



Oregon

Governor Kate Brown

Housing and Community Services

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March 23rd, 2017

The Honorable Betsy Johnson
Co-Chair Ways and Means Subcommittee on
Transportation and Economic Development
Oregon Senate
Salem, Oregon 97301

The Honorable David Gomberg
Co-Chair Ways and Means Subcommittee on
Transportation and Economic Development
Oregon House of Representatives
Salem, Oregon 97301

RE: HB 5012 – Housing and Community Services Department Budget

Dear Co-Chairs Johnson, Gomberg and members of the Ways and Means Subcommittee on Transportation and Economic Development:

Thank you for the time and opportunity for Oregon Housing and Community Services (OHCS) to present you with our 2017-2019 Agency Budget on March 15th, 16th and 20th. This letter provides responses to questions posed by Committee members throughout our presentation.

Food Program Effectiveness:

When the food programs were transferred from Oregon Housing and Community Services to the Oregon Department of Human Services (DHS), DHS assumed the responsibility for tracking all related data including the effectiveness of the programs.

Housing Finance Program Tutorial:

OHCS is happy to provide the committee with a tutorial on how the housing finance programs work either in phase two of the budget process or at the Committee's earliest convenience.

IRCO Family Housing Project Location:

The newly funded IRCO Family Housing project is located at 835 SE 162nd Ave. Portland, Oregon. This apartment community was awarded Local Innovation and Fast Track (LIFT) program funds on January 6th, 2017. Construction has not yet begun.

Oak Leaf Mobile Home Park Location:

The Oak Leaf Mobile Home Park is located at 4552, 4556 NE Killingsworth St., Portland, Oregon.

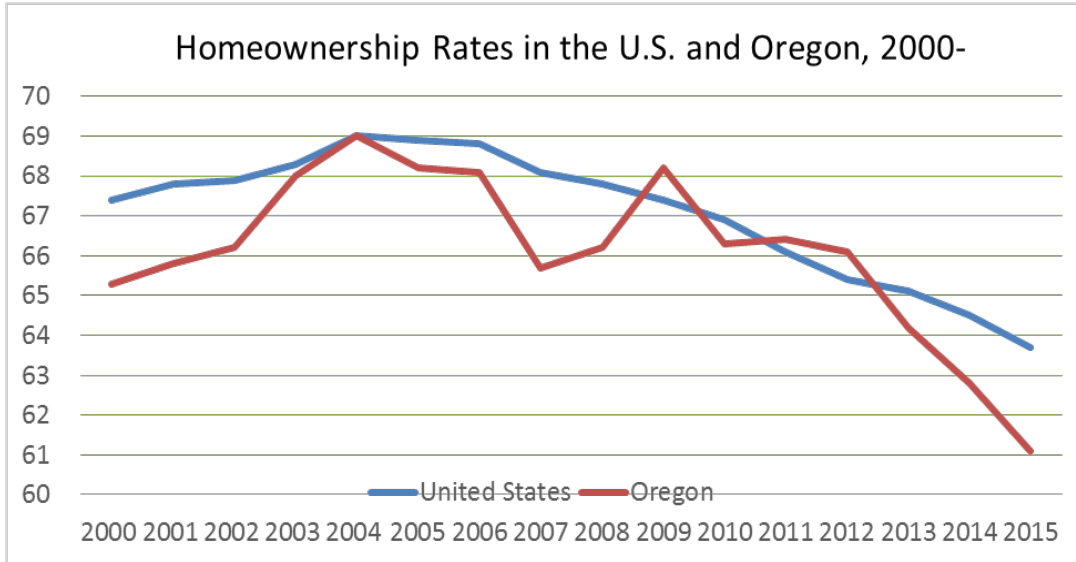
Homeownership Rates in Oregon:

In reference to slide 13 of the OHCS agency budget presentation, the Committee asked a question about homeownership numbers versus homeownership rates as a percentage of the population. The second two graphs below show that although the number of households has steadily increased since 2005, the total number of homeowner households has never exceeded the high of 951,000 in 2007. It is worth



