

OREGON HOUSING AND COMMUNITY SERVICES AGENCY BUDGET PRESENTATION



Margaret Salazar, *Director*
Oregon Housing and Community Services

March 19-21, 2019
Joint Ways and Means Subcommittee on
Transportation and Economic Development

OHCS VISION AND MISSION

VISION

All Oregonians have the opportunity to pursue prosperity and live free from poverty.

MISSION

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

OREGON HOUSING AND COMMUNITY SERVICES CROSS-AGENCY STRATEGIC ALIGNMENT

HEALTH
OUTCOMES



SAFETY
OUTCOMES



EDUCATION
OUTCOMES



ECONOMIC
OUTCOMES



HOUSING IS FOUNDATIONAL



Working together to serve individuals, families and communities throughout Oregon

HISTORICAL PERSPECTIVE

- Significant changes over last 6 years

Governor asks OHCS to examine if it should remain a stand-alone agency. OHCS responds by recommending agency remain intact but acknowledges concerns about fiscal sustainability and program delivery.

- OHCS budget had second year of funding withheld pending a report to the legislature on alternate service delivery models for 2015 and beyond
- Legislature approved report and second year of funding
- July of 2014 OHCS published new strategic framework focused on inward facing strategic imperatives

OHCS focuses on internal operations strategies and begins delivering new programs

- **Key Accomplishments:**
 - Improved governance and oversight
 - Revenues aligned with expenses and clarity of fiscal position
 - Implementation of risk rating system for assets in OHCS portfolio
 - Programs streamlined and new programs developed
- **New programs received in recognition of housing crisis:**
 - LIFT program (\$40 million in XI-Q bond proceeds)
 - Mental Health Housing (\$20 million in lottery bond proceeds)
- **Participated in Secretary of State Performance Audit**

Annual goals focus agency activities while 5 year Strategic Plan is created

- Significant budget changes include:
 - Expand LIFT program to \$80M in XI-Q bonds and add Homeownership Development as eligible use of funds
 - Homelessness programs receive one-time General Fund investment of \$30M and budget note asking to examine best practices in service delivery
 - Document Recording Fee tripled from \$30M/biennium to \$90M/biennium
 - \$25 million in Lottery Bonds for Preservation of Affordable Housing
 - Oregon Volunteers and Court Appointed Special Advocate (CASA) programs removed from OHCS
 - 19 positions added to deliver new and expanded programs

Other significant changes

- Affordable Housing Development
 - Preservation program (HB 2002)
 - Land acquisition program
 - Federal national housing trust fund
- Housing Stabilization
 - Rent guarantee program
 - Elderly rental assistance program (from Department of Revenue)
 - State Home Oil Weatherization program (from Department of Energy)
- Lottery funding for Veterans (measure 96)
- Launch of Statewide Housing and 5-year strategic plan

Breaking New Ground

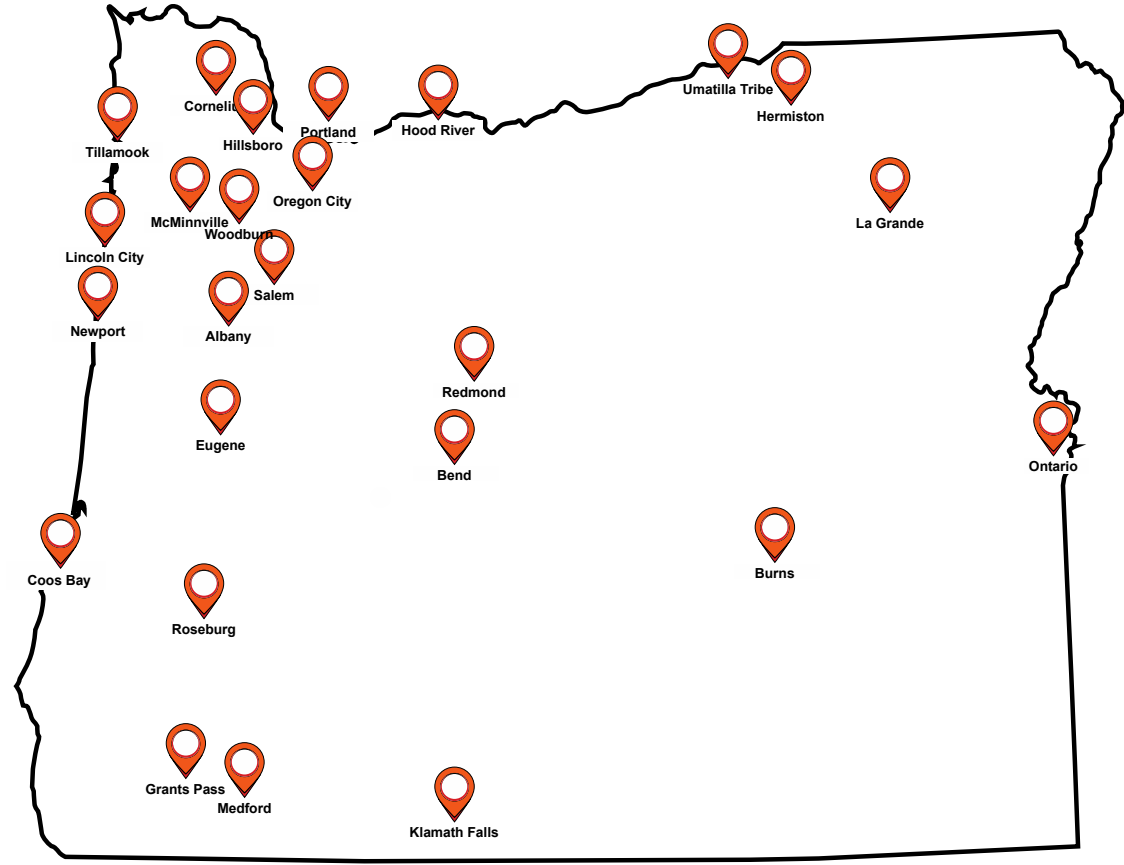
Oregon's Statewide Housing and 5-year Strategic Plan



Breaking New Ground

Oregon's Statewide Housing and 5-year Strategic Plan

Statewide Housing Plan 2017 Outreach



STATEWIDE HOUSING PLAN PRIORITIES

Equity and Racial Justice – Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.

Homelessness – Build a coordinated and concerted statewide effort to prevent and end homelessness, with a focus on ending unsheltered homelessness of Oregon's children and veterans.

Permanent Supportive Housing – Invest in permanent supportive housing, a proven strategy to reduce chronic homelessness and reduce barriers to housing stability.

Affordable Rental Housing – Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.

Homeownership – Expand homeownership for low- and moderate income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.

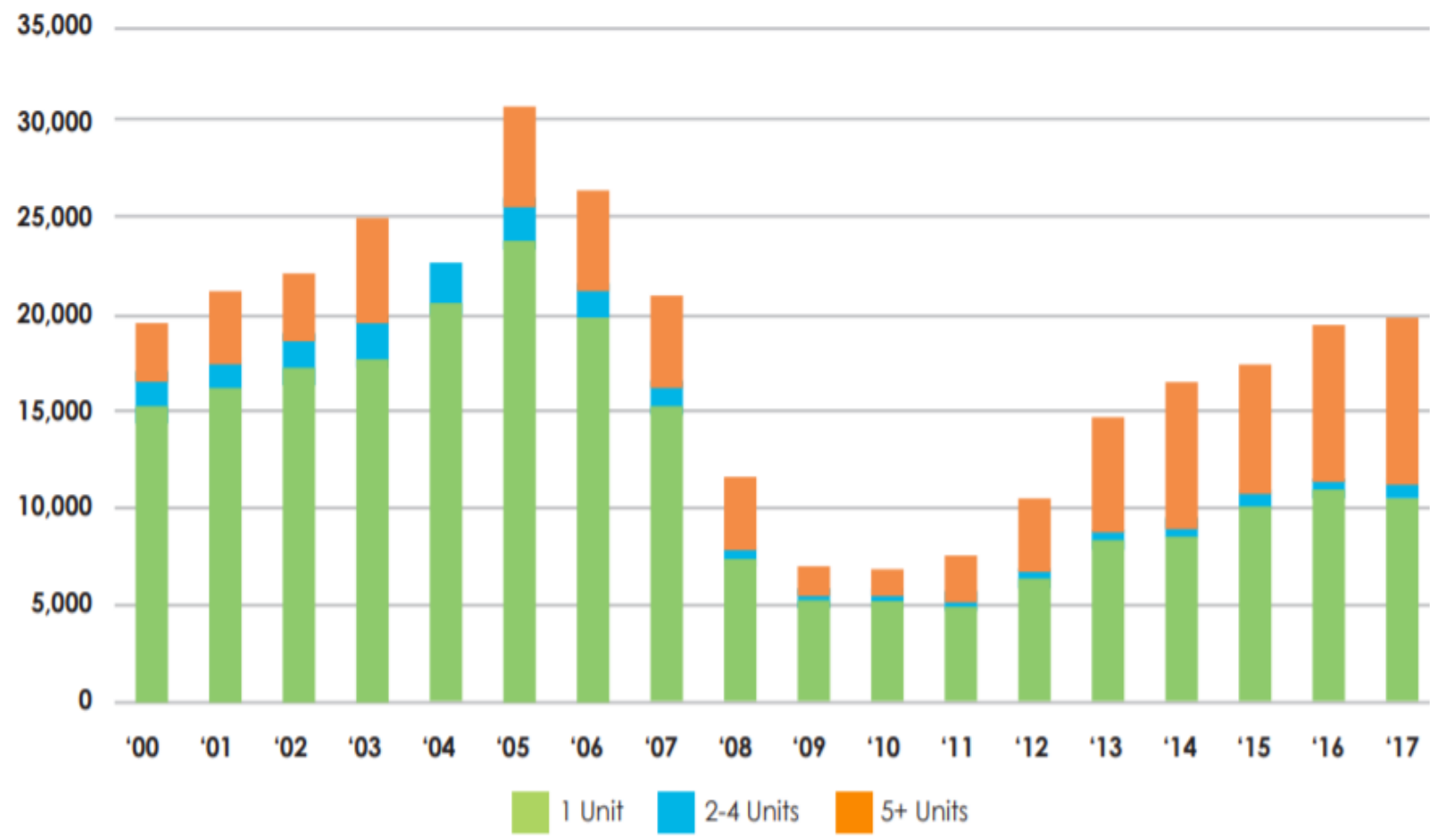
Rural Communities – Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.

BUDGET LANDSCAPE: ENVIRONMENTAL FACTORS

- Housing Supply
- Vacancy Rates
- Homelessness
- Permanent Supportive Housing
- Rent Burden
- Affordability
- Rental Unit Gap
- Housing Conditions
- Homeownership Rates

