

OHCS Budget Presentation: Supplementary Materials

2021-2023 Biennium

March 22, 2021



Oregon Housing and Community Services (OHCS) provides housing solutions for low- and moderate-income Oregonians across the housing continuum. As Oregon's Housing Finance Agency, we offer financing for the development and preservation of affordable homes and competitive lending and assistance for homebuyers. OHCS also funds homeless services, antipoverty programs, and asset building. OHCS, with some notable exceptions, is not a direct service provider.

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.



Working together to serve individuals, families
and communities throughout Oregon



OREGON HOUSING AND COMMUNITY SERVICES
CROSS-AGENCY STRATEGIC ALIGNMENT

**HEALTH
OUTCOMES**



**JUSTICE
OUTCOMES**



**EDUCATION
OUTCOMES**



**ECONOMIC
OUTCOMES**



HOUSING IS FOUNDATIONAL

In 2020, OHCS became a crisis response agency. Every aspect of our work shifted to COVID response, including deploying historic levels of rent assistance, providing guidance and support to Oregon's shelter network, and more. In September OHCS raced into action convening the [Oregon Disaster Housing Task Force](#) to respond to the needs of Oregon wildfire survivors. The Wildfire Damage Housing Relief Fund provided information and support to impacted Oregonians. [Read more about the work OHCS led in 2020.](#)

HOUSING STABILITY COUNCIL

The Oregon State Housing Stability Council holds regularly scheduled monthly meetings, usually the first Friday of each month, to review OHCS policy and make recommendations. The nine-member Council is charged with meeting the tremendous need for the provision of affordable housing for lower-income Oregonians. The Council members are appointed by the Governor, subject to confirmation by the Senate under ORS 171.562 and 171.565.

COUNCIL MISSION: To provide leadership in, and review and set policy for, the development and financing of affordable housing throughout the state of Oregon.





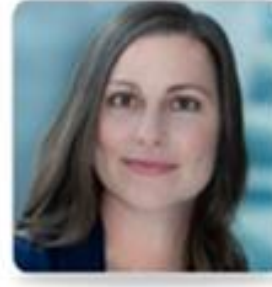
Claire Hall,
Chair



Mary Li



Gerard F.
Sandoval,
PhD



Sarah DeVries



Charles
Wilhoite



Sami Jo
Difuntorum



Barb
Higinbotham



Mary
Ferrell



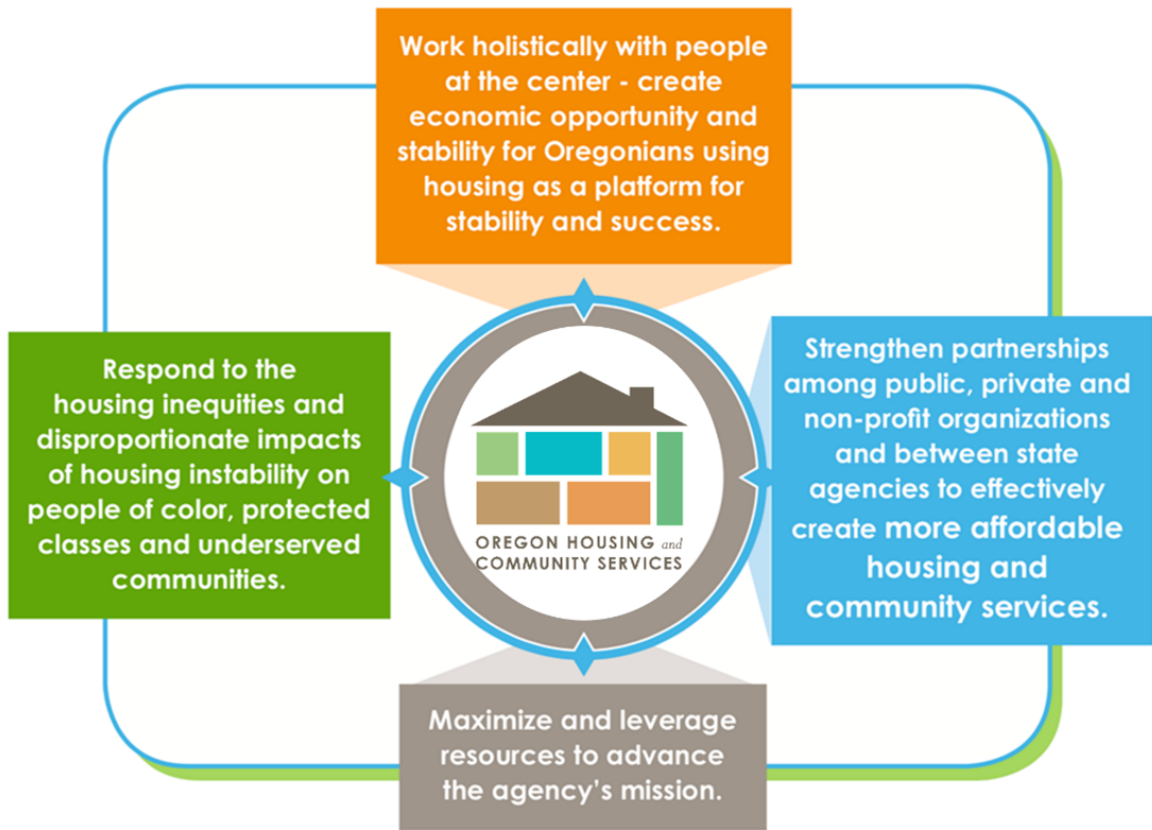
Candace
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STATEWIDE HOUSING PLAN

