

**HB 5011 A BUDGET REPORT and MEASURE SUMMARY**

**Carrier:** Rep. Watanabe

**Joint Committee On Ways and Means**

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**Action Date:** 06/17/25

**Action:** Do pass with amendments. (Printed A-Eng.)

**House Vote**

**Yeas:** 9 - Bowman, Evans, Gomberg, Levy E, Owens, Ruiz, Sanchez, Smith G, Valderrama

**Nays:** 1 - Cate

**Exc:** 2 - Breese-Iverson, Drazan

**Senate Vote**

**Yeas:** 8 - Anderson, Broadman, Campos, Frederick, Girod, Lieber, Manning Jr, Sollman

**Nays:** 3 - Bonham, McLane, Smith DB

**Prepared By:** Tamara Brickman, Department of Administrative Services

**Reviewed By:** Michelle Deister, Legislative Fiscal Office

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***CORRECTED***

**Housing and Community Services Department**

**2025-27**

**Budget Summary\***

	2023-25 Legislatively Approved Budget <sup>(1)</sup>	2025-27 Current Service Level	2025-27 Committee Recommendation	Committee Change from 2023-25 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 719,810,194	\$ 88,510,423	\$ 508,534,530	\$ (211,275,664)	(29.4%)
General Fund Debt Service	\$ 126,667,431	\$ 230,930,098	\$ 230,930,098	\$ 104,262,667	82.3%
Lottery Funds Debt Service	\$ 29,707,030	\$ 40,500,992	\$ 40,500,992	\$ 10,793,962	36.3%
Other Funds Limited	\$ 762,528,490	\$ 503,774,659	\$ 654,516,813	\$ (108,011,677)	(14.2%)
Other Funds Debt Service	\$ 1,425,554	\$ -	\$ -	\$ (1,425,554)	(100.0%)
Other Funds Nonlimited	\$ 558,674,932	\$ 558,673,134	\$ 558,673,134	\$ (1,798)	(0.0%)
Other Funds Debt Service Nonlimited	\$ 324,572,577	\$ 139,750,437	\$ 139,750,437	\$ (184,822,140)	(56.9%)
Federal Funds Limited	\$ 404,102,240	\$ 166,892,298	\$ 349,231,691	\$ (54,870,549)	(13.6%)
Federal Funds Nonlimited	\$ 185,102,399	\$ 185,102,399	\$ 185,102,399	\$ -	0.0%
<b>Total</b>	<b>\$ 3,112,590,847</b>	<b>\$ 1,914,134,440</b>	<b>\$ 2,667,240,094</b>	<b>\$ (445,350,753)</b>	<b>(14.3%)</b>

**Position Summary**

Authorized Positions	482	402	478	(4)
Full-time Equivalent (FTE) positions	463.87	401.50	474.50	10.63

<sup>(1)</sup> Includes adjustments through January 2025

\* Excludes Capital Construction expenditures

**Summary of Revenue Changes**

For the Oregon Housing and Community Services Department (HCSD) the Subcommittee recommended General Fund in the amount of \$739.5 million for the 2025-27 biennium of that amount, \$230.9 million (31.2 %) is for debt service for bonds sold in previous biennia for Low Income Fast Track (LIFT), Permanent Supportive Housing (PSH), and Land Acquisition programs. Lottery Funds are for debt service payments on bonds used to build housing and preserve affordable rental housing.

HCSD programs are also funded with Federal Fund and Other Funds revenue. HCSD’s budget for Other Funds revenue includes Limited and Nonlimited Funds expenditures. The funding is derived from a variety of sources, including bond sales, loan repayments, public utility charges, document recording fees, and manufactured home tax assessments. HCSD Federal Fund revenues are received from the U.S. Department of Housing and Urban Development, U.S. Department of Health and Human Services, U.S. Department of Energy, U.S Department of Treasury, and the Bonneville Power Administration, among others. HCSD generally carries forward large Other Funds beginning balances each biennium, which are committed for construction projects, revolving loan funds, or operating reserves required for conduit or tax credit bonding programs.

The largest sources of Other Funds limited revenue are document recording fees, public purpose charges, administration charges, and service charges. By statute, 10% of the document recording fee revenue is dedicated to the Emergency Housing Assistance Program, 14% is dedicated to the Home Ownership Assistance Program, and 76% is dedicated to the General Housing Account Program. For document recording fee revenue, 25% must be used for housing needs or assistance to veterans. Public purpose charges assessed on electricity customers support housing development, weatherization, and electricity bill payment assistance for low-income households. Fee revenue is received for administration of project-based rental assistance contracts, funding applications, conduit bond program fees, and other service fees. Interest income, loan repayments, net revenue transfers, and miscellaneous other income sources are also considered Other Funds.

### **Summary of Transportation and Economic Development Subcommittee Action**

The mission of HCSD is to provide stable and affordable housing and engage leaders to develop an integrated statewide policy that addresses poverty and provides opportunity for Oregonians. HCSD uses housing as a platform for economic opportunity and security. In creating more affordable housing, HCSD also seeks to respond to housing inequities by addressing the disproportionate impacts of housing instability on people of color, protected classes, and underserved communities.

HCSD programs address the continuum of housing needs, from homelessness prevention and housing stabilization to affordable rental housing, to home ownership and foreclosure prevention. HCSD is comprised of the eight programs, including: Housing Stabilization; Project-Based Rental Assistance; Affordable Rental (a.k.a. Multifamily Rental) Housing; Homeownership (a.k.a. Single-Family Housing); Disaster Recovery and Resiliency; Central Services; Bond Activities and Debt Service; and Capital Construction.

The Subcommittee approved a budget of \$2,667,240,094 total funds consisting of \$739,464,628 General Fund, \$40,500,992 Lottery Funds, \$654,516,813 Other Funds expenditure limitation, \$349,231,691 Federal Funds expenditure limitation, \$698,423,571 Other Funds Nonlimited, \$185,102,399 Federal Funds Nonlimited, and 478 positions (474.50 FTE). This is a total funds increase from the 2025-27 current service level of 39.3% and 76 positions (73.00 FTE).

