

**Legislative
Fiscal Office**

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**Joint Committee on
Ways and Means**

Sen. Richard Devlin, Senate Co-Chair
Rep. Nancy Nathanson, House Co-Chair

Sen. Betsy Johnson, Senate Co-Vice Chair
Sen. Jackie Winters, Senate Co-Vice Chair
Rep. Dan Rayfield, House Co-Vice Chair
Rep. Greg Smith, House Co-Vice Chair

To: Transportation and Economic Development Subcommittee

From: Michelle Deister, Legislative Fiscal Office

Date: June 14, 2017

Subject: HB 5012 – Housing and Community Services Department
Work Session Recommendations

Housing and Community Services Department – Agency Totals

	2013-15 Actual	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 LFO Recommended
General Fund	20,335,205	28,591,263	20,099,493	21,431,203
Lottery Funds	9,413,639	11,676,469	16,007,282	16,007,282
Other Funds	116,634,380	224,757,497	166,273,550	176,563,739
Other Funds NL	689,623,347	784,502,128	631,849,381	631,849,381
Federal Funds	112,299,287	120,118,294	122,847,675	129,920,182
Federal Funds NL	110,118,920	119,320,000	121,165,609	121,165,609
Total Funds	1,058,444,778	1,288,965,651	1,078,242,990	1,096,937,396
Positions	168	149	122	156
FTE	150.98	135.15	120.75	148.68

The Legislative Fiscal Office recommends a budget of \$1,097,336,269 total funds, and 156 positions (148.68 FTE) for the Housing and Community Services Department (HCSD) for the 2017-19 biennium. Because decisions regarding bonds are still pending before the Capital Construction Subcommittee of Ways and Means, no expenditure limitation attributable to bond-funded initiatives is included in this recommendation; this budget can be adjusted to reflect any additions in a budget reconciliation bill toward the end of the 2017 session. The budget includes the following adjustments:

- General Fund and Other Funds expenditure limitation to support three positions associated with \$40 million in Article XI-Q bonds approved in 2015 associated with the Low Income Fast Track (LIFT) housing program;
- Strategic investments in agency staffing capacity, as follows:

- A research analyst position to provide for regular updates of market conditions, affordable housing inventory and homelessness data, to ensure the most effective allocation of resources;
- Two positions in the Single-Family housing program that will perform analysis and product development to augment loan volume; and
- A position to meet additional, sustained demand for the 4% Low Income Housing Tax Credit program;
- Continuation of the Home Ownership Stabilization Initiative program, which is funded entirely by a federal allocation of Troubled Asset Relief Program dollars.
- Federal Funds expenditure limitation for a new state allocation of National Housing Trust Fund dollars that will complement existing state efforts to increase and preserve the supply of affordable housing for extremely low-income families;
- Additional federal Housing and Urban Development project rental assistance program dollars;
- The transfer of Elderly Rental Assistance program funding from the Oregon Department of Revenue to HCSD, pursuant to legislation approved in 2015;
- Additional Other Funds expenditure limitation to accommodate expected additional low income electrical bill assistance payments due to the passage of HB 2134;
- Technical adjustments to reflect the elimination of a long-term vacancy, and the movement of positions between agency divisions; and
- Because of General Fund constraints, reductions of approximately 6% from the agency's current service level calculation to the following programs:
 - Low-Income Rental Assistance;
 - Elderly Rental Assistance;
 - Emergency Housing Account;
 - State Homeless Assistance Program;
 - Housing Choice Landlord Guarantee; and
 - Court Appointed Special Advocates (CASA)

General Fund support for the Oregon Commission on Voluntary Action and Service (Oregon Volunteers!) and the Oregon Foreclosure Avoidance Program - neither of which are included in the agency's Current Service Level calculation - is not included in this recommendation. Discussions regarding Oregon Volunteers! are ongoing.

Adjustments to Current Service Level

See attached "Work Session Presentation Report."

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to BILL 5012. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to BILL 5012, with modifications.
(VOTE)

Performance Measures

See attached “Legislatively Proposed 2017-19 Key Performance Measures.”

