

SB 5512 BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Cathleen Connolly, Department of Administrative Services

Reviewed By: Michelle Deister, Legislative Fiscal Office

**Housing and Community Services Department
2019-21**

PRELIMINARY

Budget Summary*

	2017-19 Legislatively Approved Budget ⁽¹⁾	2019-21 Current Service Level	2019-21 Committee Recommendation	Committee Change from 2017-19 Leg. Approved	
				\$ Change	% Change
General Fund	\$ 50,896,510	\$ 14,204,819	\$ 60,184,619	\$ 9,288,109	18.3%
General Fund Debt Service	\$ 9,066,521	\$ 18,787,920	\$ 18,787,920	\$ 9,721,399	107.2%
Lottery Funds	\$ 1,500,000	\$ -	\$ -	\$ (1,500,000)	(100.0%)
Lottery Funds Debt Service	\$ 16,007,282	\$ 21,868,790	\$ 21,868,790	\$ 5,861,508	36.6%
Other Funds Limited	\$ 244,497,433	\$ 266,077,019	\$ 286,189,343	\$ 41,691,910	17.1%
Other Funds Nonlimited	\$ 456,183,523	\$ 319,950,523	\$ 559,630,843	\$ 103,447,320	22.7%
Other Funds Debt Service Nonlimited	\$ 446,165,858	\$ 497,037,817	\$ 497,037,817	\$ 50,871,959	11.4%
Federal Funds Limited	\$ 122,817,026	\$ 127,694,100	\$ 127,694,100	\$ 4,877,074	4.0%
Federal Funds Nonlimited	\$ 133,265,609	\$ 133,231,628	\$ 152,131,628	\$ 18,866,019	14.2%
Total	\$ 1,480,399,762	\$ 1,398,852,616	\$ 1,723,525,060	\$ 243,125,298	16.4%

Position Summary

Authorized Positions	171	138	210	39
Full-time Equivalent (FTE) positions	155.62	136.00	205.91	50.29

Summary of Revenue Changes

Most of the Housing and Community Services Department (HCSD) programs are funded with either Federal or Other Funds. The Department's General Fund of \$78,972,539 represents approximately 4.6 percent of overall revenues. The 2019-21 budget allocates \$21,868,790 Lottery Funds to pay debt service associated with previous Lottery Bond sales.

The primary sources of Other Funds include, but are not limited to, various fees charged for tax credits and other low-income housing development programs; public utility fees; revenue bonds; loan repayments; interest income; and various other revenues including document recording fees.

The Federal Funds received by the Department includes grants from the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Health and Human Services, the U.S. Department of Energy, the Bonneville Power Administration, and NeighborWorks.

Other Funds Nonlimited revenue is derived from loan interest payments, loan principal repayments and bond sale proceeds. Funds for tenant based rental assistance payments are received and expended as Federal Funds Nonlimited.

Summary of Capital Construction Subcommittee Action

The mission of HCSD is to provide stable and affordable housing and engage leaders to develop an integrated statewide policy addressing poverty and providing opportunities for Oregonians. HCSD is Oregon's housing finance agency, providing financial and program support to create and preserve quality, affordable housing for Oregonians of lower and moderate income. HCSD administers federal and state antipoverty, homeless, energy assistance, and community service programs. HCSD also assists in the financing of single-family homes, the new construction or rehabilitation of multifamily affordable housing developments, and awards grants and tax credits to promote affordable housing.

The Subcommittee recommended budget is \$1,723,525,060 total funds, with \$78,972,539 General Fund, \$21,868,790 Lottery Funds, \$286,189,343 Other Funds expenditure limitation, \$1,056,668,660 Other Funds Nonlimited, \$127,694,100 Federal Funds expenditure limitation, \$152,131,628 Federal Funds Nonlimited, and 210 positions (205.91 FTE). This is a 10.5 percent increase from 2017-19 Legislatively Approved Budget, largely due to new programs and a significant investment in the Emergency Housing Assistance Program and State Homelessness Assistance Program.

Housing Stabilization Programs

Formerly the Safety Net programs, the Housing Stabilization Programs division passes through federal and state resources to Oregon's community action network and their partners, supporting a continuum of services helping low-income individuals and households. The Division also manages federal housing resources through the HUD Contract Administration section. The four main programs in this area are (1) homeless prevention and assistance services, (2) energy bill payment assistance and weatherization services, (3) low income rental assistance, (4) and performance-based contract administration.