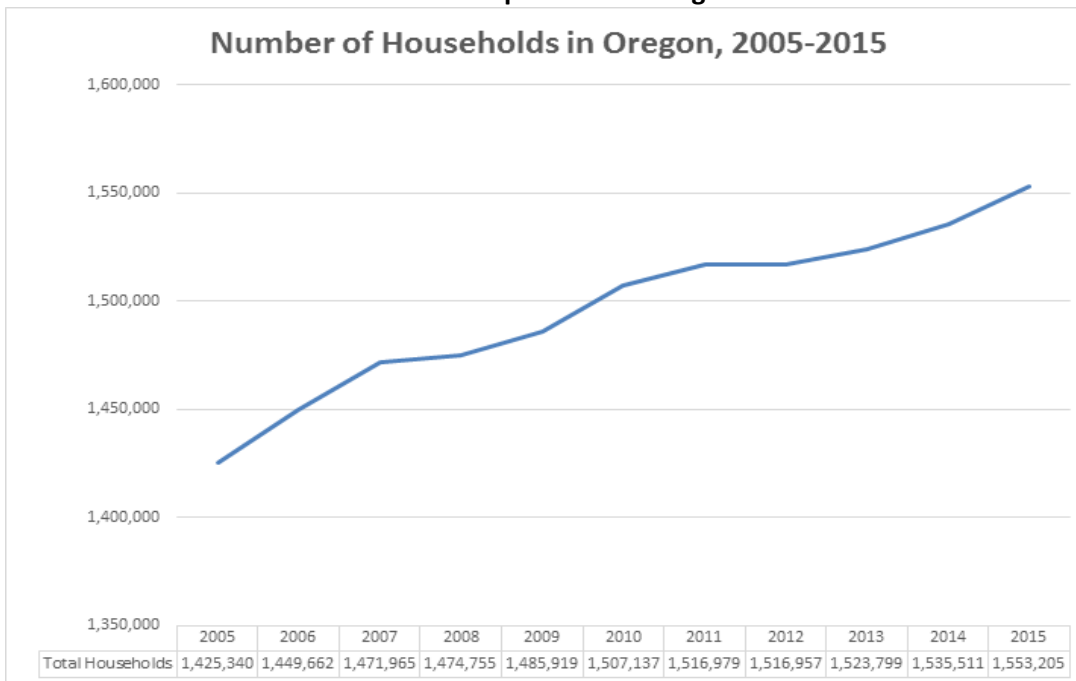
noting that the number of homeowner households has been on the rise since 2013. However, the homeownership rate has declined as total number of households grew faster than homeowner households between 2013-2015.

OHCS Agency Budget Presentation (Slide 13)

