiscal Analyst 2	27
0010036	OA C0863 AA	Program Analyst 4	31	OA C0872 AA	Ops & Policy Analyst 3	30
0001175	MMN X0873 AA	Ops & Policy Analyst 4	32X	MMN X0872 AA	Ops & Policy Analyst 3	30X

**Employees New to Oregon Housing and Community Services  
7/1/11 to 12/31/12**

<b>APPT DATE</b>	<b>NAME</b>	<b>CLASS DESC</b>	<b>CLASS</b>	<b>BASE RATE</b>	<b>RNG</b>	<b>STEP</b>	<b>Salary Justification</b>
7/19/2011	ISAAK, PATTY A	TEMPORARY EMPLOYEE	T0001	2,284.00	15	02	
7/27/2011	KESSINGER, HEATHER	PUBLIC SERVICE REP 3	C0323	2,380.00	15	03	Salary history
8/22/2011	MERRILL, BETTY ANN	OPERATIONS & POLICY ANALYST 4	X0873	7,224.00	32	08	Salary history
8/29/2011	MARTINEZ, OMAR	OPERATIONS & POLICY ANALYST 2	C0871	4,495.00	27	05	Salary history
9/6/2011	ABUALAJIN, AYMAN	TEMPORARY EMPLOYEE	T0001	2,045.00	11	04	Intern - sharing cost with OSP
9/26/2011	GOBEN, LISA	TEMPORARY EMPLOYEE	T0001	3,086.00	00	00	
10/1/2011	LECOURS, LAURIE S	ACCOUNTANT 4	C1218	5,703.00	30	07	Salary history
10/27/2011	STRICKER, SHELLY	TEMPORARY EMPLOYEE	T0001	4,089.00	23	07	Salary history
10/27/2011	CRISMAN, GORDON L	TEMPORARY EMPLOYEE	T0001	4,286.00	00	00	
10/27/2011	SHERMAN, TERESA	TEMPORARY EMPLOYEE	T0001	3,547.00	00	00	
11/1/2011	GRAY, REBECCA	PRINCIPAL EXECUTIVE/MANAGER E	X7008	6,889.00	33X	07	Salary history + promotion
11/14/2011	TOLVSTAD, KAREN	PRINCIPAL EXECUTIVE/MANAGER F	Z7010	7,585.00	35X	07	Salary history
11/16/2011	ROMANS, RITA L	RESEARCH ANALYST 2	C1116	4,495.00	23	09	Reemployment - demotion
11/16/2011	LINDSEY, TRACY L	RESEARCH ANALYST 2	C1116	3,086.00	23	01	
11/16/2011	PEXTON, NICOLE	RESEARCH ANALYST 2	C1116	3,086.00	23	01	
11/17/2011	VALFRE, ADOLPH JR	BOARD AND COMMISSION MEMBER	Y7500		00	00	
11/22/2011	COREY, ASHLEY A	PROGRAM ANALYST 1	C0860	3,383.00	23	03	Salary history
12/1/2011	TERRY, RACHEL A	PROGRAM ANALYST 1	C0860	3,600.00	23	04	Salary history
12/7/2011	KIMBERLIN, DENISE K	ADMINISTRATIVE SPECIALIST 1	C0107	2,510.00	17	02	
12/13/2011	REYNOLDS, PAMELA L	OFFICE SPECIALIST 1	C0103	2,247.00	12	04	Salary history + promotion
12/19/2011	COOK, ROBIN	PROGRAM ANALYST 1	C0860	4,350.00	23	08	Salary history
12/19/2011	BROWN, CINDY	PROGRAM ANALYST 1	C0860	4,150.00	23	07	Salary history
12/19/2011	WOODIN, KATHLEEN	OFFICE SPECIALIST 1	C0103	2,160.00	12	03	Salary history
12/21/2011	THOMPSON, ANNE P	PRINCIPAL EXECUTIVE/MANAGER B	X7002	3,913.00	26X	02	
1/30/2012	HELVEY, VARA	OFFICE SPECIALIST 1	C0103	2,160.00	12	03	Salary history
2/7/2012	SCULATTI, DUSTIN	PUBLIC SERVICE REP 3	C0323	2,510.00	15	04	Salary history
2/21/2012	NAVARRO, ANGELA	PUBLIC SERVICE REP 3	C0323	2,416.00	15	03	Salary history
2/21/2012	WALLACE, JULIE C	PUBLIC SERVICE REP 3	C0323	2,247.00	15	01	
2/21/2012	WILLIAMS, MICHELLE	PUBLIC SERVICE REP 3	C0323	2,247.00	15	01	
2/22/2012	MOCKERMAN, BETHANY A	RESEARCH ANALYST 2	C1116	3,600.00	23	04	Hard to fill position
2/22/2012	OLSEN, LOUIS CONSTANT	RESEARCH ANALYST 2	C1116	3,600.00	23	04	Hard to fill position
2/24/2012	SCHWERT, DAVID J	PRINCIPAL EXECUTIVE/MANAGER B	X7002	3,727.00	26X	01	
3/15/2012	MILLER, GREGORY	PROGRAM ANALYST 1	C0860	4,562.00	23	09	Salary history
3/19/2012	CODY, JULIE	PRINCIPAL EXECUTIVE/MANAGER F	Z7010	8,490.00	35X	09	Salary history
3/28/2012	MUMBY, LISA MARIE	OFFICE SPECIALIST 1	C0103	2,247.00	12	04	Salary history
<b>APPT DATE</b>	<b>NAME</b>	<b>CLASS DESC</b>	<b>CLASS</b>	<b>BASE RATE</b>	<b>RNG</b>	<b>STEP</b>	<b>Salary Justification</b>
5/30/2012	SPIRO, LORALYN	PUBLIC AFFAIRS SPECIALIST 1	C0864	4,350.00	25	06	Salary history
5/30/2012	SALSIG, DANIEL T	RESEARCH ANALYST 2	C1116	3,783.00	23	05	Salary history
6/1/2012	HEIN, MARIA	PROGRAM ANALYST 2	C0861	3,962.00	27	02	
6/1/2012	DICKSON, AUBRE	BOARD AND COMMISSION MEMBER	Y7500		00	00	
6/4/2012	CASTRICANO, DAVID	TEMPORARY EMPLOYEE	T0001	5,789.00	30	07	Salary history
6/4/2012	TRAVIS, KIMBERLY	PRINCIPAL EXECUTIVE/MANAGER D	X7006	6,046.00	31X	06	Salary history
6/5/2012	RHEEM, CHARLES	TEMPORARY EMPLOYEE	T0001	3,783.00	23	05	Salary history
6/10/2012	KOZA, ZEE	BOARD AND COMMISSION MEMBER	Y7500		00	00	
7/1/2012	MORGAN-GOLDSCHMIDT, AN	HUMAN RESOURCE ANALYST 3	X1322	5,228.00	29	04	Salary history
7/1/2012	ARREOLA, MAYRA	BOARD AND COMMISSION MEMBER	Y7500		00	00	