The Subcommittee's recommended budget for the Housing Stabilization Programs Division is \$393,480,118, which includes \$52,273,951 General Fund, \$86,378,391 Other Funds expenditure limitation, \$102,696,148 Federal Funds expenditure limitation, \$152,131,628 Federal Funds Nonlimited, and 43 positions (42.50 FTE). The Subcommittee recommended the following packages:

Package 101, Essential Program Delivery Staffing Needs. This package provides Other Funds expenditure limitation in the amount of \$1,598,498 to support seven additional permanent positions, additional months on existing positions, and a position reclassification (8.00 FTE) to better deliver services, work with stakeholders, and monitor outcomes related to housing stabilization programs managed by HCSD. Agency-wide, program funding grew by \$200 million since the 2013-15 biennium, while the number of positions in the Department decreased by two. The package is supported by Other Funds revenue, including administrative allowance on document recording fee revenue, energy and weatherization programs, and fees for service from the U.S. Department of Housing and Urban Development. The additional positions for the Housing Stabilization program include:

- Establish a permanent Principal Executive Manager (PEM) E position (1.00 FTE) to provide dedicated management, policy development, and oversight to housing stabilization programs;
- Establish a permanent Operations and Policy Analyst 4 position (1.00 FTE) to continue work performed by an existing limited duration position related to homelessness policy and analysis;
- Add 12 months to an existing half-time Program Analyst 1 position related to the elderly rental assistance program (0.50 FTE);
- Reclassify a Program Analyst 1 position to a Program Analyst 2 position pursuant to an audit of current duties;
- Establish a permanent PEM E position (1.00 FTE) to provide dedicated oversight to energy services, audits, and efficiency activities;
- Establish a permanent Compliance Specialist 2 position (1.00 FTE) to provide field support, training, and quality assurance for energy efficiency programs administered by the Department;
- Increase months on a Program Analyst 1 position from 0.50 FTE to 1.00 FTE in energy services to coordinate rules, access, and administration of a program transferred from the Oregon Department of Energy in 2018;
- Establish a permanent Compliance Specialist 1 position (1.00 FTE) to continue work performed by an existing limited duration position to monitor, respond to, and resolve complaints from tenants in subsidized housing;
- Establish a permanent Compliance Specialist 2 (1.00 FTE) to perform management occupancy reviews as required by HUD; and
- Establish a permanent Office Specialist 2 position (1.00 FTE).

Package 109, Permanently Expand Programs to Reduce Homelessness. This package includes \$29,479,800 in General Fund to provide a total General Fund support when including existing/base funding, of \$28 million for the Emergency Housing Assistance (EHA) program and \$12 million for the State Homeless Assistance Program (SHAP). The combined total of \$40 million is intended to be considered ongoing funding for the purposes of calculating Current Service Level in future biennia. Position authority for a permanent Program Analyst 2 position (1.00 FTE) and a permanent Operations and Policy Analyst 3 position (1.00 FTE) is also included in this package, to provide analysis and reporting to support data-driven program decisions that result in measurable improvements to the number of people sheltered and housed.

Package 114, Healthy Homes for Vulnerable Populations. This package includes Other Funds expenditure limitation in the amount of \$149,283 to support one permanent Operations and Policy Analyst 4 position (0.50 FTE) for designing and implementing a healthy housing initiative that identifies weatherization recipients with elevated health risks due to or exacerbated by the condition of their housing, allowing those problems to be mitigated using existing funding.

Package 115, Platform to Replace Distressed Manufactured Housing. This package includes Other Funds expenditure limitation in the amount of \$149,283 to support an Operations and Policy Analyst 4 position (0.50 FTE) to design and manage a program, which enables the replacement of

aging (pre-1976), unsafe, substandard or inefficient manufactured housing. The program would work with non-profits with funding sources that may include bond proceeds, local government financing, utility funds or tax credits. No additional position authority is provided in this package, the Department will use the position authority provided in Package 114.

Package 801, LFO Analyst Adjustments. This package adds funding for \$18,900,000 Federal Funds Nonlimited to meet updated projections for HUD project-based housing vouchers. While the total volume of vouchers available is not increasing, the value of the payments has escalated to keep pace with rising rents.