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation on Key Performance Measures, with modifications. (VOTE)

Budget Notes

#1 Budget Note: Report on Strategic Investments for Veterans’ Housing

The Housing and Community Services Department and the Oregon Department of Veterans’ Affairs are directed to work in concert to develop a plan to advise the Legislature on strategic investments of federal, state (including Measure 96 Lottery dollars) and local funds for veterans’ homelessness and housing issues, that will result in long term housing stability for veterans. The Oregon Department of Veterans’ Affairs and the Housing and Community Services Department will report back to the Joint Committee on Ways and Means in February 2018 with a proposal that includes a key performance measure to quantify progress toward this goal. The report shall include but need not be limited to the following:

- Information on best practices and programs in other states that have shown efficacy;
- The amount and source of resources intended to be utilized for each option presented;
- Other partners or cooperation necessary from state or local entities;
- The number of veterans that can be assisted with each proposal at the suggested level of support; and
- Necessary changes to statute to implement the plan.

Accept LFO Recommendation:

MOTION: I move the LFO recommendation on Budget Notes. (VOTE)

OR

Change LFO Recommendation (any changes must be approved by the co-chairs):

MOTION: I move the LFO recommendation on Budget Notes, with modifications.
(VOTE)

Recommended Changes

LFO recommends a budget of \$21,431,203 General Fund, \$16,007,282 Lottery Funds, \$176,563,739 Other Funds, \$129,920,182 Federal Funds, \$631,849,381 Other Funds-Nonlimited, \$121,165,609 Federal Funds Nonlimited and 156 positions (148.68 FTE), which is reflected in the -1 amendment.

MOTION: I move adoption of the -1 amendment to BILL 5012. (VOTE)

Final Subcommittee Action

LFO recommends that HB 5012 as amended by the -1 amendment, to be moved to the Ways and Means Full Committee.