NUMBER OF RESIDENTIAL PERMITS RISING AFTER BIG DECLINES

New Building Permits in Oregon, 2000 – 2017

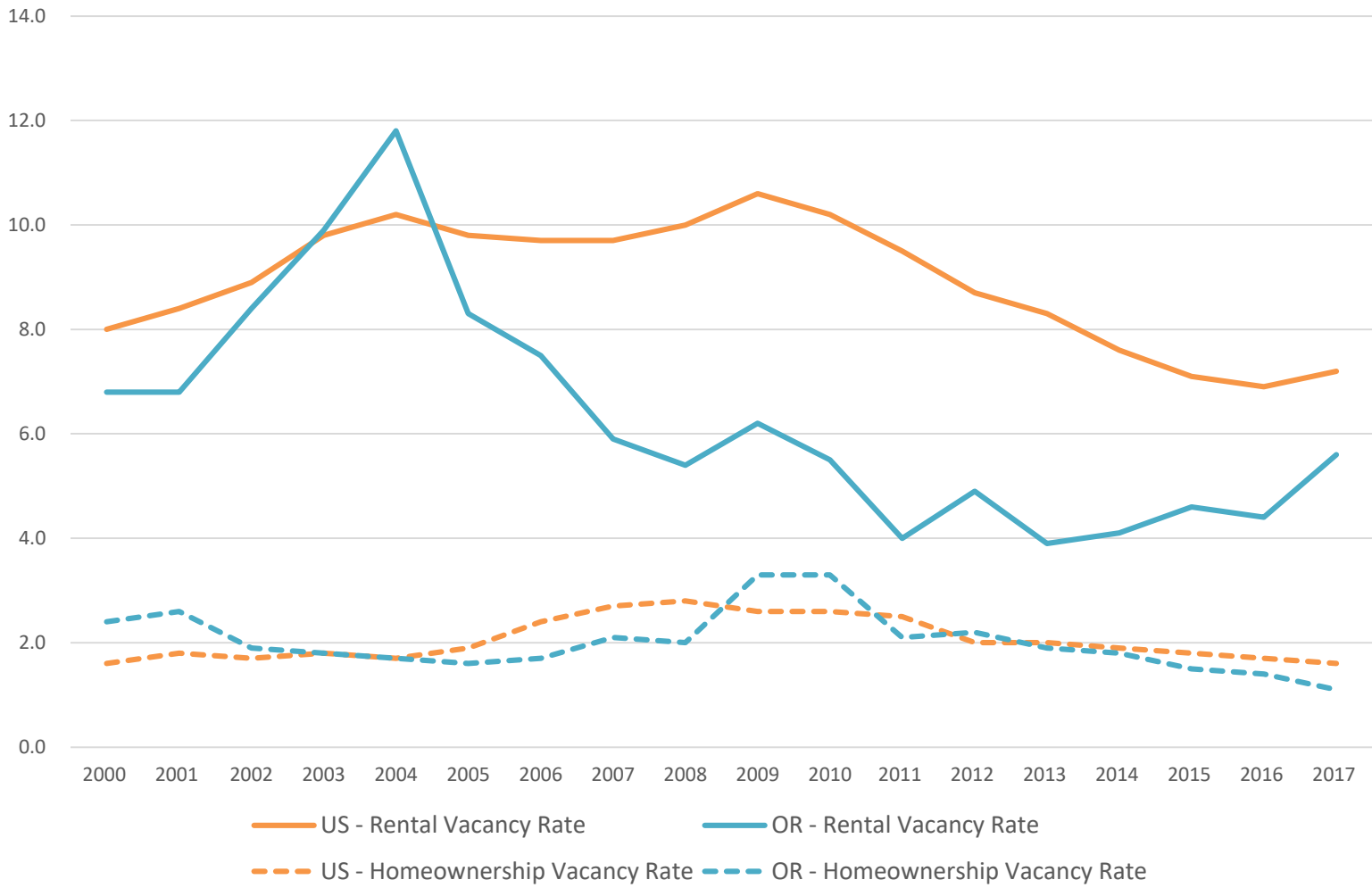


Source: OHCS analysis of U.S. Census Bureau, Building Permits Survey, 2017



OREGON RENTAL VACANCY RATES REMAIN VERY LOW

Vacancy Rates in OR and the U.S., 2000-2017

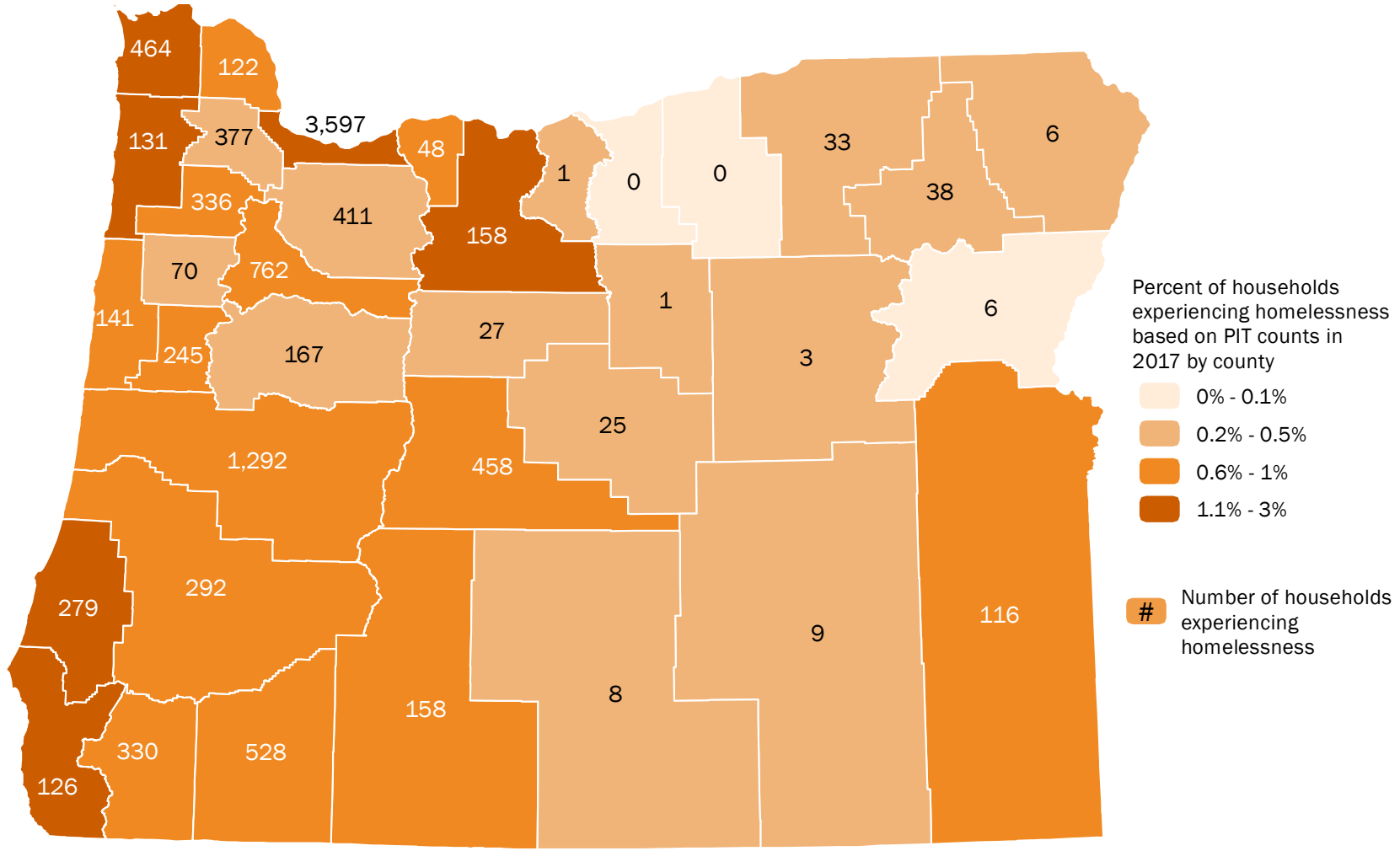


Source: U.S. Census Bureau, Housing Vacancy Survey



PEOPLE ARE EXPERIENCING HOMELESSNESS THROUGHOUT OREGON

Total Number of People Experiencing Homelessness = 13,953

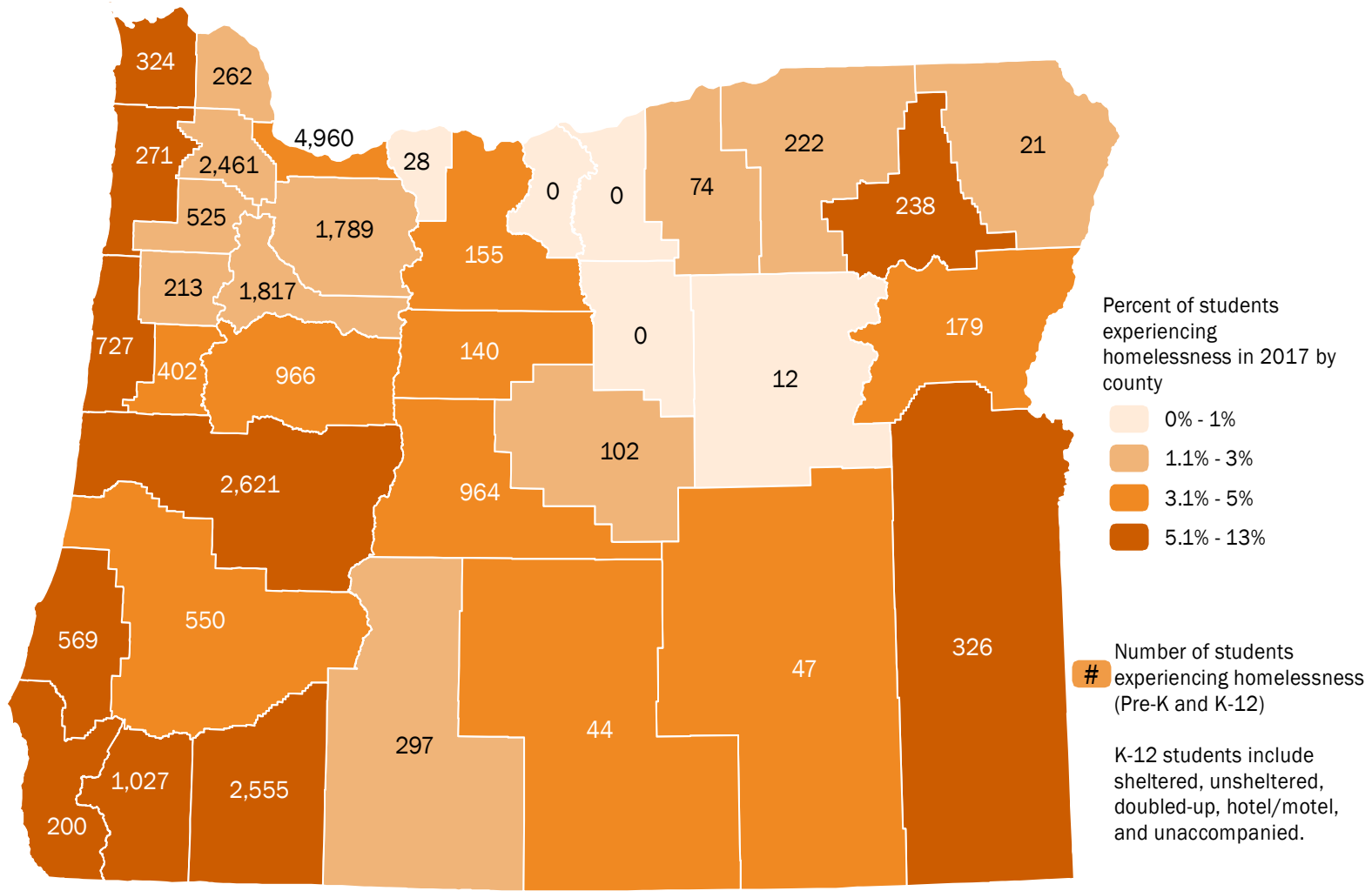


Source: 2017 Point-in-Time Count and American Community Survey data



STUDENTS IN OREGON'S SCHOOLS FACE HOMELESSNESS

Total Number of Students Experiencing Homelessness or Unstable Housing = 22,541

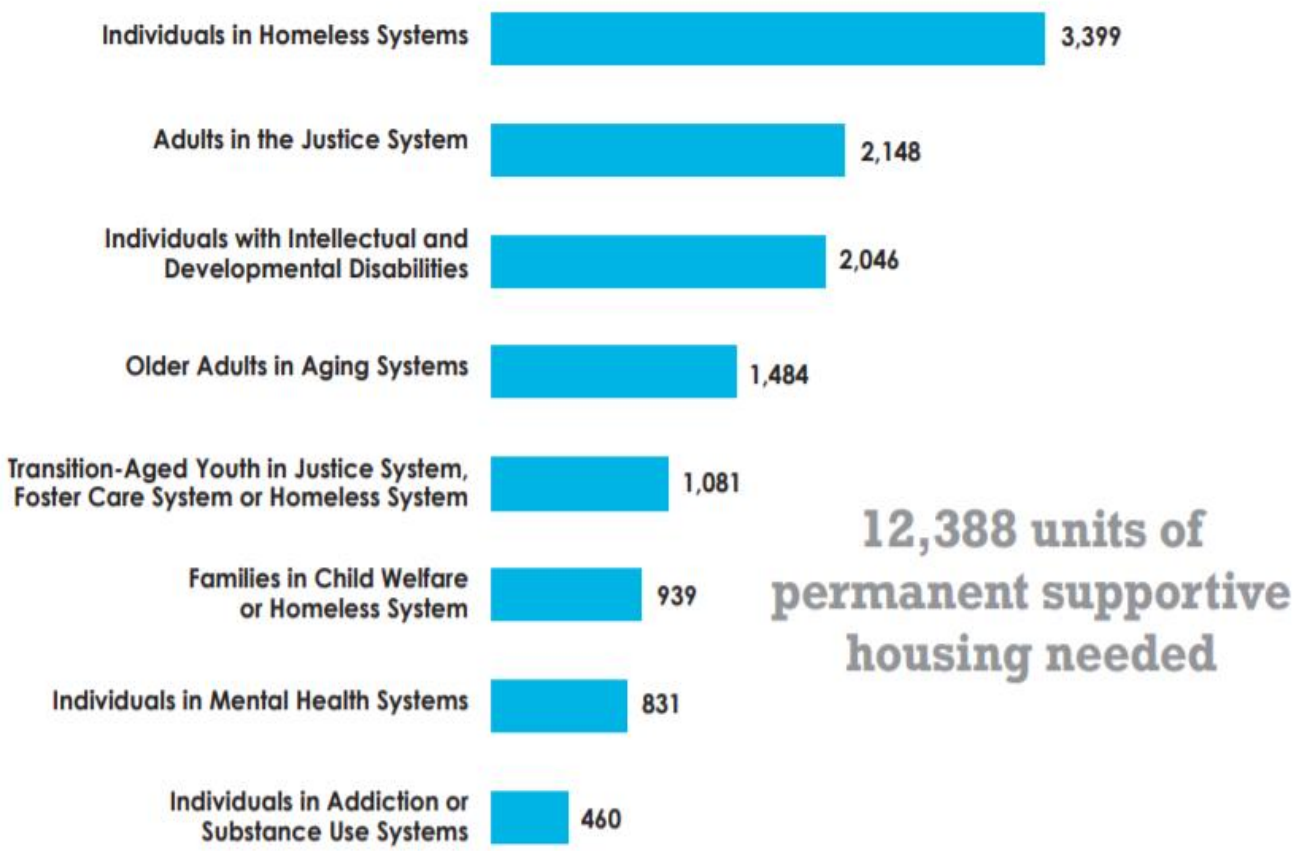


Source: Oregon Department of Education, 2016-2017 Homeless Student Data



OREGON IS IN NEED OF PERMANENT SUPPORTIVE HOUSING UNITS

Need for PSH Units by Subpopulation



ECONorthwest analysis of Corporation for Supportive Housing, Supportive Housing 101 Data. Retrieved from: <https://www.csh.org/supportive-housing-101/data/>.



Affordable housing: 30% or less of gross income spent on housing.



Social Security
\$17,500



Auto Mechanic
\$46,450



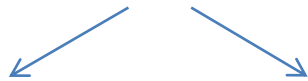
Two Full-time minimum wage workers (household)
\$44,720



0-30% area median income
Affordable monthly housing costs
\$0-\$550

30-60% area median income
Affordable monthly housing costs
\$550-\$1,100

60-80% area median income
Affordable monthly housing costs
\$1,100-\$1,464



\$1,400 Median rent
for a two bedroom
apartment in Oregon

Source: Oregon Bureau of Labor and Zillow Rental Listings



Full-time Minimum Wage
\$22,360

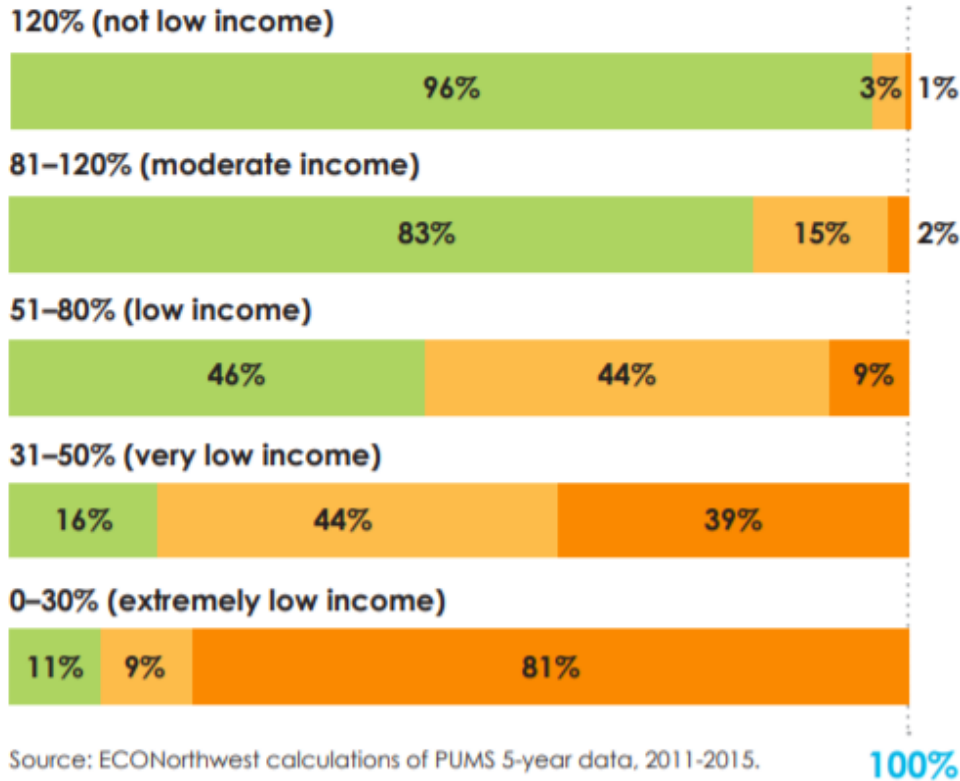


Preschool Teacher
\$29,620



THE LOWEST INCOME OREGONIANS HAVE THE MOST SEVERE RENT BURDEN

Cost Burdening By Income Category



Oregon's lowest income residents are spending large shares of their monthly income on housing.

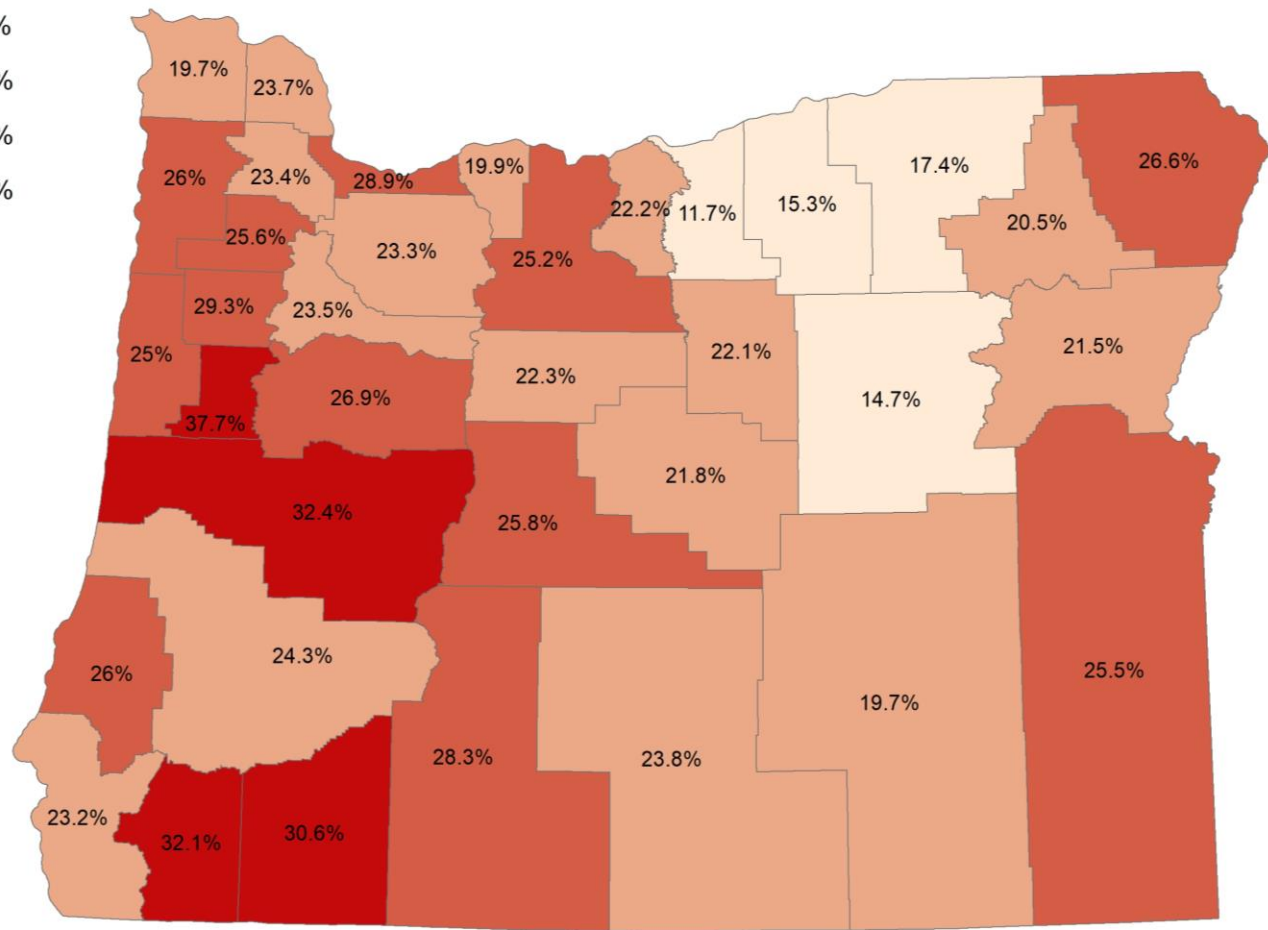
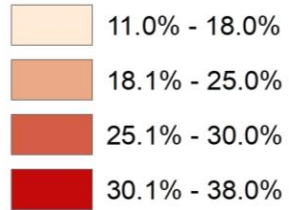
Source: ECONorthwest calculations of PUMS 5-year data, 2011-2015.

100%

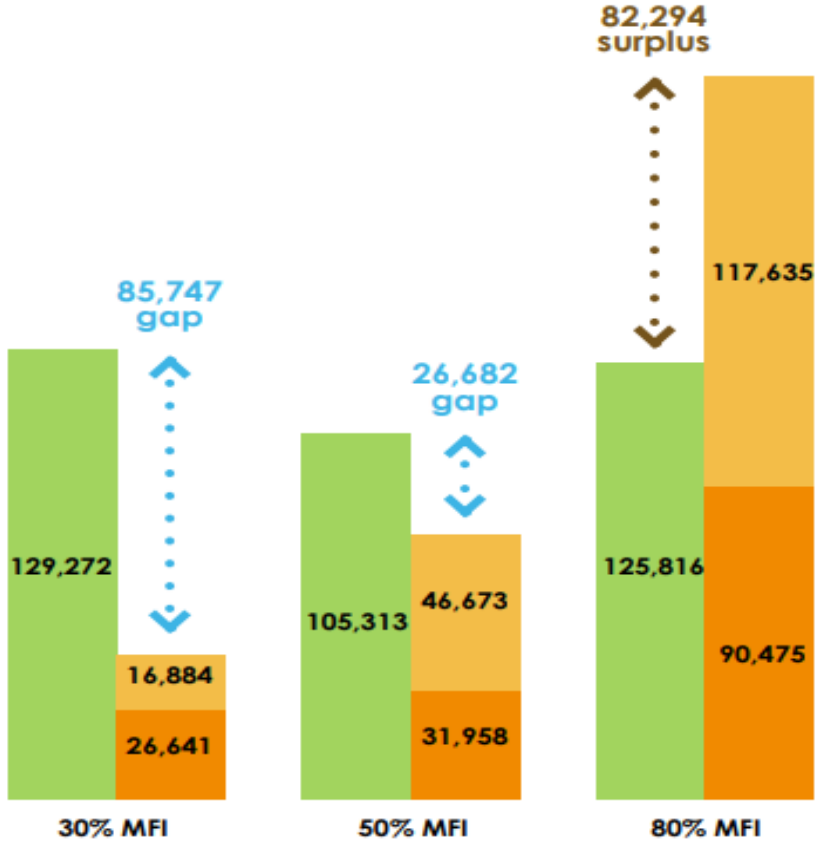
- No Cost Burden: Spending 30% or less of income on housing
- Moderate Cost Burden: Spending 31-50% of income on housing
- Severe Cost Burden: Spending more than 50% of income on housing

SEVERE RENT BURDEN AFFECTS RENTERS ACROSS OREGON

Percent of Renters with Severe Rent Burden



THE SHORTAGE OF AFFORDABLE UNITS IS GREATEST FOR LOWEST INCOME RENTERS



Statewide, over 85,000 new units are needed to house those households earning below 30% of Median Family Income (MFI) in units affordable to them. The gap is even larger when accounting for the more than 16,000 units affordable at 30% of MFI, which are occupied by households at other income levels.