Oregon's Statewide Housing Plan, titled [Breaking New Ground](#), was carefully crafted after coupling the input received in more than 40 community meetings held throughout the state with extensive analysis of community need data. *Breaking New Ground*, [Oregon's five-year Statewide Housing Plan](#), articulates how Oregon Housing and Community Services (OHCS) will pave the way for more Oregonians to have access to housing opportunities and achieve housing stability and self-sufficiency through six policy priorities. These priorities include [equity and racial justice](#), [ending unsheltered homelessness](#) for Oregon's veterans and children, [permanent supportive housing](#), bridging the [affordable rental housing gap](#) through an ambitious rental housing production agenda, [expanding homeownership opportunities](#), and addressing the [housing needs of rural Oregon](#).



Statewide Housing Plan 2017 Outreach



**PRIORITY: EQUITY & RACIAL JUSTICE**

Identify and address institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.

**PRIORITY: HOMELESSNESS**

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

**PRIORITY: PERMANENT SUPPORTIVE HOUSING**

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

**PRIORITY: AFFORDABLE RENTAL HOUSING**

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

**PRIORITY: HOMEOWNERSHIP**

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

**PRIORITY: 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.

2021 LEGISLATIVE AGENDA

Governor's Recommended Budget - OHCS Investments					
HOUSING STABILIZATION		HOMEOWNERSHIP		AFFORDABLE RENTAL HOUSING	
Individual Development Account	\$7 million	Down Payment Assistance tied to OHCS lending	\$10 million	Bond Funding for LIFT (Rental and Homeownership) & Permanent Supportive Housing	\$250 million
<i>Converts IDAs to General Fund in Fiscal Year 2022</i>		Addressing Racial Disparities in Homeownership	\$2 million	PSH Rental Assistance & Services	\$15 million
Improving HMIS	\$1.2 million	Homeownership Development Resources	\$10 million	Affordable Housing Preservation & Land Acquisition	\$30 million
Long-Term Rental Assistance for Youth	\$4.5 million	Manufactured Housing Program – Homeowner support	\$2.5 million	Increase in Agricultural Worker Housing Tax Credits	\$9.5 million
COVID-19 Energy Assistance	\$5 million	Manufactured Housing Program – Park Preservation	\$3.5 million	Broadband Assistance for Low Income Oregonians	\$6.4 million
		LIFT Homeownership	<i>See Bond Funding</i>		