MOTION: I move HB 5012 as amended, to the Full Committee with a do pass recommendation. (VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	15,679,188	11,676,469	212,088,734	119,926,854	783,429,303	112,320,000	1,255,120,548	130	126.17
2015-17 Ebds, SS & Admin Act	12,912,075	-	12,668,763	191,440	-	-	25,772,278	19	8.98
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	28,591,263	11,676,469	224,757,497	120,118,294	783,429,303	112,320,000	1,280,892,826	149	135.15
2015-17 Leg Approved Budget (Base)	28,591,118	11,676,469	223,456,192	120,114,238	783,429,303	112,320,000	1,279,587,320	132	126.90
Summary of Base Adjustments	6,368,139	4,555,947	(39,668,245)	141,506	(151,579,922)	8,845,609	(171,336,966)	(10)	(6.15)
2017-19 Base Budget	34,959,257	16,232,416	183,787,947	120,255,744	631,849,381	121,165,609	1,108,250,354	122	120.75
010: Non-PICS Pers Svc/Vacancy Factor	(317)	(225,134)	(232,181)	(14,745)	-	-	(472,377)	-	-
020: Phase In / Out Pgm & One-time Cost	(15,343,520)	-	(21,972,674)	(1,472,505)	-	-	(38,788,699)	-	-
030: Inflation & Price List Adjustments	484,073	-	4,690,458	4,079,181	-	-	9,253,712	-	-
2017-19 Current Service Level	20,099,493	16,007,282	166,273,550	122,847,675	631,849,381	121,165,609	1,078,242,990	122	120.75
Adjusted 2017-19 Current Service Level	20,099,493	16,007,282	166,273,550	122,847,675	631,849,381	121,165,609	1,078,242,990	122	120.75
Total LFO Recommended Packages	1,331,710	-	10,290,189	7,072,507	-	-	18,694,406	34	27.93
2017-19 Legislative Actions	21,431,203	16,007,282	176,563,739	129,920,182	631,849,381	121,165,609	1,096,937,396	156	148.68
Net change from 2015-17 Leg Approved Budget	(7,160,060)	4,330,813	(48,193,758)	9,801,888	(151,579,922)	8,845,609	(183,955,430)	7	13.53
Percent change from 2015-17 Leg Approved Budget	(25.0%)	37.1%	(21.4%)	8.2%	(19.4%)	7.9%	(14.4%)	4.7%	10.0%
Net change from 2017-19 Adj Current Service Level	1,331,710	-	10,290,189	7,072,507	-	-	18,694,406	34	27.93
Percent change from 2017-19 Adj Current Service Level	6.6%	0.0%	6.2%	5.8%	0.0%	0.0%	1.7%	27.9%	23.1%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	11,224,870	-	11,056,937	17,490,263	-	-	39,772,070	8	8.00
2015-17 Ebds, SS & Admin Act	10,002,842	-	8,023,664	20,898	-	-	18,047,404	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	21,227,712	-	19,080,601	17,511,161	-	-	57,819,474	8	8.00
2015-17 Leg Approved Budget (Base)	21,227,712	-	19,080,601	17,511,161	-	-	57,819,474	8	8.00
Summary of Base Adjustments	5,603	-	(1,645)	273,464	-	-	277,422	1	1.00
2017-19 Base Budget	21,233,315	-	19,078,956	17,784,625	-	-	58,096,896	9	9.00
010: Non-PICS Pers Svc/Vacancy Factor	1,020	-	(1,680)	5,647	-	-	4,987	-	-
020: Phase In / Out Pgm & One-time Cost	(10,640,860)	-	(8,000,000)	(595,442)	-	-	(19,236,302)	-	-
030: Inflation & Price List Adjustments	396,022	-	380,992	546,713	-	-	1,323,727	-	-
060: Technical Adjustments	-	-	56,313,041	80,101,695	-	121,165,609	257,580,345	17	17.00
2017-19 Current Service Level	10,989,497	-	67,771,309	97,843,238	-	121,165,609	297,769,653	26	26.00
Adjusted 2017-19 Current Service Level	10,989,497	-	67,771,309	97,843,238	-	121,165,609	297,769,653	26	26.00
Total LFO Recommended Packages	750,630	-	6,300,391	952,813	-	-	8,003,834	4	3.00
2017-19 Legislative Actions	11,740,127	-	74,071,700	98,796,051	-	121,165,609	305,773,487	30	29.00
Net change from 2015-17 Leg Approved Budget	(9,487,585)	-	54,991,099	81,284,890	-	121,165,609	247,954,013	22	21.00
Percent change from 2015-17 Leg Approved Budget	(44.7%)	0.0%	288.2%	464.2%	0.0%	100.0%	428.8%	275.0%	262.5%
Net change from 2017-19 Adj Current Service Level	750,630	-	6,300,391	952,813	-	-	8,003,834	4	3.00
Percent change from 2017-19 Adj Current Service Level	6.8%	0.0%	9.3%	1.0%	0.0%	0.0%	2.7%	15.4%	11.5%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 109 HUD Project Rental Assistance

Package Description In March, 2015, the agency was awarded \$2.3 million for the Section 811 Project Rental Assistance Program. The five year program begin in 2015-17 and this package provides Federal Funds expenditure limitation for the 2017-19 biennium associated with this grant to provide rental assistance to extremely low income persons with disabilities. A part-time Administrative Specialist II for processing rent subsidy payments to landlords is recommended, to process the \$864,815 in subsidy payments on an anticipated 21 units.

An additional position and limitation are requested in the Multifamily Rental Housing program unit.

LFO Recommendation Approve.

LFO Recommended	-	-	-	952,813	-	-	952,813	1	0.50
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 110 Elderly Rental Assistance Program

Package Description This package reflects the transfer of the Elderly Rental Assistance program from the Oregon Department of Revenue to the Housing and Community Services Department, approved by the Legislative Assembly in 2015. The recommended funding is a reduction of approximately 6% of 2017-19 current service level, due to General Fund constraints. The program provides rental assistance to low and very low income seniors, to help keep their housing stable. The program will be delivered through local community action agencies. The General Fund appropriation is transferred to the Elderly Rental Assistance Account and expended as Other Funds. Staffing resources associated with the program include a permanent, half-time Program Analyst 1 position (0.5 FTE) to train and liaise with local sub-grantees, monitor use of funds, and track program performance and compliance.