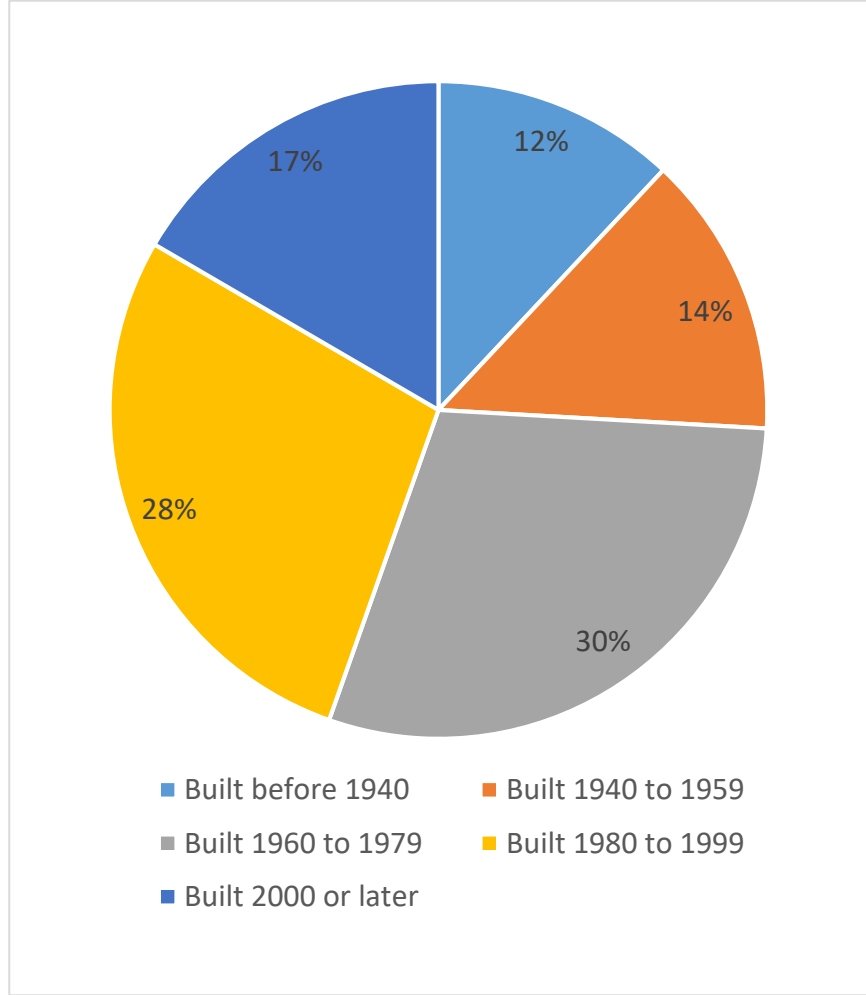
Source: ECONorthwest calculations of PUMS 5-year data, 2011-2015.

- Number of households in each income category needing units
- Number of units affordable to those households and available (either rented to people in that income bracket or vacant)
- Number of units rented at that price point but occupied by a household at a different price point.

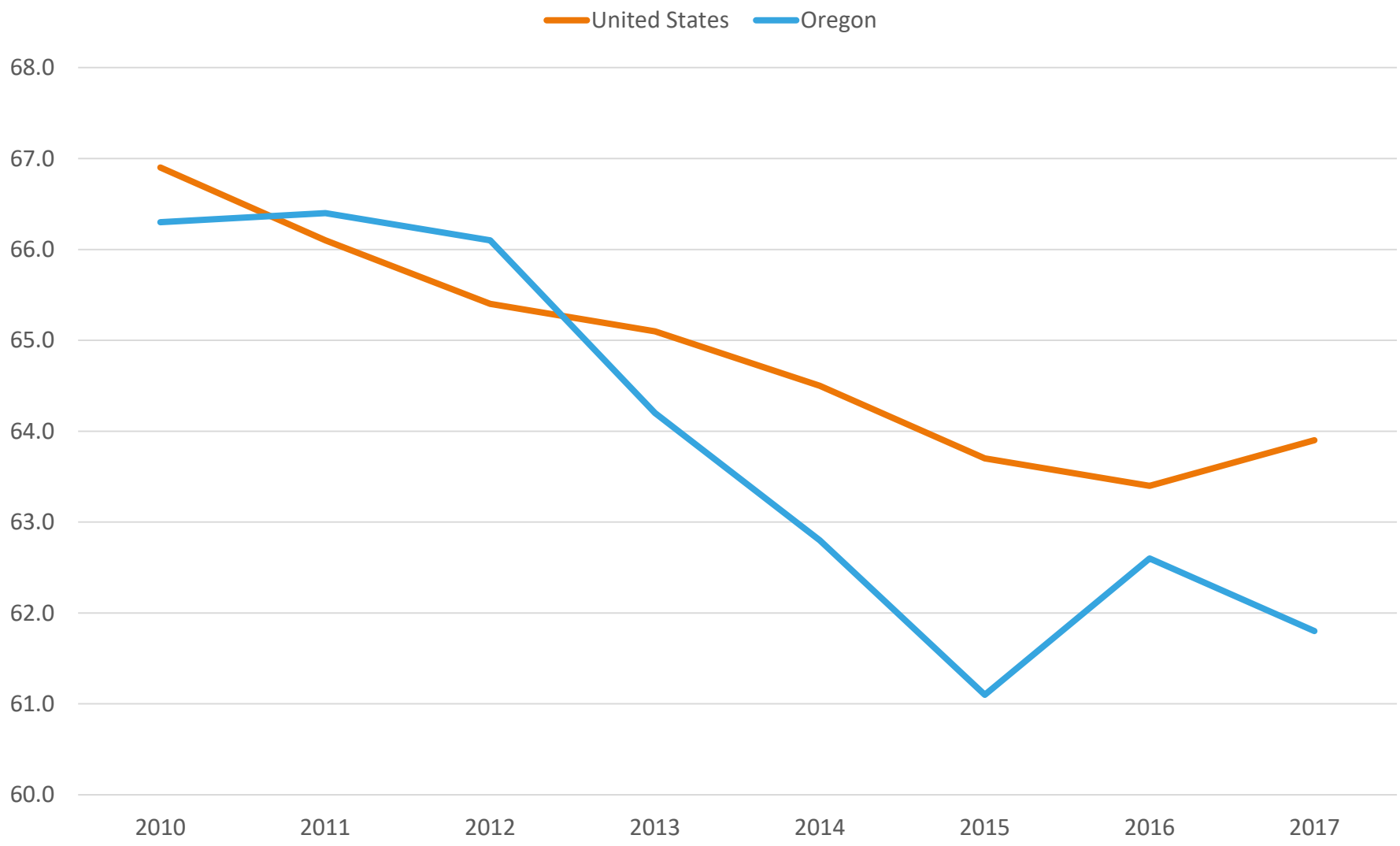


HOUSING CONDITIONS ARE POOR IN MANY PARTS OF OREGON

- Poor housing conditions were reported in our focus groups with low-income Oregonians and agricultural farm workers.
- According to OHA research, children in low-income families are more likely to live in older, substandard housing, which can expose them to environmental toxins and structural hazards that may have negative effects on their health and safety.
- Because of the housing crisis, people feel they have no where to move and they cannot complain about housing conditions.

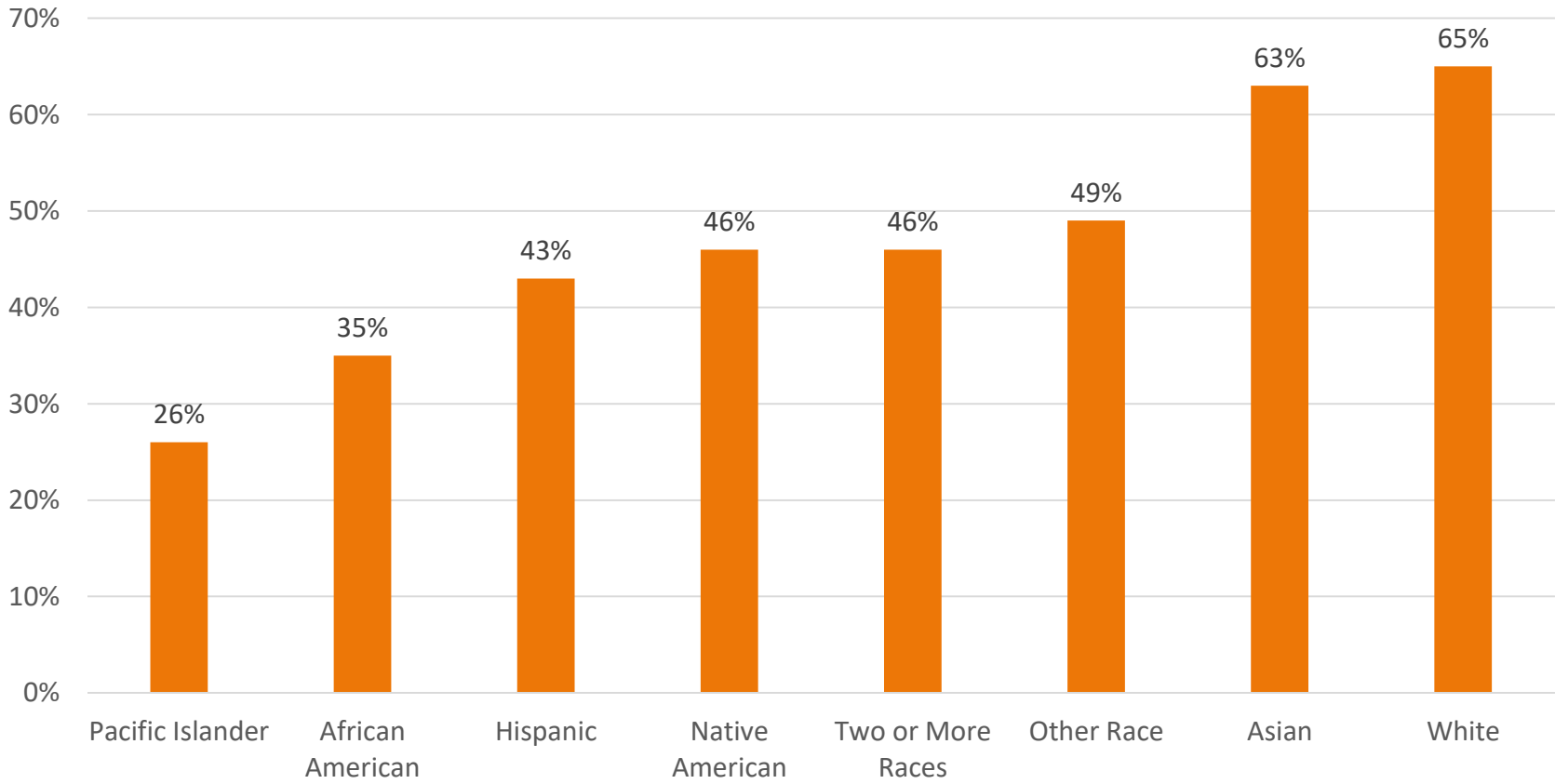


HOMEOWNERSHIP RATES REMAIN LOW IN OREGON



HOMEOWNERSHIP GAP FOR PEOPLE OF COLOR REMAINS LARGE

Oregon Homeownership Rates by Race and Ethnicity, 2017



Source: U.S. Census Bureau, American Community Survey 1-Year Estimates, 2017

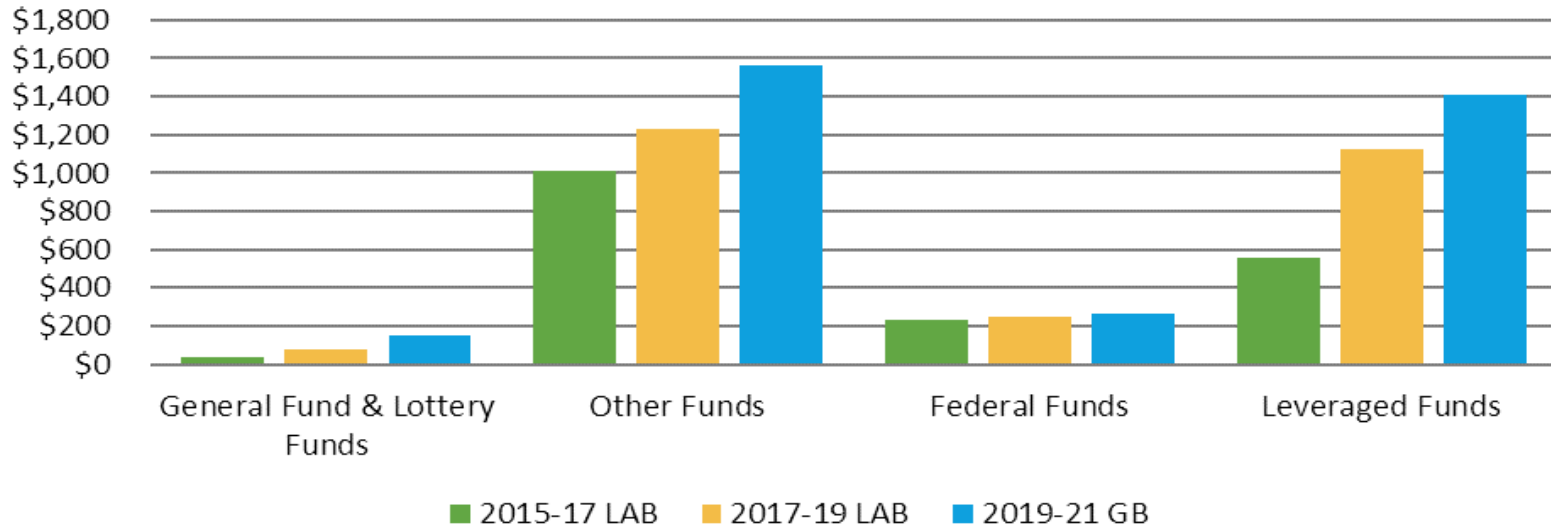


BUDGET SUMMARY

- Budget Summary By Fund Type
- Budget Summary By Usage
- Budget Summary By Program Area
- Organizational Chart
- Budget Drivers and Risks

BUDGET SUMMARY BY FUND TYPE

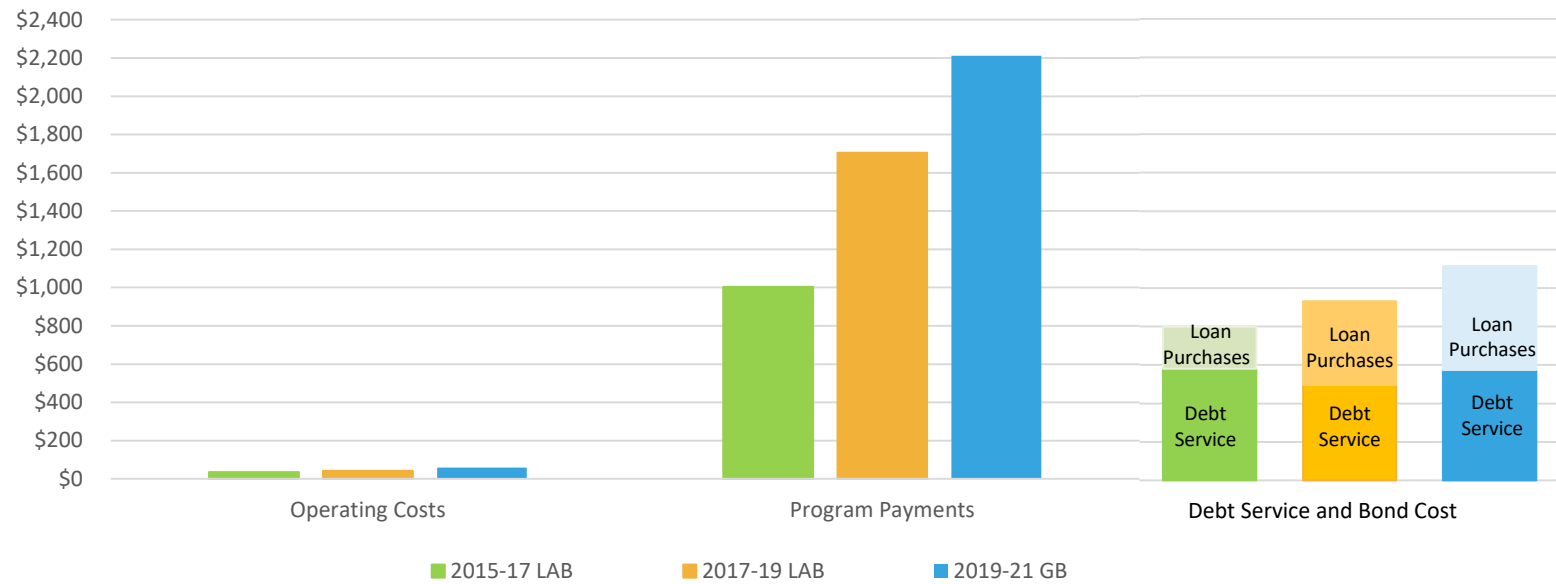
Comparison by Fund Type (in millions)



FUND TYPE	2015-17 LAB	2017-19 LAB	2019-21 GB
General Fund & Lottery Funds	\$40	\$77	\$148
Other Funds	\$1,008	\$1,227	\$1,561
Federal Funds	\$232	\$244	\$267
Leveraged Funds	\$558	\$1,129	\$1,409
All Funds	\$1,839	\$2,677	\$3,385

BUDGET SUMMARY BY USAGE

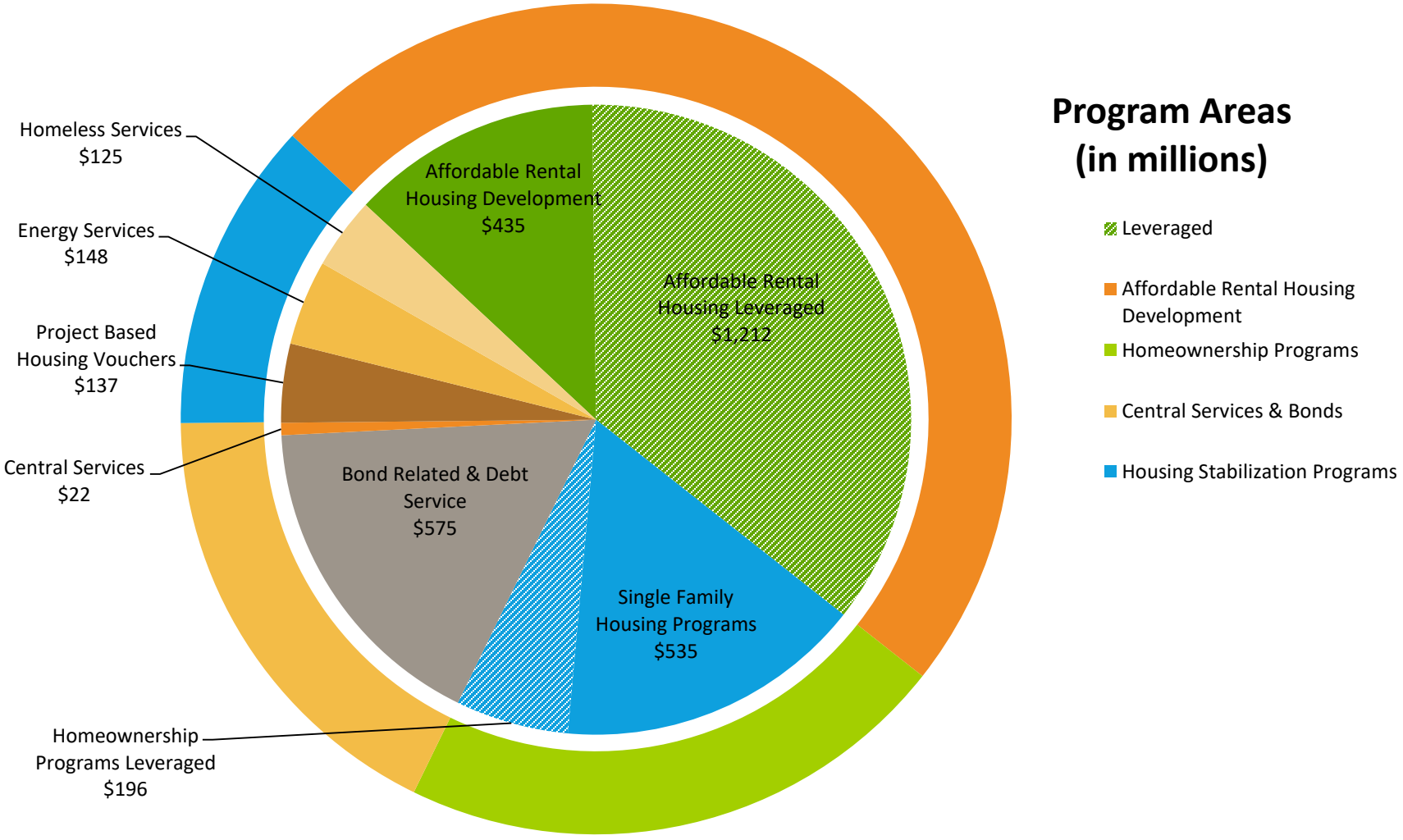
Comparison by Fund Type (in millions)