### **Housing Stabilization Programs**

The Housing Stabilization Division (HSD) programs include homeless assistance, rental assistance, individual development accounts, low-income utility bill payment assistance, and weatherization assistance programs. These programs are delivered statewide by Oregon's community action network and their partner agencies. The providers create an extensive network that ensures coordination and leveraging of services for at-risk Oregonians. HSD programs include three major program areas:

- Homeless Services are delivered through local providers enable households that are homeless or at risk of homelessness to regain or maintain stable housing. A variety of state and federal funding sources support access to services including emergency shelter, rapid re-housing, transitional or permanent supportive housing, rental assistance, case management, and financial assistance needed to stabilize housing.

- Housing Retention delivers eviction prevention funding, including specific set-asides for culturally specific organizations, youth and family focused stabilization programs, legal and tenant protection programs, and asset building through Individual Development Accounts. Programs are delivered by community-based organizations, culturally responsive organizations, and community action agencies.
- Energy Services provides services delivered by community action agencies. Clients of these programs are households earning either 60% or less of state median income or 200% or less of the federal poverty level, with priority given to seniors (60 years of age and older), people with disabilities, and households with children.

Programs in this division are supported through General Fund (56.2%), Other Funds expenditure limitation (29.0%), and Federal Funds expenditure limitation (14.8%).

The Subcommittee recommended a budget of \$782,674,114 total funds and 70 positions (68.44 FTE). The total funds budget represents a 5.3% decrease from the 2023-25 LAB, and a 165.0% increase from the 2025-27 current service level. The Subcommittee recommended the following packages:

Pkg 090, Analyst Adjustments: This package reduces General Fund by \$0.4 million and reduces Other Funds expenditure limitation by \$0.3 million by increasing vacancy savings by 2% (\$45,370), eliminating inflation on certain services and supplies accounts (\$12,932), and eliminating the Housing Choice Landlord Guarantee Fund.

Pkg 501, HH Maintaining Shelters: HCSD contracts with Multi Agency Coordinating Groups, Community Action Agencies, and local government planning groups to manage and coordinate state shelter services, funding, and reporting requirements, currently differ by program. State funding supported an estimated 4,884 shelter beds in the 2023-25 biennium. This package will support previously funded shelters, including Project Turnkey Sites, Navigation Centers, Executive-Order funded shelters, shelters created in the balance of state region with funding from House Bill 5019 (2023), and shelters supported by the Emergency Housing Assistance Program and State Homeless Assistance Program funding.

Corresponding legislation to create a statewide shelter support system is included in House Bill 3644, which creates a statutory framework for ongoing state-support for shelters, and consistent operational and reporting requirements. The legislation specifies contract periods, reporting requirements, and shelter requirements (all season, 24-hour services, evidence-based, culturally responsive, etc.) in order to qualify for state funds.

The package allows for operational funding and housing-focused activities. Examples of operational funding include expenses such as facility/lease payments, utilities, security, janitorial expenses, repairs and maintenance, furnishing and appliances, food and services, in-shelter childcare if applicable, and pet care/supplies where applicable. Housing-focused services include case management and direct client financial

assistance to help clients access and maintain housing; examples of direct financial assistance include deposits, rental assistance, storage and moving costs, transportation costs, housing search and placement services, coordination of other client supports, and follow-up.

Of the \$204,918,652 General Fund included in 2025-27, \$102,459,326 is approved as one-time funding. For purposes of calculating current service level costs in future biennia, \$102,459,326 is assumed to be ongoing through January 2, 2034, after which funding and associated positions are assumed to be phased out of the Department's budget.

**Budget Note: Shelter Funding Recommendations**

The Housing and Community Services Department is directed to develop recommendations for statewide shelter system funding that incorporate shared funding between state and other funding sources. In developing the recommendations, consideration should be given to the following:

- The type of shelter being provided (such as congregant, family, severe weather or emergency, recovery, etc.);
- Comparative data that includes average operating and overhead cost by shelter type and region;
- Historical sources of funding for shelter in regions of the state;
- A maximum contribution of state resources based on a per bed or per household served basis for a given time period, and based on the type of shelter being provided;
- The minimum percentage of shelter operational costs recommended to be funded from sources other than HCSD program allocations;
- Standards and funding methodologies that promote financial sustainability of a state shelter system; and
- A potential timeline for implementation of recommendations.

The Housing and Community Services Department shall report its recommendations to the Joint Committee on Ways and Means during the 2026 legislative session.

Pkg 502, HH Sustaining Re-Housing: \$50,300,000 General Fund is included for rehousing services, estimated to serve 766 households in the 2025-27 biennium. Rehousing services are aimed at unsheltered households, moving them from streets or shelters and into a permanent rental unit with up to 24 months of rental assistance and other services, which may be needed to keep a client stably housed and will vary by client and identified need and may include case management and behavioral health supports. Of the funding, \$25,150,000 is approved on a one-time basis. The remaining \$25,150,000 General Fund is assumed to be ongoing until January 2034, after which funding and associated positions are assumed to be phased out of the agency's budget.

Pkg 503, HH Sustaining LTRA: This package consists of \$87,400,000 million General Fund to be deposited in the Long-Term Rent Assistance Fund and a corresponding amount of Other Funds expenditure limitation to maintain long-term (longer than 24 months) rental assistance and supports for an estimated 1,719 households. Of the funding, \$67.6 million provides continued rental assistance payments for households already enrolled in Long Term Rental Assistance in areas of the state covered by the Governor’s executive orders proclaiming a homelessness emergency; the balance of funding would provide rental assistance and engagement services for other areas of the state. This funding is intended as one-time funding for the 2025-27 biennium.

Pkg 504, HH Continuing to Prevent Evictions – Infrastructure: This package includes General Fund for homeless prevention operations and staffing by contracted service providers in the amount of \$12,432,000 and is assumed to be ongoing in future biennia. This package does not represent payments to landlords to keep clients housed (which are specific to Package 505) but rather represents service provider overhead and staffing associated with case work on behalf of clients. These providers facilitate services such as verifying client eligibility, payment disbursement, connecting clients to behavioral health needs, community building, landlord mediation, and legal interventions.

Assuming historical allocation methodologies, roughly 30% of funding under the Oregon Eviction and Diversion Prevention program would go to culturally specific organizations. Legal service providers and tenant assistance organizations have also received funding for services they provide.

