

ANALYSIS

Item 34: Housing and Community Services Department Statewide Rehousing Program

Analyst: Michelle Deister

Request: Allocate \$39,000,000 General Fund from the special purpose appropriation made to the Emergency Board for long term rental assistance and increase Other Funds expenditure limitation by \$25,000,000 for rehousing services and longer term rental assistance.

Analysis: Pursuant to legislative direction in the budget report for SB 5506 (2023), the Housing and Community Services Department (HCSD) developed a framework to deploy longer-term (as opposed to emergency) rental assistance to an estimated additional 700 households, using \$39 million from a special purpose appropriation set aside for that purpose. General Fund in the amount of \$200,000 was included in HB 5019 for consulting services to assist HCSD in developing a longer-term rental assistance program for consideration by the Legislature. However, HCSD reports that recommendations for longer-term rental assistance were developed in-house, and the program development funding was not utilized.

Rather than using a system to direct funding strictly to areas with the highest percentages of homelessness, HCSD plans to allocate half of the funding (\$19.5 million) for the use of homeless households in the Balance of State region (Rural Oregon Continuum of Care), and an equal amount to homeless households in designated emergency areas, per Executive Order 23-02. This approach ensures that assistance reaches all regions of the state. Funds will be administered using the Continuums of Care (CoC) and Local Planning Group (LPG) networks established in response to funds made available in HB 5019 and SB 5511 (2023) to provide shelter and rehousing services. The amount for each administering entity will be based on factors such as rates of homelessness, unsheltered homelessness, poverty, housing cost burden, and students in unstable housing situations.

HCSD will be requesting a legislative change to enable these funds to be used not only strictly for rental assistance, but also for rehousing services, which could include street outreach, supportive housing services, move-in related direct financial assistance (e.g. furniture, deposits, etc.), and coordinated entry planning and delivery costs (such as client assessment for eligible services and benefits that will help them retain housing, such as child care assistance, treatment services, employment services, veterans or SSI benefits). The rationale for this change is that populations with higher needs usually require additional services to remain stably housed, and this change is consistent with eligible rehousing services funded through HB 5019 and SB 5511 in the 2023 session. Services provided will ultimately be determined individually by each Continuum of Care or Local Planning Group, depending on the population that each entity is prioritizing for assistance. The amount HCSD is proposing to allocate to rental assistance vs. services was not available at the time of this analysis.

The budget report for SB 5506 (2023) indicated that 25% of funding would be set aside for services rendered by culturally responsive organizations. HCSD intends to directly allocate a total of \$9.5 million to culturally responsive organizations to deploy assistance, as follows:

- Urban League - \$4,075,110;

- The Immigrant and Refugee Community Organization (IRCO) - \$1,137,240; and
- The Worker Relief Coalition - \$4,264,650

HCSD will set administrative allowances at 15%.

The budget report directed HCSD to provide information that was not yet available at the time of this analysis, because it will be determined in consultation with local CoCs and LPGs. The average amount of rental assistance assumed and the length of time such assistance is provided on a per client basis will depend on the type and location of housing secured and the amount of other income or benefits available to the client.

The framework developed by HCSD specifies that rental assistance will be available for up to 24 months; however, the actual number of months provided on average is dependent on the above factors, and the amount of funding ultimately utilized for services.

Criteria for individual/household eligibility for assistance is defined as homelessness broadly, rather than specifically unsheltered homelessness. This enables persons exiting institutions or shelters, or those fleeing domestic violence, to be eligible for assistance. There is also an absence of a limitation on income in this framework. Subsequent income verification measures will consist of case worker assessments provided to clients.

Key Performance Indicators that the CoCs and LPGs must meet will include tracking the number of clients that have moved to a permanent housing destination, the amount of their increased income from all sources, the number of households moving to permanent housing within 120 days of program enrollment, and whether they remain housed after six months. HCSD plans to work collaboratively with recipients to establish specific service goals for individual CoCs and LPGs, based on factors including organizational size and local resources that can be leveraged. Monthly reporting will be required, enabling the monitoring of an entity's ability to reach regular milestones and achieve actual results. Should an administering entity consistently fail to meet regular milestones, the administering entity's resources may be reallocated to other, higher-performing funding administrators.

