

Analysis

Item 47: Housing and Community Services Department

CRF Expenditures Update

Analyst: Michelle Deister

Request: Acknowledge receipt of report by the Housing and Community Services Department on efforts to expend Coronavirus Relief Fund resources by December 30, 2020.

Analysis: To date, \$102 million in Coronavirus Relief Fund (CRF) has been approved for efforts by the Housing and Community Services Department (HCSD) to provide housing stability to Oregonians, as detailed in the agency request letter. The vast majority is expected to be utilized in the manner presented to the Emergency Board for which funds were initially approved. HCSD is reporting that the \$20 million in CRF approved for operating support to owners of affordable rental housing projects is undersubscribed. In June, funding was approved for this purpose based on the assumption that these projects would face higher than sustainable levels of rent arrearages due to eviction moratoriums, and that the income level of tenants served would preclude back rent payments from being made.

HCSD reports that applications for this assistance have so far totaled \$8 million, due to factors not predicted at the time including stronger than anticipated charitable foundation assistance and federal unemployment compensation that supported tenants with pandemic-related income loss. Eligibility for this funding was limited to operators with at least 5 affordable housing projects, and HCSD believes that were it not for the December 30 expenditure deadline for CRF, the program could be fully subscribed in the manner anticipated.

Of the \$12 million balance, HCSD anticipates \$1.2 million can be utilized by the deadline if applied to mortgage assistance payments through the Oregon Homeownership Stabilization Initiative (OHSI), and that a minimum of \$8 million can be utilized by Community Action Agencies for rental assistance payments, energy assistance, and shelter support. HCSD is working with Community Action and the OHSI program to maximize utilization of available CRF funding prior to the December 30 deadline, but approximately \$3 million could potentially revert to the Federal Government, absent a federally approved extension or alternative approved use for any remaining CRF.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Emergency Board acknowledge receipt of a report from the Housing and Community Services Department regarding its utilization of Coronavirus Relief Fund resources and efforts to expend funds by December 30, 2020.

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Housing and Community Services Department
Webb

Request: Acknowledge receipt of the report by the Housing and Community Services Department describing how it will spend Coronavirus Relief Fund (CRF) revenue by December 30, 2020.

Recommendation: Acknowledge receipt of the report.

Discussion: The Joint Emergency Board has approved \$102 million in CRF funding to the Department to ensure housing stability and safety of thousands of Oregonians through rent assistance, energy assistance, and shelter, among others. Of this amount, \$89 million will be spent by December 30, 2020. The Department expects \$63.5 million will be fully expended for rental assistance to households earning less than 80 percent of the area median income and \$15 million will be fully expended for energy assistance.

Of the \$102 million, the Joint Emergency Board approved \$20 million to provide assistance to affordable housing providers through forgivable loans. The loans are forgiven once the landlord provides rent forgiveness to tenants for missed rent payments. The Department estimates that only \$8 million will be spent by December 30, 2020, because some affordable housing providers received other assistance. Also, the ability of tenants to pay rent was not as severe as was expected at the beginning of the pandemic.

Additionally, the Joint Emergency Board approved \$3.5 million to provide safe shelter for Oregon's agricultural workers. The program was undersubscribed and the approved uses were expanded at the October 12, 2020 meeting of the Joint Emergency Board. The Department projects \$1 million of this funding will not be spent within the required timeline and could be redeployed to other uses.

The Department requests the flexibility to spend up to \$13 million for purposes outside the original legislative intent. It proposes spending \$1.2 million of CRF through the Oregon Housing Stabilization Initiative (OHSI) program to provide assistance to homeowners so they can catch up on missed mortgage payments. It also proposes distributing \$8 million of CRF to Community Action Agencies (CAAs) to pay for non-CRF expenditures that meet CRF eligibility criteria. The Department received information from 13 of 17 CAAs regarding the ability to use CRF for eligible expenses. It is continuing to work with the OHSI program and CAAs to identify if more expenditures, beyond the \$9.2 million referenced above, might be eligible for CRF funding. If other CRF eligible expenditures are not identified, up to \$3.8 million in CRF would go unspent by December 30, 2020.



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December 4, 2020

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Request

The Joint Emergency Board (E-Board) has made numerous allocations of Coronavirus Relief Funds (CRF) to Oregon Housing and Community Services (OHCS) to provide financial relief to Oregonians and organizations impacted by COVID-19. These resources, totaling \$102 M, have ensured the housing stability and safety of thousands of Oregonians through rent assistance, energy assistance, shelter, and more. CRF allocations to OHCS include:

- \$55 M for rent assistance for COVID impacted households living at or below 80% of the area median income. This was allocated during the June E-Board meeting. OHCS anticipates this resource will be fully subscribed.
- \$20 M to support affordable housing providers through forgivable loans. Resources will be loaned to providers to cover missed rent payments and forgiven when the property management forgives tenants' missed rent payments. This was allocated during the June E-Board meeting. OHCS anticipates about \$12 M will need to be re-directed, as housing providers found other assistance and the impact of COVID on affordable housing residents' ability to pay rent was not as severe in the early stages of the pandemic. To be clear, if not for the federal deadline, these resources would be fully subscribed.
- \$15 M for energy assistance for COVID impacted households. This was allocated during the June E-Board meeting. OHCS anticipates this resource will be fully subscribed.
- \$8.5 M for rent assistance for COVID impacted households living at or below 80% of the area median income. This was allocated during the April E-Board meeting as General Fund and converted to CRF during the August special session. OHCS anticipates this resource will be fully subscribed.
- \$3.5 M to support the health and stability of Oregon's agricultural workers. This was allocated during the April E-Board meeting as General Fund and converted to CRF during the August special session. OHCS sought and received flexibility during the October 12th E-Board to expand the use of these funds beyond the safe shelter use



identified when originally allocated. OHCS anticipates about \$1 M will need to be re-directed.

While these resources are vital, it is clear that the arbitrary federal deadline of December 30th will prevent these resources from being fully leveraged. OHCS is requesting additional flexibility to ensure these resources can support housing stability and those experiencing homelessness AND be fully spent down by the December 30th timeline.

Agency Action

OHCS sought and received permission from US Treasury to use CRF in place of Hardest Hit Funds (HHF). HHF resources support the Oregon Homeownership Stabilization Initiative (OHSI), which re-opened this year to help Oregonians impacted by COVID get caught up on their mortgage payments. OHSI anticipates that \$1.2 M in assistance will be expended by December 30th and could be credited to CRF. This would expand the available mortgage assistance from \$20 M to \$21.2 M.

OHCS also asked Community Action Agencies (CAAs) to examine costs incurred due to COVID but paid for by non-CRF funding. These costs include rent assistance, energy assistance and shelter services. We also asked if additional funding could be used for these programs. We have heard from twelve of the seventeen agencies that approximately \$8M of non-CRF funding could be credited to CRF, allowing that funding to be available beyond December 30th. OHCS and CAAs are working together to see what additional money could be credited to CRF, and what additional needs exist prior to December 30th.

Action Requested

OHCS is requesting a modification of the E-Board language to allow for increased flexibility around the use of CRF resources. The only way OHCS could fully expend these resources is through E-Board flexibility. OHCS requests that previously allocated CRF resources be used to support OHSI and CAAs to increase the housing stability of Oregonians.

Legislation Affected

Legislation would not be impacted by this flexibility.

Sincerely,

Caleb Yant, Acting Executive Director and Deputy Director

cc: Ken Rocco, Legislative Fiscal Office
Michelle Deister, Legislative Fiscal Office
George Naughton, Department of Administrative Services
Alisa Webb, Department of Administrative Services