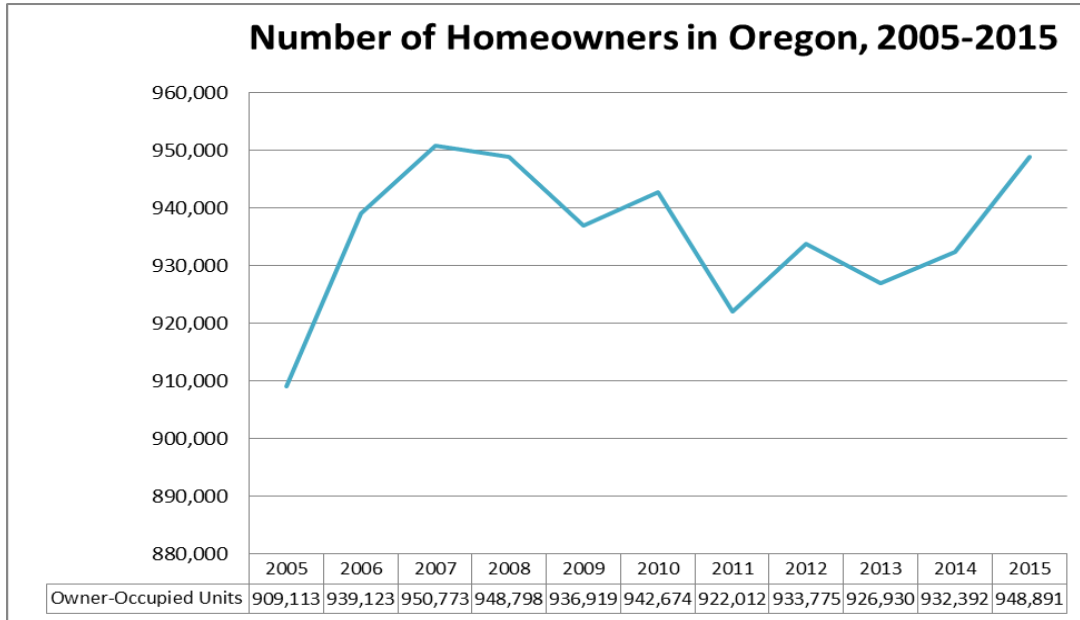


Source: Census Bureau's Housing Vacancy Survey

Historical Household and Homeownership Numbers-Oregon



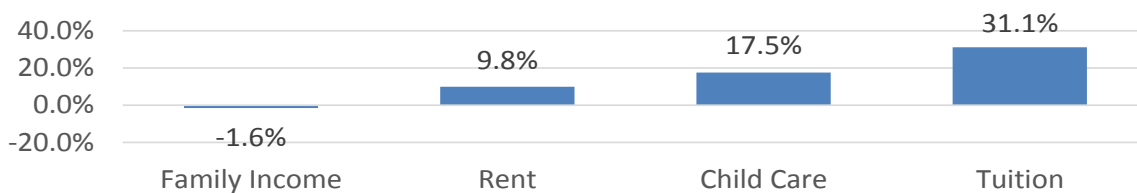
Source: ACS 1 Year Survey



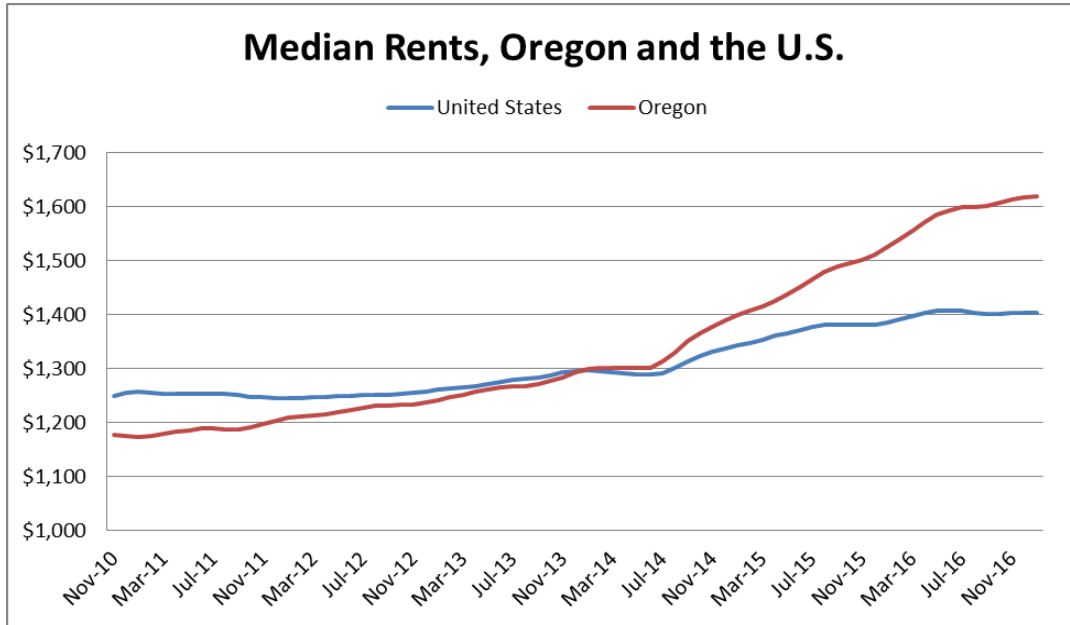
Source: ACS 1 Year Survey

Rental Burden/Costs in Oregon:

The Committee asked about rental burden and costs relative to incomes in Oregon. The first chart below was sourced from Children First for Oregon’s 2016 County Data Book. While the chart does not include inflation adjusted change across all sectors/systems, we felt it was relevant to the question. Chart 2 provides a comparison of US and Oregon median rents. The third chart shows that Oregon has seen the largest percentage rental increase in the country since January of 2013.



Source: Children First for Oregon, 2016 County Data Book



Source: Zillow – Zillow Rent Index Time Series, Multifamily, SFR, Condo-Co-op, by County. Top line represents Oregon.

Ten states with the largest median rent increases between January 2013 and January 2017

State	Median Rent: January 2013	Median Rent: January 2017	% Change: 2013 to 2017
Oregon	\$1,242	\$1,619	30%
Maine	\$996	\$1,281	29%
Colorado	\$1,405	\$1,800	28%
California	\$1,911	\$2,396	25%
Idaho	\$931	\$1,165	25%
New York	\$1,769	\$2,192	24%
Massachusetts	\$1,758	\$2,167	23%
Washington	\$1,383	\$1,694	22%
Montana	\$1,000	\$1,218	22%
Hawaii	\$1,968	\$2,390	21%

Source: Zillow – Zillow Rent Index Time Series, Multifamily, SFR, Condo-Co-op, by State

Energy Conservation Helping Oregonians (ECHO) Program Data:

The Committee asked for a breakout of services provided by both the ECHO and Low-Income Weatherization programs to single family owners versus renters. The two charts below provide the split for both programs.