**Employees New to Oregon Housing and Community Services  
7/1/11 to 12/31/12**

7/2/2012	MILLER, MARILYN K	TEMPORARY EMPLOYEE	T0001	5,524.00	27	09	Salary history
7/20/2012	ALTER, LIANA MARILYN	INFO SYSTEMS SPECIALIST 4	C1484	3,758.00	25	02	
7/23/2012	MAKI, EILEEN	TEMPORARY EMPLOYEE	T0001	3,962.00	27	02	
8/10/2012	CURRENT, GREGORY D	EXECUTIVE SUPPORT SPECIALIST 2	Z0119	3,539.00	19	06	Salary history
8/20/2012	ASHARD, CHRISTIAN	RESEARCH ANALYST 2	C1116	3,284.00	23	02	
9/1/2012	FLICKINGER, SANDRA A	FISCAL ANALYST 2	C1244	4,352.00	27	00	
9/24/2012	MANSON, JESSICA	TEMPORARY EMPLOYEE	T0001	2,247.00	00	00	
9/24/2012	PATRICK, GINA Y	TEMPORARY EMPLOYEE	T0001	2,247.00	00	00	
10/1/2012	BAIRD, CECIL L	LOAN SPECIALIST 1	C1001	4,562.00	23	09	Recall from layoff
10/1/2012	FITZGERALD, ELIZABETH	OFFICE SPECIALIST 1	C0103	2,083.00	12	02	
10/15/2012	SCULLY, ANGELA R	ADMINISTRATIVE SPECIALIST 1	C0107	2,624.00	17	03	Unknown
10/30/2012	MORRIS, DAVID R	RESEARCH ANALYST 2	C1116	3,600.00	23	04	Hard to fill position
11/14/2012	CHANDLER, DEANNE V	TEMPORARY EMPLOYEE	T0001	5,524.00	27	09	Salary history
11/19/2012	ORNDOFF, REINA	COMPLIANCE SPECIALIST 1	C5246	2,989.00	21	02	
11/20/2012	LEE, ROBERT	OPERATIONS & POLICY ANALYST 3	X0872	5,228.00	30	03	Salary history
11/26/2012	KLUKIS, JANET L	EXECUTIVE SUPPORT SPECIALIST 2	Z0119	3,913.00	19	08	Demotion
12/17/2012	MERCK, VICKI N	TEMPORARY EMPLOYEE	T0001	2,858.00	17	00	

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## Oregon Housing and Community Services #91400

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### Audit Response Report

**Audit Name: Statewide Single Audit, Report for the Year Ended June 30, 2009; Audit Report #2010-19**  
**Finding: 09-33 Subrecipient Monitoring – Lack of Program Onsite Monitoring of Subrecipients**  
**Report Date: March 2010**

#### **Weatherization Assistance for Low-Income Persons, CFDA 81.042**

**Recommendation:** We recommend department management ensure required program monitoring is performed in compliance with federal requirements.

