

HOUSING AND COMMUNITY SERVICES DEPARTMENT

The Housing and Community Services Department works to provide financing and support for the development of affordable housing in the state and for the delivery of services for economically needy Oregonians. The Department administers federal and state programs to alleviate homelessness and poverty; directs the state’s manufactured dwelling park community relations program; and works with public, nonprofit, and for-profit organizations and community based organizations to deliver services. The State Housing Council is a seven member council appointed by the Governor and confirmed by the Senate responsible for providing policy oversight to the Department.

HOUSING & COMMUNITY SERVICES DEPARTMENT	2009-11 Actuals	2011-13 Leg. Approved	2013-15 Current Service Level	2013-15 Governor's Budget	2013-15 Co-Chairs' Budget (1.0)	% Change 2011-13 LAB to 2013-15 CSL
General Fund	9,524,010	15,312,436	12,187,323	7,760,573	0	-20.4%
Lottery Fund	8,454,527	10,464,685	10,010,599	10,010,599	0	-4.3%
Other Funds	111,020,175	149,615,398	117,857,575	59,775,562	0	-21.2%
Other Funds NonLimited	744,541,892	800,295,105	577,328,360	454,533,001	0	-27.9%
Federal Funds	271,449,723	208,039,554	154,818,200	77,332,216	0	-25.6%
Federal Funds Nonlimited	105,608,871	108,229,868	108,000,000	54,000,000	0	-0.2%
TOTAL FUNDS	\$1,250,599,198	\$1,291,957,046	\$980,202,057	\$663,411,951	\$0	-24.1%
Positions	188	212	127	166	0	-40.1%
FTE	160.48	184.89	126.50	71.18	0.00	-31.6%

Major Revenues	Budget Environment	Comparison by Fund Type
<ul style="list-style-type: none"> General Fund supports several anti-poverty programs, and is passed through to local service providers. 2013-15 amounts at CSL are as follows: <ul style="list-style-type: none"> Oregon Hunger Response Fund (formerly called the “General Fund Food Program”): \$1,944,600 Emergency Housing Account: \$4,813,485 State Homeless Assistance Program: \$2,741,125 Low Income Rental Assistance (formerly supported by criminal fine and assessment account revenues until 2011): \$464,435 Court Appointed Special Advocates (this 	<ul style="list-style-type: none"> The slow economy, low interest rates, and high rates of unemployment, have contributed to a long-term structural operating issue for HCSD. These factors have resulted in weak demand for HCSD’s single family home loan program; if no bonds for the program are issued, loan repayments and interest earnings remain relatively static while the agency’s operational expenses continue to rise. When the agency has issued new bonds, the cost of doing so has gone up. Purchase of pass-through revenue bonds (another income source) have lagged. 	