Since rental assistance would be provided for up to 24 months under the program, HCSD is proposing that the \$39 million General Fund requested be deposited into the agency's existing Long-Term Rent Assistance Fund established in ORS 458.392. This allows any funds not expended in the current biennium to remain in the Fund for program expenses in the 2025-27 biennium. Other Funds limitation of \$25 million is requested for the amount estimated to be expended from the Fund in the 2023-25 biennium. The Long-Term Rent Assistance Fund is currently limited to long term rental assistance for youth and young adults at risk of homelessness. A statutory change to the Fund is required to broaden eligible expenditures to include rental assistance and other supportive services to individuals experiencing or at risk of experiencing homelessness.

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend appropriating \$39,000,000 General Fund, with a corresponding decrease in the special purpose appropriation made to the Emergency Board for long term rental assistance, and increasing Other Funds expenditure limitation by \$25,000,000 for the Housing and Community Services Department in a budget reconciliation bill during the 2024 legislative session, for rehousing services and longer term rental assistance.

Request: Allocation of \$39,000,000 from the Special Purpose Appropriation made to the Emergency Board for deposit into the Long-Term Rent Assistance Fund for housing community members experiencing homelessness. Increase Other Funds expenditure limitation by \$25,000,000 million to expend the funds from the Long-Term Rent Assistance Fund.

Recommendation: Approve the request during the 2024 Legislative Session.

Discussion: During the 2023 Legislative Session, Senate Bill 5506 established a \$39.0 million General Fund Special Purpose Appropriation (SPA) to the Emergency Board for long-term rental assistance. The budget report language stated that the SPA was “to pay longer-term rental assistance for people rehoused after homelessness.” Additionally, the budget report directed the Oregon Housing and Community Services Department (OHCS) to report to an Emergency Board on “details of a framework for longer term rental assistance.” Since the 2023 Legislative Session, OHCS has worked with the Governor’s Office to establish a framework for the use of the SPA funds and is requesting legislative approval for a broader scope of use for these funds to ensure the resources are spent on services and supports necessary to move Oregonians experiencing homelessness into housing.

OHCS’s request is for the funds to be appropriated to the agency for a statewide housing program to expand on the efforts began through House Bill 5019 (2023) to house additional community members experiencing homelessness. Primarily, OHCS proposes to administer the funds through a formula to be designated to:

- Executive Order (EO) 23-02 designated Continuums of Care (CoCs);
- Local Planning Groups (LPGs) within the Balance of State; and
- Culturally Responsive Organizations.

OHCS estimates between 400 and 800 households could be served through this proposal. The proposal from OHCS is to deposit the \$39.0 million General Fund set aside in the SPA into the Long-Term Rental Assistance Fund (ORS 458.392) to allow for longer term (expanding use into the 2025-27 biennium) assistance to individuals experiencing homelessness. OHCS plans to have legislation proposed to expand the use of the Long-Term Rental Assistance Fund beyond that of the rental assistance program for youth and young adults at risk of homelessness to allow for all individuals experiencing or at risk of experiencing homelessness.

The OHCS recommendation is for the funds to be distributed equally to EO 2023 CoCs and the Balance of State LPGs, using very specific funding formulas identified in its letter, with a minimum of 25 percent to be provided to the following Culturally Responsive Organizations: the Urban League, the Immigrant and Refugee Community Organization, and the Worker Relief Coalition. OHCS is also proposing to expand the use of these funds beyond people experiencing unsheltered homelessness to ensure equity for communities experiencing homelessness in different ways. OHCS has reiterated its

commitment to accountability and clear outcomes through requesting monthly reports from the regions, which reflect progress milestones on how many people have been rehoused. OHCS will work collaboratively with the recipients of funding on establishing the milestones and final goals.

Legal Reference: Increase the General Fund appropriation made by chapter 390, Section 1, Oregon Laws 2023, for the Oregon Housing and Community Services Department by, \$39,000,000 for the 2023-25 biennium.