USAGE	2015-17 LAB	2017-19 LAB	2019-21 GB
Operating Costs	\$35	\$41	\$58
Program Payments	\$1,005	\$1,704	\$2,212
Debt Service and Bond Costs	\$799	\$931	\$1,114
All Funds	\$1,839	\$2,677	\$3,385
Positions/FTE	152 / 138.15	170 / 155.12	217 / 212.75
Operating Cost Percentage	1.92%	1.55%	1.72%



2019-21 BUDGET BY AGENCY PROGRAM AREAS



2019-21 PROPOSED ORGANIZATIONAL CHART

2017-19 LAB

Permanent: 136 Positions / 129.05 FTE

Limited Duration: 33 Pos / 25.82 FTE

Total: 169 Pos / 154.88 FTE

(Positions / FTE)

Director's Office

Central Services

(2 / 2.0)

(3 / 3.0)

2019-21 GB

Permanent: 192 Positions / 190.5 FTE

Limited Duration: 25 Pos / 22.25 FTE

Total: 217 Pos / 212.75 FTE

(Positions / FTE)

Program Unit in italics

Chief Operating Office

Chief Operating Officer

Central Services

(1 / 1.0)

(5 / 5.0)

Human Resources

Central Services

(5 / 5.0)

(8 / 8.0)

Business Support Services

Central Services

(4 / 4.0)

(7 / 7.0)

Information Services Section

Central Services

(5 / 5.0)

(7 / 7.0)

Public Affairs Office

Assistant Director for Public Affairs

Central Services

(9 / 8.63)

(11 / 11)

Chief Financial Office

Chief Financial Officer

Central Services

(7 / 6.92)

(11 / 11.0)

Finance Section

Central Services

(12 / 11.46)

(17 / 17.0)

Affordable Rental Housing Division

Affordable Rental Hsg Assistant Director

Multifamily Rental Housing Programs

(3 / 3.0)

(7 / 7.0)

Multifamily Housing Development

Multifamily Rental Housing Programs

(28 / 23.14)

(31 / 31.0)

Asset Management & Compliance Section

Multifamily Rental Housing Programs

(22 / 20.0)

(26 / 26.0)

Debt Management Section

Bond Activities and Debt Service

(6 / 6.0)

(7 / 7.0)

Housing Stabilization Division

Housing Stabilization Assistant Director

Housing Stabilization Programs

(3 / 2.46)

(4 / 4.0)

Homeless Services Section

Housing Stabilization Programs

(11 / 10.0)

(17 / 17.0)

Energy Services Section

Housing Stabilization Programs

(9 / 8.88)

(13 / 12.0)

HUD Contract Administration Section

Housing Stabilization Programs

(10 / 9.5)

(13 / 12.5)

Homeownership Division

Homeownership Assistant Director

Single Family Housing Programs

(1 / 1.0)

(2 / 2.0)

Single Family Housing Programs

Single Family Housing Programs

(6 / 5.46)

(8 / 8.0)

Homeownership Stabilization

Homeownership Stabilization Initiative

(25 / 21.43)

(20 / 17.25)

Drivers

- Rental housing development “gap” funding enabling unprecedented utilization of federal tax credits and historic levels of housing production
- Rising interest rates provide competitive advantage and increased use of tax-exempt bonds
- Private Activity Bond (PAB) volume cap is projected to become constrained in 2021
- Statewide Housing Plan highlights areas for OHCS to lead initiatives, particularly related to a unified response to the homelessness crisis
- Rewriting contracts for delivery of funds to Community Action Agencies in pursuit of fiscal discipline and outcomes from investments
- Increased state funding provides and leverages significant capital to fund increased cost of operations

Risks

- Uncertainty regarding federal funding, including volatility within tax credit markets
- New legislation and programs are stretching the capacity of existing staff, both from a program delivery and operational support perspective
- Market-oriented programs subject to economic forces
- Industry capacity to develop and build homes

PROGRAM SUMMARY

- Housing Stabilization Programs
- Affordable Rental Housing Programs
- Homeownership Programs
- Central Services

OREGON HOUSING AND COMMUNITY SERVICES CONTINUUM

HOUSING STABILIZATION



AFFORDABLE HOUSING FINANCE



HOMEOWNERSHIP



EQUITY AND RACIAL JUSTICE

CORE PROGRAMS

- Energy Bill Pay Assistance
- Weatherization Programs
- IDA (Asset Building)
- Emergency Housing Assistance
- Low-Income Rental Housing Fund (Rental Assistance)

CORE PROGRAMS

- 9% AND 4% LIHTC
- Permanent Supportive Housing
- LIFT Rental
- Gap Funding
- Oregon Multifamily Energy Program
- Agriculture Worker Housing

CORE PROGRAMS

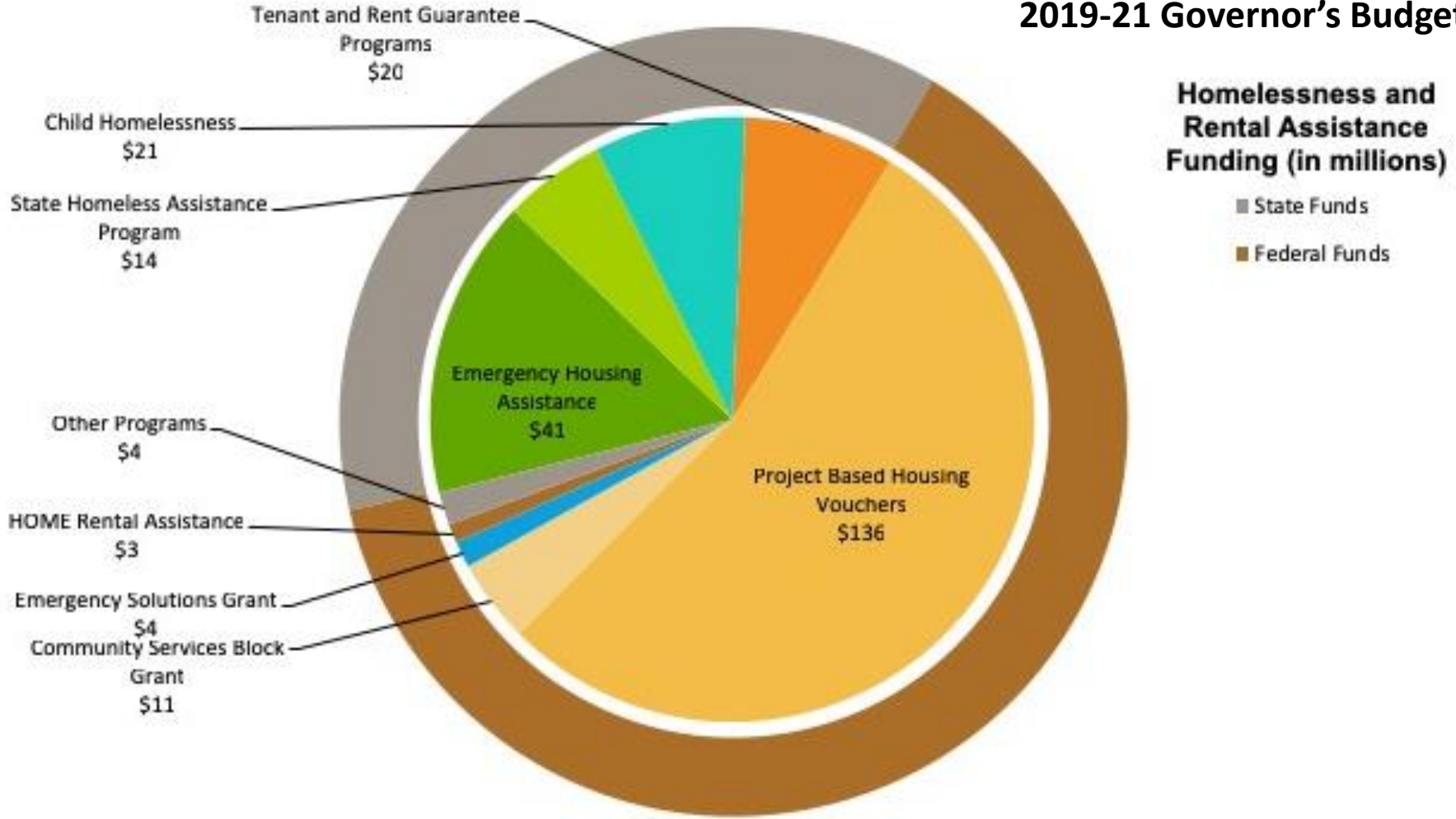
- Home Ownership Assistance Program (HOAP)
- Down Payment Assistance
- Oregon Bonds Residential Loan Program
- Oregon Homeownership Stabilization Initiative
- LIFT Homeownership

Programs designed to stabilize housing for low income Oregonians by providing:

- Homeless Services Programs
 - Homelessness Prevention Services
 - Rapid Re-Housing
 - Shelter
 - Street Outreach
 - Coordinated Entry
- Asset Building Program
 - Individual Development Accounts
- Performance Based Contract Administration (Project-Based Housing Vouchers)

Homelessness Prevention Programs (in millions)			
FUND TYPE	2015-17 LAB	2017-19 LAB	2019-21 GB
General Fund & Lottery Funds	\$21	\$48	\$81
Other Funds	\$21	\$44	\$21
Federal Funds	\$131	\$140	\$159
All Funds	\$173	\$232	\$262
By USAGE			
Operating Costs	\$4	\$5	\$8
Program Payments	\$169	\$228	\$253
All Funds	\$173	\$232	\$262
Positions / FTE	20 / 18.75	21 / 19.5	32 / 31.5
Operating Cost Percentage	2.3%	1.9%	3.2%

2019-21 Governor's Budget



OHCS BY THE NUMBERS

Homeless Services

FUNDING SOURCES

INDIVIDUALS SERVED

2017-2018 Fiscal Years
State Funding
\$28,805,413

2017-2018 Fiscal Years
Federal Funding
\$4,738,831

2017-2018 Total
\$34,018,470

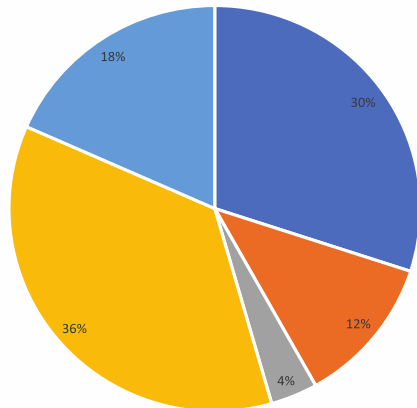
2017-2018
60,952

2019-21 Governor's
Budget State Funding
\$66,028,738

2019-21 Governor's
Budget Federal Funding
\$10,900,150

2019-21 Governor's Budget Total
\$76,928,888

2019-21 Estimates
137,836



Individuals Served with Homeless Services by Project Type

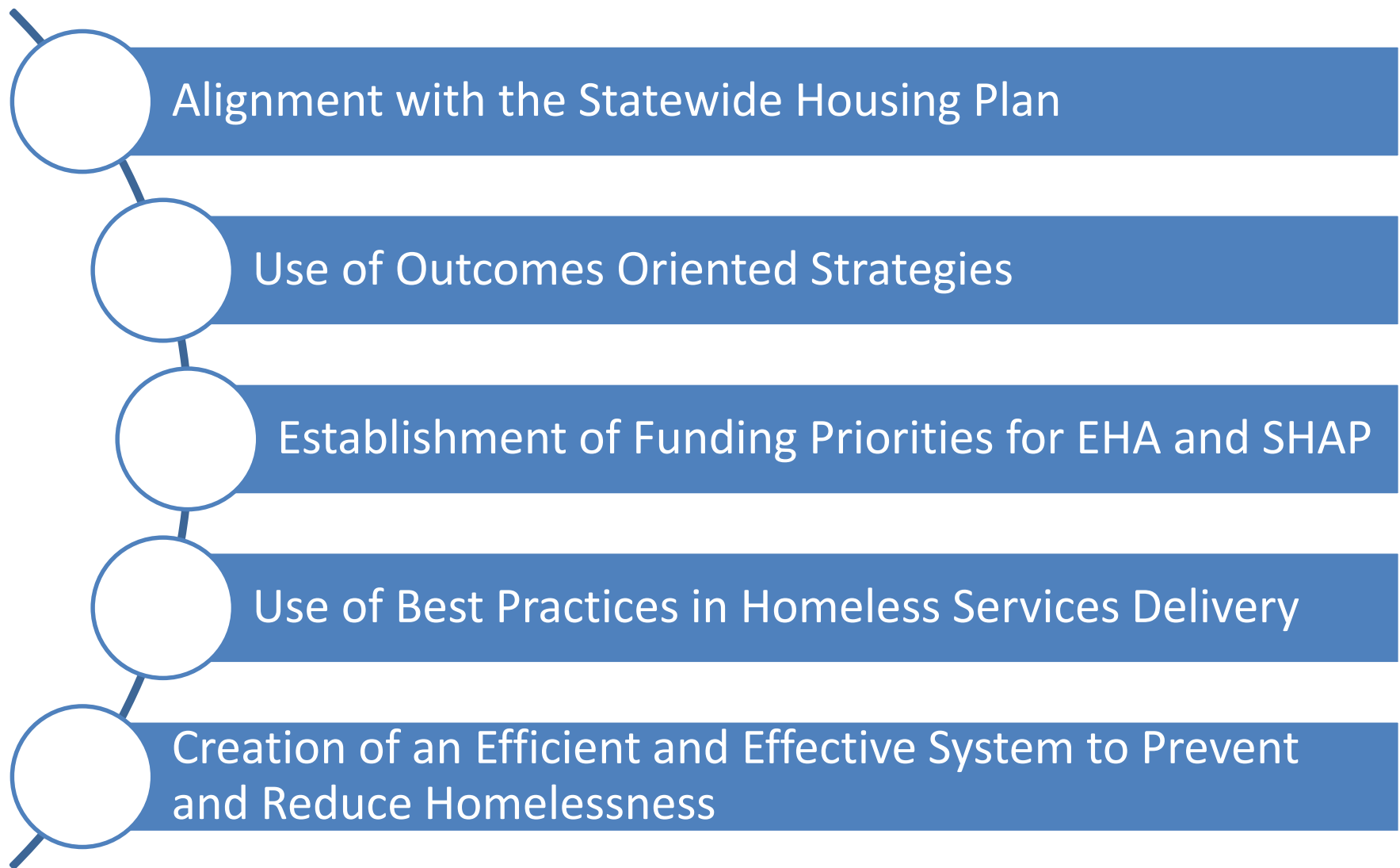
- Street Outreach
- Homeless Prevention
- Rapid Re-Housing
- Emergency Shelter and Transitional Housing
- Other (Coordinated Assessment, Services Only)

EHA & SHAP Real Estate Acquisition/
Rehabilitation or Conversion Projects

\$2,198,256

Includes Family Shelters, Youth Shelter, Day Shelter and
Transitional Housing

7 NEW FACILITIES



Federally funded programs designed to provide rent subsidy payments on behalf of low income or vulnerable households.

HUD Project Based Section 8 Housing Program:

- OHCS administers 257 Project Based Section 8 housing assistance payment contracts providing a total 9,708 apartment units

HUD Section 811 Project Rental Assistance

- Federal funding to develop 75 units with rental assistance vouchers for individuals with severe and persistent mental illness, intellectual/developmental disability in partnership with DHS Office of Developmental Disabilities Services and OHA Addictions and Mental Health Division

NEW - Permanent Support Housing Project Based Housing Vouchers

- General fund transfer from OHA of \$2.5M for up to 6 months of housing vouchers for units built in this biennium

- **Policy Package 101 Essential Program Delivery Staffing Needs**
 - 5 positions (5.5 FTE) to provide a dedicated supervisor, lead policy work geared towards outcome tracking, and ensure compliance in programs serving the lowest income Oregonians
- **Policy Package 104 Dedicated Resources for Tenant and Landlord Education**
 - 1 position (1.0 FTE) and \$20M General Fund to help renters navigate tight rental markets, meet housing needs of domestic violence and sexual assault survivors, enhance renters' access to legal resources, and provide fair housing training to landlords

- **Policy Package 108 Reduce Child Homelessness**
 - 1 position (1.0 FTE) to lead a new, coordinated campaign that unites state agencies, school districts and other organizations with the goal of permanently housing unsheltered families with children
 - \$14M General Fund to support a new program focused on reducing child homelessness by providing families with housing and services
 - The program will be administered in partnership with DHS Family Self Sufficiency, including a \$6.5M Federal Funds increase to the existing Housing Stabilization Program