The package also includes a one-time appropriation of \$10 million General Fund in the 2019-21 biennium. Of the \$10 million General Fund, \$5 million will be distributed through the Emergency Housing Assistance program and \$5 million will be distributed through competitive awards made by HCSD for the purpose of strengthening and increasing the shelter capacity in high needs areas. HCSD will use results from its Statewide Shelter Survey to guide funding awards to applicants. One limited duration Program Analyst 2 position (1.00 FTE) is included to set up and manage the administration of the competitive shelter funding program. This \$10 million in General Fund is not intended to be included in the calculation of ongoing operating costs for future biennia.

Technical adjustments have also been made to shift expenditure limitation to Services and Supplies from Special Payments to true up expenditure categories. The Other Funds shift is \$1,300,000, and the Federal Funds shift is \$500,000. There is no net increase or decrease as a result of these adjustments. The Subcommittee approved the following Budget Note:

Budget Note:

The Housing and Community Services Department will report to the legislature by June of 2020 on options to implement a statewide homeless management information system that enables clear outcome tracking for homeless individuals. The report will focus on a system implementation that meets federal and state requirements, improves data driven decision making, and aligns with national best practice. Specific items to address include a recommendation on the capabilities of an optimal system, system governance, models from other states that enable data driven decisions, the organization that is best positioned to administer the system, and an assessment of administrative workload options to fund administration.

Multifamily Rental Housing Program

The Multifamily Rental Housing Program provides financing for a continuum of rental housing options for low-income and fragile Oregonians. This includes grants and loans to enable the development of new housing units, rehabilitation of existing housing units, preservation of affordable housing projects and manufactured home parks, and administration of the U.S. Department of Housing and Urban Development rental assistance contracts with private owners. This program also administers the Manufactured Communities Resource Center, which

provides mediation services to manufactured dwelling park residents and owners. The program aims to provide impartial assistance to resolve disputes between park owners and tenants outside of the court process.

The Subcommittee's recommended budget for the Multifamily Rental Housing Program is \$189,312,803, which includes \$5,923,598 General Fund, \$160,632,878 Other Funds expenditure limitation, \$21,406,327 Federal Funds expenditure limitation, \$1,350,000 Other Funds Nonlimited, and 67 positions (66.16 FTE). The Subcommittee recommended the following packages:

Package 101, Essential Program Delivery Staffing Needs. This package provides Other Funds expenditure limitation in the amount of \$2,360,373 for 11 additional permanent positions and an increase of funding for one position (11.50 FTE) to better deliver services, work with stakeholders and monitor outcomes related to multifamily rental housing programs managed by the Housing and Community Services Department.

This package establishes the following positions:

- Three Operations and Policy Analyst 3 positions (3.00 FTE) in the Housing Finance office to perform work being done by a temporary employee, an employee double-filled on another position, and to increase capacity related to evaluating applications for financing, underwriting, and design and monitoring of competitive funding offerings that meet identified needs for specific populations or housing types;
- One Program Analyst 4 position (1.00 FTE) to coordinate and lead efforts around housing equity policy, training, funding allocations, and procedures, which is a priority in the Department's strategic plan;
- One Program Analyst 3 position (1.00 FTE) to focus efforts on building capacity in smaller communities or more rural areas of the state to develop partnerships and proposals resulting in successful housing finance applications;
- Two Loan Specialist 3 positions (2.00 FTE) and one Loan Specialist 2 position (1.00 FTE) to address the higher volume of funded projects, ensure timely closing of real estate projects, review assets, and conduct financial audits for determining compliance with funding awards; and,
- One Administrative Specialist 2 position (1.00 FTE) to support the policy and program efforts in Multifamily Housing.

The package also increases staffing to address the growth in HCSD's funded project portfolio by:

- Establishing a dedicated section manager position (PEM D, 1.00 FTE);
- Establishing a permanent Compliance Specialist 1 position (1.00 FTE); and,
- Increasing months on an existing Compliance Specialist 2 position by 12 months (0.50 FTE) to ensure properties are maintained and resident needs are met.

Package 105, Create Rural Housing Accelerator. This package appropriates one-time \$5 million General Fund for the 2019-21 biennium. The funding supports expenditures related to one limited duration Program Analyst 4 position (1.00 FTE) and Special Payments for a “Greater Oregon Housing Accelerator Program.” The program involves incentives to employers in rural communities to invest in housing. Examples of eligible investments by employers include down payment assistance programs, land acquisition funding, technical assistance funding, and investments in housing developments. These funds can also be used for technical assistance to local communities.