**Corrective Action:** We concur. Oregon Housing and Community Services has implemented a process to meet subrecipient monitoring requirements on all programs. Program Coordinators will conduct periodic onsite monitoring visits as outlined in the state plan for each program. The onsite visits began in late 2009. State plans and Oregon Administrative Rules have been revised to reflect a monitoring schedule that more closely corresponds with the federal requirements outlined in the respective program. In addition, a Community Resources Division staff member has been assigned to be a desk monitor for the Division and will maintain a regular desk monitoring schedule that will become part of a comprehensive risk assessment tool.

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**Audit Name: Statewide Single Audit, Report for the Year Ended June 30, 2010; Audit Report #2011-06**  
**Finding: 10-18 Subrecipient Monitoring – Lack of Program Onsite Monitoring**  
**Report Date: March 2011**

#### **Community Services Block Grant, CFDA # 93.569 and 93.710**

**Recommendation:** We recommend department management ensure program monitoring is performed and adequately documented in compliance with federal requirements and the approved state plan.



## Oregon Housing and Community Services #91400

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Corrective Action: We concur. After being notified of this deficiency, the process was changed to review the ARRA funds, as well as the non-ARRA CSBG funding during the onsite reviews.

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**Audit Name: Statewide Single Audit, Report for the Year Ended June 30, 2010; Audit Report #2011-06**  
**Finding: 10-19 Lack of Fiscal Monitoring of Subrecipients' Cash Draw Downs**  
**Report Date: March 2011**

**Weatherization Assistance for Low-Income Persons, CFDA # 81.042**  
**Low-Income Home Energy Assistance, CFDA # 93.568**  
**Community Services Block Grant, CFDA # 93.569 and 93.710**

Recommendation: We recommend department management ensure monitoring of subrecipient requests for cash drawdowns is performed in compliance with federal requirements.

Corrective Action: We concur. The Oregon Housing and Community Services has begun to ensure that every funding stream has a review done during monitoring of the Subrecipients' Request for Funds. The Fiscal Compliance Monitor has updated his process and will continue reviewing cash requests to comply with the Cash Management Section of the OMB Compliance Supplement for all funding streams.

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**Audit Name: Statewide Single Audit, Report for the Year Ended June 30, 2010; Audit Report #2011-06**  
**Finding: 10-20 Subrecipient Monitoring – A-133 reviews**  
**Report Date: March 2011**

**Weatherization Assistance for Low-Income Persons, CFDA # 81.042**  
**Low-Income Home Energy Assistance, CFDA # 93.568**  
**Community Services Block Grant, CFDA # 93.569 and 93.710**

Recommendation: We recommend the department ensure all A-133 audits are adequately reviewed and the proper follow-up is performed.

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## Oregon Housing and Community Services #91400

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Corrective Action: We concur. The Oregon Housing and Community Services will work to ensure all A-133 audits are adequately reviewed and the proper follow-up is performed. Anticipated corrective action will be implemented for the review of A-133 audits for the fiscal year ending June 30, 2010.

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**Audit Name: Statewide Single Audit, Report for the Year Ended June 30, 2010; Audit Report #2011-06**  
**Finding: 10-21 Reporting – Lack of Reconciliation of the OPUS system**  
**Report Date: March 2011**

**Weatherization Assistance for Low-Income Persons, CFDA # 81.042**  
**Low-Income Home Energy Assistance, CFDA # 93.568**  
**Community Services Block Grant, CFDA # 93.569 and 93.710**

Recommendation: We recommend department management strengthen its controls over federal reporting by regularly reconciling OPUS to SFMA.

Corrective Action: We concur. The Oregon Housing and Community Services does not reconcile interim reports between OPUS and the accounting system. However, for final reports a reconciliation between systems is performed.