**Budget Note: Eviction and Homelessness Prevention – Program Design Recommendations**

The Housing and Community Services Department is directed to examine the distribution of state resources for eviction prevention and homelessness prevention services and report to the Joint Committee on Ways and Means during the 2026 legislative session with recommendations to inform a methodology to maximize available state funding.

The methodology should promote effective direct assistance to the greatest number of eligible households and include limitations on provider administrative and program delivery costs funded with state resources. The report shall include the estimated number of additional households that could be served as a result of the recommendations, and a potential timeline for implementation.

Pkg 505, HH Continuing to Prevent Evictions – Financial Assistance: This package provides client financial assistance for eviction prevention payments in the amount of \$21,168,000 General Fund. This investment is assumed to be ongoing in future biennia. This investment is estimated to assist an assumed 4,887 households in the 2025-27 biennium. Examples of applicable funding uses include current rent due, arrearages, or facilitating moving to new housing to prevent an eviction being recorded on a client’s rental history. Seventy-four percent of the funding in this package is for the Oregon Eviction Diversion and Prevention (ORE-DAP) program; 30% of ORE-DAP funds have historically been set aside for culturally specific organizations to provide services to communities of color, with 70% of ORE-DAP funding administered by

Community Action Agencies. The Eviction Prevention Rapid Response (26% of the entire package) is administered by a third-party financial organization. Direct financial assistance clients provided by legal assistance providers

Pkg 506, HH Maintaining Tribal Homelessness Investments: This package includes \$10.0 million to continue homelessness prevention and housing assistance provided by and for Native American tribes of Oregon. HCSD has been intentionally engaging with tribes since 2019, and funding at the recommended level supports non-competitive allocations to each tribe for homelessness prevention, affordable rental housing development and operations, and/or homeownership programs for tribal communities. \$5.0 million of this investment is approved as one-time funding, and \$5.0 million is assumed to be ongoing in future biennia through January 2, 2034, after which funding and associated positions are assumed to be phased out of the budget.

Pkg 508, HH OHCS Operational Supports: This package reauthorizes 13 limited duration positions and makes them permanent. These positions were added in 2023-25 for shelter, rehousing, rental assistance and eviction prevention efforts and are responsible for oversight, technical assistance, compliance, data collection, and reporting. The positions being made permanent are:

- Program Analyst 3;
- Compliance Specialist 3;
- Operations and Policy Analyst 3;
- Grants and Loans Programs Manager 2;
- Five Program Analyst 2 positions;
- Two Program Analyst 4 positions;
- Operations and Policy Analyst 2; and
- Administration Specialist 2

Positions supporting statewide shelter, rehousing, and tribal housing investments are assumed to be phased out in accordance with sunset provisions included in House Bill 3644 (2025); a Program Analyst 4 position associated with the Long Term Rental Assistance program is added as a limited duration position.

Six new permanent, full-time positions are added to support the findings from an organization assessment that recommended changes to program organizational structure and business processes. The changes and additional positions are intended to ensure timeliness of expenditures, program consistency across grantees, implementation of new programs. The added positions are as follows:

- Compliance and Regulatory Manager 2;

- Policy, Planning and Development Manager 2;
- Business Operations Manager 1;
- Program Analyst 2; and
- Two Project Manager 2s.

Two permanent, full-time positions are added to design and implement the Weatherization Training and Technical Assistance program in supportive of energy and weatherization services funding. These positions are a Grant and Program Manager 1 and a Program Analyst 2 and funded with Other Funds.

Pkg 801, LFO Analyst Adjustments: This package increases Other Funds expenditure limitation by \$8.2 million. Other Funds expenditure limitation is increased by \$1.8 million to carry forward expenditure limitation associated with the Rental Assistance for Youth program. Funding for the program was approved in 2023-25 and phased out of the 2025-27 budget. However, approximately \$1.8 million in rental assistance payments will cross biennia, based on when a household was admitted into the program.

Additionally, \$6.4 million Other Funds expenditure limitation is associated funding from the Department of Environmental Quality (DEQ), which received a federal grant to distribute to partners for climate pollution reduction initiatives. DEQ's request to apply was approved at the September 2024 meeting of the Emergency Board. Funds will be used to provide incentives for energy efficiency measures in affordable housing.

### **Project-Based Rental Housing Assistance**

The Project-Based Rental Housing Assistance program consists of three separate programs to provide rent assistance in connection with the provision of housing.

- HUD Contract Administration (HCA) – serves as the state's Performance Based Contract Administrator for project-based Section 8 housing. HCA performs contract administration activities for approximately 254 contracts in Oregon. Contract administration includes subsidy payments to owners (pass-through funds), tenant complaint resolution, Housing Assistance Payments contract renewals, rent adjustments, on-site management reviews, and technical support to owners, managing agents, site staff, and residents.
- HUD 811 Project Rental Assistance (HUD 811) – are resources awarded to HCSD to set aside units in affordable housing projects whose capital costs are funded through Federal Low-Income Housing Tax Credits, Federal HOME funds, or other state, Federal and local funding sources. HCSD partners with the Oregon Health Authority and Department of Human Services to identify and refer extremely low-income people with disabilities to HUD 811 units and ensure their access to long-term services and supports in the community.
- Permanent Supportive Housing Project-Based Rent Assistance – serves persons requiring rental assistance and tenancy support services to maintain housing, such as those experiencing chronic homelessness. The PSH initiative is currently focused on prioritizing PSH for

those experiencing chronic homelessness who are referred through their local coordinated entry process. To support these programs, HCSD also manages Risk Mitigation funds, which serve to offset the insurance impacts associated with serving permanent supportive housing populations.

The Subcommittee recommended a budget of \$226,050,068 total funds and 25 positions (24.26 FTE). This represents a 4.8% increase from the 2025-27 current service level. The Subcommittee recommended the following packages:

Pkg 090, Analyst Adjustments: This package shifts funding associated with two positions from General Fund to Other Funds expenditure limitation. The positions can be supported by contracted payments for housing inspection activities.