The Program Analyst 4 will administer the funding. Other Funds expenditure limitation in the amount of \$4,727,822 is included to ensure that program funds can be fully disbursed. The goals of the project are: to increase the supply of homes in rural communities through public-private actions; enhance the capacity of rural communities to build or support the building of more housing; and reduce the financial risk so that more developers are able and interested in developing homes in rural areas.

Package 801, LFO Analyst Adjustments. This package increases limitation for attorney general charger by \$1,500,000 Other Funds, due to an increase in the number of multifamily housing transactions, which must be reviewed by the Attorney General’s office.

The package also provides \$1,221,761 Other Funds expenditure limitation for seven permanent positions (6.16 FTE) and associated Services and Supplies which are added in response to new federal requirements that increase the number of inspections required for low income multi-family housing units. The costs of these positions are supported by fees assessed on property owners to ensure compliance with low-income housing covenants put in place when the developments received financing. The positions include four Compliance Specialist 2 positions (3.52 FTE), two Compliance Specialist 3 positions (1.76 FTE) and one PEM D position (0.88 FTE). It is anticipated the positions will start on October 1, 2019.

Single Family Housing Programs

The Single Family Housing Programs division provides financing and services with the goals of increasing homeownership, providing homebuyer education, and stabilizing residential neighborhoods. HCSD achieves these objectives by offering at or below market rate residential loans to qualified first time homebuyers. This program also offers down payment assistance to first time, low- and moderate-income homebuyers. The Residential Loan Program uses a network of lenders to finance residential loans under the program guidelines. HCSD invests in and purchases these loans from the lenders using mortgage revenue bonds (see description in Bond-Related Activities). Economic conditions and financial markets affect the success of mortgage revenue bond financed loans. In recent years, historically low conventional mortgage interest rates slowed the use of this program, but activity has increased since the Great Recession and the budget includes a new program to address the needs of first time homebuyers.

The Subcommittee's recommended budget for the Single Family Housing Programs division is \$15,815,695, which includes \$1,500,000 General Fund, \$13,566,585 Other Funds expenditure limitation, \$749,110 Federal Funds expenditure limitation, and 10 positions (10.00 FTE). The Subcommittee recommended the following packages:

Package 101, Essential Program Delivery Staffing Needs. The Single Family Housing programs division was split from the Multi-Family Housing Division in the 2017-19 biennium, but has no dedicated division management staff to help further the goals of homeownership, and closing the minority homeownership gap. To address the need, this package provides Other Funds expenditure limitation of \$265,347 to support a limited duration Principle Executive Manager F position (1.00 FTE) to serve as a manager for single family home-ownership program, including the Home Ownership Stabilization Initiative.

Package 112, Down Payment Assistance Lending Program. This package provides \$200,572 Other Funds expenditure limitation and one permanent Loan Specialist 1 position (1.00 FTE) to underwrite loans associated with a new down payment assistance lending program for low-to-moderate income families through a 30 year fixed rate mortgage. Down payments are a significant barrier to homeownership. HCSD has authorization from HUD, Fannie Mae, and Freddie Mac to create down payment assistance through the origination of mortgages. The prospective home buyer will be offered a down payment between zero and five percent, and in exchange the homebuyer will pay a slightly higher interest rate than a comparable mortgage without down payment assistance. The down payment is provided as a zero percent interest loan, due on sale of the home, payable to HCSD. The funding for down payment assistance is generated through premiums paid by financial market investors. The revenue realized from investors will also be used to pay for administration of this new program.

Package 801, LFO Analyst Adjustments. This package provides \$1,500,000 General Fund for homeownership counseling services, including for homeowners facing foreclosure. HCSD will administer homeownership counseling resources in alignment with previously established programs of Oregon Foreclosure Avoidance program if the service is foreclosure mediation counseling, or Homeownership Assistance Program if any other housing counseling service. These funds are not intended to be included in calculations of ongoing operating costs for future biennia.