LFO Recommendation Approve.

LFO Recommended	1,410,000	-	1,410,000	-	-	-	2,820,000	1	0.50
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description This package reduces General Fund support to various Housing Stabilization programs, due to General Fund constraints. The recommendation provides for General Fund support (and corresponding Other Funds expenditure limitation) for the for the following programs, as follows:

- Emergency Housing Account: \$6295,022
- State Homeless Assistance Program: \$3,220,654 (No Other Funds limitation)
- Low Income Rental Housing Fund: \$514,913 (No Other Funds limitation)
- Housing Choice Landlord Guarantee: \$299,538

A corresponding "Other Funds" reduction is made in the programs except as noted above, as General Fund is transferred and spent as Other Funds for program payments to local partners.

In addition, this package adds \$5,000,000 in Other Funds expenditure limitation to reflect the passage of HB 2134, which has been signed by the Governor. This bill repeals a sunset provision on a previous measure (SB 461 -- 2007) directing the Public Utility Commission to collect an additional \$5 million during the 2017-19 biennium for electric bill payment assistance to low income persons. These funds are distributed through the Housing and Community Services Department to community action networks.

LFO Recommendation Approve.

LFO Recommended	(659,370)	-	4,579,071	-	-	-	3,919,701	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 802 LFO Technical Adjustments

Package Description This package transfers two positions from the Multi-family division to the Housing Stabilization division. These positions were inadvertently left out of technical adjustment that the agency made when building the base 2017-19 budget. A corresponding decrease in positions and expenditure limitation is made in the Multi-family program, and the adjustment nets to \$0 between the two divisions.

LFO Recommendation Approve.

LFO Analyst Notes The positions that are transferred are position numbers 0000882 and 0001132.

LFO Recommended	-	-	311,320	-	-	-	311,320	2	2.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	-	-	75,409,816	14,630,320	1,005,000	112,320,000	203,365,136	27	25.75
2015-17 Ebds, SS & Admin Act	159,385	-	2,713,765	36,497	-	-	2,909,647	1	0.67
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	159,385	-	78,123,581	14,666,817	1,005,000	112,320,000	206,274,783	28	26.42
2015-17 Leg Approved Budget (Base)	159,385	-	78,123,581	14,666,817	1,005,000	112,320,000	206,274,783	28	26.42
Summary of Base Adjustments	(84,073)	-	754,954	3,443	845,000	8,845,609	10,364,933	-	1.58
2017-19 Base Budget	75,312	-	78,878,535	14,670,260	1,850,000	121,165,609	216,639,716	28	28.00
010: Non-PICS Pers Svc/Vacancy Factor	(312)	-	5,119	(2,304)	-	-	2,503	-	-
020: Phase In / Out Pgm & One-time Cost	(75,000)	-	(8,085,000)	(877,063)	-	-	(9,037,063)	-	-
030: Inflation & Price List Adjustments	-	-	2,420,882	491,579	-	-	2,912,461	-	-
060: Technical Adjustments	-	-	2,341,475	239,397	-	(121,165,609)	(118,584,737)	9	9.00
2017-19 Current Service Level	-	-	75,561,011	14,521,869	1,850,000	-	91,932,880	37	37.00
Adjusted 2017-19 Current Service Level	-	-	75,561,011	14,521,869	1,850,000	-	91,932,880	37	37.00
Total LFO Recommended Packages	561,182	-	49,358	6,119,694	-	-	6,730,234	3	1.50
2017-19 Legislative Actions	561,182	-	75,610,369	20,641,563	1,850,000	-	98,663,114	40	38.50
Net change from 2015-17 Leg Approved Budget	401,797	-	(2,513,212)	5,974,746	845,000	(112,320,000)	(107,611,669)	12	12.08
Percent change from 2015-17 Leg Approved Budget	252.1%	0.0%	(3.2%)	40.7%	84.1%	(100.0%)	(52.2%)	42.9%	45.7%
Net change from 2017-19 Adj Current Service Level	561,182	-	49,358	6,119,694	-	-	6,730,234	3	1.50
Percent change from 2017-19 Adj Current Service Level	100.0%	0.0%	0.1%	42.1%	0.0%	0.0%	7.3%	8.1%	4.1%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 101 Local Innovation and Fast Track Housing