Pkg 508, HH OHCS Operational Supports: This package adds two permanent, full-time positions for program support. The positions are transferred from the Multifamily Rental Housing Programs division into the Project-Based Rental Assistance program. The positions moved are a Program Analyst 2 position to support the work of the Affordable Housing Loan Guarantee Fund program created by House Bill 3395 (2023), and a Program Analyst 1 position that will provide additional capacity in managing subsidies provided to permanent supportive housing units. Additionally, the funding source for the Program Analyst 1 position is shifted from General Fund to Other Funds.

Pkg 513, HH PSH – CSL Program Improvements: This package increases the subsidy provided for services for permanent supportive housing units in the agency's current portfolio, from \$10,000 per unit per year to \$15,000 per unit per year. This adjustment helps maintain project viability, by keeping up with higher costs associated with housing a population with complex needs and challenges. Rental assistance subsidies are assumed to remain at \$10,000 per unit per year.

Pkg 801, LFO Analyst Adjustments: A total of \$4.0 million was appropriated and transferred to the General Housing Account in the 2023-25 biennium for Risk Mitigation funding for permanent supportive housing, to maintain viability for permanent supportive housing projects experiencing higher insurance and operational costs that exceed available rental and subsidy income. Other Funds expenditure limitation was phased out of the agency's 2025-27 current service level, assuming funds would be exhausted in the current biennium. This package includes \$2.0 million Other Funds expenditure limitation to allow for expected disbursements of Risk Mitigation funding for permanent supportive housing that are anticipated to occur in the 2025-27 biennium.

### **Multifamily Rental Housing Programs**

The Multifamily Rental Housing Program provides housing options for low- and moderate-income households, through administration of federal- and state-funded affordable rental housing resources. These resources assist in the development of new housing units, acquisition and rehabilitation of existing housing units, and preservation of affordable housing properties, including those with project-based federal rental subsidies.

HCSD may allocate multiple sources of federal and/or state resources to a given project seeking financing, to maximize leverage and ensure project viability. In exchange for the public investment in the construction, preservation or rehabilitation of rental units, property owners are required to maintain long-term affordability of the units. This is documented through a regulatory agreement recorded against the real property. HCSD works in cooperation with local partners and the private sector to invest resources necessary to successfully develop and preserve affordable housing throughout Oregon through the allocation of Federal Low Income Housing Tax Credits, low-interest loan programs, grants, and other tax credits.

The Subcommittee recommended a budget of \$391,138,386 total funds and 145 positions (143.90 FTE). This represents a 16.2% increase from the 2025-27 current service level and an increase of six positions (4.90 FTE). The Subcommittee recommended the following packages:

Pkg 090, Analyst Adjustments: This package reduces General Fund by \$37,668, through increasing vacancy savings by 2% (\$34,825) and eliminating inflation on certain Services and Supplies accounts (\$2,843).

Pkg 508, HH OHCS Operational Supports: This package adds six permanent, full-time positions (4.90) to support the evaluation of development awards and program and process improvements in the affordable rental housing division. General Fund provides partial support for four of these positions, and the remaining two are supported by Other Funds generated through application fees, conduit financing fees, and interest earnings. The positions include the following:

- Grants and Loans Programs Manager 1 (0.88 FTE, supported 15% General Fund and 85% Other Funds), to manage a second housing production team and improve staff to management ratios;
- Compliance and Regulatory Manager (0.88 FTE, supported 15% General Fund and 85% Other Funds), dedicated to compliance and regulatory duties on the Department's rental housing portfolio; presently, these activities do not have a dedicated management focus within the agency;
- A Consultant Advisor 2 position (0.88 FTE, supported 15% General Fund and 85% Other Funds), to develop newer initiatives, provide strategy and advisory support;
- A Compliance and Regulatory Manager 2 (0.88 FTE, supported 15% General Fund and 85% Other Funds), to serve as additional support for administration of HUD contracts;

- An Operations and Policy Analyst 3 position (0.50 FTE funded with Other Funds) to coordinate engagement with development partners; and
- A Program Analyst 2 (0.88 FTE, funded with Other Funds) - to add capacity for application intake and assessment.

The package also transfers \$82,654 Federal Funds revenue to support central services costs, pursuant to the Department’s federally approved cost allocation plan.

Pkg 509, HH Information Technology Supports: The package increases Other Funds expenditure limitation by \$1.5 million on a one-time basis, to support development of enhancements to the Department’s ProLink system. The ProLink system manages data for Affordable Rental Housing project awards and data. Program enhancements will allow for data security improvements, additional accounting modules to track payments and fees, and inspection-related data entry.

Pkg 801, LFO Analyst Adjustments: General Fund in the amount of \$10.0 million is appropriated to carry forward funding approved in section 36, Chapter 223, Oregon Laws 2023 (House Bill 3395) for community housing supporting agricultural employees. The funds were not spent in 2023-25 due to timing of contract execution and project expenditures. Funds will be deposited into the General Housing Account created by ORS 458.665, and corresponding Other Funds expenditure limitation is included to allow expenditures from the Account.

Federal Funds expenditure limitation is increased by \$6.9 million to allow for expenditures from grant funding received from the Preservation and Re-enhancement Initiative for Community Enhancement (PRICE) grant. The funds will be used for preservation for affordable housing.

Other Funds expenditure limitation is increased by \$24.8 million for carry forward of expenditure authority for financing from the Middle Income Revolving Loan Fund that was created in Senate Bill 1537 (2024). This brings the 2025-27 expenditure limitation for the program to \$75 million.

### **Single Family Housing Programs**

The Single Family Housing Program assists low- to moderate-income Oregonians to attain or retain homeownership, providing competitive market rate mortgages, down payment assistance, and pre-purchase education and counseling. The program also provides resources specific to manufactured housing. These programs benefit individuals who are typically not served by traditional lenders, and who would not otherwise have access to the housing market and homeownership services. The Homeownership Programs Section in HCSO contracts with nonprofit homeownership centers, local governments, public housing authorities, and nonprofit organizations serving as a one stop shop for prospective homeowners and current homeowners. The program includes four sections: Homeownership Development, Homeownership Lending, Manufactured, and Marina Communities, and Homeownership Assistance.

