

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4007 - 2

79th Oregon Legislative Assembly – 2018 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Meg Bushman-Reinhold
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Date: 2/12/2018**Measure Description:**

Permits individual to create first-time home buyer savings account with financial institution to pay or reimburse account holder's eligible costs for first-time purchase of single family residence.

Government Unit(s) Affected:

Oregon Department of Veterans' Affairs (ODVA), Department of Revenue (DOR), Oregon Housing and Community Services Department (OHCS)

Summary of Expenditure Impact:

Costs related to the measure may require budgetary action - See analysis.

	2017-19 Biennium	2019-21 Biennium
General Fund	\$0	\$0
Lottery Funds	0	0
Other Funds	26,161,076	83,891,530
Federal Funds	0	0
Total Funds	\$26,161,076	\$83,891,530
Positions	6	8
FTE	2.34	8.00

Summary of Revenue Impact:

	2017-19 Biennium	2019-21 Biennium
General Fund		
Lottery Funds		
Other Funds	41,990,765	83,981,530
Federal Funds		
Total Funds	\$41,990,765	\$83,981,530

Analysis:

HB 4007 creates a first-time homebuyer savings account program which allows qualified Oregon taxpayers to save up for a down payment to purchase a home, without paying tax on the deposits or withdrawals, within certain limits. The measure also increases the county fee to record certain real property documents, from \$20 to \$75, and raises the income limits for those who qualify for the Home Ownership Assistance Program, from "low and very low income" to 100 percent of median family income. The -2 amendments do not change the fiscal impact of the bill for any of the affected agencies.

Department of Revenue

The fiscal impact to the Department of Revenue (DOR) is minimal. DOR will need to update tax forms and instructions, reprogram their computer systems, promulgate rules and verify taxpayer eligibility for the tax benefits of the first-time homebuyer savings program. However, these are normal activities of the department and can be absorbed with existing staff.

Oregon Housing and Community Services

The county recording fee supports three separate housing programs administered by the Oregon Housing and Community Services Department (OHCS). Ten percent of the fee is dedicated to Emergency Housing Assistance, 14 percent is allocated to the Home Owner Assistance Program, and the remaining 76 percent is allocated to the General Housing Account Program. The 2017-2019 budget anticipates revenues from the county recording fee of \$30,898,838. The increased fee in HB 4007 -2 is expected to generate an additional \$41.2 million through the end of the 2017-2019 biennium and an additional \$83 million for 2019-2021. The fee increase in HB 4007 -2 represents a significant increase in permanent, ongoing revenue for these housing programs.

The Home Owner Assistance Program is currently intended to expand home ownership opportunities for low- and very-low income families and individuals. Twenty-five percent of the funds are dedicated to assisting veterans. The program is delivered through homeownership centers and other non-profit partners throughout the state. With the additional revenue, OHCS will have increased responsibilities for administering grants and contracts, while the change in income eligibility will allow more people to qualify. A Program Analyst 3 will be needed to manage the additional workload, and assist with partner collaboration, training and technical assistance.

The General Housing Account Program (GHAP) provides financing to expand the state's supply of housing for low- and very-low income Oregonians. GHAP resources support affordable multi-family rental housing development and preservation activities by OHCS partners designed to meet the state's affordable housing needs. Again, 25 percent of the funds are dedicated to assisting veterans. A Program Analyst 3 is needed to provide dedicated management of the GHAP program. Two Loan Specialist 3 positions and a Procurement and Contracts Specialist 3 are required to manage the additional loans and contracts. An Executive Specialist 2 is needed for administrative support.

Personnel costs for the 2017-19 biennium are anticipated to be \$433,317, with services and supplies costs of \$37,100. For the 2019-21 biennium, the department will need a Loan Specialist 2 for the Home Ownership Assistance Program and a Compliance Specialist 2 for the General Housing Account Program to support the increased workload. The 2019-21 personnel costs for the eight positions is \$1,796,728, with services and supplies of \$226,700. All costs are Other Funds expenditures.

Additional policy development and research activities in these programs could help to support data-driven program design and funding decisions, but the Legislative Fiscal Office notes that those activities are more appropriately considered in the context of the regular biennial budget development and approval process.

Oregon Department of Veterans Affairs

There is no fiscal impact to the Oregon Department of Veterans Affairs.