Low-Income Weatherization (ECHO) Program Accomplishments (1/2015-6/2016)

Accomplishment	Total
Number of Homes Weatherized	1,566
Total Renters	525
Total Owners	1,041

Low-Income Weatherization (Multi-Family Rental Housing) Accomplishments (1/2015-6/2016)

Accomplishment	Total
Number of Units Completed	866
Total Rental Units	866
Total Owner Units	0

Policy Option Package 101 - Local Innovation and Fast Track (LIFT) Housing Positions:

During the review of the Policy Option Packages, the Committee inquired as to positions and costs included Package 101 for the LIFT program and wanted more detail about what those expenditures would cover.

This Package would pay for staffing as well as services and supplies. For staffing it would provide for:

- One full-time, limited-duration Loan Specialist 3 position for underwriting and other duties during the development phase of the projects;
- One full-time, permanent Program Analyst 3 position beginning July 1, 2018 to provide operational oversight of the properties in the pipeline and creation of program policies, guidelines and protocols;
- One full-time, permanent Compliance Specialist 2 position beginning July 1, 2018 to monitor the projects for health and safety and other compliance requirements

The compliance position will be funded through fees charged to the projects. The other positions will be funded by a General Fund appropriation. \$358,111 in funding would cover the cost of those three positions and \$346,368 in funding would cover management oversight of the program as well as services and supplies such as attorney general and bond counsel expenses, travel to projects, and other general services and supplies.

Policy Option Package 102 – Additional Position Request:

The agency would like to provide additional context regarding the six positions needed to increase the capacity within OHCS:

- **Multifamily Development Section**
These positions are needed to process the high volume of transactions related to multifamily housing development, from the application process, through construction monitoring to final closeout. Currently, OHCS has an unprecedented volume of affordable housing transactions in the pipeline as part of our effort to fully utilize all the resources available to boost housing production during this time of crisis. In addition to processing new transactions under LIFT, Mental Health Housing and the Veterans Document Recording Fee, we have a record number of 4% LIHTC transactions to take advantage of this historically underutilized federal resource. In the past year our 4% LIHTC pipeline has grown from 5 transactions to 22. Finally, sufficient staffing is critical to our agencies ability to provide a high-level of customer service to our many

partners across the state. Finally, providing better customer service was called out in the Secretary of State's audit of the agency and sufficient staffing provides the agency with the capacity to adequately address this finding.

- **Single Family Section**

The purpose of this request is to increase the volume in the Residential Loan Program to \$100 million annually to serve an estimated 550 low-income homebuyers (up from 410 homebuyers in 2016). To accomplish this, OHCS will need to continue to analyze our existing loan program and look for program enhancements to maintain market share. To create additional loan volume, OHCS will need to solicit new lenders, as well as continue to work with existing lenders. The department will conduct ongoing market research to determine if the program could offer niche products that are not currently available in the market, and will continue to develop and research new products with lenders and partners. Staffing is needed to support these efforts and for OHCS to make an impact on addressing the decline in homeownership and in particular the minority homeownership gap

- **Data and Research Section**

The Secretary of State's audit of OHCS identified many agency shortcomings which stem from our need to bolster our data and research capacity. These positions are necessary to provide proactive information to decision makers to address the housing and homelessness issues in the state. Key problems needing to be addressed include:

- Replacing antiquated and disparate data systems which prevent programmatic reporting without significant administrative burdens;
- Regularly updating market conditions and assessing the needs of Oregon's affordable housing stock, as well as housing available in communities throughout the state;
- Integrating a statewide homelessness database across multiple state, federal, and local agencies to provide key information to all stakeholders; and
- Creation of a Statewide Housing Plan, as required by the agency and a major theme of the Secretary of State audit;
- Creating a statewide affordable housing inventory to provide stakeholders and citizens with a centralized database detailing publicly subsidized housing and tailored to address individual needs.

