

Housing and Community Services Department

	2011-13 Actuals	2013-15 Leg. Approved	2015-17 CSL LFO	2015-17 Governor's
General Fund	16,374,753	20,060,547	13,238,551	15,738,955
Lottery Funds	10,464,680	9,428,966	11,937,489	11,931,835
Other Funds	131,786,323	138,522,567	136,988,473	240,659,404
Other Funds Non-Limited	634,042,969	929,119,105	938,043,926	938,043,926
Federal Funds	155,310,950	117,493,813	121,110,888	118,933,006
Federal Funds Non-Limited	107,148,727	108,000,000	112,320,000	112,320,000
Total Funds	1,055,128,402	1,322,624,998	1,333,639,327	1,437,627,126
Positions	209	168	127	130
FTE	191.97	150.33	124.38	126.00

*includes Emergency Board and administrative actions through December 2014

Program Description

The Housing and Community Services Department (HCSD) strives “To provide stable and affordable housing and engage leaders to develop integrated statewide policy that addresses poverty and provides opportunity for Oregonians.” The agency is not a direct purveyor of services, but coordinates, contracts with and grants funding to a variety of local service providers throughout the state for the following:

- homelessness assistance and prevention (includes emergency assistance payments to prevent homelessness and shelter grants);
- food and nutrition assistance;
- rental assistance;
- energy and weatherization assistance;
- multi-family low income housing development and rehabilitation;
- single family low-income housing loans; and
- foreclosure prevention.

CSL Summary and Issues

The 2015-17 Current Service Level allocations of General Fund in the agency’s budget are allocated to social safety net programs in the following amounts:

Emergency Housing Assistance	\$ 4,957,890
State Homeless Assistance Program	\$ 2,794,832
Low Income Rental Assistance	\$ 526,124
Housing Choice Landlord Guarantee Program	\$ 307,287
Oregon Hunger Response Fund (nee General Fund Food Program)	\$ 2,363,438

In addition, Court Appointed Special Advocates (managed by the *Oregon Volunteers!* program) also receive a General Fund allocation in the amount of \$2,288,980.

General Fund Subtotal *\$13,238,551*

Lottery Funds are for debt service associated with lottery bond allocations in prior biennia for preservation of affordable housing with expiring federal subsidies, and supported housing for the homeless.

Other Funds are derived from bond proceeds and earnings on older indentures, and help to support the majority of the agency’s operating expenditures. Mortgage and down payment assistance repayments are associated with the single family home loan program. Federal Housing and Urban Development (HUD) payments are for contracted inspection of Federal Housing properties. Loan, tax credit and other fees for service, along with interest earnings support the home loan program. A portion of the public purpose charge established as part of the electric industry restructuring approved in 1999 supports energy efficiency incentives, retrofits, and construction of housing for low-income persons. Utility bill assessments provide funding for energy bill payment assistance programs. A document recording fee on real estate transactions supports homeownership, multi-family housing and emergency assistance, with a portion of funds specified for Veterans. The Home-ownership Stabilization Initiative is supported by funds granted to Oregon from the U.S. Treasury Troubled Asset Relief Program dollars, which are categorized as Other Funds. In addition to these direct sources of Other Fund revenues, a portion of the General Fund appropriation is expended as Other Funds.

Federal Funds are received primarily as formula grants for weatherization and energy programs such as Low Income Home Energy Assistance Program (LIHEAP), and for anti-poverty programs, including food and commodity programs, homeless assistance, rent subsidies, and foreclosure mitigation grants. Federal grants also support *Oregon Volunteers!* programs.

Policy Issues

The Housing and Community Services Department spent much of 2013 examining alternate service delivery models for the 2015-17 biennium and beyond. To that end, the agency is proposing legislation to consolidate the number of advisory boards and bodies that provide policy advice to the agency. HCSD is also amending administrative rules to streamline administrative processes for both partners and the agency. HCSD has reorganized some of its management structures, and is proposing to transfer administration of food and commodity programs to the Department of Human Services. A package to balance expenditures to available revenues is included in the agency's budget, resulting in the elimination of 9 positions (6.88 FTE) and associated expenditures, most of which have been achieved through attrition.