Increase the Other Funds expenditure limitation established by chapter 390, Section 2, Oregon Laws 2023, for the Oregon Housing and Community Services Department, by \$25,000,000 million for the 2023-25 biennium.

Decrease General Fund Special Purpose Appropriation made to the Emergency Board by chapter 605, section 290(1), Oregon Laws 2023 for long term rental assistance, by \$39,000,000 for the 2023-25 biennium.



December 8, 2023

Senator Elizabeth Steiner, Co-Chair
Representative Tawna Sanchez, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301

Housing and Community Services

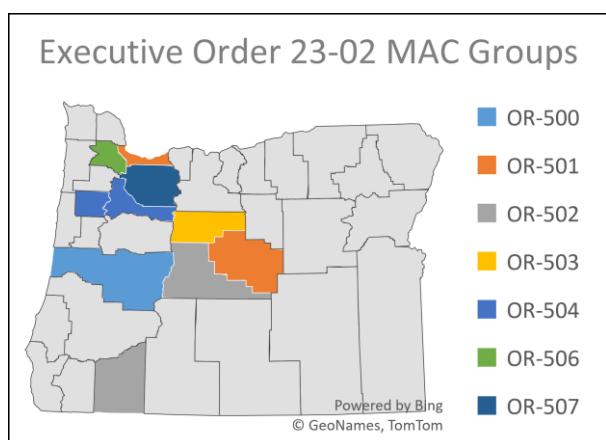
North Mall Office Building
725 Summer St NE, Suite B
Salem, OR 97301-1266
PHONE: (503) 986-2000
FAX: (503) 986-2020
TTY: (503) 986-2100
www.ohcs.oregon.gov

Dear Co-Chairs:

Nature of the Request

Oregon Housing and Community Services Department (OHCS) is requesting to appear before the Joint Committee On Ways and Means to submit a proposal for the appropriation of \$39 million General Fund, which was set aside during the 2023 Legislative Session in a Special Purpose Appropriation (SPA) in [Senate Bill 5506 \(2023\)](#) for OHCS.

This funding will be designated for a statewide rehousing program to help house additional community members experiencing homelessness, building on the efforts funded by House Bill 5019. These resources will allow OHCS and local partners to act on lessons learned to further develop a pathway from homelessness to housing for Oregonians across the state.



OHCS is proposing that these funds be administered through formula funding and designated to:

- EO 23-02 designated Continuums of Care (CoCs)
- Local Planning Groups (LPGs) located within the Balance of State, and
- Culturally Responsive Organizations (CROs)

Formula funding will allow for a statewide program that ensures all communities can access the program.



The rehousing services to be funded through these resources are intended to rapidly move households along the continuum from homelessness to permanent, stable, and safe housing. This will be a housing-focused set of services with low barriers to entry and tailored services that will allow households to access a range of supports, from housing placement services to employment support services, behavioral health, and childcare services, amongst others.

OHCS estimates that between 400 and 800 households may be served using these resources across Oregon. This figure depends on the specific prioritization and unique needs of the households served. OHCS will require each community to provide a specific household goal that is agreed upon prior to receipt of funds and will track progress toward this goal over time.

Agency Action

\$39 million General Fund was set aside in [SB 5506 \(2023\)](#) through a Special Purpose Appropriation (SPA) with a 25% set aside for Culturally Responsive Organizations (CROs). This funding was designated for a statewide longer term rent assistance program. As noted below, OHCS plans to seek Legislative action through the Joint Committee on Ways and Means to pursue a broader scope for these resources to best align with needed services and supports to move Oregonians experiencing homelessness into housing.

Change in Scope

Senate Bill 5506 designated \$39 million to be utilized, “for long term rental assistance,” with the [SB 5506 Budget Report](#) further indicating that funds could be utilized for “longer-term rental assistance for people rehoused after homelessness. This amount would expand rehousing efforts from the 600 households included in HB 5019 and SB 5511 to an additional estimated 700 households statewide, with 25% of the funds set aside for distribution by culturally responsive organizations.”

While longer term rental assistance is a critical component of rehousing for some individuals or households, additional services are needed to successfully transition Oregonians experiencing homelessness into housing. As such, the program framework outlined below proposes a shift in scope for the resources allocated by SB 5506 in order to successfully rehouse additional households above and beyond the goals set by [Executive Order 23-02](#) and funded by [House Bill 5019 \(2023\)](#).