Package Description A limited duration Loan Specialist 3 position (1.00 FTE), funded with General Fund, a permanent Program Analyst 3 position (0.50 FTE), funded with General Fund, and an Other Funds-supported permanent Compliance Specialist 3 (0.50 FTE) are added to provide appropriate underwriting and project monitoring for affordable housing units funded through the issuance of \$40 million in Local Innovation and Fast Track Housing (LIFT) bonds issued in accordance with Article XI-Q of the Oregon Constitution, as authorized by the 2015 Legislative Assembly.

Awards for the \$40 million have been announced, and associated projects will be in development for up to three years; the project oversight activities will continue throughout the life of the affordability, which is likely to be 20-30 years. These positions ensure the state’s interests are met through independent oversight over the owner-operators of the projects. The compliance position will be permanent and funded through fees charged to the projects, and the program analyst position is permanent and is funded with a General Fund appropriation; due to timing of the bond sale, they will begin midway through the biennium, but are intended as full-time positions (e.g. will be 1.00 FTE each in future biennia). The Loan Specialist position is limited-duration, and funded with a General Fund appropriation.

LFO Recommendation Approve.

LFO Analyst Notes To the extent that additional LIFT bonds are authorized in this or future biennia, additional underwriting and compliance staffing positions are anticipated to be required.

LFO Recommended	561,218	-	143,261	-	-	-	704,479	3	2.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 102 Essential Staffing Needs

Package Description One permanent Loan Specialist 3 position (1.00 FTE) is recommended to manage additional transactions associated with the Low Income Housing Tax Credit 4% program. Demand for the program has increased as the housing shortage has become more acute, and the increased demand for this program is expected to remain high. The position is supported by Other Funds, generated from charges to the projects that use the program.

LFO Recommendation Approve.

LFO Recommended	(36)	-	217,417	-	-	-	217,381	1	1.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description Additional Federal Funds expenditure limitation of \$6,000,000 is recommended to reflect a new state allocation \$3 million per year from the federal Housing and Urban Development agency of National Housing Trust Fund dollars. The National Housing Trust Fund (HTF) is a new federal affordable housing production program that will complement existing federal, state, and local efforts to increase and preserve the supply of affordable housing for extremely low-income families.

LFO Recommendation Approve.

LFO Recommended	-	-	-	6,000,000	-	-	6,000,000	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 802 LFO Technical Adjustments

Package Description This package transfers two positions from the Multi-Family division to the Housing Stabilization division. These positions were inadvertently left out of technical adjustment that the agency made when building the base 2017-19 budget. A corresponding increase in positions and expenditure limitation is made in the Housing Stabilization division, and the adjustment nets to \$0 between the two divisions.

LFO Recommendation Approve.

LFO Analyst Notes The affected position numbers are 0000882 and 0001132.