Oregon Homeownership Stabilization Initiative

The Oregon Homeownership Stabilization Initiative (OHSI) is a foreclosure prevention program assisting at-risk homeowners to avoid foreclosure. The program, known nationally as the Hardest Hit Fund program, is funded entirely by federal Troubled Asset Relief Program resources from the U.S. Department of Treasury. Oregon is one of 18 states and the District of Columbia awarded funds because of severe impacts suffered during the 2008 economic recession. HCSD administers the Hardest Hit Funds program under contract with the Oregon Affordable Housing Assistance Corporation, a non-profit 501(c)(3) formed at the direction of the U.S. Treasury. Only costs associated with this contract are included in HCSD's budget and are classified as Other Funds limitation. The Oregon Affordable Housing Assistance Corporation administers direct assistance to homeowners and these payments do not show up in HCSD's budget. The Subcommittee's recommended budget for OHSI is \$3,885,174 Other Funds expenditure limitation, representing administrative costs associated with 20 positions (17.25 FTE). The Subcommittee recommended the following package:

Package 116, Restore OHSI Staffing. This package provides \$3,885,174 Other Funds expenditure limitation and 20 limited duration positions (17.25 FTE) to continue the Oregon Homeownership Stabilization Initiative. This program began in 2009-11 and was anticipated to end on December 31, 2017. However, the federal government awarded Oregon an additional \$95.4 million to continue the program, the anticipated end date is December 31, 2021. Most of the funding is directed to homeowners' mortgage services or county tax authorities to address the issues creating a risk of foreclosure. Those direct payments are paid through the Oregon Affordable Housing Assistance Corporation. The staff to administer the program are established in the HCSD budget as limited duration employees of the agency.

Central Services

Central Services includes the Director's Office, Chief Financial Office, Public Affairs, Administrative Services, and Human Resources.

The Subcommittee's recommended budget for Central Services is \$20,471,331, which includes \$470,939 General Fund, \$17,157,877 Other Funds expenditure limitation, \$2,842,515 Federal Funds expenditure limitation, and 64 positions (64.00 FTE). The Subcommittee recommended the following package:

Package 102, Essential Agency Support Staffing Needs. This package provides Other Funds expenditure limitation in the amount of \$3,817,664 to support the addition of 18 permanent positions and one limited duration position (19.00 FTE). The positions included in this package support the agency as a whole, providing centralized functions (such as human resources, legislative and public affairs, budgeting, procurement and contracting, and information technology support) on which specific programs rely. The package and recommended staffing levels are in response to growth of programmatic resources (both funding, and to a lesser extent, related staff) administered by the agency since the 2013-15 biennium; while the agency has received some additional staff to administer programmatic funds, it has not received commensurate central services/support positions.

This package establishes or reclassifies the following positions:

- An Internal Auditor 3 position (1.00 FTE) to complete internal audits of state and federal funds and audits of program performance and business operations;
- An Executive Support Specialist 2 position (1.00 FTE) to provide administrative support to the Chief Operating Officer;
- An Operations and Policy Analyst 3 position (1.00 FTE) to provide analysis and support for Human Resources, including training, onboarding, leadership development, and retention practices;
- An Office Manager 2 position (1.00 FTE) to serve as a lead for administrative services related employees;
- An Office Specialist 2 position (1.00 FTE) to provide customer support, reception, and other administrative duties;

- An Information Specialist 6 position (1.00 FTE) to increase help desk capacity;
- An Executive Support Specialist 2 position (1.00 FTE) to provide support to the public affairs office, which interacts with legislators, applicants, other stakeholders, and the public.
- A limited duration Operations and Policy Analyst 3 position (1.00 FTE) to complete work begun in 2017-19 to streamline delivery of services to homeless veterans.
- A Procurement and Contracts Specialist 3 position (1.00 FTE) to address capacity shortages associated with additional funding levels and an increased volume of transactions and to ensure procurement policies and procedures and trainings are up to date and followed;
- A Procurement and Contracts Specialist 2 position (1.00 FTE) to address transaction volume;
- A Government Auditor position (1.00 FTE) for fiscal compliance audits at community action agencies;
- An Accountant 1 position (1.00 FTE) to support payment reconciliation and processing;
- A Human Resource Analyst 2 position (1.00 FTE) to meet the demands of recruiting, hiring, classifying, and serving agency employee needs;
- A Facilities Operations Specialist 1 position (1.00 FTE) for workplace design, space, and planning needs;
- An Information Services Specialist 7 position (1.00 FTE) to meet demands for data gathering, tracking and reporting, and ensuring HCSD's IT systems function according to the demands;
- A Program Analyst 2 position (1.00 FTE) in the Public Affairs Office to ensure appropriate levels of communication and stakeholder engagement are reflected in program design and execution;
- An Operations and Policy Analyst 4 position (1.00 FTE) to assist the Chief Financial Officer by completing financial and risk analysis of housing programs, funding streams and policy choices;
- An Executive Support Specialist 2 position (1.00 FTE) to support the Chief Financial Officer;
- A Program Analyst 3 position (1.00 FTE) to promote state and local collaboration, data sharing, and analysis as it relates to information on homelessness gathered at the local level;
- Reclassification of a Housing Integrator position from an Operations and Policy Analyst 3 level to an Operations and Policy Analyst 4 position to address work out of class issues; and
- Reclassification of a Public Affairs Specialist 1 position to a Policy Analyst 2 position to adequately reflect the duties of the Department's administrative rules coordinator.

