

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 4401**80th Oregon Legislative Assembly – 2020 3rd Special Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Haylee Morse-Miller
Reviewed by: Gregory Jolivet, Michelle Deister
Date: December 21, 2020**Measure Description:**

Requires Housing and Community Services Department to provide distributions to certain residential landlords for unpaid rent after April 1, 2020.

Government Unit(s) Affected:

Housing and Community Services Department (HCSD), Oregon Judicial Department (OJD)

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
General Fund	\$1,084,732	
Other Funds		275,815
Total Funds	\$1,084,732	\$275,815
Positions	2	2
FTE	0.50	0.25

Analysis:

HB 4401 requires the Housing and Community Services Department (HCSD) to facilitate two programs for rental assistance.

First, HCSD must provide distributions to residential landlords for 80 percent of rent owed after April 1, 2020. Landlords or their designees may submit an application to HCSD for all of the landlord’s tenants who have not paid rent and have given the landlord a signed declaration stating financial hardship. Landlords must agree to forgive the remaining 20 percent of unpaid rent due if they receive a distribution from HCSD for rent owed. Landlords must also agree to repay HCSD if the landlord receives a payment from a tenant for the amount owed.

HCSD is required to develop an online application for landlords to apply for distributions, which must be available in languages other than English. HCSD may establish qualifications for distributions, in order to prioritize landlords with fewer units and a higher percentage of unpaid rent, and may coordinate with local housing authorities to make distributions. HCSD may also conduct outreach to landlords and tenants, and is directed to expedite implementation of the compensation fund. Upon distribution, HCSD must mail tenants a notice of distribution and amount of rent forgiveness agreed by their landlords.

Second, HCSD must also directly distribute rent assistance to recipients of a distribution from the Department from the Coronavirus Aid, Relief, and Economic Security Act Emergency Solutions Grant program, which includes distributions to community action agencies through the department’s master grant agreement, and culturally specific providers. Rental assistance payments are for financially distressed households and payments are to be made directly to the landlord.

HCSD must report to the Legislative Assembly on distributions by September 15, 2021. These portions of the measure sunset on January 2, 2023.

In order to distribute funds, HCSD will need to develop forms for tenants and landlords and develop an online portal for landlord applications. HCSD will hire temporary contract staff to review and score applications. HCSD may work with Public Housing Authorities, who may take a role in confirming information with landlords, making payments to landlords, and notifying tenants of payments made. HCSD assumes that the online application process could be available within six weeks of this measure's passage, and the first payments would be distributed to landlords within a month following.

In 2019-21, total HCSD administrative costs for these programs are estimated at \$1,084,732 General Fund, including \$89,644 in Personal Services and up to \$995,089 in Services and Supplies. Personal Services costs are related to hiring two new full-time, limited-duration positions, a Program Analyst 3 and an Accountant 1 (each totaling 0.25 FTE), to assist with program development and oversight, grant awards, payment processing, accounting, and other duties related to the rent assistance program.

Services and Supplies costs include existing staff time spent on these projects and any indirect costs, outreach to landlords, and development of the application system. Most of the Services and Supplies costs are related to hiring up to eight contract staff through a staffing agency to review applications and provide translation services. An estimated \$200,000 General Fund is included for outreach to tenants. This fiscal assumes that HCSD will work with the Oregon Health Authority (OHA) to leverage a contract to ensure statewide outreach to tenants, with a specific emphasis on communities most impacted by COVID-19.

In 2021-23, HCSD's costs are estimated at \$275,815 Other Funds, to allow staff to wrap up the programs and complete Legislative reporting requirements. The full-time limited-duration Program Analyst 3 and Accountant 1 will continue working with HCSD on the rent assistance program through September (0.13 FTE), accounting for \$44,822 in Personal Services costs. HCSD will also retain some contract staff through September 2021 to finish work on the landlord payments program, which comprises the majority of the \$230,993 of anticipated Services and Supplies costs. Of note, funds for the rent assistance and landlord distribution program originate as General Fund from the sum appropriated by the Legislature for this program in 2019-21, but will be transferred to a different account within HCSD and expended as Other Funds in 2021-23.

HCSD notes that due to the urgency of this program, they will use existing staff for program start to get the program running quickly. This could create delays in administration of other ongoing HCSD programs, or require the agency to hire additional, temporary staff to backfill positions. Staffing needs and costs could also vary from projections based on the volume of program applications. In addition, administrative costs included here are for HCSD only, and do not include costs of administration incurred by Public Housing Authorities or contractors for the rental assistance portion of the measure.

Finally, this fiscal assumes that Public Housing Authorities will be able to take on a large portion of program administration. Should Public Housing Authorities not have the capacity to assume administration, HCSD may have to administer more of this program in-house- which could significantly increase administrative costs from what is stated in this fiscal. HCSD may need to return to the Legislative Emergency Board or a subsequent legislative session to request expenditure appropriation and/or limitation in order to comply with the provisions of this measure.

There is minimal fiscal impact to the Oregon Judicial Department as a result of this measure.

Any funding or position authority associated with this measure will be included in the budget bill for the 3rd Special Session, SB 5731.