

FISCAL IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly – 2020 Regular Session
Legislative Fiscal Office

Measure: HB 4001 - 1

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Meg Bushman-Reinhold
Reviewed by: Matt Stayner, Michelle Deister, Gregory Jolivette, Ken Rocco
Date: February 7, 2020

Measure Description:

Directs Housing and Community Services Department to provide grants and technical assistance to eligible entities to develop and operate emergency shelters across the state and to develop navigation centers in Eugene and Salem.

Government Unit(s) Affected:

Housing and Community Services Department (HCSD), Department of Land Conservation and Development (DLCD), Oregon Judicial Department (OJD), Counties, Cities, Metro

Summary of Fiscal Impact:

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

Analysis:

House Bill 4001, as amended by -1, requires local governing bodies to approve applications for emergency shelters in certain circumstances. This requirement is repealed on July 1, 2021. The measure revises ORS 446.265 relating to transitional housing to include parking lots or facilities and defines certain terms. The Housing and Community Services Department (HCSD) is directed to provide grants and technical assistance to eligible entities to fund: (1) the construction, purchase, or lease of facilities to be used as low-barrier emergency shelters; (2) the operation, use, or staffing of low-barrier emergency shelters; (3) the predevelopment, planning, construction, purchase, or lease of property used for navigation centers in the cities of Salem or Eugene; (4) short-term rental assistance for individuals transferring from emergency shelters to permanent or temporary housing; and (5) the development or use of amenities or facilities that provide no-cost services, such as hygiene and laundry services, to individuals who are homeless.

The grants and technical assistance must be awarded in different regions of the state, with funding prioritized based on areas of highest need as identified in the Oregon Statewide Shelter Study. The bill adds technical assistance and training, and transitional housing accommodations as an allowable use of funds in the Emergency Housing Account and appropriates \$40 million General Fund to HCSD.

Housing and Community Services Department

Funds awarded to enhance shelter capacity, provide operating funds, assist with technical challenges, and help alleviate the current homeless crisis is expected to total approximately \$38.2 million. HCSD will use the remainder of the appropriation to obtain contracted services and additional staff in order to deploy the funds as quickly as possible.

HCSD anticipates adding the grants for shelter development, operations, and hygiene facilities to a competitive process already scheduled for the spring of 2020, or else award funds based on results from the Statewide Shelter Survey. These grants are estimated to finance 25 additional emergency shelters, assist with operations for more than 200 existing shelters, and develop 30 additional options for hygiene and other needs. These activities may account for as much as \$30.3 million of the total appropriated by the measure.

Contracted technical assistance is estimated at \$600,000 and will include assisting grantees with issues including constructing, purchasing, or leasing emergency shelter facilities, and best practices in shelter operations.

HCSO anticipates using \$1.3 million for technical, predevelopment, and other assistance as needed to develop navigation centers in Eugene and Salem in an effort to reduce encampments in those cities. Navigation centers are low-barrier emergency shelters, as defined in the bill, that also provide intensive case management to residents.

The short-term rental assistance is anticipated to be awarded by HCSO through the Community Action Agency network. HCSO expects to allocate \$6 million for this purpose, which could serve as many as 1,000 households for six months.

HCSO will hire six limited duration positions (2.83 FTE) at a cost of \$883,833 General Fund in the 2019-21 biennium and \$953,667 General Fund and five positions (4.25 FTE) for the 2021-23 biennium. The positions are as follows:

- An Operations and Policy Analyst 3 position (0.54 FTE) beginning in May 2020 to provide direct technical assistance and to obtain contract services for additional technical assistance.
- A Program Analyst position to oversee requirements for developing the facilities and navigation centers and shelter operations, with a focus on ensuring ongoing sustainability.
- A Compliance Specialist 3 position for program oversight to monitor program compliance at existing shelters, perform site visits during construction, and monitor program operations when new facilities are placed in service.
- A Loan Specialist 3 position will be needed to manage construction, purchase, or other real estate transactions in alignment with other HCSO housing development programs.
- A Procurement and Contracts Specialist 3 position to manage additional procurements related to technical assistance, the navigational centers, and amenities development.
- An Accounting Technician 3 will be needed due to the increase in payment processing.

The grants for technical assistance, shelter development, amenities, and navigation center development are expected to be fully committed in the 2019-21 biennium but some of the purposes will require a longer timeline to fully expend. About \$25.2 million will rollover as Other Funds to the 2021-23 biennium to honor commitments for construction and real estate transactions, rental assistance agreements that cross the biennium, operating agreements with emergency shelters, and agency administrative expenses related to oversight.

Cities and Counties

Local governments may experience a fiscal impact depending on whether an emergency shelter allowed under this bill is established in their jurisdiction, whether other assistance is provided, and whether additional public safety responses are required, but any such potential impact is indeterminate at this time. The cities of Eugene and Salem will experience an impact in the amount of funds allocated to each city to establish navigation centers.

Oregon Judicial Department

The Oregon Judicial Department may experience a fiscal impact if the establishment of an emergency shelter allowed under this bill is appealed to the circuit court. Any potential fiscal impact to the Judicial Department is anticipated to be minimal.

There is no expected impact for Metro or the Department of Land Conservation and Development.