The Subcommittee recommended a budget of \$51,357,855 total funds and 30 positions (30.00 FTE). This represents an 71.5 % decrease from the 2023-25 LAB, a 105.0% increase from the 2025-27 current service level. The Subcommittee recommended the following packages:

Pkg 090, Analyst Adjustments: This package reduces General Fund by \$0.8 million and increases Other Funds expenditure limitation by \$0.7 million by: increasing vacancy savings by nearly 2% (\$23,575), eliminating inflation on certain services and supplies accounts (\$21,943); shifting two positions (position numbers 1693 and 1843) from General Fund to Other Funds expenditure limitation (\$0.7 million); and shifting services and supplies for those positions from General Fund to Other Funds expenditure limitation (\$57,306).

Pkg 508, HH OHCS Operational Supports: Four phased-out positions from 2023-25 are reestablished in the Single Family housing division. A permanent, full-time Program Analyst 2 position will provide additional capacity to the Housing Assistance Fund program, managing property liens and refinancing. A permanent, full-time Program Analyst 4 position provides dedicated management to Manufactured Housing programs; a limited duration, full-time Program Analyst 3 and a limited duration, full-time Program Analyst 2 are included to assist manufactured homeowners who are eligible for assistance in repairing or replacing their manufactured home. Funding for manufactured housing-related positions is shifted from Other Funds to General Fund to align with primary program funding sources and the Department's cost allocation model.

Pkg 511, HH Homeownership Assistance Fund: This package increases Federal Funds expenditure limitation by \$4.4 million to close out the Homeowner Assistance Fund, a program for foreclosure prevention funded by U.S. Treasury during the pandemic.

Pkg 521, HH Down Payment Assist paired with OHCS Lending: This package provides additional down payment assistance -- supported with General Fund -- on a one-time basis, for borrowers who use HCSD lending products. The assistance is in the form of a repayable second mortgage loan, payments upon which will revolve back into the program creating a sustainable source of down payment assistance to future borrowers. This package includes \$3.9 million General fund for down payment assistance to provide down payment assistance for an estimated 299 households over the course of a biennium. Corresponding Other Funds expenditure limitation is included to enable expenditures from the down payment assistance account capitalized by the General Fund investment.

Pkg 525, HH Foreclosure Avoidance Counseling: General Fund of \$2,000,000 is included on a one-time basis for foreclosure avoidance counseling provided by homeownership centers. HCSD pays centers for counseling by certified housing counselors who help clients navigate resources to avoid foreclosure. The \$2,000,000 in funding is estimated to serve 1,345 homeowners.

Pkg 527, HH Manufactured Home Replace Program: The package includes \$2,000,000 General Fund on a one-time basis for deposit into the Manufactured Home Preservation Fund, and corresponding Other Funds expenditure limitation, to finance a portion of the cost of repair or decommissioning and replacement of pre-1995 manufactured homes that are inefficient and potentially unsafe. The program leverages other grants and replacement incentives. This investment is estimated to repair or replace 10-15 manufactured homes.

Pkg 801, LFO Analyst Adjustments: This package includes a technical for the Single Family Housing Programs division, increasing Federal Funds expenditure limitation by \$6,875,000 to enable the disbursement of grant funding received from the PRICE grant. The funding will be used for preservation of manufactured dwelling parks.

**Disaster Recovery & Resilience**

The Disaster Recovery and Resilience (DRR) Division of HCSD was founded in response to the massive destruction of the 2020 Labor Day wildfires. Funds approved by the Oregon Legislature supported initial housing and community recovery, and existing programs support the development of permanent replacement housing for Oregonians impacted by the fires. DRR is focused primarily on implementing a series of programs, called ReOregon, funded by a \$422.0 million federal Community Development Block Grant for Disaster Relief.

The Subcommittee recommended a budget of \$176,441,556 total funds and 42 positions (42.00 FTE). Positions and FTE for the division are maintained at the 2023-25 LAB level and increased by 29 (29.00 FTE) from 2025-27 CSL. The Subcommittee recommended the following packages:

Pkg 090, Analyst Adjustments: This package reduces General Fund by \$16,579 by eliminating inflation on certain services and supplies accounts (\$3,335) and increasing vacancy savings by two percent (\$13,244).

Pkg 508, HH OHCS Operational Supports: This package transfers revenue in the amount of \$82,542 Federal Funds out of the Disaster Recovery and Resilience division and into Central Services, to support a proportionate share of Department central services staffing being requested to add capacity in business services and the Director's Office.

Pkg 510, HH Disaster Recovery & Resiliency Limitation: This package includes \$163.5 million Federal Funds expenditure limitation and the reauthorization of 29 limited duration positions (29.00 FTE) are included for work related to grant administration, staffing, and reporting on the Division's programs formed in response to the Labor Day fires of 2020. The 29 limited duration positions include a technical change to reflect final approved classifications by the Department Administrative Services, Chief Human Resource Office:

- A position formerly classified as a Program Analyst 2 is included as a Program Analyst 4;
- A position formerly classified as an Operations and Policy Analyst 2 is included as a Program Analyst 1;
- A position formerly classified as a Program Analyst 2 is included as a Program Analyst 1;
- A position formerly classified as a Program Analyst 2 is included as a Public Affairs Specialist 3; and
- Four positions formerly classified as Program Analyst 1s are included as Public Affairs Specialist 2s.

The programs are supported by a one-time six-year federal Community Development Block Grant - Disaster Recovery (CDBG-DR) grant of \$422 million and are collectively branded as ReOregon. These programs are:

- Homeowner Assistance and Reconstruction Program;
- Homeownership Opportunities Program, providing down payment assistance for survivors who were renters at the time of the disaster, but want to own homes, and affordable rental housing development in fire-affected areas;
- Planning Infrastructure and Economic Revitalization, which is allocated to local communities to address infrastructure, planning and revitalization needs;
- Intermediate Housing Assistance including rental assistance, relocation, and housing navigation services; Housing Recovery Services for housing, financial counseling and navigation services;
- Legal Services; and
- Resilience Planning, including construction standards, and mitigation planning and execution efforts.

Federal Funds expenditure limitation in 2023-25 for programs funded by CDBG-DR was \$140.1 million. This recommendation would leave \$118.4 million in CDBG-DR funding against which commitments could be made in the 2027-29 biennium. The Department has until February 2029 to expend remaining federal CDBG-DR funding.

