



# MEMORANDUM

Prepared for: Senate Committee on Housing and Development

Date: March 26, 2021

By: Devin Edwards, Analyst

Re: Rental Assistance Funds in Oregon

LPRO: LEGISLATIVE POLICY AND RESEARCH OFFICE

This memorandum responds to your request for an overview of the rental assistance funding sources available statewide in Oregon.

## SUMMARY

This memorandum attempts to summarize the myriad rental assistance funding available statewide in Oregon, including federal stimulus, Oregon Housing and Community Service (OHCS) programs, and recent legislative initiatives. Most data are collated from OHCS and the Legislative Fiscal Office (LFO).

Many of the funding sources involve significant uncertainty. Funding is contingent on undetermined factors such as federal agency rulemaking, state agency discretion, disbursement schedules, consequences for failing to meet spenddown deadlines, fund recipient delivery capacities, and state-level policy choices related to taxation and the State General Fund (GF).

Consequently, this memorandum cannot offer a discrete figure for overall statewide rental assistance funding. However, it can approximate what funding currently exists, what funding is anticipated, and what factors condition funding availability and magnitude.

## FEDERAL RENTAL ASSISTANCE

In response to the coronavirus pandemic, the federal government dedicated additional funds to rental assistance through new stimulus legislation and increased support for existing programs. Prior to the stimulus packages, federal rental assistance was primarily administered by local public housing agencies through the Housing Choice Voucher program, otherwise known as Section 8, serving low-income, elderly, and disabled individuals.

**Table 1: Federal Rental Assistance**

Source	2019-2020 Biennium	2021-2023 Biennium
January Emergency Board: December CARES Act <sup>1</sup>	\$116,000,000	\$88,366,635
Section 8 (Housing Choice) Rent Subsidy	\$152,131,628	\$176,472,688

<sup>1</sup> Legislative Fiscal Office, *Emergency Board Certificate*, (January 8, 2021), available at <https://www.oregonlegislature.gov/lfo/eboard/EB%20Certificate%2001-08-2021.pdf>

Section 811 Rent Subsidy	\$998,729	\$1,018,517
HOME Tenant-Based Rent Assistance <sup>2</sup>	\$2,579,189	\$2,637,651
American Rescue Plan <sup>3</sup>	-	Between \$152,000,000 and \$215,000,000
<b>Total</b>	<b>\$271,709,546</b>	<b>Between \$420,495,491 and \$483,495,491</b>

Source: Legislative Policy and Research Office  
Data: Legislative Fiscal Office

The December CARES Act will fund the Federal Emergency Rental Assistance program. Applications for Federal Emergency Rental Assistance will open in May, administered by OHCS. Renter households with incomes less than 80 percent of area median income who are experiencing financial hardship and can demonstrate housing instability will qualify for funds. Federal statute mandates 65 percent of funds must be spent by September 30, 2021 and 100 percent must be spent by September 30, 2022. The consequences for failing to meet the spenddown deadlines are unclear.

The timeline for the arrival of American Rescue Plan funds is unknown. The final amount of funds is also unknown, in part due to a provision of the American Rescue Plan that reduces one dollar in federal aid for each dollar a state spends on net tax cuts.<sup>4</sup> By September 20, 2025, 100 percent of funds must be spent.

Both December CARES Act and American Rescue Plan funds may be used to cover utilities.<sup>5</sup>

In addition to the sources referenced above, Oregon received federal funds of which the primary purpose is not rental assistance, but they can be used for rental assistance.<sup>6</sup>

- Oregon received \$19,204,134 in Community Services Block Grant (CSGB) funding from the CARES Act during the 2019-2020 biennium and \$11,532,675 for the 2021-2023 biennium.
- Oregon received \$59,752,604 in Homeless Emergency Solutions Grants (ESG) from the CARES Act during the 2019-2020 biennium and \$3,694,790 for the 2021-2023 biennium. An unknown amount of 2019-2020 biennium funds will carry over into the 2021-2023 biennium, according to LFO.

<sup>2</sup> Legislative Fiscal Office, *2019-21 Legislatively Adopted Budget: Detailed Analysis*, (October 2019), available at <https://www.oregonlegislature.gov/lfo/Documents/2019-21%20Legislatively%20Adopted%20Budget%20Detailed%20Analysis.pdf>

<sup>3</sup> Oregon Housing and Community Services (March 2021)

<sup>4</sup> Center on Budget and Policy Priorities, *Rescue Plan Protects Against Using Federal Dollars to Cut State Taxes*, (March 11, 2021), available at <https://www.cbpp.org/blog/rescue-plan-protects-against-using-federal-dollars-to-cut-state-taxes>

<sup>5</sup> Oregon Housing and Community Services (March 2021)

<sup>6</sup> Legislative Fiscal Office (January 31, 2021)

## STATE RENTAL ASSISTANCE

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State rental assistance is primarily funded by OHCS GF programs, though OHCS non-GF programs and Oregon Health Authority (OHA) funds also contribute. OHCS mostly contracts with local organizations to deliver rental assistance rather than providing funds directly to beneficiaries.

### OHCS GF Programs

During the third Joint Special Session in December of 2020, the Legislative Assembly passed House Bill 4401, which authorized OHCS to distribute rent assistance through the Supporting Tenants Accessing Rental Relief (STARR) program and established a Landlord Relief Fund for rental assistance. Renters may currently apply for STARR funds through their local Community Action Agency (CAA). For landlords to access the Landlord Relief Fund, they are required to forgive 20 percent of tenant back rent.