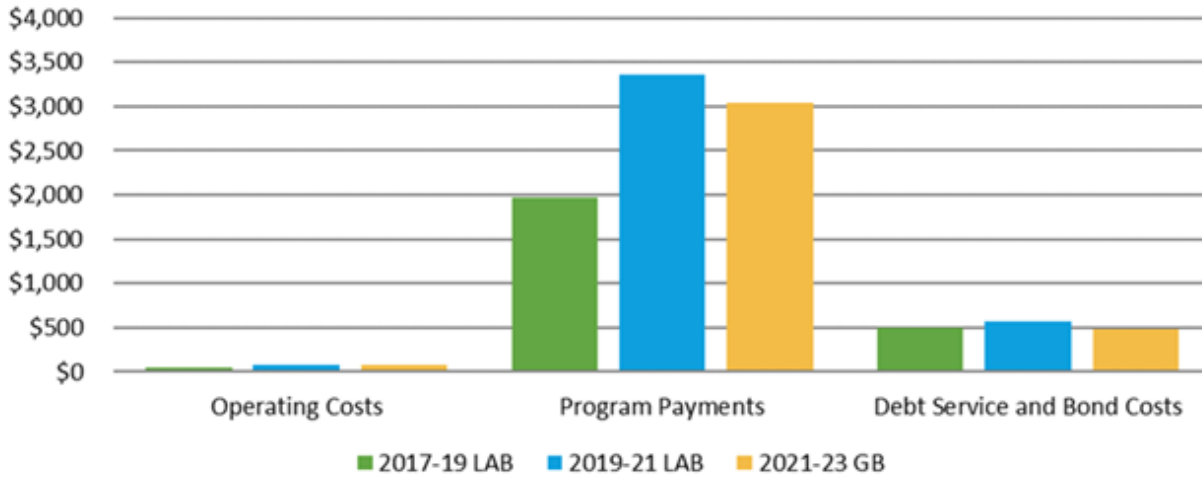
OREGON HOUSING and COMMUNITY SERVICES

Bill	Summary
HB 2094	Expands access to OHCS program serving Veterans, allows Director to designate someone to sign bond documents
HB 2095	Makes technical fixes to the Publicly Supported Housing Preservation (PuSH) Program
HB 2096	Increase the Agricultural Worker Housing Tax Credit and makes programmatic changes
HB 2099	Makes programmatic changes to manufactured housing programs
HB 2100	Modernizes Oregon's homeless services statutes
HB 2101	Makes programmatic changes to the Rent Guarantee Program and the Housing Choice Landlord Guarantee Program
SB 79	Updates the Homeownership Assistance Program (HOAP) to increase the program's ability to address racial disparities in homeownership
SB 81	Corrects the naming conventions for federal energy assistance programs
SB 82	Establishes the Individual Development Account (IDA) program as a General Fund program beginning fiscal year 2022
<i>Other bills OHCS is supporting</i>	
HB 2163	Includes the \$4.5 million long term rental assistance for at risk youth pilot
HB 3218	Includes the programmatic changes in HB 2099 and allows funds to be redeployed for wildfire response

AGENCY BUDGET

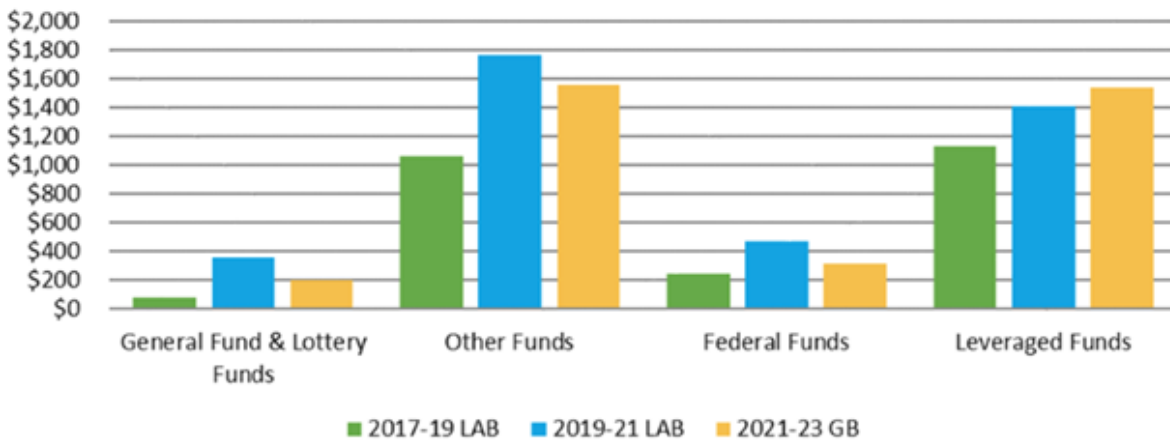
The Governor’s Recommended Budget proposed steady growth for OHCS in tried and true programs, and a slow scaling down of emergency response efforts.