Package 112, Down Payment Assistance Lending Program. In the Central Services division, this package provides \$236,546 Other Funds expenditure limitation and a permanent Fiscal Analyst 3 position (1.00 FTE) to assist HCSD in launching a new program that provides down payment assistance to low to moderate income families through a 30-year fixed rate mortgage. Down payments are a significant barrier to homeownership. HCSD has authorization from HUD, Fannie Mae, and Freddie Mac to create down payment assistance through the origination of mortgages. The prospective home buyer will be offered a down payment between zero and five percent, and in exchange the homebuyer will pay a slightly higher interest rate than a comparable mortgage without down payment assistance. The down payment is provided as a zero percent interest loan, due on sale of the home, payable to HCSD.

The funding for down payment assistance is generated through premiums paid by financial market investors. When a lender originates a loan, HCSD will pay a services release premium and direct all services to a Master Servicer. The Master Servicer will create pools of securities backed by the mortgage loans, and those securities will be sold through financial markets to investors under a second professional services contract. Investors are willing to pay a premium as a result of the federal guarantee and the expected amount of time that the favorable rate of return will be realized on their investments.

The revenue realized from loan origination earnings will be used to pay for administration of this new program, including the Fiscal Analyst 3 position recommended in this program and a Loan Specialist 1 in the Single Family Housing Program. The positions will be responsible for performing complex reconciliations and analysis associated with this new program, and reviewing loan files.

Bond Activities and Debt Service

HCSD sells tax-exempt bonds to investors and uses the proceeds to finance multifamily and single-family mortgage loans. Bond related activities include disbursement of bond proceeds to finance multifamily and single-family mortgage loans, bond issuance costs, administrative expenses related to outstanding debt and asset protection costs associated with foreclosures and acquired properties. Debt service activities represent Nonlimited expenditures that repay investors and other parties' obligations owed on the outstanding debt issued by the Department to finance various loan program activities.

The Subcommittee's recommended budget for Bond Activities and Debt Service is \$1,100,559,939, which includes \$18,804,051 General Fund, \$21,868,790 Lottery Funds, \$4,568,438 Other Funds expenditure limitation, \$1,055,318,660 Other Funds Nonlimited, and six positions (6.00 FTE). The Subcommittee recommended the following package:

Package 090, Analyst Adjustments. Other Funds Nonlimited expenditure limitation is increased \$239,680,320 to address the increase in bonding authority for the Single/Multi Family Housing Revenues Bonds and the Elderly and Disabled Housing Bond Program.

Package 801, LFO Analyst Adjustments. This package establishes Other Funds expenditure limitation of \$1 for debt service on outstanding Article XI-Q bonds. Other Funds expenditure limitation may be increased during the 2019-21 biennium for excess proceeds and interest earnings that may be applied to debt service payments, reducing General Fund debt service requirements.

Summary of Maximum Supervisory Ratio

The Subcommittee reviewed the agency's proposed Maximum Supervisory Ratio of 1:9.

Summary of Performance Measure Action

See attached "Legislatively Approved 2019-2021 Key Performance Measures."