**Table 2: OHCS GF Programs**

Program	2019-2020 Legislature Approved Funding	2021-2023 Governor's Recommended Budget
Long Term Rent Assistance for Youth	-	\$4,511,044
Permanent Supportive Housing Rental Assistance	-	\$15,000,000
Portfolio Stabilization	\$6,000,000	-
December 2020 Emergency Board (STARR)	\$50,000,000	-
Landlord Relief Fund	\$150,000,000	-
<b>Total</b>	<b>\$206,000,000</b>	<b>\$19,511,044</b>

Source: Legislative Policy and Research Office

Data: Legislative Fiscal Office

STARR closes when the General Fund expires on June 30, 2021.

The Landlord Relief Fund is disbursed \$50 million at a time in three rounds. The first round closed on March 5, 2021 and OHCS is currently processing the remaining applications. The second round will open in April. The program closes when the General Fund expires on June 30, 2021.

Both Long Term Rental Assistance for Youth and Permanent Supportive Housing Rental Assistance are new programs proposed in the Governor's Recommended Budget.

In addition to the sources referenced above, OHCS operates two programs of which the primary purpose is not rental assistance, but they can be used for rental assistance.<sup>7</sup>

- The Legislative Assembly approved \$33,007,948 in funding for Emergency Housing Assistance (EHA) during the 2019-2020 biennium. The 2021-2023 Governor's Recommended Budget includes \$29,187,736 in EHA funding.

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<sup>7</sup> Legislative Fiscal Office (January 31, 2021)

- The Legislative Assembly approved \$1,463,580 in funding for Elderly Rental Assistance during the 2019-2020 biennium. Elderly Rental Assistance, unlike EHA, is only available to individuals age 58 and older who are experiencing housing instability and have total household annual incomes no greater than 50% of the area’s median income for their size of household.<sup>8</sup> The 2021-2023 Governor’s Recommended Budget includes \$1,522,700 in Elderly Rental Assistance funding.

## OHCS Non-GF Programs

OHCS also administers programs with dedicated revenue streams outside the GF, such as document recording fees.

**Table 3: OHCS Non-GF Programs**

Program	2019-2020 Biennium
COVID Relief Funds 6/5/20 E Board: Rent Assistance	\$55,000,000
COVID Relief Funds 6/5/20 E Board (Repurposed Portfolio Stabilization)	\$12,324,823
COVID Relief Funds 6/5/20 E Board: Energy Assistance	-
Rent Assistance and Safe Shelter (April E Board)	\$12,000,000
<b>Total</b>	<b>\$79,324,823</b>

Source: Legislative Policy and Research Office  
Data: Legislative Fiscal Office

In addition to the sources referenced above, OHCS receives non-GF dollars that may be used for general rental assistance or are specifically dedicated to rental assistance for certain populations.

- In the Portfolio Stabilization category of the June 5, 2020 E Board funds, OHCS received \$4,954,020 to be used for both rental assistance and energy assistance.
- OHCS received \$8,876,539 in EHA funding from document recording fees during the 2019-2020 biennium. The 2021-2023 Governor’s Recommended Budget accounts for \$9,035,241 in EHA funding from document recording fees for the next biennium.
- \$1,000,000 in Permanent Supportive Housing Rental Assistance was transferred from OHA to OHCS for the 2019-2020 biennium. Funds are targeted to reach individuals struggling with addiction, mental health issues, and chronic homelessness. The 2021-2023 Governor’s Recommended Budget requests \$7,600,000 in Permanent Supportive Housing Rental Assistance for the next biennium.

<sup>8</sup> Oregon Housing and Community Services, *Elderly Rental Assistance (ERA) Fact Sheet*, (October 1, 2019), available at <https://www.oregon.gov/ohcs/for-providers/Documents/factsheets/FACTSHEET-ERA.pdf>

## OHA Rental Assistance Program

Under the direction of the U.S. Department of Justice in 2016, OHA began administering rental assistance to support individuals with serious persistent mental illness who experience housing instability.<sup>9</sup> Coordinated Care Organizations partner with a variety of community-based organizations to deliver rental assistance. OHA rental assistance is funded through a combination of OHA, OHCS, and U.S. Department of Housing and Urban Development (HUD) dollars.

**Table 4: OHA Rental Assistance Program**

<b>Program</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total Funds</b>
Direct 24-month contracts	\$22,916,206	\$5,205,822	\$28,122,028
18-month contracts	\$8,187,129		\$8,187,129
6-month projections	\$2,729,043		\$2,729,043
<b>Total, 2019-2021 Budget</b>	<b>\$33,832,378</b>	<b>\$5,205,822</b>	<b>\$39,038,200</b>

Source: Legislative Policy and Research Office

Data: Legislative Fiscal Office

OHA's existing rental assistance program supports individuals with a serious persistent mental illness who are homeless, at risk of homelessness, transitioning from a hospital or licensed facility, or at risk of reentering a hospital or licensed facility. Qualifying individuals receive move-in assistance, such as coverage for deposits and application fees, as well as monthly rental subsidies based on Fair Market Rents used by HUD. The balance of the rent is paid by the individual. Available funds are awarded to rental assistance program providers in every county and support approximately 1,200 housing slots.

<sup>9</sup> Oregon Health Authority, *Addressing Housing Needs through Health-Related Services*, (December 2020), available at <https://www.oregon.gov/oha/HPA/dsi-tc/Documents/Health-Related-Services-Guide-Housing.pdf>