Other Funds expenditure limitation of \$7.3 million is included, carrying over expenditure authority for remaining funds associated with \$25.0 million in lottery bond proceeds issued in 2021-23 for wildfire recovery efforts; funding has been committed to projects, but these projects have remaining expenses that are carrying forward into 2025-27.

### **Central Services**

Central Services includes the Director's Office, the Research Office, the Public Affairs Office, the Equity, Diversity and Inclusion Office, Human Resources Office, and the Central Services Division. The Central Services Division consists of the Business Services Section, the Chief Finance Section, the Procurement and Grant Compliance Section, the Accounting Section, Project Management office, and Information Services. The purpose of Central Services is to provide leadership and business support to the programs within the agency.

The Subcommittee recommended a budget of \$63,121,873 total funds and 157 positions (156.90 FTE). This represents a a 7.1% increase the 2025-27 current service level. The Subcommittee recommended the following packages:

**Pkg 090, Analyst Adjustments:** This package reduces General Fund by \$0.5 million by increasing vacancy savings by two percent (\$114,467), eliminating inflation on certain Services and Supplies accounts (\$30,627), eliminating personal services expenses, including those associated with 0.50 FTE from an Economist 2 (position# 2004) - (\$0.5 million), and eliminating position related services and supplies (\$41,560).

Pkg 508, OHCS Operational Supports: For Central Services, this package reauthorizes nine full-time positions that were approved in 2023-25 with one-time funding. The positions provide support for grants and reporting for programs associated with the homelessness emergency. The budget reauthorizes a limited duration procurement and contract assistant position. The following positions are made permanent:

- Business Operations Manager 3;
- Policy Analyst 2;
- Budget and Fiscal Manager 1;
- Accountant 2;
- Fiscal Analyst 3
- Information Systems Specialist 3;
- Project Manager 3;
- Project Manager 2; and
- Public Affairs Specialist 2

The following four new permanent, full-time positions are added to the division:

- Chief Financial Officer, to oversee budget, finance, bonding and debt service;
- Budget and Fiscal Administrator 2;
- Procurement and Contract Specialist 1 to increase capacity; and
- Operations and Policy Analyst 4, serving as a senior legislative and government relations representative.

One limited duration, full-time Procurement and Contract Assistant is also added to the division.

Pkg 509, HH Information Technology Supports: This package provides one-time resources supporting two new limited duration, full-time Information System Specialist (ISS) positions (an ISS 4 and an ISS 5). These positions will support enhancements to the HCSD housing finance application, including development, testing, and roll out of module and reporting functions.

### **Bond Activities and Debt Service**

This program houses bond-related activities to provide the budget mechanism to expend funds related to HCSD bond financed loan programs. HCSD sells tax-exempt bonds to investors and uses the proceeds to finance multifamily and single-family mortgage loans and manages the debt from previous Article XI-Q and Lottery bond sales. Within this program is a debt management team responsible for all activities related to the debt issuance and on-going administration of the Department's various bond programs.

All of HCSD's bond-financed loan program activities are self-supporting. Debt service expenditures are funded solely from: borrower's payments received on loans financed under each indenture; interest earnings on invested indenture funds and reserves; proceeds from the sale of acquired properties; and any recoveries from mortgage insurance related to these foreclosed properties. No other state or federal revenues are received to support the debt service payments or other costs of these programs.

General Fund in this program pays debt service on previously issued General Obligation XI-Q bonds. Lottery Funds pay debt service on approved projects financed with Lottery Bond proceeds.

The Subcommittee recommended a budget of \$976,456,242 total funds and nine positions (9.00 FTE), which represents less than a 1% change from the 2025-27 current service level. The Subcommittee recommended the following packages:

Pkg 090, Analyst Adjustments: This package reduces General Fund by \$3,651 through increasing vacancy savings by 2% (\$3,459) and eliminating inflation on certain services and supplies accounts (\$192).

Pkg 508, HH OHCS Operational Supports: This package moves Fiscal Analyst 3 position into the Central Services Division, allowing the Department to use its existing position authority to address identified workload issues.

### **Summary of Performance Measure Action**

See attached Legislatively Adopted 2025-27 Key Performance Measures form.

## DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Housing and Community Services Department  
 Tamara Brickman -- (971) 719-3492