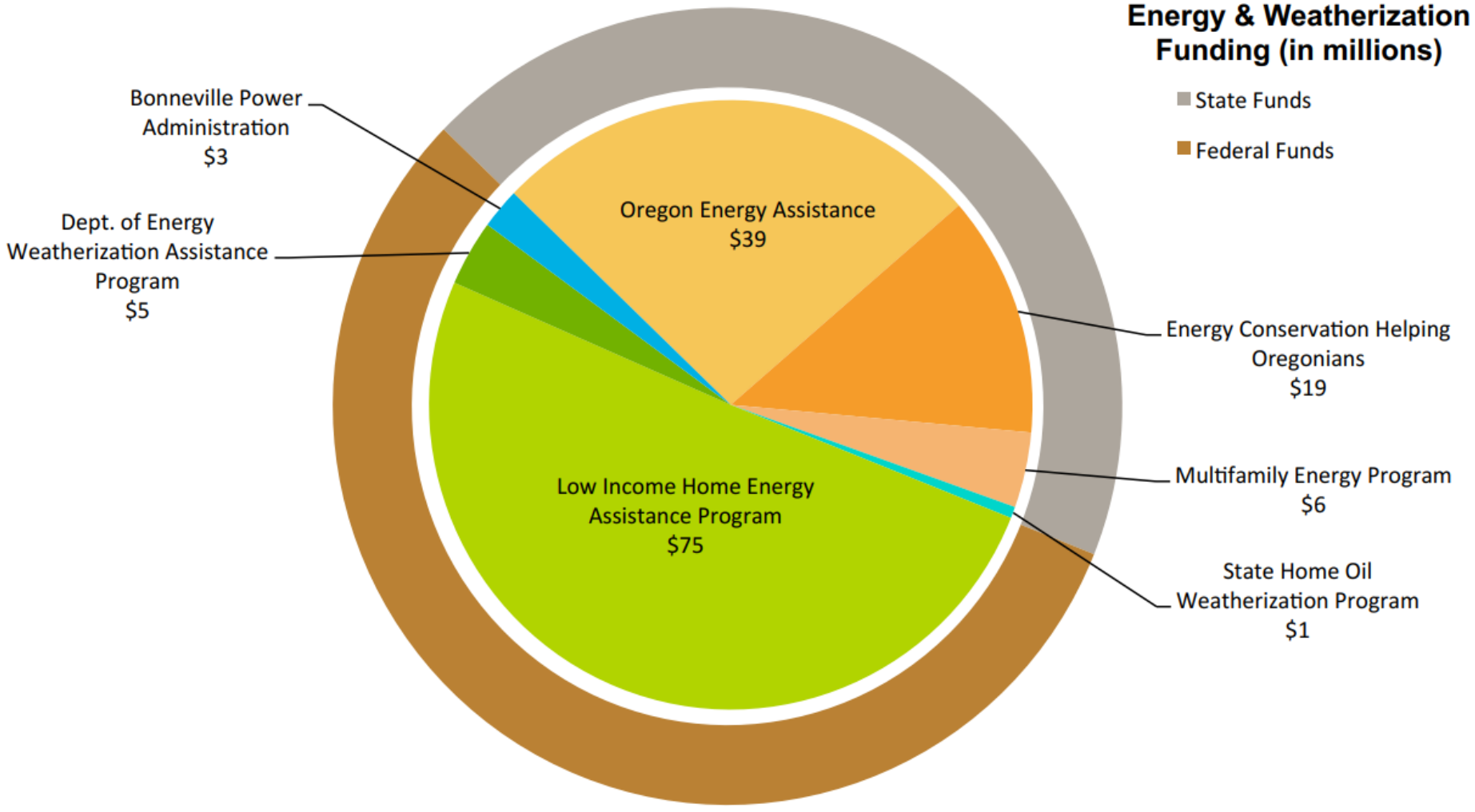
- **Policy Package 109 Permanently Increase Funding for EHA and SHAP**
 - 4 positions (4.0 FTE) to provide program compliance, oversee the acquisition of shelters and transitional housing facilities, and improve data collection procedures and systems
 - \$34M General Fund increase to provide stable funding at \$50M per biennium. This level of funding will provide services to approximately 70,250 people

- Energy Services
 - Energy bill payment assistance
 - Home weatherization for low-income households

Energy Programs (in millions)			
FUND TYPE	2015-17 LAB	2017-19 LAB	2019-21 GB
Other Funds	\$58	\$60	\$65
Federal Funds	\$76	\$80	\$83
All Funds	\$134	\$140	\$148
By USAGE			
Operating Costs	\$2	\$5	\$6
Program Payments	\$132	\$136	\$142
All Funds	\$134	\$140	\$148
Positions / FTE	8 / 8.0	11 / 10.88	15 / 14.0
Operating Cost Percentage	1.7%	3.3%	3.8%

2019-21 Governor's Budget

Energy & Weatherization Funding (in millions)



OHCS BY THE NUMBERS

Energy and Weatherization Services

WEATHERIZATION FUNDING		HOMES WEATHERIZED		ENERGY BILL PAY ASSISTANCE FUNDING		HOUSEHOLDS SERVED	
2017 & 2018 Fiscal Years Total		Fiscal Years		2017 & 2018 Fiscal Years Total		2017-2018	
\$41,679,556		4,785		\$105,190,639		151,062	
2019-21 Governor's Budget Total		2019-21 Estimates		2019-21 Governor's Budget Total		2019-21 Estimates	
\$40,626,491		4,664		\$101,099,445		145,187	

Total weatherized homes:

4,785

1,996 Multi-family Homes Weatherized

2,789 Single-family Homes Weatherized

\$2,344,204 Projected Annual Energy Savings

Energy Bill Payment Assistance Total Households

151,062

372,241 Individuals served

Prevented Disconnections
86,193 Households assisted

Restored Utility
8,139 Households assisted



- **Policy Package 101 Essential Program Delivery Staffing Needs**
 - 2 positions (2.5 FTE) to provide a dedicated supervisor and ensure monitoring and compliance in programs serving low income Oregonians
- **Policy Package 114 Ensure Healthy Homes for Vulnerable Populations**
 - 1 position (0.5 FTE) to incorporate health outcomes into energy programs to maximize the effectiveness of scarce resources
- **Policy Package 115 Establish a Platform to Replace Distressed Manufactured Housing**
 - 1 position (0.5 FTE) to accelerate replacement of aging manufactured homes and support healthy housing goals

OHCS BY THE NUMBERS

Individual Development Account (IDA)

Since 2008
more than
13,000
Oregon residents
have opened IDAs.

Together, participants have saved more than
\$23 million

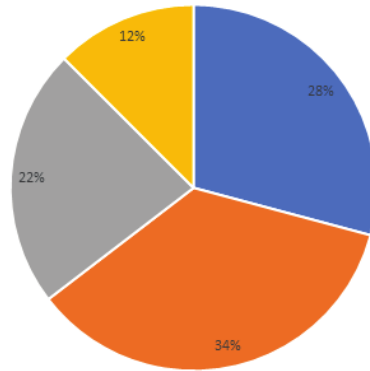
\$37 million in matching funds
have been distributed to approximately
7,000 program completers
for asset investments.

All participants are provided
opportunities for training and support
to build their financial capability.

Oregon IDA Participants			
2017-2018 Graduates	Average Total Deposit	Average Match Earned	State Tax Credit Investment
2,248	\$2,257	\$5,480	\$15M

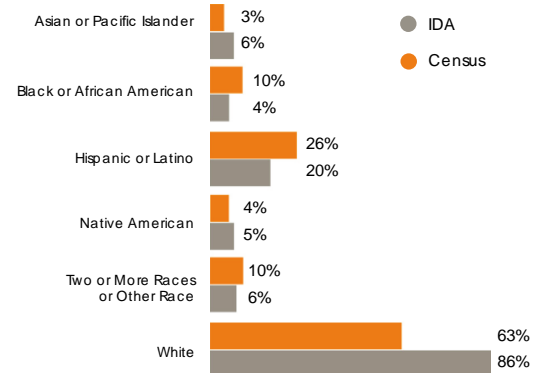
How Oregonians Use IDA's, 2018

* Other Activities include Assistive Technology (7%), Home Renovation (6%), Vehicle (3%), Rental (1%) and Retirement (0.4%)



- Home Purchase
- Education
- Microenterprise
- Other

IDAs reach communities of color

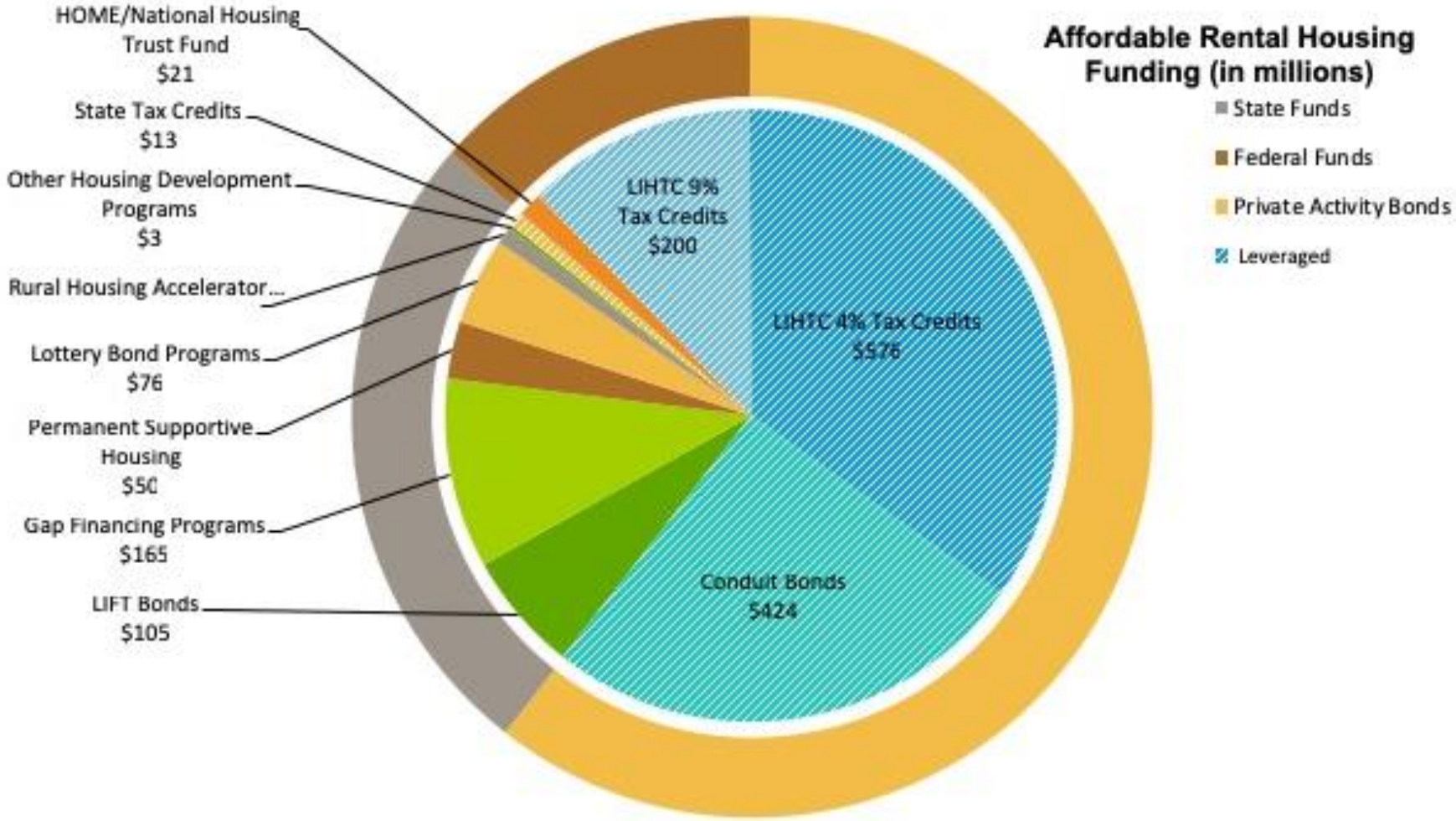


Source: 2017 Oregon Individual Development Account Initiative Evaluation Report

- Programs designed to increase and retain the stock of affordable rental housing opportunities:
 - Multifamily Housing Development
 - Asset Management and Compliance

Multifamily Housing Programs (in millions)			
FUND TYPE	2015-17 LAB	2017-19 LAB	2019-21 GB
General Fund & Lottery Funds	\$0	\$2	\$16
Other Funds	\$81	\$111	\$246
Federal Funds	\$15	\$21	\$21
Leveraged Funds	\$493	\$1,064	\$1,212
All Funds	\$589	\$1,197	\$1,495
By USAGE			
Operating Costs	\$9	\$11	\$17
Program Payments	\$580	\$1,186	\$1,479
All Funds	\$589	\$1,197	\$1,495
Positions / FTE	35 / 34.67	53 / 45.06	64 / 64.0
Operating Cost Percentage	1.6%	0.9%	1.1%

2019-21 Governor's Budget



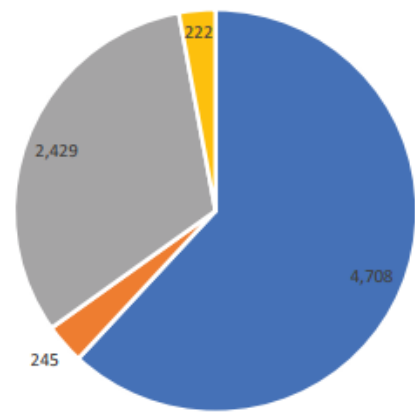
OHCS BY THE NUMBERS

Affordable Rental Housing

FUNDING SOURCES

2017 & 2018 Calendar Years State Funding	2017 & 2018 Calendar Years Federal Funding	2017 & 2018 Calendar Years Leveraged Funds	2017 & 2018 Total
\$169,517,583	\$10,210,232	\$975,023,684	\$1,154,751,499

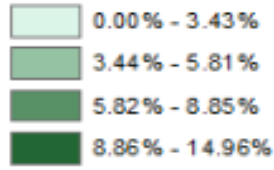
2019-21 Governor's Budget State Funding	2019-21 Governor's Budget Federal Funding	2019-21 Governor's Budget Leveraged Funds	2019-21 Estimate
\$312,340,343	\$20,497,489	\$1,212,300,000	\$1,545,137,382



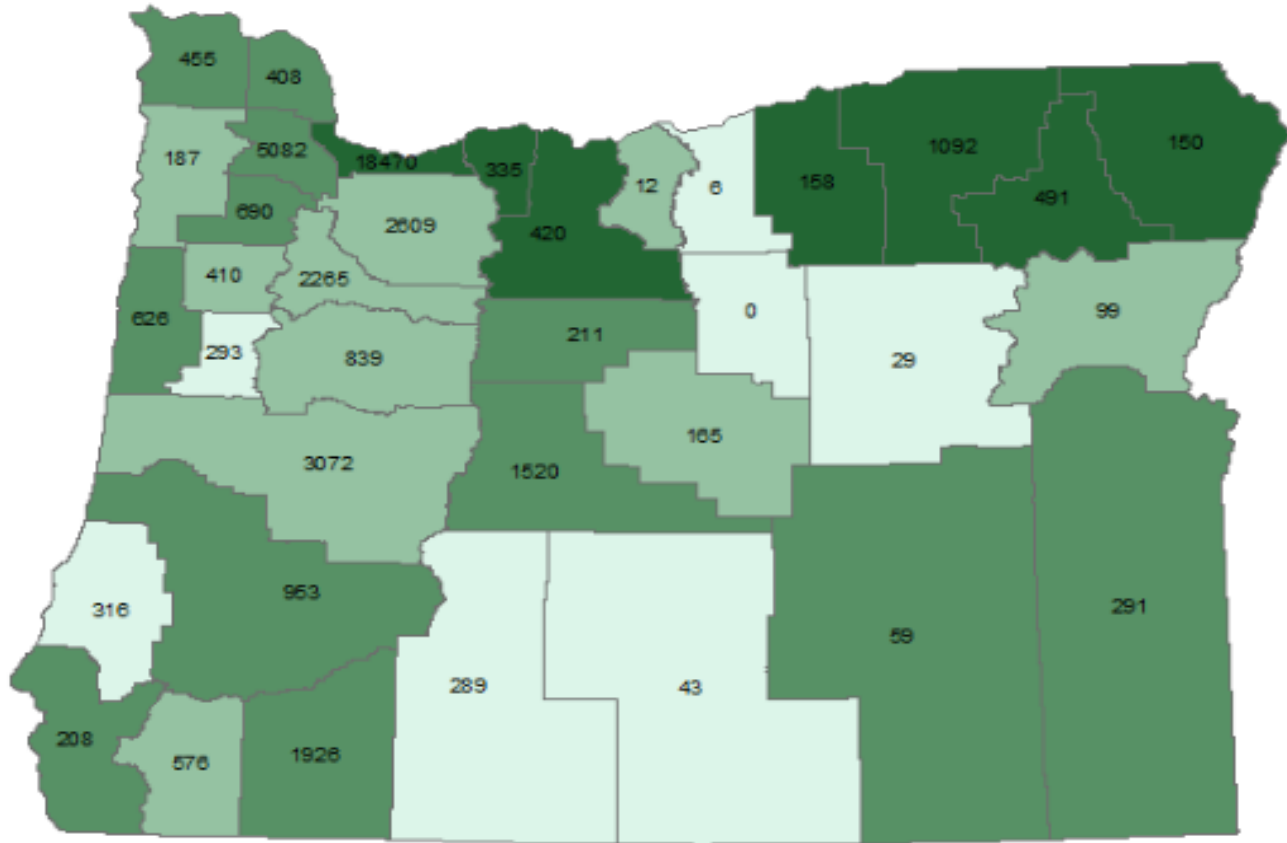
7,604 Homes Funded in 2017 and 2018 (Homes Funded By Type)

- Homes Funded to be Produced
- Homes Funded to be Preserved
- Homes Funded for Acquisition/Rehabilitation
- Manufactured Park Spaces Funded to be Preserved

OHCS Units as a Percentage of Total Rental Units



44,755 Total OHCS Units



- **Policy Package 101 Essential Program Delivery Staffing Needs**
 - 13 positions (13.5 FTE) to provide supervisory oversight, promote equity in OHCS' real estate contracting, align program policies and ensure efficacy and efficiency, reduce financial risk in the department's portfolio, ensure compliance monitoring of affordable housing projects
- **Policy Package 103 Targeted Resources for Permanent Supportive Housing**
 - Invests \$50M in Article XI-Q bonds general obligation bond proceeds to build up to 500 units of permanent supportive housing
 - Coupled with \$4.5M in OHA's budget for up to 6 months of services and rent assistance once the units are built

PSH Components

- PSH Unit
One-time funding
- Operations/Rent Subsidy
Annual funding
- Supportive Services
Annual funding



PSH Cost Comparisons

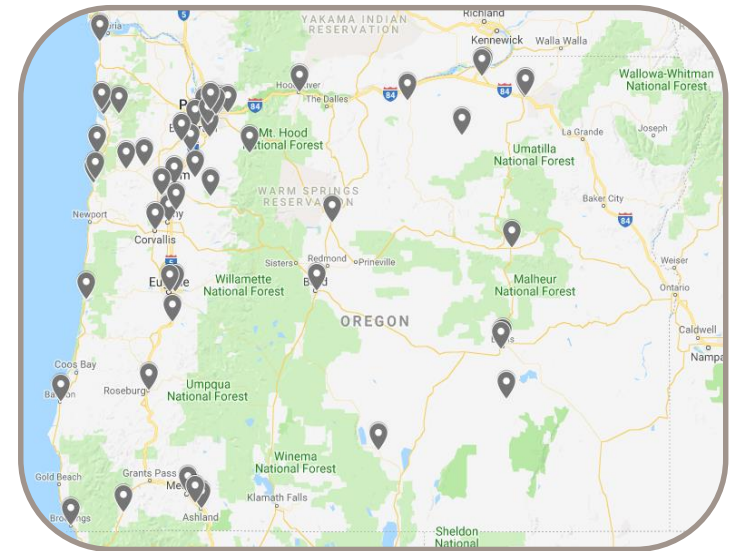
Intervention	2018 Cost	Duration
State Hospital Stay	\$800	Per night
Emergency Room	\$500	Per average visit
County Jail	\$125	Per night
PSH	\$59-64	Per night

*Bud Clark Commons residents saw a **45% reduction in healthcare costs** a year after moving into Permanent Supportive Housing*

- **Policy Package 105 Create a Greater Oregon Housing Accelerator**
 - 1 position (1.0 FTE) to facilitate partnerships and administer program that address the underproduction of housing in Oregon’s rural communities
 - \$15M General Fund for workforce housing construction, land acquisition, infrastructure financing, incentives to developers, and technical assistance

Workforce Housing Initiative Pilots

1. Donald: GK Machine and the City of Donald
2. **Pacific City: Nestucca Ridge Development**
3. Warm Springs: Jefferson County School District
4. Harney County: Community Response Team
5. Lincoln County: Proud Ground



31 Applications

Pacific City: Nestucca Ridge Development

In Pacific City, Nestucca Ridge Development, the locally-owned parent company of Pelican Brewing Company, will construct 12 homes on several acres they currently own. They will pre-lease six of those to their local employees, over half of whom currently commute from outside of Tillamook County. Pacific City is currently engaged in local land use processes and approvals. OHCS will be drafting and executing agreements once these local procedures are finalized.