Comparison by Usage (in millions)



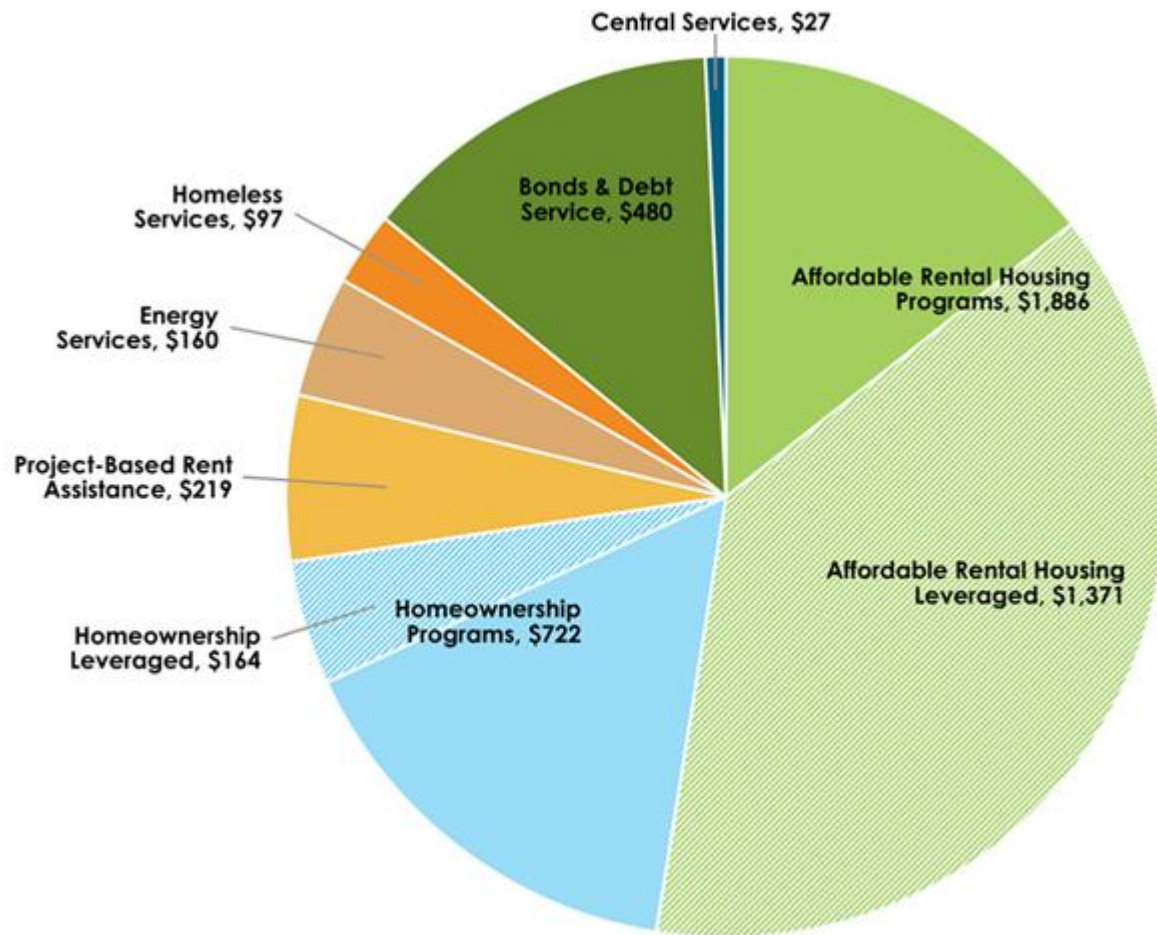
FUND TYPE	2017-19 LAB	2019-21 LAB	2021-23 GB
General Fund & Lottery Funds	\$77	\$353	\$197
Other Funds	\$1,056	\$1,763	\$1,550
Federal Funds	\$244	\$469	\$308
Leveraged Funds	\$1,129	\$1,409	\$1,534
All Funds	\$2,507	\$3,993	\$3,590

Comparison by Fund Type (in millions)



FUND TYPE	2017-19 LAB	2019-21 LAB	2021-23 GB
General Fund & Lottery Funds	\$77	\$353	\$197
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CENTRAL SERVICES

- Director’s Office (Equity Office, Tribal Relations, Housing Stability Council)
- Deputy Director’s Division (Human Resources, Information Services (IT), Chief Financial Office, Research, Procurement, Facilities)
- Public Affairs Division (Emergency Response, Stakeholder Engagement, Communications, Government Relations)

FUND TYPE	2017-19 LAB	2019-21 LAB	2021-23 GB
General Fund & Lottery Funds	\$1	\$1	\$0
Other Funds	\$13	\$20	\$26
Federal Funds	\$3	\$3	\$3
All Funds	\$17	\$25	\$29
USAGE	2017-19 LAB	2019-21 LAB	2021-23 GB
Operating Costs	\$17	\$25	\$29
Program Payments	\$0	\$0	\$0
All Funds	\$17	\$25	\$29
Positions/FTE	53 / 51.8	76 / 74.13	88 / 88.0



The New Equity, Diversity, and Inclusion Office

- Establishing Diversity Equity and Inclusion Office, includes two staff positions in the 21-23 Governor’s Recommended Budget
- Establishing internal committees to improve equitable outcomes in program design, support and promote an inclusive agency culture, establish robust training plan centering equity and racial justice, and exploring implicit biases in our data collection
- Improving language access and community & stakeholder engagement as we develop programs

POLICY OPTION PACKAGES

- **Policy Package 101 Essential Current Service Level Staff (agency-wide):** 22 positions (22.0 FTE) to enable the department to deliver programs more efficiently and effectively across the continuum of housing needs.

