

Housing and Community Services Department

	2017-19 Actual	2019-21 Legislatively Adopted	2019-21 Legislatively Approved *	2021-23 Current Service Level	2021-23 Governor's Budget
General Fund	58,891,653	106,468,486	331,045,629	95,558,762	166,085,271
Lottery Funds	17,507,281	21,789,335	21,752,234	30,269,740	31,039,264
Other Funds	268,930,975	554,281,275	706,359,470	313,867,130	623,527,274
Other Funds (NL)	772,743,148	1,056,668,660	1,056,668,660	926,692,991	926,684,811
Federal Funds	112,402,513	126,659,025	316,568,848	132,315,039	131,937,836
Federal Funds (NL)	132,720,436	152,131,628	152,131,628	176,472,688	176,472,688
Total Funds	1,363,196,006	2,017,998,409	2,584,526,469	1,675,176,350	2,055,747,144
Positions	169	224	230	202	249
FTE	154.88	216.71	218.07	201.00	240.32

* Includes Emergency Board and administrative actions through January, 2021.

Program Description

The Housing and Community Services Department (HCSD) provides financing and program support for the development and preservation of affordable housing to low -and very low-income Oregonians, and administers federal and state antipoverty, homeless, and energy assistance programs. The Oregon Housing Stability Council, a nine-member panel appointed by the Governor, advises the Governor, Legislature, HCSD, and local governments on affordable housing issues.

CSL Summary and Issues

DAS made debt service adjustments to CSL based on bond refundings and changes in projected interest rates. The 2021-23 CSL for HCSD programs receiving General Fund support is as follows:

- Elderly Rental Assistance - \$1,526,514
- Emergency Housing Assistance (EHA) - \$29,252,798
- Housing Choice Landlord Guarantee Program - \$324,290
- State Home Oil Weatherization Program - \$200,872 - (The Governor's Budget recommends shifting funding for the program's support position to Other funds);
- State Homeless Assistance Program (SHAP) - \$12,564,147
- Operating expenses attributable to LIFT and Housing Preservation programs: \$821,797
- Operating expenses of the Department's central services division: \$595,306

General Fund debt service for the 2021-23 biennium is assumed at \$50.3 million after DAS adjustments, but expected to grow by \$4.4 million, if policy option packages in the Governor's budget are approved.

Policy Issues

HCSD will continue coordinating shelter and housing efforts related to wildfire recovery, and will retain consultative services approved in 2020 for recovery efforts carrying over into the 2021-23 biennium. The agency continues to focus efforts on its partnerships to deliver rental and energy assistance payments, efforts that included significant additional funding over the interim. To that end, they will roll out competitive offerings in programs traditionally served exclusively by Community Action Agencies, in an effort to extend reach through additional culturally competent organizations.

Rental assistance funding related to \$50 million in 2019 approved capital expenditures for permanent supportive housing in the 2021-23 biennium is estimated at between \$6.63 - \$7 million General Fund for the 2021-23 biennium (a \$2.4 million reduction from previous estimates), based on the number and timing of new permanent supportive units expected to come on line in the next biennium. These funds will be transferred from OHA. The full biennialized rental assistance amount for these units in 2023-25 is estimated at \$14.4 million General Fund, which provides rental assistance and supportive services to approximately 400 units.

Pandemic/Wildfire-Related Issues

Since the adjournment of the 2019 regular legislative session, HCSD has been tasked with responding to a variety of crises brought to us by the year 2020, including:

- Flooding in Umatilla County in February (\$7.5 million General Fund, and corresponding Other Funds expenditure limitation);
- Rental assistance (\$68.5 million Coronavirus Relief Funding, a.k.a. CRF (budgeted as Other Funds);
- Safe shelter, transportation and assistance for agricultural workers at risk for COVID-19 (\$4 million CRF);
- Energy assistance payments for low income Oregonians with income loss due to COVID-19 (\$15.3 million CRF);
- Operating Support to affordable housing projects under contract with HCSD (\$10 million CRF);
- Mortgage payment assistance (\$1.2 million CRF); and
- Wildfire shelter services, direct assistance payments, and consultation services (\$20.5 million GF)

Expending funds by federal deadlines and ensuring swift roll out of multiple new programs has been a substantial challenge. In an August special session, the Legislature also approved \$73.5 million in Federal Funds expenditure limitation for Coronavirus Aid Relief and Economic Stability (CARES) Act funding that went directly to HCSD for federal programs it administers; and \$2 million General Fund to provide a portion of a shortfall in matching funds for the Individual Development Account program administered under contract. Another \$50 million in general obligation bonds and associated cost of issuance and administrative expenses were also approved during the Second special session (August, 2020), to finance additional affordable housing units under the Low Income and Fast Track housing program, adding to the \$150 million approved for the program during the 2019 regular legislative session. A third special session of the legislature (December 21, 2020) resulted

in a new \$150 million General Fund grant program to residential landlords and an additional \$50 million in rental assistance payments on behalf of tenants. In late December, the federal Consolidated Appropriations Act included an estimated \$203 million for HCSD to distribute (some urban areas such as Portland will receive direct allocations) for rental and utility assistance to Oregonians, \$116 million of which is anticipated to be expended in the 2021-23 biennium.

Additional expenditure limitation adjustments may need to be made in an early session omnibus budget bill, and/or the agency's 2021-23 budget to reflect additional pandemic-related federal assistance approved by Congress in late December, 2020.

Other Significant Issues and Background

HCSD was directed via budget note to report to the Legislature on options to implement an improved statewide homeless management information system to support data driven information that can be used to track state and local outcomes and influence policy decisions. The required report was submitted to the Legislative Fiscal Office in September of 2020 and a policy option package is included in the Governor's budget to support improvements to the system pursuant to report recommendations.

The Governor's Budget for the Housing and Community Services Department contains no reductions, but rather a number of new programs. General Fund enhancements include the following:

- \$15 million for rental assistance payments related to new units of Permanent Supportive Housing to be developed through requested Article XI-Q Bonds;
- \$10 million for down payment assistance for single family home buyers;
- \$ 4.5 million for long term rental assistance for at-risk youth (including those aging out of foster care);
- \$ 2 million for efforts to address racial disparities in homeownership;
- \$ 5 million for "fuel blind" energy assistance;
- \$ 6 million for manufactured housing park preservation, repair and decommissioning;
- \$ 6.4 million for internet access/payment assistance;
- \$7 million for individual development accounts (which are primarily funded through tax credits - the Governor's recommended budget proposes to shift this to a General Fund appropriation going forward);
- \$1.2 million to enhance the capabilities of the Homeless management information system, to improve data collection and utilization for local housing providers and HCSD;

Other Enhancements:

- Increasing the Agricultural Workforce Tax Credit by \$9 million to a total of \$24 million per biennium to incentivize workforce housing.
- \$30 million in lottery bonds for affordable housing preservation, including a land acquisition program in the amount of \$20 million;

- A combined total of \$250 million in Article XI-Q bonds to develop new housing units through the LIFT and Permanent Supportive Housing programs; and
- Other and Federal Funds limitation to support additional positions and DAS-approved reclassifications.

Key Performance Measures

A copy of the HCSD Annual Performance Progress Report can be found on the LFO website:

https://www.oregonlegislature.gov/lfo/APPR/APPR_OHCS_2020-10-01.pdf