LFO Recommended	-	-	(311,320)	-	-	-	(311,320)	(2)	(2.00)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	1,440,000	-	4,311,746	2,574,178	-	-	8,325,924	7	6.50
2015-17 Ebds, SS & Admin Act	2,727,660	-	57,298	1,067	-	-	2,786,025	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	4,167,660	-	4,369,044	2,575,245	-	-	11,111,949	7	6.50
2015-17 Leg Approved Budget (Base)	4,167,660	-	4,369,044	2,575,245	-	-	11,111,949	7	6.50
Summary of Base Adjustments	-	-	131,536	20,483	-	-	152,019	-	-
2017-19 Base Budget	4,167,660	-	4,500,580	2,595,728	-	-	11,263,968	7	6.50
010: Non-PICS Pers Svc/Vacancy Factor	-	-	2,213	(84)	-	-	2,129	-	-
020: Phase In / Out Pgm & One-time Cost	(4,167,660)	-	155,187	-	-	-	(4,012,473)	-	-
030: Inflation & Price List Adjustments	-	-	120,297	95,244	-	-	215,541	-	-
060: Technical Adjustments	-	-	(818,866)	(1,969,667)	-	-	(2,788,533)	(2)	(2.00)
2017-19 Current Service Level	-	-	3,959,411	721,221	-	-	4,680,632	5	4.50
Adjusted 2017-19 Current Service Level	-	-	3,959,411	721,221	-	-	4,680,632	5	4.50
Total LFO Recommended Packages	-	-	408,589	-	-	-	408,589	2	2.00
2017-19 Legislative Actions	-	-	4,368,000	721,221	-	-	5,089,221	7	6.50
Net change from 2015-17 Leg Approved Budget	(4,167,660)	-	(1,044)	(1,854,024)	-	-	(6,022,728)	-	-
Percent change from 2015-17 Leg Approved Budget	(100.0%)	0.0%	(0.0%)	(72.0%)	0.0%	0.0%	(54.2%)	0.0%	0.0%
Net change from 2017-19 Adj Current Service Level	-	-	408,589	-	-	-	408,589	2	2.00
Percent change from 2017-19 Adj Current Service Level	0.0%	0.0%	10.3%	0.0%	0.0%	0.0%	8.7%	40.0%	44.4%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 102 Essential Staffing Needs

Package Description Additional Other Funds expenditure limitation is recommended to support two permanent positions in the Single Family loan program, to support efforts to increase volume in the residential loan program to \$100 million annually. A Program Analyst 4 position will conduct market analysis to determine new niche loans products and product enhancements that could be attractive regardless of market conditions, conduct outreach to solicit additional lending partners, and training. A Loan Specialist 1 position is also recommended to process anticipated increased transaction volume, ensuring timely service delivery to lending partners.

LFO Recommendation Approve.

LFO Analyst Notes HCSD issues tax-exempt bonds to provide loan financing. These bond proceeds are then used to purchase mortgages on single family homes for first time homebuyers, often at a lower interest rate than a conventional loan would provide. However, the recent recession demonstrated that in times of low interest rates, the department's financing is not competitive with the market, and volume in the agency's residential loan program falls. In order to create steady volume regardless of market conditions, HCSD is looking to develop new products that are not currently available, such as additional down payment assistance, or refinancing (which the agency doesn't currently offer on its loans).

LFO Recommended	-	-	408,589	-	-	-	408,589	2	2.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	-	-	1,750,424	-	-	-	1,750,424	10	7.92
2015-17 Ebds, SS & Admin Act	-	-	1,378,897	-	-	-	1,378,897	17	8.25
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	-	-	3,129,321	-	-	-	3,129,321	27	16.17
2015-17 Leg Approved Budget (Base)	-	-	1,842,752	-	-	-	1,842,752	10	7.92
Summary of Base Adjustments	-	-	(1,415,454)	-	-	-	(1,415,454)	(10)	(7.92)
2017-19 Base Budget	-	-	427,298	-	-	-	427,298	-	-
010: Non-PICS Pers Svc/Vacancy Factor	-	-	(221,826)	-	-	-	(221,826)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(205,472)	-	-	-	(205,472)	-	-
2017-19 Current Service Level	-	-	-	-	-	-	-	-	-
Adjusted 2017-19 Current Service Level	-	-	-	-	-	-	-	-	-
Total LFO Recommended Packages	-	-	3,888,243	-	-	-	3,888,243	25	21.43
2017-19 Legislative Actions	-	-	3,888,243	-	-	-	3,888,243	25	21.43
Net change from 2015-17 Leg Approved Budget	-	-	758,922	-	-	-	758,922	(2)	5.26
Percent change from 2015-17 Leg Approved Budget	0.0%	0.0%	24.3%	0.0%	0.0%	0.0%	24.3%	(7.4%)	32.5%
Net change from 2017-19 Adj Current Service Level	-	-	3,888,243	-	-	-	3,888,243	25	21.43
Percent change from 2017-19 Adj Current Service Level	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%	100.0%	100.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 108 Oregon Homeownership

