



OREGON HOUSING *and*
COMMUNITY SERVICES

725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

April 14, 2021

The Honorable Senator Betsy Johnson, Co-Chair
The Honorable Senator Elizabeth Steiner Hayward, Co-Chair
The Honorable Representative Dan Rayfield, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Request

Oregonians are in financial distress. The COVID-19 pandemic has left many families unable to pay their rent or mortgage, their utility bills, and afford everyday essentials. Energy costs, like housing costs, can greatly impact the stability of Oregonians. Over half of low-income Oregonians face energy cost burden, meaning they are spending more than 6% of their income on energy costs alone. And that was before the pandemic. OHCS is grateful for legislative commitment to help Oregonians pay their rent and energy bills. That funding has been a lifeline, but there are gaps and homeowner assistance has been limited.

Agency Action

President Joe Biden signed the American Rescue Plan Act last month. This will result in hundreds of millions of dollars coming to Oregon in the form of rent, mortgage, utility, water, cash, and other assistance to households. OHCS anticipates \$90,937,920.00 in Homeownership Assistance Funds will come to Oregon. The purpose of the Homeowner Assistance Fund (HAF) is to prevent mortgage delinquencies and defaults, foreclosures, loss of utilities or home energy services, and displacement of homeowners experiencing financial hardship after January 21, 2020. Funds from the HAF may be used for assistance with mortgage payments, homeowner's insurance, utility payments, and other specified purposes. Earlier today, US Treasury announced the application process for those interested in administering HAF. Interested parties must apply before April 25th to be eligible. Since OHCS has successfully administered US Treasury's Hardest Hit Funds for this purchase, we plan to apply for these resources.

Action Requested

OHCS is requesting permission to apply for these funds. The application is due before April 25th. As OHCS learns more about these funding sources and associated requirements, the agency will inform legislators.



Legislation Affected

Legislation would not be impacted.

Sincerely,



Margaret Salazar, Executive Director

cc: Ken Rocco, Legislative Fiscal Office
Michelle Deister, Legislative Fiscal Office
George Naughton, Department of Administrative Services
Alisa Webb, Department of Administrative Services



Analysis

Housing and Community Services Department

Federal Grant Application for Home Ownership Assistance

Analyst: Michelle Deister

Request: Approve a grant application from the Housing and Community Services Department to U.S. Treasury for an estimated \$90,937,920 in Home Ownership Assistance Funds which will be available through the federal American Rescue Plan Act.

Analysis: Home Ownership Assistance Funds provide serve the purpose of aiding homeowners who have mortgage delinquencies, defaults or are at risk of foreclosure, loss of utilities or home energy services, and displacement.

Program guidance related to this grant is not expected for some time. Allocations of funding for the various allowable uses will depend largely on program rules, and whether other sources of funds are available for similar purposes (such as additional federal Low-Income Home Energy Assistance Program dollars for low income utility payment help). If allowed, HCSD reports it may seek to prevent displacement of homeowners through tax assistance, and/or manufactured housing community acquisition or manufactured home repair or replacement. HCSD anticipates running the majority mortgage-related assistance through the agency rather than subgrantees, as it already has much of the necessary infrastructure in place through previous Treasury grants from the “Hardest Hit” programs.

The application is due April 25th. No matching funds are anticipated to be required. The agency will need to return to the February legislative session or an Emergency Board for necessary expenditure limitation and position authority when funds are awarded, and federal guidance is received.

Legislative Fiscal Office Recommendation: The Legislative Fiscal Office recommends approval of the request to apply for the Homeownership Assistance Grant.

Oregon Housing and Community Services Department Webb

Request: The Oregon Housing and Community Services Department requests authorization to apply for \$90,937,920 in Homeownership Assistance Funds through the American Rescue Plan Act (ARPA) to assist homeowners in retaining their homes.

Recommendation: Approve the request.

Discussion: The proposed funding is intended to assist homeowners in retaining their homes. Potential uses of funding include payments to prevent mortgage delinquencies and defaults, foreclosures, loss of utilities or home energy services, and the displacement of homeowners by potentially assisting with home repairs or property tax payments. Ultimate use of the funds have not been determined and will depend on forthcoming guidance from the U.S. Treasury.

The Department intends to administer the program through its Oregon Homeownership Stabilization Initiative (OHSI) program. The OHSI program was initially created to administer the Hardest Hit Fund program to prevent mortgage foreclosures during the Great Recession. Once further guidance is received, the Department expects to return to the Legislature with additional budget details for the funding and to request staffing needed to effectively operate the program.

The application deadline is April 25, 2021, and funds must be spent by September 30, 2025. The Department does not expect to require Federal Funds expenditure limitation until the 2021-23 biennium. The Homeownership Assistance Funds through ARPA do not require a state funds match nor do they have a maintenance of effort requirement.