Budget Reduction Options – Homeless Services:

Program Name	Impact of 15% Reduction	General Fund	Other Funds
Emergency Housing Assistance	OHCS estimates that 3,717 low and very low income persons would not receive homeless and homelessness prevention services. Grantee capacity and regional capacity could also be impacted, which has the potential of reducing the state’s ability to acquire and maintain federal homeless assistance funding.	\$1,009,777	\$1,009,777
Elderly Rental Assistance	This reduction would mean that approximately 112 low-income elderly households would not receive assistance with rent subsidy or arrearages, utility or moving costs, or move-in deposits. The affected households could potentially lose housing and become homeless.	\$225,000	\$225,000
State Homeless Assistance Program	Approximately 5,231 homeless persons would not receive shelter and related services. The reduction could also impact the state’s ability to secure and maintain federal homeless assistance funding.	\$513,934	\$0
Low Income Rental Housing Fund	This reduction would mean that up to 26 low-income households would not receive rent assistance and could potentially become homeless. This could also impact Oregon’s ability to secure and maintain federal homeless assistance funding, as this program can be used to meet match requirements.	\$82,167	\$0
Housing Choice Landlord Guarantee Program	This reduction would impact the number of landlords who could receive reimbursement, and OHCS would run out of program funds in approximately five months.	\$47,799	\$47,799

Point-in-Time Count Data by County:

	Total Population 2015	Total Homeless Persons 2015	Total Sheltered Persons 2015	Total Unsheltered Persons 2015	Percentage of Total Homeless Persons 2015	Percentage Sheltered 2015	Percentage Unsheltered 2015
Oregon	4,028,977	13,176	5,819	7,357	0.33%	44.16%	55.84%
Baker County	16,005	14	13	1	0.09%	92.86%	7.14%
Benton County	87,572	127	74	53	0.15%	58.27%	41.73%
Clackamas County	401,515	494	186	308	0.12%	37.65%	62.35%
Clatsop County	37,831	682	393	289	1.80%	57.62%	42.38%

Columbia County	49,600	317	43	274	0.64%	13.56%	86.44%
Coos County	63,121	612	33	579	0.97%	5.39%	94.61%
Crook County	21,630	36	9	27	0.17%	25.00%	75.00%
Curry County	22,483	86	0	86	0.38%	0.00%	100.00%
Deschutes County	175,268	503	176	327	0.29%	34.99%	65.01%
Douglas County	107,685	404	206	198	0.38%	50.99%	49.01%
Gilliam County	1,859	0	0	0	0.00%	N/A	N/A
Grant County	7,185	7	7	0	0.10%	100.00%	0.00%
Harney County	7,200	6	4	2	0.08%	66.67%	33.33%
Hood River County	23,137	69	4	65	0.30%	5.80%	94.20%
Jackson County	212,567	679	349	330	0.32%	51.40%	48.60%
Jefferson County	22,666	55	4	51	0.24%	7.27%	92.73%
Josephine County	84,745	883	124	759	1.04%	14.04%	85.96%
Klamath County	66,016	252	76	176	0.38%	30.16%	69.84%
Lake County	7,829	6	0	6	0.08%	0.00%	100.00%
Lane County	362,895	1,473	757	716	0.41%	51.39%	48.61%
Lincoln County	47,038	54	27	27	0.11%	50.00%	50.00%
Linn County	120,547	222	154	68	0.18%	69.37%	30.63%
Malheur County	30,380	104	50	54	0.34%	48.08%	51.92%
Marion County	330,700	732	573	159	0.22%	78.28%	21.72%
Morrow County	11,190	0	0	0	0.00%	N/A	N/A
Multnomah County	790,294	3,801	1,914	1,887	0.48%	50.36%	49.64%

Polk County	79,391	42	9	33	0.05%	21.43%	78.57%
Sherman County	1,680	0	0	0	0.00%	N/A	N/A
Tillamook County	25,653	106	6	100	0.41%	5.66%	94.34%
Umatilla County	76,531	52	24	28	0.07%	46.15%	53.85%
Union County	25,790	75	29	46	0.29%	38.67%	61.33%
Wallowa County	6,856	23	11	12	0.34%	47.83%	52.17%
Wasco County	25,775	47	14	33	0.18%	29.79%	70.21%
Washington County	574,326	591	196	395	0.10%	33.16%	66.84%
Wheeler County	1,358	0	0	0	0.00%	N/A	N/A
Yamhill County	102,659	495	246	249	0.48%	49.70%	50.30%

Source: Total Population numbers come from the 2015 Annual Estimates of the Resident Population from the U.S. Census Bureau. Homeless numbers come from the Point-in-Time data collected by the 7 Continuums of Care throughout Oregon. Point-in-Time data is collected on a single night in January.

The OHCS budget is complex, as are the programs and real estate projects we help finance. We have worked hard to streamline our operations, to improve service delivery, and to establish a stronger system for policy and governance. Thank you for the opportunity to provide your committee with these responses today and want you to know that I am available to continue working with all members in whatever ways are helpful as you navigate the 2017 legislative session.

Best regards,



Margaret Solle Salazar
 Director