Package Description The Homeownership Stabilization Initiative is entirely funded by federal Troubled Asset Relief Program (TARP) resources from the US Department of Treasury. Oregon received \$220 million for this program, and expended all of these resources before the 2017 program end date. In late 2015, the U.S. Congress committed additional funding to the Hardest Hit Fund (the name given to the TARP allocation), and in February, 2016, US treasury announced that Oregon was awarded another \$95.4 million, to be expended by December, 2021.

These resources are required to be expended through a non-profit entity, so HCSD created the Oregon Affordable Housing Assistance Corporation, a 501(c)(3) corporation. Most dollars - including direct assistance to homeowners and a portion of administrative costs -- are expended through this entity, and so do not show up as expenditure limitation for purposes of the budget. However, all of the staff required to administer the program are limited duration employees of HCSD, and are paid through an administrative contract between the not-for-profit and the agency. Only costs associated with this contract are included in the agency budget, and are classified as Other Funds.

\$3.9 million and 25 limited duration positions (21.43 FTE) are recommended for this program in the 2017-19 biennium.

LFO Recommendation Approve.

LFO Recommended	-	-	3,888,243	-	-	-	3,888,243	25	21.43
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	3,014,318	-	18,277,980	8,931,723	-	-	30,224,021	70	70.00
2015-17 Ebds, SS & Admin Act	22,188	-	398,450	113,868	-	-	534,506	1	0.06
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	3,036,506	-	18,676,430	9,045,591	-	-	30,758,527	71	70.06
2015-17 Leg Approved Budget (Base)	3,036,361	-	18,661,694	9,041,535	-	-	30,739,590	71	70.06
Summary of Base Adjustments	20,347	-	474,861	(344,298)	-	-	150,910	(3)	(2.81)
2017-19 Base Budget	3,056,708	-	19,136,555	8,697,237	-	-	30,890,500	68	67.25
010: Non-PICS Pers Svc/Vacancy Factor	(1,025)	-	(23,109)	(21,493)	-	-	(45,627)	-	-
020: Phase In / Out Pgm & One-time Cost	(460,000)	-	(422,732)	-	-	-	(882,732)	-	-
030: Inflation & Price List Adjustments	88,051	-	(135,141)	166,628	-	-	119,538	-	-
060: Technical Adjustments	-	-	(4,069,849)	918,975	-	-	(3,150,874)	(20)	(20.00)
2017-19 Current Service Level	2,683,734	-	14,485,724	9,761,347	-	-	26,930,805	48	47.25
Adjusted 2017-19 Current Service Level	2,683,734	-	14,485,724	9,761,347	-	-	26,930,805	48	47.25
Total LFO Recommended Packages	19,898	-	(356,392)	-	-	-	(336,494)	-	-
2017-19 Legislative Actions	2,703,632	-	14,129,332	9,761,347	-	-	26,594,311	48	47.25
Net change from 2015-17 Leg Approved Budget	(332,874)	-	(4,547,098)	715,756	-	-	(4,164,216)	(23)	(22.81)
Percent change from 2015-17 Leg Approved Budget	(11.0%)	0.0%	(24.4%)	7.9%	0.0%	0.0%	(13.5%)	(32.4%)	(32.6%)
Net change from 2017-19 Adj Current Service Level	19,898	-	(356,392)	-	-	-	(336,494)	-	-
Percent change from 2017-19 Adj Current Service Level	0.7%	0.0%	(2.5%)	0.0%	0.0%	0.0%	(1.3%)	0.0%	0.0%

	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 102 Essential Staffing Needs

Package Description A permanent Research Analyst 2 position is recommended to address data needs and support the development and execution of the State Housing Plan, as described in the agency’s most recent Secretary of State audit. The position will support the regular update of market conditions and assessment of Oregon’s affordable housing stock, and creation of a statewide affordable housing inventory. The additional information will assist the agency, its advisory committee and stakeholders in targeting investment of scarce resources toward the most efficient and effective programs to meet the most urgent housing needs throughout the state.