Legislative Needs

OHCS requests that \$39 million General Fund be deposited into the Long Term Rental Assistance Fund (LTRA), an Other Funds account established by [ORS 458.392](#). In order to use the funds once deposited into the Long Term Rental Assistance Fund for the purposes identified within this request, OHCS is pursuing legislation to make a statutory change to [ORS 458.392](#), which currently limits the use of long term rental assistance funds for services to youth and young adults at risk of homelessness, under [ORS 488.390](#).

Program Framework

OHCS is prioritizing the equitable distribution of the requested funds by proposing a formulaic approach that increases overall investments being made in rural communities. Upon release, funds would be administered through formula funding and allocated to:

- EO 23-02 designated Continuums of Care (CoCs)
- Local Planning Groups (LPGs) located within the Balance of State, and
- Culturally Responsive Organizations (CROs).

Formula funding will allow for a statewide program that ensures all communities can access the program. OHCS has recommended a funding approach that offers an equal distribution of funds to EO 23-02 designated CoCs and Balance of State LPGs. OHCS will take a formulaic approach within each subset to determine allocations for each CoC and LPG. These funding formulas will be based on the following weights:

- American Community Survey (ACS) Poverty rates (15%)
- Housing Factor/Cost Burden rates (15%)
- Homelessness rates (30%),
- Unsheltered Rate (30%),
- and McKinney-Vento rates (10%).

If the formula funding process did not consider the equal distribution approach, this range in funding allocations would increase significantly.

OHCS has heard from rural communities in the Balance of State that there is a need for additional support when it comes to unit access and continued investments. This approach enables OHCS to increase the overall investment of the Balance of State regions by over \$2.2 million OHCS believes prioritizing a 50/50 equal distribution is the more equitable option by increasing investments in Rural Oregon communities that are less likely to access alternative local funding sources and often need more staff capacity to seek additional funding. This would essentially function as a rural set-aside. With this option, EO regions would still be enabled to receive vital resources, but OHCS would also build on necessary investments *statewide*.

Culturally Responsive Set-Aside

Per the SB 5506 Budget Report, and in line with OHCS' proposal for the appropriation of the \$39 million General Fund, a minimum of 25% of SPA funds must be allocated to Culturally Responsive Organizations (CROs). OHCS will ensure appropriate outreach to participating CROs during

implementation to ensure successful programming and partnership. OHCS is proposing the selection of existing CROs working in partnership with OHCS this biennium: Urban League, IRCO, and Worker Relief Coalition. These three organizations are known to have a strong focus on equity through their work with marginalized communities. OHCS would engage in a process to determine if each organization could deliver the required services. While equitable programming administration will be a critical priority for all regions, OHCS believes allocating funds to the three CROs identified through a non-competitive process will provide a critical investment in this work without creating an inequitable administrative burden on CROs.

Eligibility

Executive Order 23-02 clearly mandated that OHCS and local communities to work together towards reducing unsheltered homelessness. That shared commitment is stronger than ever. OHCS has heard critical feedback from communities that expanding eligibility around who can receive rehousing services would allow for additional service provision locally. Furthermore, as Oregon continues to increase its shelter bed capacity statewide, it will be vital that we can support Oregonians in moving from those shelter beds into housing.

As such, OHCS proposes expanding the eligibility for those experiencing homelessness beyond those experiencing unsheltered homelessness. By expanding the eligibility of those who can receive rehousing services, we can create a program that ensures equity is better prioritized. In Oregon, we know that communities experience homelessness in different ways, including marginalized communities. For example, households may not meet the EO 23-02 definition for rehousing eligibility due to living in a hotel or doubling up, yet they are still experiencing homelessness. In alignment with the SHAP program framework, OHCS also recommends that we do not require an income limit for those entering the program in a state of homelessness, as defined above.