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Oregon Housing and Community Services
Cathleen Connolly -- 503-373-0083

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2017-19 Legislatively Approved Budget at Dec 2018 *	\$ 59,963,031	\$ 17,507,282	\$ 244,497,433	\$ 902,349,381	\$ 122,817,026	\$ 133,265,609	\$ 1,480,399,762	171	155.62
2019-21 Current Service Level (CSL)*	\$ 32,992,739	\$ 21,868,790	\$ 266,077,019	\$ 816,988,340	\$ 127,694,100	\$ 133,231,628	\$ 1,398,852,616	138	136.00
SUBCOMMITTEE ADJUSTMENTS (from CSL)									
SCR 010 - Housing Stabilization Programs									
Package 101: Essential Program Delivery Staffing Needs									
Personal Services	\$ -	\$ -	\$ 1,497,273	\$ -	\$ -	\$ -	\$ 1,497,273	7	8.00
Services and Supplies	\$ -	\$ -	\$ 101,225	\$ -	\$ -	\$ -	\$ 101,225		
Package 109: Permanently Expand Prog to Reduce Homelessness									
Personal Services	\$ 188,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 188,104	2	2.00
Services and Supplies	\$ 127,455	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 127,455		
Special Payments	\$ 29,164,241	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,164,241		
Package 114: Health Homes for Vulnerable Populations									
Personal Services	\$ -	\$ -	\$ 128,963	\$ -	\$ -	\$ -	\$ 128,963	1	0.50
Services and Supplies	\$ -	\$ -	\$ 20,320	\$ -	\$ -	\$ -	\$ 20,320		
Package 115: Platform to Replace Distressed Manuf Housing									
Personal Services	\$ -	\$ -	\$ 128,963	\$ -	\$ -	\$ -	\$ 128,963	0	0.50
Services and Supplies	\$ -	\$ -	\$ 20,320	\$ -	\$ -	\$ -	\$ 20,320		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ 106,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 106,232	1	1.00
Services and Supplies	\$ 70,320	\$ -	\$ 1,300,000	\$ -	\$ 500,000	\$ -	\$ 1,870,320		
Special Payments	\$ 9,823,448	\$ -	\$ (1,300,000)	\$ -	\$ (500,000)	\$ -	\$ 8,023,448		
Special Payments (6035 Dist. to Individuals)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,900,000	\$ 18,900,000		
SCR 030 - Multifamily Rental Housing Programs									
Package 101: Essential Program Delivery Staffing Needs									
Personal Services	\$ -	\$ -	\$ 2,187,293	\$ -	\$ -	\$ -	\$ 2,187,293	11	11.50
Services and Supplies	\$ -	\$ -	\$ 173,080	\$ -	\$ -	\$ -	\$ 173,080		
Package 105: Create Rural Housing Accelerator									
Personal Services	\$ 231,908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 231,908	1	1.00
Services and Supplies	\$ 40,270	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,270		
Special Payments	\$ 4,727,822	\$ -	\$ 4,727,822	\$ -	\$ -	\$ -	\$ 9,455,644		
Package 801: LFO Analyst Adjustments									
Personal Services	\$ -	\$ -	\$ 1,097,021	\$ -	\$ -	\$ -	\$ 1,097,021	7	6.16
Services and Supplies	\$ -	\$ -	\$ 1,624,740	\$ -	\$ -	\$ -	\$ 1,624,740		
SCR 040 - Single Family Housing Program									
Package 101: Essential Program Delivery Staffing Needs									
Personal Services	\$ -	\$ -	\$ 246,627	\$ -	\$ -	\$ -	\$ 246,627	1	1.00
Services and Supplies	\$ -	\$ -	\$ 18,720	\$ -	\$ -	\$ -	\$ 18,720		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Package 112: Down Payment Assistance Lending Program									
Personal Services	\$ -	\$ -	\$ 153,050	\$ -	\$ -	\$ -	\$ 153,050	1	1.00
Services and Supplies	\$ -	\$ -	\$ 47,522	\$ -	\$ -	\$ -	\$ 47,522		
Package 801: LFO Analyst Adjustments									
Services and Supplies	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000		
Special Payments	\$ 1,350,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,350,000		
SCR 050 - Oregon Homeownership Stabilization Initiative									
Package 116: Restore OHSI Staffing									
Personal Services	\$ -	\$ -	\$ 3,123,817	\$ -	\$ -	\$ -	\$ 3,123,817	20	17.25
Services and Supplies	\$ -	\$ -	\$ 761,357	\$ -	\$ -	\$ -	\$ 761,357		
SCR 070 - Central Services									
Package 102: Essential Agency Support Staffing Needs									
Personal Services	\$ -	\$ -	\$ 3,511,469	\$ -	\$ -	\$ -	\$ 3,511,469	19	19.00
Services and Supplies	\$ -	\$ -	\$ 306,195	\$ -	\$ -	\$ -	\$ 306,195		
Package 112: Down Payment Assistance Lending Program									
Personal Services	\$ -	\$ -	\$ 213,726	\$ -	\$ -	\$ -	\$ 213,726	1	1.00
Services and Supplies	\$ -	\$ -	\$ 22,820	\$ -	\$ -	\$ -	\$ 22,820		
SCR 080 - Bond Activities and Debt Services									
Package 090: Analyst Adjustments									
Special Payments	\$ -	\$ -	\$ -	\$ 239,680,320	\$ -	\$ -	\$ 239,680,320		
Package 801: LFO Analyst Adjustments									
Debt Service	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 1		
TOTAL ADJUSTMENTS	\$ 45,979,800	\$ -	\$ 20,112,324	\$ 239,680,320	\$ -	\$ 18,900,000	\$ 324,672,444	72	69.91
SUBCOMMITTEE RECOMMENDATION *	\$ 78,972,539	\$ 21,868,790	\$ 286,189,343	\$ 1,056,668,660	\$ 127,694,100	\$ 152,131,628	\$ 1,723,525,060	210	205.91
% Change from 2017-19 Leg Approved Budget	31.7%	24.9%	17.1%	17.1%	4.0%	14.2%	16.4%	22.8%	32.3%
% Change from 2019-21 Current Service Level	139.4%	0.0%	7.6%	29.3%	0.0%	14.2%	23.2%	52.2%	51.4%