LFO Recommendation Approve.

LFO Recommended	167,318	-	-	-	-	-	167,318	1	1.00
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 801 LFO Analyst Adjustments

Package Description This package reduces General Fund support to the Court Appointed Special Advocates program (CASA), due to General Fund constraints. The recommendation provides for General Fund support (and corresponding Other Funds expenditure limitation) in the following amounts:

Court Appointed Special Advocates - Administration: \$270,047

Spec. Payments: \$2,231,252

LFO Recommendation Approve.

LFO Recommended	(147,420)	-	(147,420)	-	-	-	(294,840)	-	-
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
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Package 812 Vacant Position Elimination

Package Description This package eliminates an internal audit position within the Central Services division. The position has been vacant for over a biennium, as the agency has had exemptions from regular audit requirements during an internal review of its administrative structure and policies. A recent audit by the Secretary of State has largely fulfilled the function of this position for the upcoming biennium. In the immediate future, internal audit activities can be performed by the Department of Administrative Services under contract.

LFO Recommendation Approve.

LFO Recommended	-	-	(208,972)	-	-	-	(208,972)	(1)	(1.00)
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	General Fund	Lottery Funds	Other Funds	Federal Funds	Nonlimited Other Funds	Nonlimited Federal Funds	Total Funds	Positions	Full-Time Equivalent (FTE)
2015-17 Agy. Leg. Adopted	-	-	3,380,961	-	230,975,523	-	234,356,484	-	-
2015-17 Ebds, SS & Admin Act	-	-	54,868	-	-	-	54,868	-	-
Ways & Means Actions	-	-	-	-	-	-	-	-	-
2015-17 Leg Approved Budget	-	-	3,435,829	-	230,975,523	-	234,411,352	-	-
2015-17 Leg Approved Budget (Base)	-	-	3,435,829	-	230,975,523	-	234,411,352	-	-
Summary of Base Adjustments	6,426,262	16,232,416	-	-	399,023,858	-	421,682,536	-	-
2017-19 Base Budget	6,426,262	16,232,416	3,435,829	-	629,999,381	-	656,093,888	-	-
010: Non-PICS Pers Svc/Vacancy Factor	-	(225,134)	-	-	-	-	(225,134)	-	-
020: Phase In / Out Pgm & One-time Cost	-	-	(414,657)	-	-	-	(414,657)	-	-
030: Inflation & Price List Adjustments	-	-	(14,089)	-	-	-	(14,089)	-	-
060: Technical Adjustments	-	-	1,489,012	-	-	-	1,489,012	6	6.00
2017-19 Current Service Level	6,426,262	16,007,282	4,496,095	-	629,999,381	-	656,929,020	6	6.00
Adjusted 2017-19 Current Service Level	6,426,262	16,007,282	4,496,095	-	629,999,381	-	656,929,020	6	6.00
Total LFO Recommended Packages	-	-	-	-	-	-	-	-	-
2017-19 Legislative Actions	6,426,262	16,007,282	4,496,095	-	629,999,381	-	656,929,020	6	6.00
Net change from 2015-17 Leg Approved Budget	6,426,262	16,007,282	1,060,266	-	399,023,858	-	422,517,668	6	6.00
Percent change from 2015-17 Leg Approved Budget	100.0%	100.0%	30.9%	0.0%	172.8%	0.0%	180.3%	100.0%	100.0%
Net change from 2017-19 Adj Current Service Level	-	-	-	-	-	-	-	-	-
Percent change from 2017-19 Adj Current Service Level	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%