

Analysis

Item 17: Housing and Community Services Department

Consolidated Appropriations Act Rental and Utility Assistance

Analyst: Michelle Deister

Request: Increase the Federal Funds expenditure limitation for the Housing and Community Services Department by \$116,000,000 for emergency rental and utility assistance to Oregonians, funded through the December 2020 Congressional stimulus package.

Analysis: An estimated \$280 million from the December 2020 federal stimulus package (a.k.a. Consolidated Appropriations Act of 2021) is anticipated to be Oregon's share for emergency rental assistance and energy assistance payments from U.S. Treasury. The City of Portland will, and several counties may, receive their own allocations directly. The Housing and Community Services Department (HCSD) anticipates the amount it will grant to local partners in the current biennium is \$116,000,000.

The types of financial assistance that can be made to eligible households with the emergency rental assistance payments include rent, rental arrears, utility and home energy costs and arrears, and "other expenses related to housing incurred due, directly or indirectly, to the novel coronavirus disease (COVID-19) outbreak, as defined by the Secretary (of the Treasury)." Eligible households are those that meet each of the following requirements:

- They pay rent;
- They qualify for unemployment or provide written attestation that they have experienced financial hardship due directly or indirectly to COVID-19; and
- They can demonstrate a risk of experiencing homelessness or housing instability, such as with a past due utility or rent notice.

In addition, grantees are directed to prioritize households in which the household's income is at most 50% of the area median income or a resident has been unemployed for the last 90 days at the time of application.

Assistance is available for up to twelve months generally, and for an additional three months, if necessary, to ensure housing stability, subject to funds availability. No more than 10% of funds can be used for administrative costs. Funding must be obligated by September 30, 2021.

Funds are expected to be available to HCSD by the end of January, but Treasury guidance may well take longer. HCSD has indicated that it will await that guidance (which may take several weeks) before deciding exactly how to deliver the funds, but expects delivery to occur through Community Action Agencies and perhaps other organizations as well. The dollars will be distributed geographically, pursuant to a formula that examines local data on several factors that might include homelessness, housing instability, COVID-19 economic impact, and equity and racial justice/demographic data. HCSD assumes partners can distribute \$11-17 million per month in rental assistance payments, but will concentrate on using CRF and other state resources allocated to date while awaiting further federal guidance.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends that the Emergency Board increase the Federal Funds expenditure limitation for the Housing and Community Services Department by \$116,000,000 for rental assistance and utility assistance to Oregonians, funded through the federal Consolidated Appropriations Act of 2021.

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Housing and Community Services Department
Webb

Request: Increase Federal Funds expenditure limitation by \$116 million for rent, utility, and other assistance to households in Oregon.

Recommendation: Approve the request.

Discussion: Due to the COVID-19 pandemic, many families in Oregon have experienced financial challenges. The Consolidated Appropriations Act, 2021, was signed by the President on December 27, 2020, and will provide Oregon with approximately \$282 million that potentially can be used for rent, utility, water, cash, and other assistance. The City of Portland will likely receive a portion of these funds. It is unclear exactly how much the Housing and Community Services Department will receive; however, preliminary data suggests the Department could receive about \$225 million. Federal guidance on how these funds can be spent is forthcoming; however, funds must be committed by September 30, 2021. The Department projects it will spend approximately \$116 million by June 30, 2021, and the remainder will be spent in the 2021-23 biennium. If spending in the 2019-21 biennium accelerates, the Department will return to the Legislature to request additional Federal Funds expenditure limitation.

Legal Reference: Increase the Federal Funds expenditure limitation established by chapter 642, section 4, Oregon Laws 2019, for the Housing and Community Services Department by \$116,000,000 for the 2019-21 biennium.



Oregon

Governor Kate Brown

Housing and Community Services

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January 5, 2021

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

Oregonians are in financial distress. The COVID-19 pandemic has left many families unable to pay their rent, their utility bills, and afford everyday essentials. Energy costs, like housing costs, can greatly impact the stability of Oregonians. Over half of low-income Oregonians face energy cost burden, meaning they are spending more than 6% of their income on energy costs alone. And that was before the pandemic.

OHCS is grateful for legislative commitment to help Oregonians pay their rent and past commitments to help them pay their energy bills. OHCS and our partners have provided relief to tens of thousands of families with the allocation of \$15 million made by the Emergency Board in June. That funding has been a lifeline, but it's running out. The Agency had planned to request General Fund resources for energy assistance in a January Emergency Board meeting. Congressional action has provided relief coming through a second wave of federal relief funds likely coming to the state in January, making that request duplicative.

Agency Action

President Donald Trump signed the congressional stimulus package on Sunday, December 27th. This will result in hundreds of millions of dollars coming to Oregon in the form of rent, utility, water, cash, and other assistance to households. OHCS, in working with the National Council of State Housing Finance Agencies, anticipates that approximately \$282 million in wave two of relief funds will be allocated to Oregon for rent and utility assistance. The City of Portland is the only locality eligible for direct funding, though it's unclear how much they will receive and the process in which they will receive it. The congressional package included other forms of relief, including the new Low-Income Household Drinking Water and Wastewater Emergency Assistance Program, but it's unclear as of this writing how much OHCS will receive.

Action Requested



OHCS is requesting a federal funds limitation increase of \$116 million to ensure funds can be delivered as quickly and efficiently as possible. As OHCS learns more about these funding sources and associated requirements, the agency will inform legislators.

Legislation Affected

Legislation would not be impacted.

Sincerely,

A handwritten signature in black ink, appearing to read 'MSL', followed by a horizontal line.

Margaret Salazar, Executive Director

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