

## Item 80: Housing and Community Services Department Affordable Housing Stabilization

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**Analyst:** Michelle Deister

**Request:** Allocate \$5,000,000 General Fund from the Emergency Fund to the Housing and Community Services Department for distribution to Home Forward to administer an affordable housing stabilization grant fund for affordable housing providers that can demonstrate outstanding debt from past due rent accumulated by residents in affordable units between April 1, 2020 - April 30, 2022.

**Description:** This request was made to the Co-Chairs of the Emergency Board by affordable housing providers with the support of the Housing Alliance, Housing Authorities of Oregon, Housing Oregon, the Governor's Office and the Housing and Community Services Department (HCSD). The request contemplates a grant program that would be administered by Home Forward, a public housing authority that administered the Landlord Guarantee Program created in the 2021 legislative session through SB 278. The grants would be used to alleviate a portion of rental income losses experienced by affordable housing providers who have tenants that have missed rental payments from April 1, 2020 through April 30, 2020, which corresponds to the months that rent was due during Oregon's COVID-19 state of emergency.

The Network of Affordable Housing Providers conducted a survey in which 45 respondents reported a total of \$13.8 million in losses due to low-income tenants being unable to pay rent. In addition, respondents reported significant increases to operational costs as a result of the pandemic. Increased operational expenses and significant outstanding tenant debt have contributed to smaller than normal operating margins and reserves, with some properties reporting additional scrutiny from lenders. Affordable housing providers state that addressing the outstanding debt from the COVID-19 emergency period will help eligible providers maintain housing for low-income tenants who are largely back to work but unable to repay rent that was past due prior to the larger economic recovery which has been underway since this past autumn. Coupled with operating expenses that are impacted by extraordinary inflation, requestors have indicated that affordable housing providers are in a financial position more precarious than other housing providers, due to the inability to increase rents to recuperate losses and subsequently thin margins that affordable housing providers operate under. Further, the income levels of tenants make it difficult for them to find other housing options should their housing situation be destabilized.

To be eligible to receive funding, a property must be owned by a non-profit, a local government, a public housing authority; or a for-profit affordable housing provider with regulatory affordable rental agreements in place. HCSD estimates there may be as many as 450 unique property owners that fit this description. Funds could only be awarded for those units where the rent is affordable to households making less than 80% of area median income. The program would be designed such that affordable rental housing providers could apply during a particular application window, and if deemed eligible, receive a percentage of their total demonstrated missed rental payments as a function of total eligible debt compared to total funds available. For example, if \$10 million in eligible applications are received for a total of \$5 million in available grants, every applicant would receive an award equal to 50% of the eligible debt included in their application. As a condition of receiving these funds, providers who are awarded a grant must alleviate an equivalent amount of tenant debt to the amount of the grant

received. Home Forward itself is an affordable housing provider and would be eligible for grant funds, as well as five percent of the total allocation of \$5,000,000 to cover administrative expenses.

HCSD’s agreement with Home Forward shall specify that Home Forward is to report to HCSD on administrative expenses, awardees and amounts awarded, along with supporting information that demonstrates the total outstanding tenant debt that was attributable to unpaid rent from April 1, 2020 - April 30, 2022; and the percent of unpaid rent the grant helped to alleviate. In turn, HCSD will report this information back to the Emergency Board by December 2022.

The Legislative Fiscal Office notes that since the 2019-21 biennium, rental assistance and eviction prevention and diversion funding has totaled \$230 million General Fund, \$247 million Other Funds, and \$368 million in Federal Funds. Assistance provided to landlords includes \$170 million for the Landlord Compensation Fund, and another \$15 million for the Landlord Guarantee Program, which is administered by Home Forward to compensate landlords whose tenants initiated a safe harbor and experienced nonpayment during that safe harbor required by state law (as of April 30, \$1.6 million had been expended from the latter). What follows is a summary of the programs and amounts approved in an effort to stabilize tenants and housing providers:

Program	Biennium	Amount	Fund Type
Support Tenants Accessing Rent Relief	2019-21	\$50,000,000	General Fund
Rental Assistance	2019-21	\$67,000,000	Other Funds (CRF)
Emergency Rental Assistance (ERA 3)	2021-23	\$105,000,000	Other Funds (ARPA)
Oregon Emergency Rental Assistance Fund	2021-23	\$352,000,000	Federal Funds
Landlord Compensation Fund	2019-21 2021-23	\$170,000,000	General Fund
Landlord Guarantee Program	2021-23	\$15,000,000	General Fund
Eviction prevention and diversion	2021-23	\$180,000,000	General Fund
Oregon Emergency Rental Assistance Program	2021-23 <i>Additional formula grant funds received March 2022 - not yet budgeted</i>	\$16,000,000	Federal Funds

In addition, it is likely that some portion of \$62.6 million in General Fund and \$20 million Other Funds dedicated to the Emergency Housing Assistance program during the same period was/will be utilized for rental assistance.

Affordable housing providers report that this request will help to overcome barriers that some tenants and landlords have experienced in accessing other programs, including language barriers, federal restrictions that resulted in a complicated application process, limitations on the duration and amounts of assistance available for individual tenants, and limitations on the ability of tenants and capacity of staff and local agencies to support tenants in completing their applications.

**Recommendation:** The Co-Chairs of the Emergency Board recommend that the Emergency Board allocate \$5,000,000 General Fund from the Emergency Fund to the Housing and Community Services Department for distribution to Home Forward to administer an affordable housing stabilization grant fund for affordable housing providers that can demonstrate outstanding debt from past due rent accumulated by residents in affordable units between April 1, 2020 - April 30, 2022.