*Excludes Capital Construction Expenditures

Legislatively Approved 2019 - 2021 Key Performance Measures

Published: 6/17/2019 11:04:22 AM

Agency: Housing and Community Services

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 2020	Target 2021
1. Reducing Homelessness - Percentage of homeless households who exited into permanent housing and retained that housing for six months or longer.		Approved	81%	80%	80%
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	91.60%	90%	90%
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.		Approved	45%	50%	50%
4. 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	4%	7%	7%
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.	a) Cost per square foot of newly constructed housing developed through grant and tax credit programs	Approved	87.90%	100%	100%
	b) Cost per square foot for rehabilitated housing units developed through grant and tax credit programs		89.40%		
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.		Approved	0%	40%	40%
7. Homeownership - Percentage of households at or below the state's median household income served by our single family programs.		Approved	69%	55%	55%
8. Homeownership (People of Color) - Percentage of OHCS residential loan program loans issued to people of color.		Approved	25%	20%	20%
9. 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	74%	80%	80%
	Overall		78%		
	Timeliness		73%		
	Accuracy		76%		
	Expertise		78%		
	Helpfulness		80%		

LFO Recommendation:

The Legislative Fiscal office recommends Key Performance Measures as proposed above.

Targets for KPM 4 (percentage of housing for people with disabilities) has proven difficult to meet, depending on the availability of specific types of funding and the applicant/developers that come forward. It's worth noting that more than 30% of agency financed projects had one or more units set aside for people with disabilities, but the Legislative Fiscal Office believes that this measure continues to be a worthwhile gauge of service to a particularly vulnerable population of Oregonians. The target of 12% was set in 2017, utilizing data from the previous biennium when two large projects specifically for disabled Oregonians were approved for financing; these projects temporarily inflated results, which the agency used to suggest targets for the measure. If those projects are not considered in overall results, only 2.2% and 2.9% of units would have been set aside in 2013 and 2014 respectively, considerably lower than the 12% target. The Legislative Fiscal Office recommends adjusting the target downward from 12% to 7%, to reflect more realistic but still aspirational goals for serving this population.

KPM 6's 2018 actual result was a result of timing - awards of 9% Low Income Housing Tax Credits occurred just outside the 2018 fiscal year data range; had that not occurred, the result would have been 36%. This KPM was instituted in 2017, and the Legislative Fiscal Office recommends that a couple more years of data be collected and evaluated before entertaining changes to this measure or resulting targets.

The new Down Payment Lending Assistance program created by Policy Option Package 112 will likely affect future results for KPM 7. The Legislative Fiscal Office recommends leaving the target as proposed above, but that when reporting on this measure, the agency discuss the results of each program individually, as well as in the aggregate, to ensure that targeted income levels are being served.

SubCommittee Action:

The Capital Construction Subcommittee recommends approval of the Key Performance Measures as presented.

PRELIMINARY