Eligibility Category	Eligibility
Homelessness Status	<ul style="list-style-type: none">• Literally Homeless, including those living in shelter, unsheltered or exiting an institution.• Fleeing Domestic Violence• Other Federal Statutes, including HUD McKinney-Vento¹
Income Requirement	<ul style="list-style-type: none">• No income requirements

¹ These other federal statutes include, but are not limited to: Runaway and Homeless Youth Act (42 USC 5701 *et seq.*); Head Start Act (42 USC 9831 *et seq.*; Subtitle N of the Violence Against Women Act of 1994 (42 USC 14043e *et seq.*); Section 330 of the Public Health Service Act (42 USC 254b); Food and Nutrition Act of 2008 (7 USC 2011 *et seq.*); Section 17 of the Child Nutrition Act of 1996 (42 USC 1786); and Subtitle B of Title VII of the McKinney-Vento Act (42 USC 11431 *et seq.*).

Eligible Expenses

The following is a nonexclusive list of eligible and ineligible expenses allowable under the proposed framework:

Eligible Expenses	Ineligible Expenses
<ul style="list-style-type: none">• Rental financial assistance, 24 months maximum• Street outreach• Supportive housing services• Move-in related direct financial assistance• Data collection• Admin• Coordinated Entry Planning and Delivery costs• Move-in direct financial assistance	<ul style="list-style-type: none">• Site acquisition• Construction• Site conversion• Site rehabilitation

OHCS understands that collaborating with other state agencies is crucial to do this work. As part of this program framework, OHCS will strategically collaborate with local services, including behavioral health services, to ensure system alignment. OHCS also plans to further outline expectations for service delivery partners to support clients regularly.

Outcomes and Reporting

As with the ongoing work around Oregon's Emergency Homelessness Response, OHCS plans to continue our commitment to accountability and clear outcomes in this proposed framework. OHCS will request regions provide monthly progress milestones reflecting how many households have been rehoused. Milestones will allow for recipients to mark progress, evaluate strategies, and improve operations to achieve their final regional goal identified in their final grant agreement. The milestones' timeline will be based on when OHCS's foresees agreements will be finalized and the end of the 23-25 biennium. Rental assistance supports can be up to 24 months.

During implementation, OHCS will work collaboratively with recipients to establish their final regional goal. Regions will update OHCS on progress by reporting their monthly milestones, which will reflect their actual results as compared to the rehousing final goal established in the Implementation Report. In addition, OHCS plans to use different Key Performance Indicators (KPIs) that would help track performance. This will demonstrate a clear picture of rehousing efforts and impact. The following KPIs are our initial draft recommendations for the program's evaluation, and we would work to determine the appropriate percentages for each based on past performance:

- Exits to Permanent Housing Destination
- Increased income from all sources
- Moved into housing within 120 days of program enrollment
- Remained housed after six months of Housing Placement

With the strengths and challenges we see across the state, it is important to meet communities where they are at and challenge them to transform their system to improve outcomes. OHCS has found that working collaboratively with communities and emphasizing accountability, trust, and transparency builds relationships and supports regions as they work to meet their established goals.

Action Requested

OHCS requests that the Committee appropriate \$39 million General Fund set aside in a Special Purpose Appropriation in [SB 5506 \(2023\)](#) to OHCS. Due to the maximum length of proposed rent assistance, 24 months, OHCS requests those funds be deposited into the Long-Term Rent Assistance Fund, so funds not utilized in the 2023-25 biennium may roll over into 2025-2027. OHCS believes \$25 million can be expended in the 2023-25 biennium, which would leave \$14 million to roll over into the 2025-27 biennium to continue providing support to individuals who began receiving support in the 2023-25 biennium. As such, OHCS requests an increase of \$25 million in Other Funds expenditure limitation to expend the funds from the Long-Term Rent Assistance Fund

Legislation Affected

Increase the General Fund appropriation created by Oregon Laws 2023, Chapter 390, Section 1 by \$39 million and increase Other Funds limitation in Section 2 by \$25 million.

Sincerely,



Andrea Bell, Executive Director
Oregon Housing and Community Services

cc: Amanda Beitel, Legislative Fiscal Office
Michelle Deister, Legislative Fiscal Office
Kate Nass, Chief Financial Office
Tamara Brickman, Chief Financial Office