<p>program used to be located in the State Commission on Children and Families which was abolished in 2011): \$2,223,678</p> <ul style="list-style-type: none"> ● Lottery Funds support a total of \$10.1 million debt service on bonds issued for initiatives in previous biennia, including the Community Incentive Fund, Permanent Supportive Housing, and Preservation of affordable housing with expiring federal subsidies. ● Other Funds are derived from multiple sources. Projected totals for 2013-15 are as follows: <ul style="list-style-type: none"> ▪ Document recording fee revenue augments both homeless assistance and affordable housing programs: \$20 million ▪ Energy bill payment assistance funds: \$29.9 million ▪ Homeownership Stabilization Initiative fees for service: \$2.9 million ▪ Federal HUD contract administration fees for service: \$4.8 million; ▪ Interest earnings: \$162.6 million; ▪ Single Family Loan program repayments: \$222 million; ▪ Loan, tax credit, and other fees for service: \$10.3 million ▪ Manufactured Dwelling Park program fees: \$963,000; ▪ Bond Proceeds (Other Funds Non-Limited): \$240 million; ▪ Public Purpose Charge revenue (for low income weatherization assistance): \$26.2 million. ● Federal Funds are received primarily as formula grants for weatherization and anti- 	<ul style="list-style-type: none"> ● Regulations have limited the amount of overall earnings on HCSD bonds, while requirements for reserves against defaults have increased. ● High rates of foreclosure and unemployment have created high demand for affordable housing, even though tight credit markets make it difficult for developers to cobble together financing for projects. ● The Home Ownership Stabilization Initiative funded with federal TARP funds is scheduled to phase out by mid-2014. ● The Department has been working to redesign its Consolidated Funding Cycle multi-family housing project grant process, reassessing criteria, scoring, and selection among competing projects for limited amounts of multi-family housing development funding. ● New programs that were inherited in 2011 included the following: <ul style="list-style-type: none"> ▪ The Department of Revenue (DOR) was prepared to transfer administration of the Elderly Rental Assistance program to HCSD during 2013-15. However, the legislative concept to do so was withdrawn by the Executive branch pending decisions on potential changes HCSD program delivery models. ▪ HB 4082 (2012 session) transferred the Court Appointed Special Advocates program from the Commission on Children and Families (which was abolished) to Oregon 	
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<p>poverty programs. Federal Fund projections for 2013-15 include the following:</p> <ul style="list-style-type: none"> ▪ Community Services Block Grant: \$11.2 million; ▪ Homeless Assistance Grants: \$2.22 million; ▪ Food and commodity program support (Department of Agriculture): \$2.4 million; ▪ HOME Tenant-Based Assistance: \$5.1 million; ▪ TANF Transfers: \$1 million; ▪ Low-Income Energy Assistance Program: \$84.7 million ▪ Weatherization funding: \$21.8 million; ▪ HOME funds from Housing and Urban Development: \$18.5 million; ▪ Section 8 rent subsidy (Federal Funds Non-Limited): \$108 million; ▪ Foreclosure mitigation counseling grant: \$1.15 million; ▪ Neighborhood Stabilization grant:\$1 million; ▪ Corporation for National and Community Service (Oregon Volunteers! grant funds): \$5.6 million. 	<p>Volunteers! – a division of HCSD. \$1.3 million GF and 1 position were included in the transfer.</p> <ul style="list-style-type: none"> ▪ SB 1552 created a foreclosure mediation process that homeowners could access through the Department of Justice. General Fund was allocated at the May 2012 meeting of the Emergency Board Eboard as follows: \$3 million to support an additional 25 housing counselors, \$400,000 for specialized legal aid contracts, and \$450,000 for an outreach campaign. The 2013-15 Governor’s budget includes a policy option package to continue funding for these purposes. 	
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MAJOR CHALLENGES AND DECISION POINTS

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| <ol style="list-style-type: none"> 1. The Governor's budget proposes one year of funding for HCSD programs, assuming study and consideration of a new service delivery model to be developed in 2013-14. Second year funding is proposed to be put in a Special Purpose Appropriation for allocation by the Emergency Board, based on recommendations and policy decisions related to program delivery. 2. Because of the timing and phase out of certain programs (the Home Ownership Stabilization Initiative and the Neighborhood Stabilization Program) technical adjustments to amounts and FTE need to be made to the agency's budget. 3. Significant Phase Outs include the following: <ul style="list-style-type: none"> ▪ Elimination of a one-time increase in the General Fund Food Program for 2011-13 (\$350,000 GF); ▪ Ending ARRA-related grants for Homeless Prevention and Rapid Rehousing (\$4.1 million FF); Weatherization (\$27.3 million FF); Tax Credit Assistance (\$6.8 million FF); Neighborhood Stabilization Program (\$9.6 million FF); ▪ Removing \$6.8 million OF limitation for Oregon Energy Assistance Program funding, which will not be collected due to improvements in state economic conditions; ▪ Removing OF limitation for lottery bond proceeds issued in previous biennia for various projects including rental housing preservation, manufactured park preservation, and permanent supported housing for the homeless (\$10.2 million OF); ▪ Removing OF limitation for the General Housing Assistance Program to more closely align with revenue collection (\$3.7 million OF); | <ul style="list-style-type: none"> ○ Reflecting a transfer of a portion of Community Development Block Grant funding to Oregon Business Development Department (\$3.3 million FF). <ol style="list-style-type: none"> 4. Pending decisions on HCSD program delivery in 2015 and beyond, all HCSD legislative concepts were pulled from consideration by the Governor's office, with one exception: a bill to enable the Department to make decisions on the disposal of foreclosed and acquired properties in a manner determined by the agency to best protect the interests of bond holders. That bill is not anticipated to have a fiscal impact. 5. The Governor's budget includes unidentified reductions related to state agency assessments for DAS and the Office of Administrative Hearings, a reduction related to the PERS employer rate, and additional PERS related reductions which assume legislative action. |
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