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2023-25 Legislatively Approved Budget at Jan 2025 *	\$ 846,477,625	\$ 29,707,030	\$ 763,954,044	\$ 883,247,509	\$ 404,102,240	\$ 185,102,399	\$ 3,112,590,847	482	463.87
2025-27 Current Service Level (CSL)*	\$ 319,440,521	\$ 40,500,992	\$ 503,774,659	\$ 698,423,571	\$ 166,892,298	\$ 185,102,399	\$ 1,914,134,440	402	401.50
<b>SUBCOMMITTEE ADJUSTMENTS (from CSL)</b>									
<b>SCR 010 - Housing Stabilization Programs</b>									
Package 90: Analyst Adjustments									
Personal Services	\$ (45,370)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (45,370)	0	0.00
Services and Supplies	\$ (12,932)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,932)		
Special Payments	\$ (337,910)	\$ -	\$ (337,910)	\$ -	\$ -	\$ -	\$ (675,820)		
Package 501: HH Maintaining Shelters									
Services and Supplies	\$ 375,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,000		
Special Payments	\$ 204,543,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 204,543,652		
Package 502: HH Sustaining Re-Housing									
Special Payments	\$ 50,300,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,300,000		
Package 503: HH Sustaining LTRA									
Special Payments (6060 Intra-Agency Tsfr)	\$ 87,400,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,400,000		
Special Payments	\$ -	\$ -	\$ 87,400,000	\$ -	\$ -	\$ -	\$ 87,400,000		
Package 504: HH Continuing to Prevention Evictions - Infrastructure									
Special Payments	\$ 12,432,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,432,000		
Package 505: HH Continuing to Prevent Evictions - Financial Assistance									
Special Payments	\$ 21,168,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,168,000		
Package 506: HH Maintaining Tribal Homelessness Investments									
Special Payments	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000		
Package 508: OHCS Operational Supports									
Personal Services	\$ 5,089,089	\$ -	\$ 83,904	\$ -	\$ 593,988	\$ -	\$ 5,766,981	22	20.44
Services and Supplies	\$ 400,152	\$ -	\$ -	\$ -	\$ 51,505	\$ -	\$ 451,657		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ -	\$ -	\$ 913,500	\$ -	\$ -	\$ -	\$ 913,500		
Special Payments	\$ -	\$ -	\$ 7,286,500	\$ -	\$ -	\$ -	\$ 7,286,500		
<b>SCR 025 - Project-Based Rental Housing Assistance</b>									
Package 90: Analyst Adjustments									
Personal Services	\$ (603,420)	\$ -	\$ 603,420	\$ -	\$ -	\$ -	\$ -	0	HB 5011 A
Services and Supplies	\$ (23,262)	\$ -	\$ 22,373	\$ -	\$ -	\$ -	\$ (889)		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE	
			LIMITED	NONLIMITED	LIMITED	NONLIMITED				
Package 508: HH OHCS Operational Supports										
Personal Services	\$ 245,421	\$ -	\$ 177,333	\$ -	\$ (93,689)	\$ -	\$ 329,065	2	1.76	
Package 513: PSH - CSL Program Improvements										
Special Payments	\$ 7,962,083	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,962,083			
Package 801: LFO Analyst Adjustments										
Special Payments	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000			
<b>SCR 030 - Multifamily Rental Housing Programs</b>										
Package 90: Analyst Adjustments										
Personal Services	\$ (34,825)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (34,825)	0	0.00	
Services and Supplies	\$ (2,843)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,843)			
Package 508: HH OHCS Operational Supports										
Personal Services	\$ 96,218	\$ -	\$ 1,189,778	\$ -	\$ -	\$ -	\$ 1,285,996	6	4.90	
Services and Supplies	\$ 77,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 77,614			
Package 509: HH Information Technology Supports										
Services and Supplies	\$ -	\$ -	\$ 1,516,000	\$ -	\$ -	\$ -	\$ 1,516,000			
Package 801: LFO Analyst Adjustments										
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,875,000	\$ -	\$ 1,875,000			
Special Payments (6060 Intra-Agency Tsfr)	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000			
Special Payments	\$ -	\$ -	\$ 34,750,000	\$ -	\$ 5,000,000	\$ -	\$ 39,750,000			
<b>SCR 040 - Single Family Housing Programs</b>										
Package 90: Analyst Adjustments										
Personal Services	\$ (680,043)	\$ -	\$ 603,891	\$ -	\$ -	\$ -	\$ (76,152)	0	0.00	
Services and Supplies	\$ (79,249)	\$ -	\$ 57,306	\$ -	\$ -	\$ -	\$ (21,943)			
Package 508: HH OHCS Operational Supports										
Personal Services	\$ 963,632	\$ -	\$ 313,719	\$ -	\$ -	\$ -	\$ 1,277,351	4	4.00	
Services and Supplies	\$ 62,340	\$ -	\$ 20,780	\$ -	\$ -	\$ -	\$ 83,120			
Package 511: HH Homeownership Assistance Fund										
Special Payments	\$ -	\$ -	\$ -	\$ -	\$ 4,364,000	\$ -	\$ 4,364,000			
Package 521: HH Down Paymnt Assist paired with OHCS Lending										
Special Payments (6060 Intra-Agency Tsfr)	\$ 3,900,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,900,000			
Special Payments	\$ -	\$ -	\$ 3,900,000	\$ -	\$ -	\$ -	\$ 3,900,000			
							\$ -			
Package 525: HH Foreclosure Avoidance Counseling										
Special Payments	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000			

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<b>Package 527: HH Manufactured Home Replace Program</b>									
Special Payments (6060 Intra-Agency Tsfr)	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000		
Special Payments	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 2,000,000		
<b>Package 801: LFO Analyst Adjustments</b>									
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 1,875,000	\$ -	\$ 1,875,000		
Capital Outlay	\$ -	\$ -	\$ -	\$ -	\$ 3,000,000	\$ -	\$ 3,000,000		
Special Payments	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000		
<b>SCR 060 - Disaster Recovery &amp; Resiliency</b>									
<b>Package 90: Analyst Adjustments</b>									
Personal Services	\$ (13,244)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (13,244)	0	0.00
Services and Supplies	\$ (3,335)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,335)		
<b>Package 510: HH Disaster Recovery &amp; Resiliency Limitation</b>									
Personal Services	\$ -	\$ -	\$ -	\$ -	\$ 7,533,932	\$ -	\$ 7,533,932	29	29.00
Services and Supplies	\$ -	\$ -	\$ -	\$ -	\$ 11,491,418	\$ -	\$ 11,491,418		
Special Payments	\$ -	\$ -	\$ 7,309,722	\$ -	\$ 144,485,419	\$ -	\$ 151,795,141		
<b>SCR 070 -Central Services</b>									
<b>Package 90: Analyst Adjustments</b>									
Personal Services	\$ (468,472)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (468,472)	(1)	(0.50)
Services and Supplies	\$ (72,187)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (72,187)		
<b>Package 508: HH OHCS Operational Supports</b>									
Personal Services	\$ 3,095,166	\$ -	\$ 632,833	\$ -	\$ 93,816	\$ -	\$ 3,821,815	13	12.64
Services and Supplies	\$ 247,573	\$ -	\$ 129,267	\$ -	\$ 29,834	\$ -	\$ 406,674		
<b>Package 509: HH Information Technology Supports</b>									
Personal Services	\$ 260,669	\$ -	\$ 143,883	\$ -	\$ 33,204	\$ -	\$ 437,756	2	1.76
Services and Supplies	\$ 47,730	\$ -	\$ 25,855	\$ -	\$ 5,966	\$ -	\$ 79,551		
<b>SCR 080 -Bond Activities and Debt Service</b>									
<b>Package 90: Analyst Adjustments</b>									
Personal Services	\$ (3,459)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,459)	0	0.00
Services and Supplies	\$ (192)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (192)		
<b>Package 508: HH OHCS Operational Supports</b>									
Personal Services	\$ (261,489)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (261,489)	(1)	(1.00)
<b>TOTAL ADJUSTMENTS</b>	<b>\$ 420,024,107</b>	<b>\$ -</b>	<b>\$ 150,742,154</b>	<b>\$ -</b>	<b>\$ 182,339,393</b>	<b>\$ -</b>	<b>\$ 753,105,654</b>	<b>76</b>	<b>73.00</b>
<b>SUBCOMMITTEE RECOMMENDATION *</b>	<b>\$ 739,464,628</b>	<b>\$ 40,500,992</b>	<b>\$ 654,516,813</b>	<b>\$ 698,423,571</b>	<b>\$ 349,231,691</b>	<b>\$ 185,102,399</b>	<b>\$ 2,667,240,094</b>	<b>478</b>	<b>474.50</b>
% Change from 2023-25 Leg Approved Budget	(12.6%)	36.3%	(14.3%)	(20.9%)	(60.5%)	0.0%	(14.3%)	(0.8%)	2.3%
% Change from 2025-27 Current Service Level	131.5%	0.0%	29.9%	0.0%	109.3%	0.0%	39.3%	18.9%	18.2%