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**Audit Name: Statewide Single Audit, Report for the Year Ended June 30, 2011; Audit Report #2012-08**  
**Finding: 11-20 Annual Report on Households Assisted by LIHEAP**  
**Report Date: March 2012**

**Low-Income Home Energy Assistance, CFDA # 93.568**

Recommendation: We recommend department management ensure the Report on Households Assisted by LIHEAP is submitted with accurate numbers and that the amounts agree to the supporting documentation.

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## Oregon Housing and Community Services #91400

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Corrective Action: We concur. The Oregon Housing and Community Services has developed a tool in February 2012 that allows staff to run consistent queries.

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**Audit Name: Statewide Single Audit, Report for the Year Ended June 30, 2011; Audit Report #2012-08**

**Finding: 11-21 LIHEAP Program Monitoring**

**Report Date: March 2012**

### **Low-Income Home Energy Assistance, CFDA # 93.568**

Recommendation: We recommend department management comply with the Master Grant Agreement and ensure monitoring results are communicated to subrecipients within 60 days of the monitoring review, particularly when the review contains issues that could result in noncompliance with federal requirements.

Corrective Action: We concur. This occurred as a result of understaffing in compliance monitoring. It is expected that the agency will be able to devote resources to meeting compliance requirements including timely communication with subrecipients by July 1, 2012.

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# Oregon

John A. Kitzhaber MD, Governor

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Oregon Housing and Community Services, 91400

HB 4131 Report

13-15 Agency Request Budget

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**How the agency is making progress toward the objectives of HB 4131. Be sure to include administrative actions taken by the agency in 2011-13 biennium, such as reclass packages and permanent finance plans that roll into the Base Budget, including actions planned through June 2013.**

OHCS has been making progress toward the objectives of HB 4131 long before it was introduced during the 2012 February Legislative session. OHCS was already in the midst of major agency reorganization, coupled with the appointment of a new agency director, Margaret Van Vliet.

Upon appointment Director Van Vliet catapulted forward changes in the organizational structure that aligned the agency's business need with the organizational structure that implements the spirit and intent of both HB 2020 and HB 4131 as introduced, keeping in mind the work of the Governor's 10 year plan and the outcomes to be achieved. Director Van Vliet along with her new Executive Team announced broad organizational changes in February 2012. OHCS management to staff ratio stood at 1:5. Below are actions taken to implement the new organizational changes announced by Director Van Vliet in February 2012.

- 2012 February Session – established 18 limited duration, non-supervisory positions and two limited duration, supervisory positions. (OHSI , CASA)
- February 2012 – Corrected the service type of three permanent positions from supervisory to non-supervisory (0000957, 0001033 & 0001166).
- March Emergency Board – added one limited duration, non-supervisory position because of SB 1552 (0001378).

As of April 11, 2012 (HB 4131 effective date), OHCS management to staff ratio is 1:7.

Today, OHCS is continuing to implement the next phases in the organizational change and is preparing a permanent finance plan (PFP 1113-02) for the following activities on or before October 31, 2012:

- Abolish one permanent, supervisory position due to layoff (0000903).
- Abolish three permanent, non-supervisory positions due to layoff (0000839, 0000977 & 0001032).
- Add three permanent, non-supervisory positions (0001379, 0001380 & 0001420).

The net result of the above actions, OHCS management to staff ratio would remain at 1:7.

**The summary should include such things as the current ratio and minimum required target ratio as of October 2013.**

To make additional progress toward the minimum required target ratio, on or before October 31, 2013, OHCS will submit a permanent finance plan to reclassify downward one permanent, supervisory position to a non-supervisory classification and service type (0010035).

As of July 2012, OHCS has launched an in-depth assessment of agency programs for their alignment with the Governor's 10 year plan and the Healthy People outcome, program prioritization, sustainable funding sources, efficient and transparent delivery of services. Upon completion of the assessment, anticipated December 2012, Director Van Vliet will review assessment reports to determine if further organizational changes are needed and steps to further progress toward the objectives of HB 4131.

**Also explain the effect of policy packages on staffing ratios in the requested budget.**

The majority of the actions described in the report will be reflected in the agency request budget and OHCS will provide updates throughout the biennium to our DAS Budget Analyst and LFO Analyst as we continue our progress toward the objectives of HB 4131, after our agency request budget has been submitted. Director Van Vliet is committed to make progress toward the objectives of HB 4131.

If you have questions, please contact Rebecca Gray, HR Manager at 503-986-2098 or [rebecca.e.gray@state.or.us](mailto:rebecca.e.gray@state.or.us).



# Oregon

## Housing and Community Services

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### **Re: LFO Presentation Guidelines for Ways and Means Subcommittees (2013 Session)**

**Request Item #13:** Provide a summary of all proposed information technology and capital construction projects.

**OHCS Response:** Our agency has no proposed information technology or capital construction projects at this time.