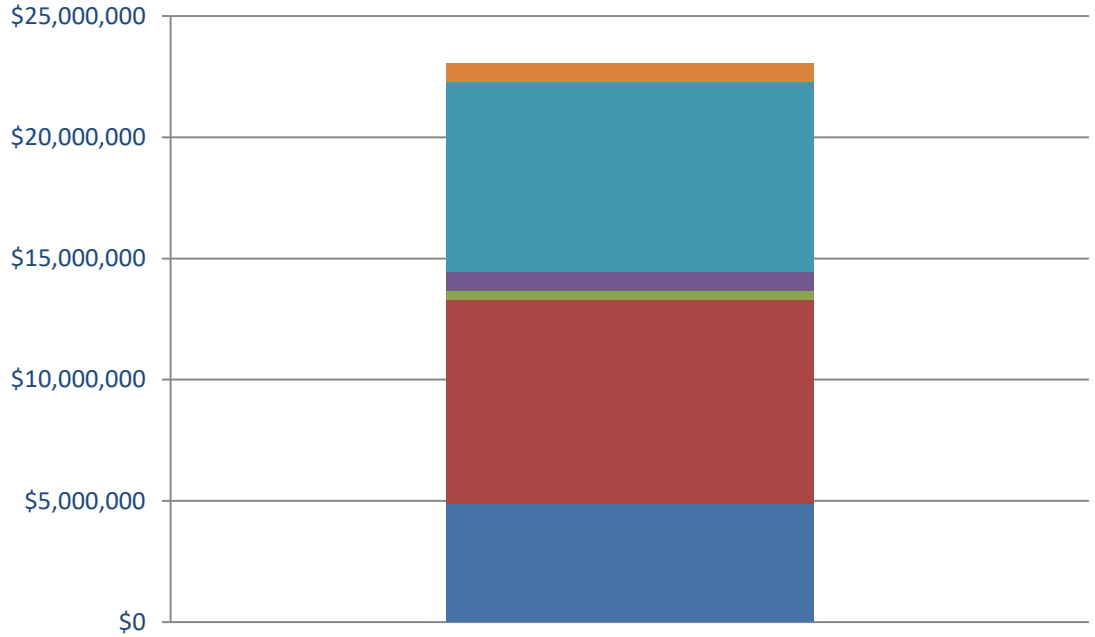


- **Policy Package 107 Local Innovation and Fast Track Housing**
 - 3 positions (3.0 FTE) to ensure compliance with issuance of bonds, allocation of federal tax credits, and Oregon statutory requirements included in LIFT transactions
 - \$130M Article XI-Q bonds for rental housing development to create 1,700 to 2,100 affordable homes for both renters and home owners

Cornerstone Apartments

Salem

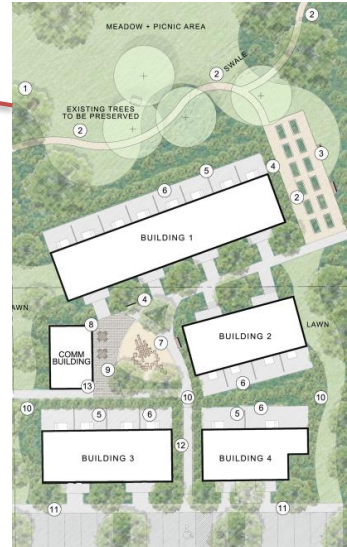
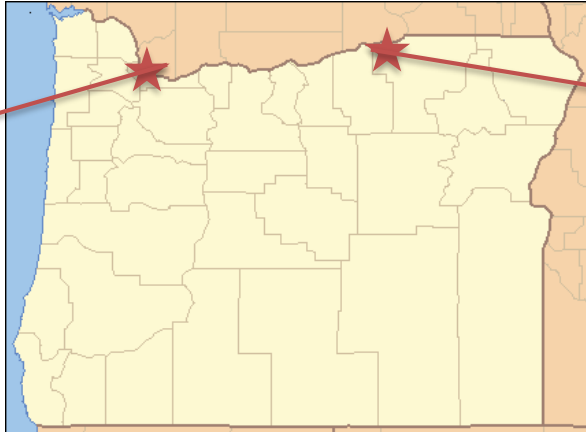
- 180 units a 60% AMI
- Serving communities of color
- 36 units to serve DHS clients
- LIFT: \$4,877,919
- 4% LIHTC: \$883,272



- Deferred Developer Fee
- Long Term Bonds (Permanent Debt)
- Private Grant
- City HOME
- Leveraged Tax Credit Equity
- OHCS LIFT

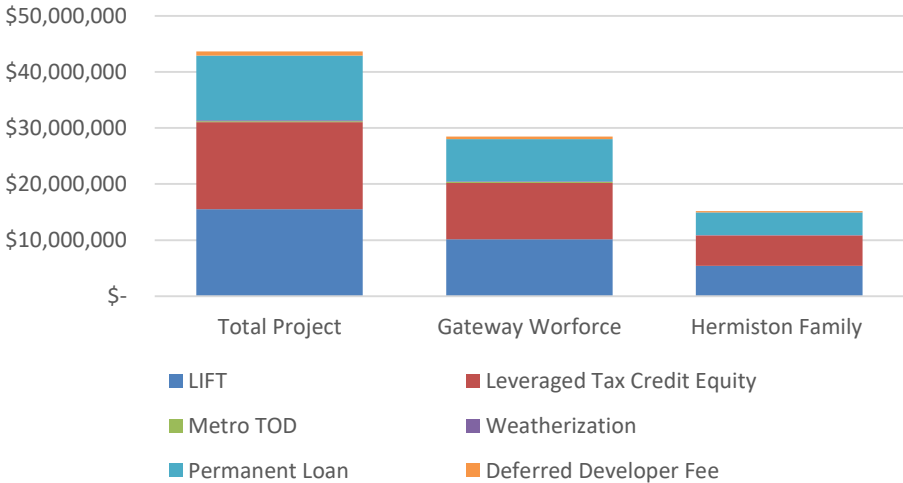
Gateway Workforce & Hermiston Family Housing Projects

Hermiston and Portland

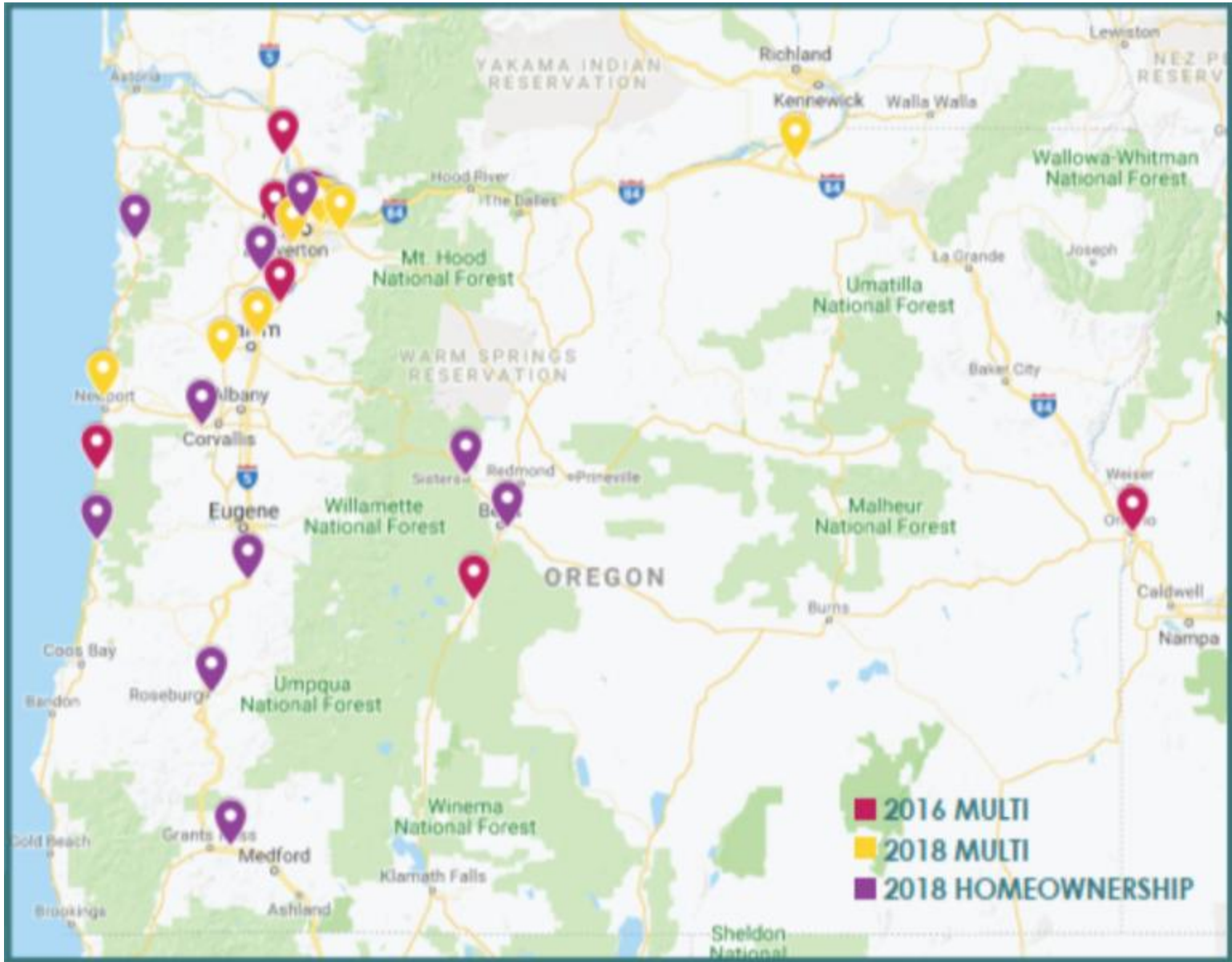


By funding these two sites in one transaction, LIFT resources are able to leverage tax credit investment to help fund a small rural & larger urban project

- 207 units at 60% MFI
 - 159 units in Portland
 - 48 units in Hermiston
- \$15,525,000 in LIFT Loan
- \$15,505,789 in Leveraged Tax Credit Equity



AFFORDABLE RENTAL HOUSING FINANCE – BUDGET CHANGES



LIFT Project Locations



- **Policy Package 110 Preserve Existing Affordable Housing**
 - \$25M in Lottery-backed bond proceeds to preserve up to 400 units of:
 - housing developments with federal rent subsidies
 - manufactured home parks, and
 - housing with expiring rent and income restrictions
- **Policy Package 111 Acquire & Ensure Affordability of Market Rate Housing**
 - \$15M in Lottery-backed bond proceeds to establish a revolving fund for the acquisition of approximately 450 units of private market rental housing stock that is naturally affordable to households.

Ya Po Ah Terrace

Eugene

- 222 units
- Elderly/disabled housing
- 9% LIHTC: \$1,479,000
- 4% LIHTC: \$ 1,116,997
- GHAP: \$518,491
- HPF: \$650,000



OHCS funded Ya Po Ah Terrace as a preservation project using a complex and unique combination of federal, state and local funding which leveraged 4% LIHTC and 9% LIHTC resources as well as state Document Recording Fee (GHAP) resources and lottery bond proceeds (Housing Preservation Fund/HPF). This 18-story building represents nearly a third of all affordable housing for seniors in Eugene and was a critical community resource to preserve.

Oak Leaf Mobile Home Park Portland

- 33 spaces at 80% AMI
- OAHTC: \$250,000
- GHAP: \$1.2 million



OHCS helped the low income residents of Oak Leaf Mobile Home Park preserve and improve their community. OHCS contributed just over \$1 million in state Document Recording Fee (GHAP) and Oregon Affordable Housing Tax Credit (OAHTC) resources, which leveraged federal Community Development Block Grant (CDBG) funds from the City of Portland and a private lender to preserve a 34 unit park through a purchase by a nonprofit organization. The restoration of the Park is now underway and residents will be protected from rent increases.

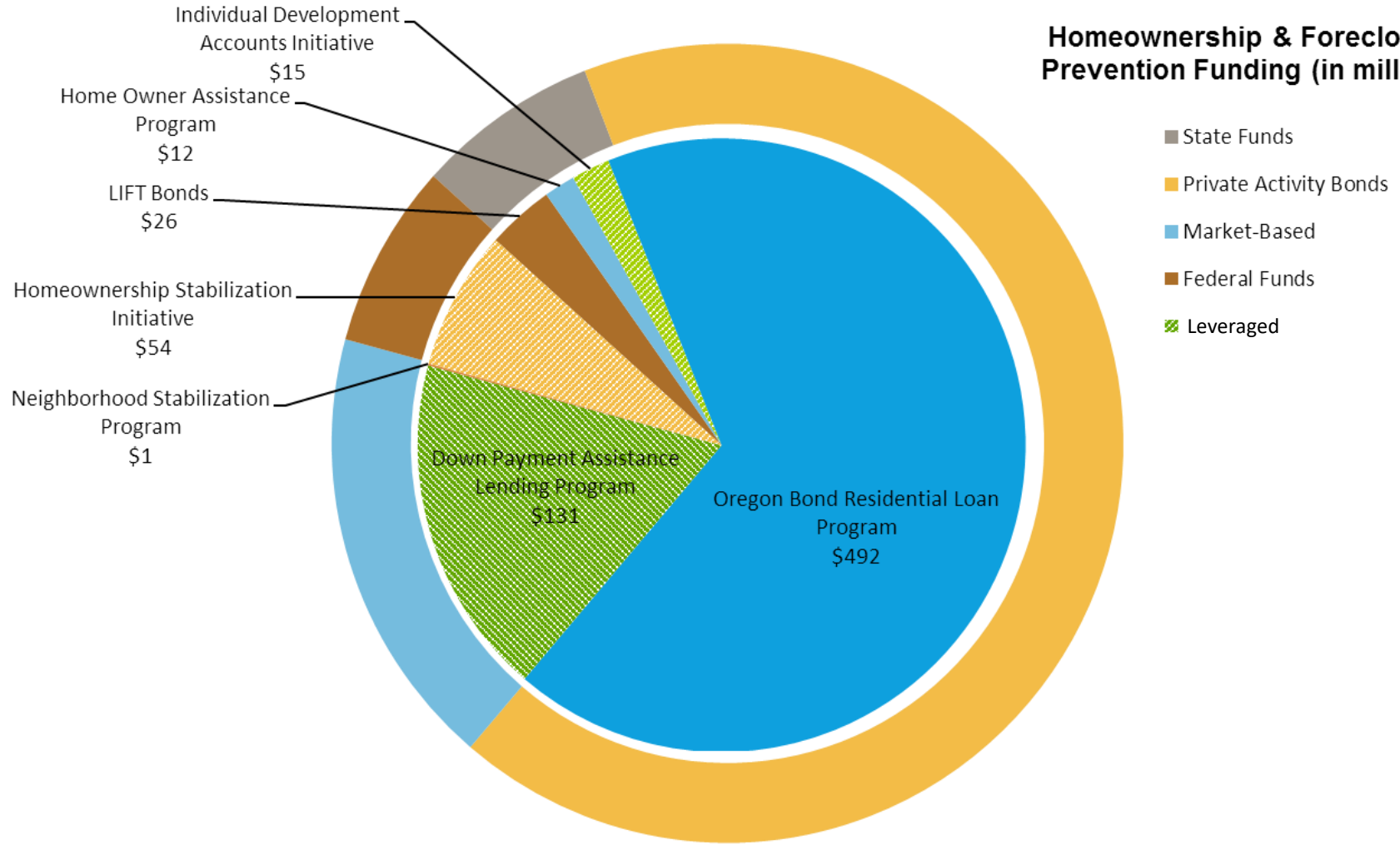
- Programs designed to promote homeownership and prevent foreclosures:
 - Single family homeownership lending and development
 - Oregon Homeownership Stabilization Initiative

Homeownership Programs (in millions)			
FUND TYPE	2015-17 LAB	2017-19 LAB	2019-21 GB
General Fund & Lottery Funds	\$4	\$1	\$0
Other Funds	\$225	\$464	\$534
Federal Funds	\$3	\$1	\$1
Leveraged Funds	\$65	\$65	\$196
All Funds	\$297	\$531	\$731
By USAGE			
Operating Costs	\$4	\$6	\$6
Program Payments	\$293	\$526	\$725
All Funds	\$297	\$531	\$731
Positions / FTE	32 / 20.67	33 / 28.39	30 / 27.25
Operating Cost Percentage	1.5%	1.1%	0.8%

HOMEOWNERSHIP AND FORECLOSURE PREVENTION PROGRAMS

2019-21 Governor's Budget

Homeownership & Foreclosure Prevention Funding (in millions)



OHCS BY THE NUMBERS

Homeownership

FUNDING SOURCES	COUNSELING & EDUCATION CLIENTS	DOWNPAYMENT ASSISTANCE RECIPIENTS	HOMES PURCHASED
2017 & 2018 Fiscal Years State Funding \$4,155,780	2017 & 2018 Fiscal Years 8,115	2017 & 2018 Fiscal Years 231	2017 & 2018 1,513
2019-21 Governor's Budget State Funding \$7,856,325	2019-21 Estimates 8,500	2019-21 Estimates 268	2019-21 Estimates 1,600

2017-2018 Fiscal Years
Total Mortgage Loans

1,204

Total Loan
\$253,046,442

Average Loan Amount
\$210,171

2018 Total LIFT Homeownership Units
(New program in 2018)

84

Total LIFT Homeownership Funding
\$5,580,000



OHCS BY THE NUMBERS

Foreclosure Prevention

HOMEOWNERSHIP STABILIZATION INITIATIVE (OHSI) 2017 & 2018 FEDERAL FUNDING

Loan Preservation Assistance (LPA) 2017 & 2018 Total Funds Issued	Mortgage Payment Assistance (MPAT) 2017 & 2018 Total Funds Issued	Principal Reduction/Loan Extinguishment (PRLE)* 2018 Total Funds Issued
\$27,288,462	\$19,679,877	\$670,800