\*Excludes Capital Construction Expenditures

# Legislatively Approved 2025 - 2027 Key Performance Measures

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**Agency:** Housing and Community Services Department

**Mission Statement:**

We provide stable and affordable housing and engage leaders to develop integrated statewide policy that addresses poverty and provides opportunity for Oregonians.

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
1. Reducing Homelessness - Percentage of homeless households who exited into permanent housing and retained that housing for six months or longer.		Approved	91%	85%	85%
2. Energy Assistance - Of all crisis energy payments, the percentage of payments made to prevent power disconnections. Crisis payments include those for preventing disconnection of service or restoring service which was shut off.		Approved	88%	80%	80%
3. Exits to Permanent Housing - Percentage of households enrolled in emergency shelter, street outreach, or rapid rehousing projects who exited to permanent housing, and remained housed for six months or longer.		Approved		80%	80%
4. Affordable Rental Housing: Affordability - Percentage of regulated rental housing units funded that will be affordable to households making at or below 50% of the area median income, whether through rent restrictions on the units or through Project Based Rent Assistance (PBRA).		Approved		33%	33%
5. Affordable Rental Housing for People with Disabilities - Percentage of affordable rental housing units funded that provide rental opportunities for low-income individuals with physical or mental disabilities.		Approved	11%	7%	7%
6. Affordable Rental Housing (Construction Costs) - Construction costs per square foot for: newly constructed housing units developed through grant and tax credit programs; and construction costs per square foot for rehabilitated housing units developed through grant and tax credit programs, as compared to national RS Means data.	a) Cost per square foot of newly constructed housing developed through grant and tax credit programs	Approved	138%	100%	100%
	b) Cost per square foot for rehabilitated housing units developed through grant and tax credit programs		131%	100%	100%
7. Affordable Rental Housing : Rural Housing - Percentage of affordable rental housing units funded that will be developed in rural areas as defined by OHCS.		Approved		25%	25%
8. Homeownership - Percentage of households at or below the county median family income served by the Oregon Bond Residential Loan program.		Approved	79%	70%	70%
9. Homeownership Services to People of Color - Percentage of people served by all OHCS homeownership programs who identify as people of color.		Approved	44%	30%	30%
10. Agency Customer Service - Percentage of customers rating their satisfaction with the agency's customer service as "good" or "excellent": timeliness, accuracy, helpfulness, expertise, availability of information, overall.	Availability of Information	Approved	38%	80%	80%
	Overall		43%	80%	80%
	Timeliness		34%	80%	80%
	Accuracy		36%	80%	80%
	Expertise		47%	80%	80%
	Helpfulness		52%	80%	80%

Legislatively Approved KPMs	Metrics	Agency Request	Last Reported Result	Target 2026	Target 2027
3. Affordable Rental Housing - Percentage of regulated multifamily housing units funded with grants, tax credits, and bonds, that will be affordable to households earning at or below 50% of the area median income.		Legislatively Deleted	64%		
6. Affordable Rental Housing (Areas of Opportunity) - Percentage of affordable rental housing units funded with 9% Low Income Housing Tax Credits or HOME program funds that will be developed in high opportunity areas. High opportunity areas are defined as census tracts that meet two of the following three criteria: low poverty rate, below average unemployment rate, high ratio of jobs to labor force.		Legislatively Deleted	100%		
7. Affordable Rental Housing in Rural Areas - Percent increase in the number of affordable rental housing units that will be developed in rural areas. Rural areas are defined as: communities with population 15,000 or less outside of the Portland Urban Growth Boundary in counties within Metropolitan Statistical Areas (Benton, Clackamas, Columbia, Deschutes, Jackson, Josephine, Lane, Marion, Multnomah, Polk, Washington and Yamhill Counties) and communities with 40,000 population or less in the balance of the state.		Legislatively Deleted	-45%		

**LFO Recommendation:**

The Legislative Fiscal Office recommends deletion and replacement of the following KPMs, as proposed by the Housing and Community Services Department:

KPM 3 - HCSD proposes a new KPM to capture whether housing is being maintained by households seeking housing stabilization services.

KPM 4 - HCSD proposes to change the wording of the KPM to be more descriptive, ensuring that units in mixed income housing units and units in strictly affordable projects are encompassed the number of units being reported.

KPM 6 - HCSD has a policy of funding projects in high opportunity areas. The existing measure is no longer deemed to be particularly useful.

KPM 7 - "Percentage of affordable rental housing units funded that will be developed in rural areas as defined by OHCS". Currently, the agency measures the percent *increase* in affordable rural housing funded, the target for which may be easily met. OHCS proposes to instead measure rural units as a percentage of all that receive funding.

The Legislative Fiscal Office does not recommend the deletion/replacement of the following KPMs:

KPM 4 - Affordable housing for people with disabilities. HCSD proposed to replace the existing measure, which tracks the number of units funded for people with disabilities with a more generic measure of units that meet general accessibility standards. LFO contends that intentional creation of units for this specific population which may have greater housing challenges will ensure that the agency continues to evaluate the extent to which this need is being met.

KPM 5 - Affordable Rental Housing Construction Cost - Despite the fact that HCSD has little control over certain construction cost components, comparison to a widely recognized national index provides a useful point of reference for policy makers regarding the cost of producing affordable housing in Oregon relative to other states.

**SubCommittee Action:**

The Transportation and Economic Development Subcommittee approved key performance measures and targets as recommended by the Legislative Fiscal Office.