The agency's budget includes a request for Other Funds expenditure limitation and position authority to expend remaining Troubled Asset Relief Program funds associated with the Homeownership stabilization initiative.

The Governor's budget proposes enhancements to *Oregon Volunteers!* (The Commission on Voluntary Action and Service), as well as an evaluation of alternative administrative models for this entity. The Governor proposes providing a year's worth of expenditure limitation in the agency's budget bill, with the second year's limitation for the program going into a special purpose appropriation to the Emergency Board, to be allocated upon a report to the Legislature.

The Department of Revenue operates the Elderly Rental Assistance Program, which provides rental assistance payments to low income seniors. There may be policy committee discussions regarding Senate Bill 296, which would begin the process of transferring the program to HCSD.

A determination regarding the duration of state General Fund support for foreclosure mediation counseling will center on the availability of funds and the rate mortgage delinquencies and foreclosure actions in Oregon.

Other Significant Issues and Background

Budget Notes

The Housing and Community Services Department was required to report to the 2014 Legislative Assembly on alternate service delivery models for 2015 and beyond. The budget note included specific issues the agency was to consider and report on. The agency delivered the report in 2014, but any requested changes to key performance measures will be considered as part of the 2015-17 budget. A link to the 2014 report is provided in OLIS.

Emergency Board Actions

The Housing and Community Services Department appeared before the September 2014 meeting of the Emergency Board and was granted an additional \$659,300 General Fund appropriation for foreclosure mediation counseling services associated with the passage of SB 1552 in 2012 and SB 558 in 2013. The amount was in addition to what had already been appropriated (\$4.2 million), and was anticipated to be sufficient to fund – through March of 2015 - the system’s maximum capacity of 200 cases per month. Services are delivered by 31.5 FTE in not-for-profit housing counseling agencies throughout Oregon, who are reimbursed on a fee-for-service basis. A subsequent request in the amount of \$349,000 General Fund to meet demand for the remaining quarter of the biennium will be presented as part of the 2013-15 budget reconciliation bill in the Joint Ways and Means Capital Construction Subcommittee.

Audit Reports

As part of the Secretary of State’s Statewide Single Audit to determine compliance with federal funding requirements, the Low Income Home Energy Assistance Program and Community Services Block Grant program were reviewed for compliance with federal rules, in April 2014. The management letter related to that review is included in the appendix of the agency’s presentation document.

The Annual Financial Report of Enterprise Funds for the Year ended June 30, 2014 found no identified material weaknesses or instances of non-compliance. Likewise, the Audits Division review of the agency’s Comprehensive Annual Financial Report found that the report fairly represented Housing’s financial position.

Co-Chairs’ Budget Framework Discussion

The Co-Chairs’ budget framework maintains current service level support for Emergency Housing Assistance, State Homeless Assistance, Low Income Rental Assistance, the Oregon Hunger Response Fund (formerly the General Fund Food Program) and the Court Appointed Special Advocates program.

The Co-Chairs’ budget framework designated the following as “Additional issues to be resolved”:

- Continuing foreclosure counseling associated with the mediation program;
- Continuing Emergency Housing Assistance and State Homeless Assistance Program enhancements that were funded in 2013-15 on a one-time basis; and
- An administrative position for CASA and additional support for CASA grants.

The process for determining the state's priorities for capital construction is ongoing, and the Governor's proposal for \$100 million (consisting of a combination of Lottery Bond revenue and Article XIQ Bonds) for affordable housing will be determined within this context, although discussion and questions regarding the proposal are appropriate and encouraged within the Transportation and Economic Development Subcommittee.