Number of Homeowners enrolled in 2017 & 2018	Number of Homeowners enrolled in 2017 & 2018	Number of Homeowners enrolled in 2018
2,536	1,741	13

*PRLE is a new program in 2018

- **Policy Package 101 Essential Program Delivery Staffing Needs**
 - 1 limited duration position (1.0 FTE) to provide executive level leadership
- **Policy Package 112 Create a Down Payment Assistance Lending Program**
 - 1 position (1.0 FTE) to administer new homeownership program that leverages private sector capital
- **Policy Package 116 Continue the Oregon Homeownership Stabilization Initiative**
 - 20 limited duration positions (17.25 FTE) to conclude the department's successful OHSI program

Central Services includes:

- Director's Office
- Public Affairs Office
- Chief Operating Office
- Chief Financial Office

Central Services (in millions)			
FUND TYPE	2015-17 LAB	2017-19 LAB	2019-21 GB
General Fund & Lottery Funds	\$3	\$1	\$0
Other Funds	\$14	\$12	\$18
Federal Funds	\$8	\$3	\$3
All Funds	\$25	\$15	\$22
By USAGE			
Operating Costs	\$16	\$15	\$22
Program Payments	\$9	\$0	\$0
All Funds	\$25	\$15	\$22
Positions / FTE	48 / 47.06	47 / 45.8	69 / 69.0
Operating Cost Percentage	62.2%	99.5%	100.0%

- Policy Package 102 Essential Agency Support Staffing Needs - 24 positions (24.0 FTE) to support the agency by:
 - Ensuring compliance in human resources business practices and pay equity, internal and external audits and monitoring reviews, fiscal oversight and risk mitigation related to significant expansion of funds administered
 - Process transactions related to development of contracts and grants, increased administrative support and associated supervision, and support of existing IT systems
 - Stakeholder engagement to better integrate OHCS resources with other state, federal and local resources
 - Strategic planning including improved metrics and monitoring against Statewide Housing Plan and other key goals

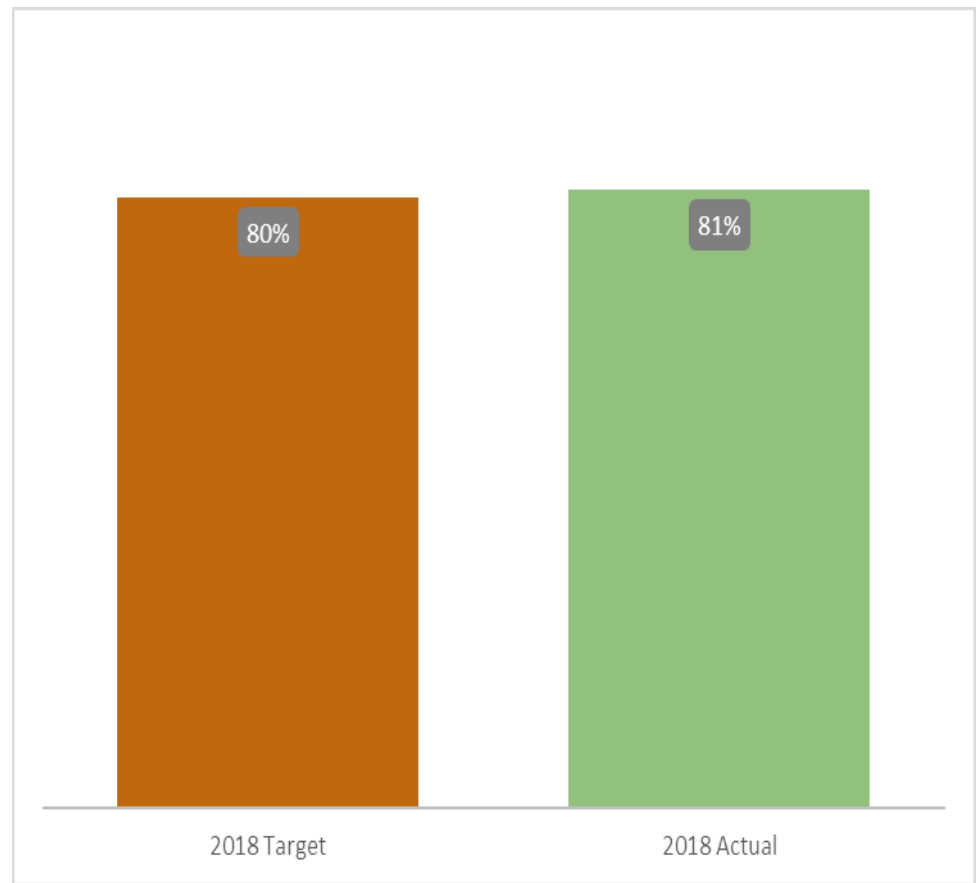
KEY PERFORMANCE MEASURES

KEY PERFORMANCE MEASURES

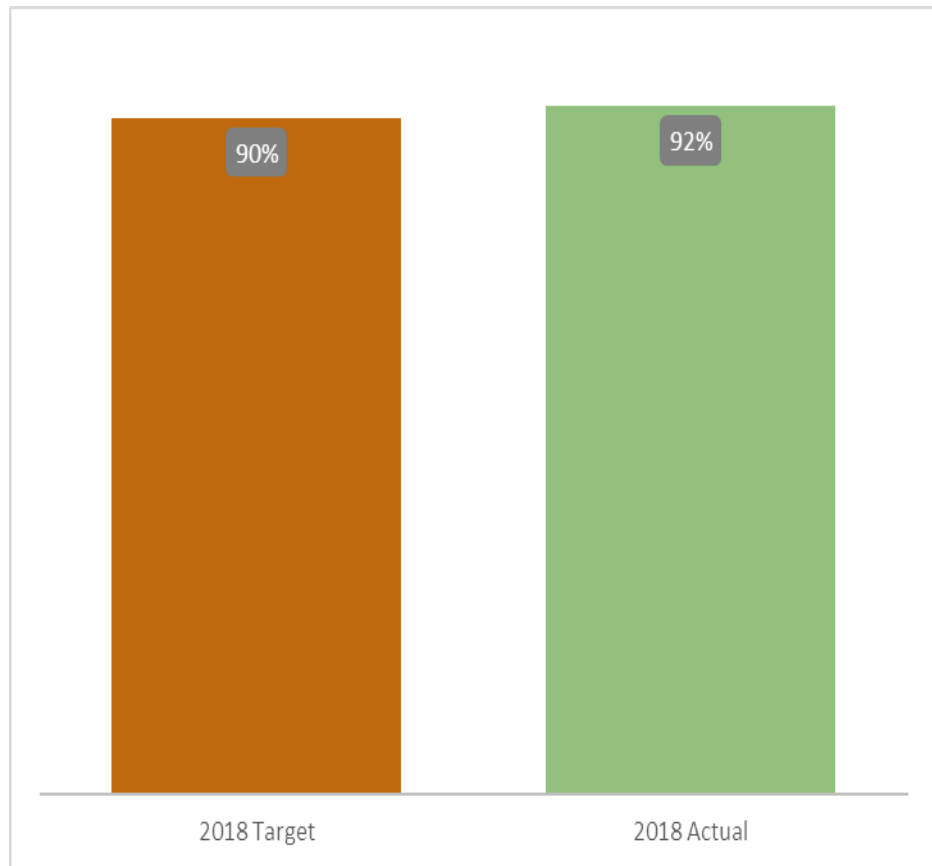
KPM #	Area
1	Homeless Services: Preventing and Ending Homelessness
2	Energy Services: Energy Assistance
3	Multifamily Housing: Affordable Rental Housing (incomes served)
4	Multifamily Housing: Affordable Rental Housing (special needs populations)
5	Multifamily Housing: Affordable Rental Housing (construction costs)
6	Multifamily Housing: Affordable Rental Housing (high opportunity areas)
7	Single Family Housing: Homeownership (incomes served)
8	Single Family Housing: Homeownership (serving people of color)
9	Agency: Customer Service

KPM 1: REDUCING HOMELESSNESS

- Percentage of homeless households who exited into permanent housing and retained that housing for six months or longer.

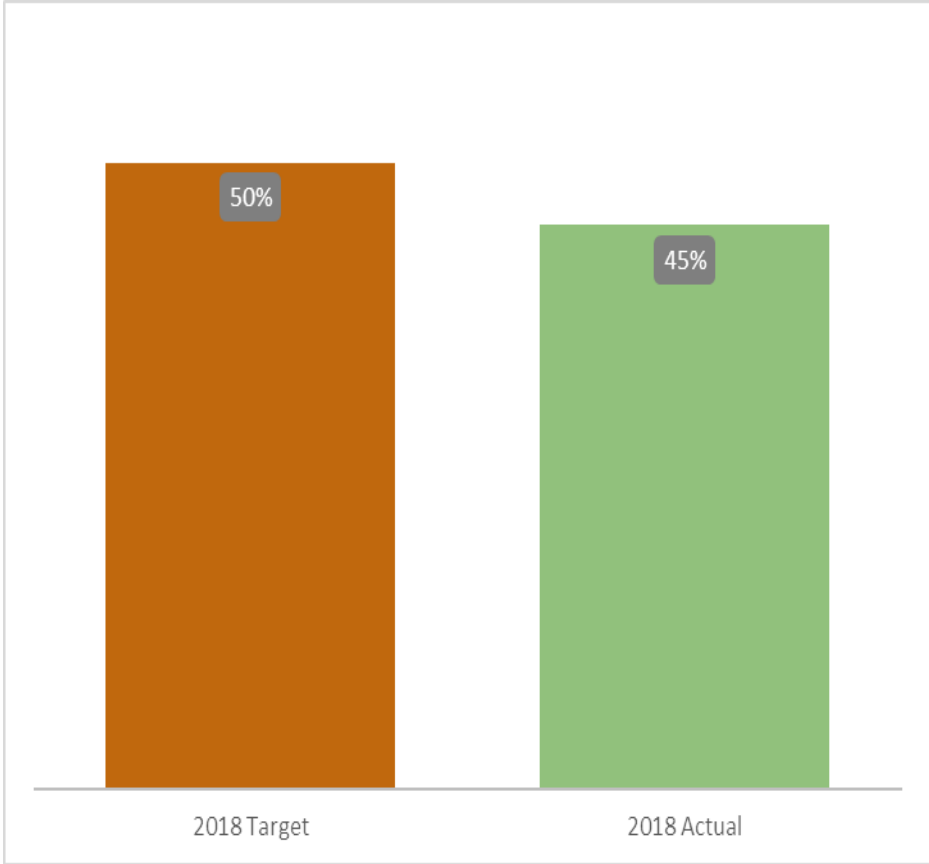


- Of all crisis energy payments, the percentage of payments made to prevent power disconnections. Crisis payments include those for preventing disconnection of service or restoring service which was shut off.



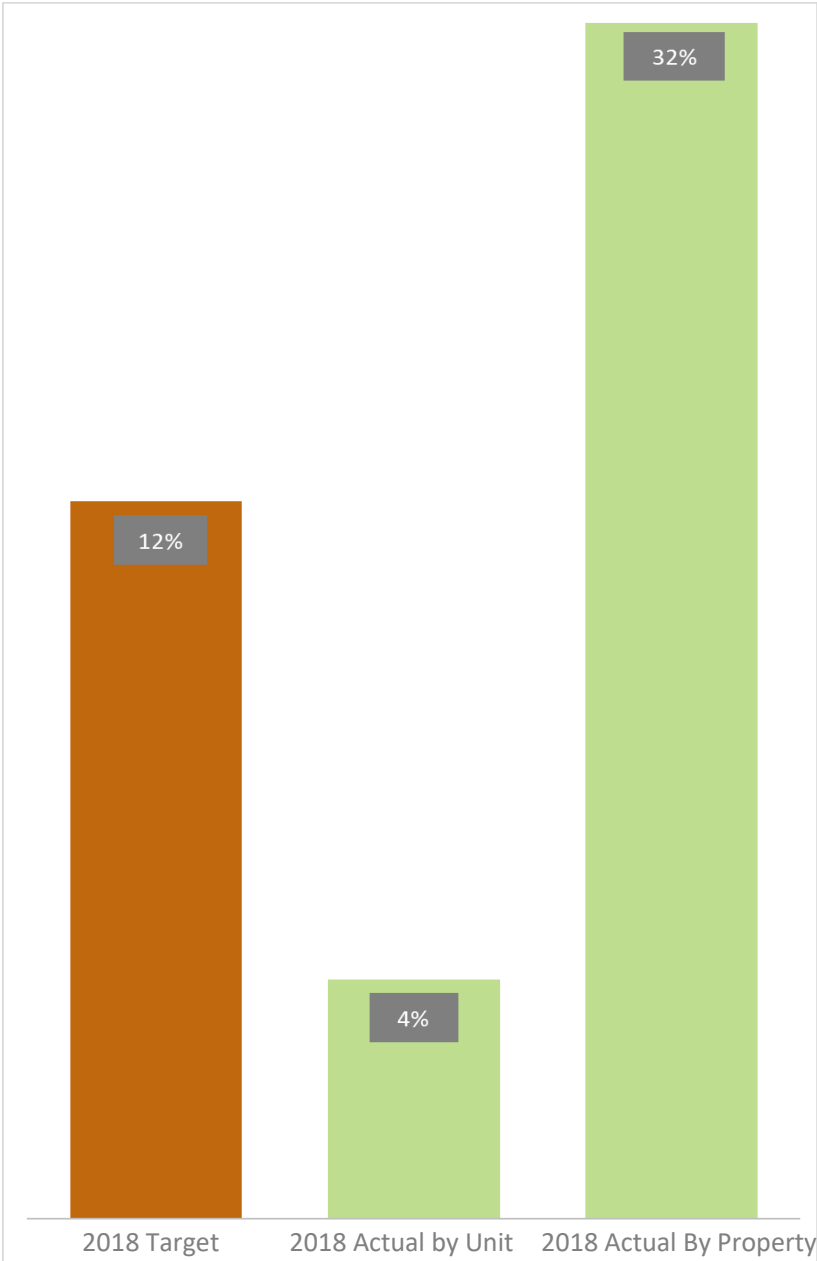
KPM 3: AFFORDABLE RENTAL HOUSING (INCOMES SERVED)

- 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.



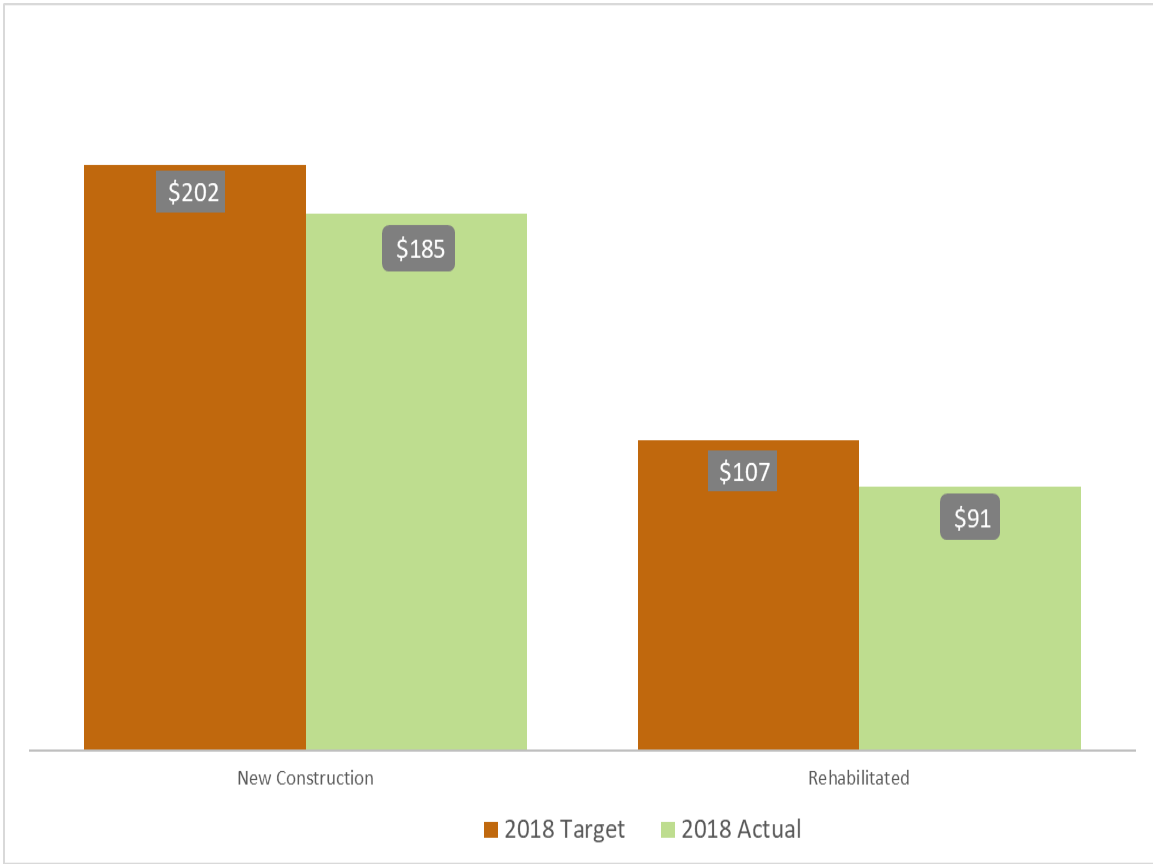
KPM 4: AFFORDABLE RENTAL HOUSING (SPECIAL NEEDS POPULATIONS)

- Percentage of affordable rental housing units funded that provide rental opportunities for low-income individuals with physical or mental disabilities.



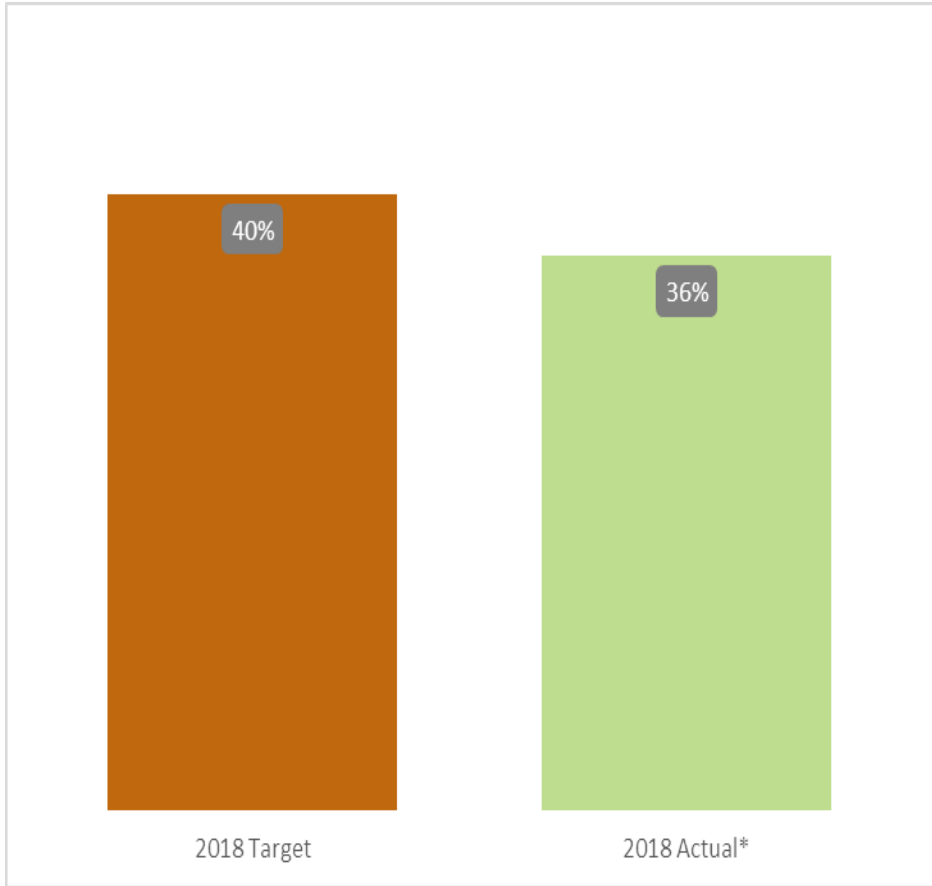
KPM 5: AFFORDABLE RENTAL HOUSING (CONSTRUCTION COSTS)

- 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.

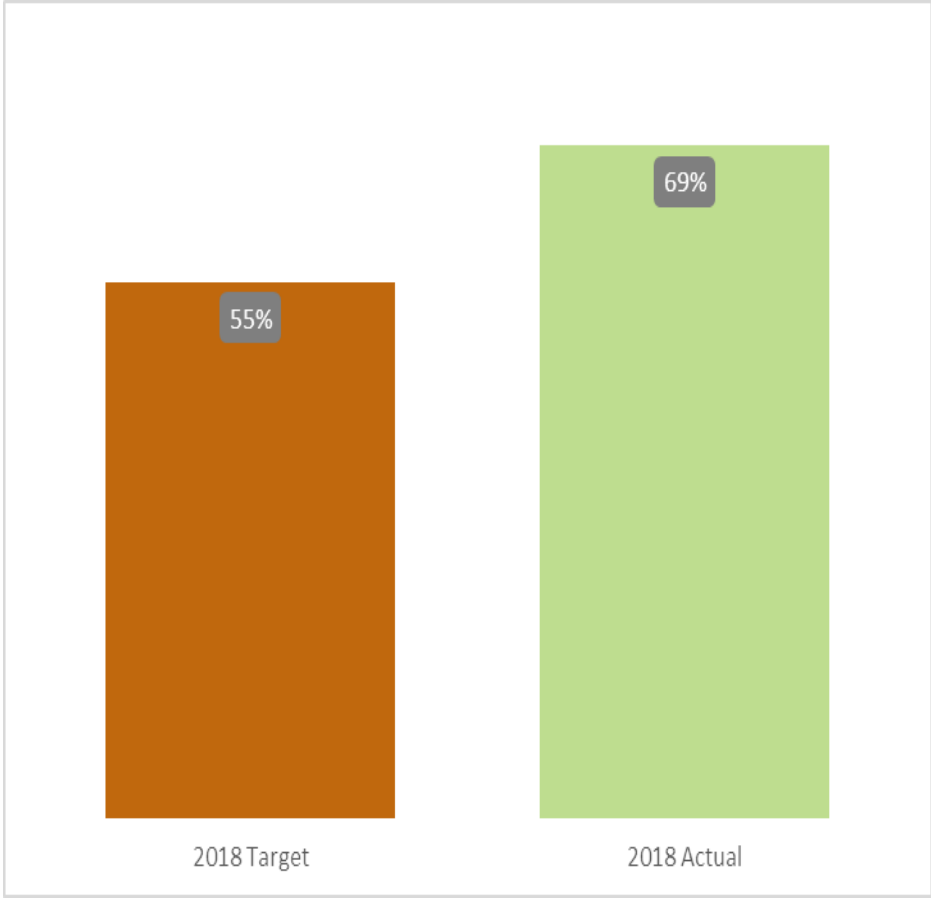


KPM 6: AFFORDABLE RENTAL HOUSING (AREAS OF OPPORTUNITY)

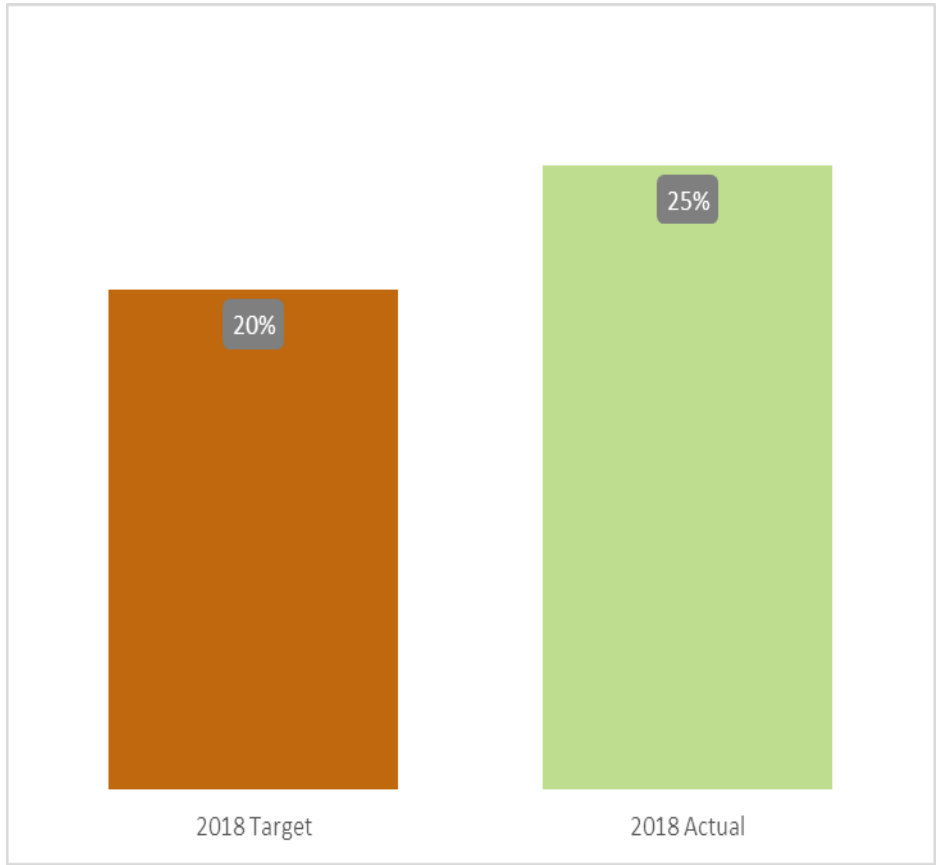
- Percentage of affordable rental housing units funded with 9% Low Income Housing Tax Credits or HOME program funds that will be developed in high opportunity areas. High opportunity areas are defined as census tracts that meet two of the following three criteria: low poverty rate, below average unemployment rate, high ratio of jobs to labor force.



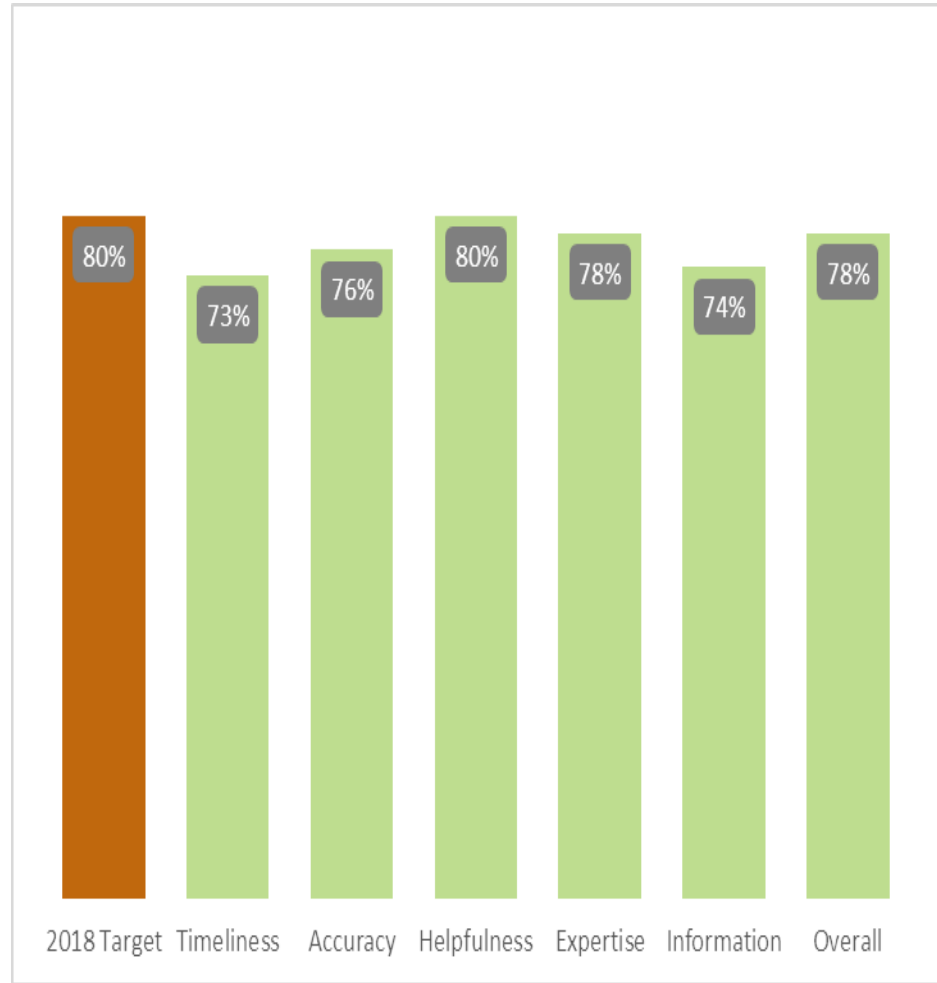
- Percentage of households at or below the state's median household income served by our single-family programs.



- Percentage of OHCS residential loan program loans issued to people of color.



- Percentage of customers rating their satisfaction with the agency's customer service as "good" or "excellent": timeliness, accuracy, helpfulness, expertise, availability of information, overall.



POLICY PACKAGES

2019-21 POLICY PACKAGES

Package	General Fund	Other Funds	Federal Funds	Total Funds	Pos	FTE
101 Essential Program Delivery Staff	\$0	\$4,655,950	\$0	\$4,655,950	21	22.5
102 Essential Agency Support Staff	\$0	\$5,079,919	\$0	\$5,079,919	24	24.0
103 Permanent Supportive Housing	\$4,939,980	\$50,810,000	\$0	\$55,749,980	0	0.0
104 Tenant Outreach and Education	\$20,000,000	\$0	\$0	\$20,000,000	1	1.0
105 Rural Housing Accelerator	\$15,000,000	\$0	\$0	\$15,000,000	1	1.0
107 LIFT	\$5,574,350	\$132,075,107	\$0	\$137,649,457	3	3.0
108 Reduce Child Homelessness	\$14,000,000	\$0	\$6,500,000	\$20,500,000	1	1.0
109 Permanently Expand Programs to Reduce Homelessness	\$34,000,000	\$0	\$0	\$34,000,000	4	4.0

2019-21 POLICY PACKAGES

Package	General Fund	Other Funds	Federal Funds	Total Funds	Pos	FTE
110 Preserve Existing Affordable Housing	\$0	\$25,440,575	\$0	\$25,440,575	0	0.0
111 Acquire & Ensure Affordability of Market Rate Housing	\$0	\$15,353,990	\$0	\$15,353,990	0	0.0
112 Down Payment Assistance Lending Program	\$0	\$437,118	\$0	\$437,118	2	2.0
114 Ensure Healthy Homes for Vulnerable Populations	\$0	\$149,283	\$0	\$149,283	1	0.5
115 Establish a Platform to Replace Distressed Manufactured Homes	\$0	\$149,283	\$0	\$149,283	1	0.5
116 Continue Homeownership Stabilization Initiative	\$0	\$3,885,174	\$0	\$3,885,174	20	17.5

PENDING LEGISLATION

- Agency Bills: 4
- Establish New Programs or New Resources: 14
- Establish New Studies, Workgroups, or Taskforces: 6
- Amend or Expand Existing Programs: 11

PENDING LEGISLATION

HB 2002	Requires property owner subject to affordability restriction to provide more notice to qualified purchasers before restrictions expire.
HB 2003	Requires Oregon Department of Administrative Services to develop methodology to conduct regional housing needs analysis and, for certain cities and Metro, to inventory existing housing stock and to establish housing shortage analysis.
HB 2055	Establishes Workforce Housing Accelerator Program within Housing and Community Services Department.
HB 2056	Updates Housing Development Guarantee Account
HB 2137	Extends sunset for tax credits for owner or operator of agriculture workforce housing.
HB 2228	Establishes Local Government Technical Assistance Program within Housing and Community Services Department.
HB 2237	Creates income tax credit for operation costs of housing for agricultural workers.
HB 2350	Appropriates moneys from General Fund to Department for provision of diapers and feminine hygiene products to low-income individuals and families.
HB 2530	Establishes Task Force on Innovative Housing Strategies for Veterans.
HB 2586	Requires Housing and Community Services Department to provide grants to nonprofit organizations for providing housing services to low income people undergoing treatment for HIV. Appropriates moneys to department for grants.
HB 2597	Requires Office of Manufactured Dwelling Park Community Relations to establish landlord-tenant dispute resolution program for tenants of facilities subject to certain rent increases to initiate dispute-resolution process.

PENDING LEGISLATION

HB 2662	Requires Housing and Community Services Department, in certifying tax credits for affordable housing loans, to give priority to projects that develop affordable housing for sponsoring entities' employees who are direct care workers or human service workers.
HB 2802	Establishes Homeownership Repair and Rehabilitation Program within Housing and Community Services Department to provide grants to entities providing financial assistance to persons in low income households for repair and rehabilitation of residences.
HB 2812	Expands Housing and Community Services Department's use of Home Ownership Assistance Account to support households with below area median income and to support organizations' homeownership programs with any percentage of home construction or rehabilitation costs.
HB 2893	Establishes advisory committee on manufactured housing within Housing and Community Development Department.
HB 2894	Establishes program within Housing and Community Services Department to provide supplementary loans to individuals for new energy efficient manufactured dwellings.
HB 2895	Establishes program within Housing and Community Services Department to provide grants for decommissioning and disposing of manufactured dwellings.
HB 2896	Requires Housing and Community Services Department to provide loan to nonprofit corporation to develop program that supports manufactured dwelling park preservation and affordability for tenants.
HB 2949	Authorizes governing body of certain counties to set maximum dollar amount of \$25,000 or more for total assessed value of all of taxpayer's manufactured structures taxable as personal property below which such manufactured structures are not subject to ad valorem property taxation for assessment year

PENDING LEGISLATION

HB 2962	Directs Housing and Community Services Department to conduct study to estimate amount of additional homeless shelter capacity necessary in each county and cost of building or acquiring such capacity.
HB 3094	Establishes Home Weatherization, Retrofit and Affordability Program for Housing and Community Services Department to provide incentive payments to construction contractors undertaking energy improvement projects on residential structures.
HB 3133	Increases total amount allowed in tax year to all taxpayers as tax credits for donations to fiduciary organizations for distribution to individual development accounts. Makes technical updates to statute.
HB 3184	Directs Department of Revenue, in consultation with Housing and Community Services Department, to conduct study of imposition and administration of residential vacancy tax to fund affordable housing, and to report findings to interim legislative committees related to revenue and housing on or before September 15, 2020.
HB 3264	Requires additional disclosures from manufactured dwelling park landlords to Housing and Community Services Department.
HB 3313	Authorizes Housing and Community Services Department to provide grants to nonprofit to develop infrastructure for new manufactured dwelling park in Springfield, Oregon.
HB 3359	Disallows, for purposes of personal income taxation, mortgage interest deduction for residence other than taxpayer's principal residence. Transfers amount equal to estimated increase in revenue attributable to restrictions on deduction of mortgage interest to accounts in Oregon Housing Fund.

PENDING LEGISLATION

HB 5030	Increases amount of lottery bonds authorized to be issued for Oregon Business Development Department and Housing and Community Services Department.
SB 114	Creates income tax credit for operation costs of housing for agricultural workers.
SB 202	Extends sunset for tax credits for owner or operator of agriculture workforce housing.
SB 278	Extends eligibility for Rent Guarantee Program to individuals between 17 and 20 years of age who were wards within past six years.
SB 342	Requires department to deposit proceeds of sale of seized firearms into Emergency Housing Account and directs Housing and Community Services Department to disburse moneys deposited for purposes of assisting persons who are homeless or at risk of becoming homeless.
SB 954	Directs Housing and Community Services Department to study and make recommendations on provisions of state law related to mold in residential properties that are listed for sale or rent
SB 512	Defines "rural communities" and "frontier communities" for purposes of Local Innovation and Fast Track Housing Program.
SB 586	Renames "Office of Manufactured Dwelling Park Community Relations" to "Manufactured and Marina Communities Division," "Mobile Home Parks Account" to "Manufactured and Marina Communities Account" and "Mobile Home Parks Purchase Account" to "Residential Dwelling Facilities Purchase Account." Extends division's duties and accounts' uses to marinas and floating home tenants.
SB 5512	Relating to the financial administration of the Housing and Community Services Department



10% REDUCTION OPTIONS

- All programs are reduced proportionately

Reduction Options

Program Area	Program Name	Impact of 10% Reduction	General Fund	Other Funds
Homeless Services	Housing Choice Landlord Guarantee Program	This reduction would impact the number of landlords who could receive reimbursement, and OHCS would risk running out of program funds. In this program the General Fund is transferred to a dedicated account and spent as Other Funds.	\$34,515	\$34,515
Homeless Services	Low Income Rental Housing Fund	A reduction to this program would mean that up to 17 low-income households would not receive rent assistance and could potentially become homeless. This could also impact Oregon's ability to secure and maintain federal homeless assistance funding, as this program can be used to meet match requirements.	\$54,565	
Homeless Services	Elderly Rental Assistance	OHCS estimates that 600 low and very low income persons would not receive homeless and homelessness prevention services. In this program the General Fund is transferred to a dedicated account and spent as Other Funds.	\$162,495	\$162,495
Homeless Services	State Homeless Assistance Program	Approximately 4,031 homeless persons would not receive shelter and related services. The reduction could also impact the state's ability to secure and maintain federal homeless assistance funding.	\$397,131	
Homeless Services	Emergency Housing Assistance	OHCS estimates that 2,848 low and very low income persons would not receive homeless and homelessness prevention services. Grantee capacity and regional capacity could also be impacted, which has the potential of reducing the state's ability to acquire and maintain federal homeless assistance funding. In this program the General Fund is transferred to a dedicated account and spent as Other Funds.	\$771,776	\$771,776

QUESTIONS

Margaret Salazar, *Director*
Oregon Housing and Community Services

March 19 – 21, 2019

Joint Ways and Means Subcommittee on
Transportation and Economic Development