POP 101 Position Breakdown	
Homeownership Division	2
Housing Stabilization Division	1
Affordable Rental Housing Division	4
Central Services	15

- **Policy Package 102 Essential Current Service Level Position Reclasses (agency-wide) :** 0 position (0.5 FTE) reclassifies positions where the assigned duties are at a higher level than the current classification and adds months to one half-time position.

POP 102 Position Breakdown	Supervisory	Non-supervisory	Total
Housing Stabilization Division		3	3
Affordable Rental Housing Division	4	5	9
Homeownership Division		1	1
Central Services	14	9	13



PROGRAMMATIC DIVISIONS

OREGON HOUSING AND COMMUNITY SERVICES CONTINUUM

HOUSING STABILIZATION



AFFORDABLE RENTAL HOUSING



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

HOUSING STABILIZATION DIVISION

The Housing Stabilization Division programs are designed to stabilize housing for low-income Oregonians and support community resiliency, including programs to prevent and end homelessness and reduce energy costs. These programs include:

- Homeless Assistance Programs deliver services that enable households that are homeless or at risk of homelessness to maintain or regain housing stability. Rental Assistance Programs are available to low- and very low-income Oregonians. These programs offer rental assistance and refundable security deposits paid directly to property owners on the tenants' behalf.
- Low-Income Energy Assistance Programs provide bill payment assistance to eligible households earning 60% or less of Oregon's median income.
- Low-Income Weatherization Assistance Programs provide home health and safety improvements, heating system repair and replacement, energy conservation services, and baseload measures to households earning 200% or less of the federal poverty level.
- Individual Development Accounts provide matched savings to help low-income Oregonians save for a specified goal, such as a home, an education, a micro-business, and more.

CHANGES SINCE BUDGET SUBMISSION:

- Emergency Solution Grants (ESG) – In 2020, Congress allocated historic levels of ESG funds. While it is unclear how much of these funds will carry over into the next biennium, it's clear that funds will be used beyond fiscal year 2020.



OREGON HOUSING and
COMMUNITY SERVICES

- Emergency Rental Assistance Program (ERAP) – In December, Congress passed a COVID relief package and established the ERAP. Early this year, US Treasury confirmed OHCS will administer \$204 million of the total \$282 million available to Oregonians. OHCS anticipates opening this program in April, and funds will be used beyond fiscal year 2002.
- American Rescue Plan Act – Congress recently passed this Act, and it includes more than \$200 million dollars in relief resources for Oregon including housing and utility assistance that will flow to, and through, OHCS. We know that mortgage payment assistance, additional rental assistance, utility assistance, and homeless services resources are included. OHCS is still analyzing this Act and hopes to have more to share during the budget presentation.

HOMELESS SERVICES SECTION

FUND TYPE	2017-19 LAB	2019-21 LAB	2021-23 GB
General Fund & Lottery Funds	\$48	\$127	\$50
Other Funds	\$42	\$91	\$16
Federal Funds	\$18	\$198	\$18
All Funds	\$108	\$416	\$84
USAGE	2017-19 LAB	2019-21 LAB	2021-23 GB
Operating Costs	\$2	\$7	\$6
Program Payments	\$106	\$408	\$78
All Funds	\$108	\$416	\$84
Positions/FTE	11 / 10.0	18 / 17.85	20 / 20.0
Operating Cost Percentage	2.22%	1.73%	7.22%

[Individual Development Accounts](#), or IDAs, are matched savings accounts that build the financial management skills of qualifying Oregonians with lower incomes while they save towards a defined goal.

The [Emergency Housing Assistance \(EHA\) Program](#) assists low or very-low income persons who are homeless or are unstably housed and at risk of becoming homeless.

The [State Homeless Assistance Program \(SHAP\)](#) helps meet the emergency needs of homeless Oregonians by providing operational support for emergency shelters and supportive services to shelter residents.

The Low Income Rental Housing Fund (LIRHF) program gives a subgrantee a tool for assisting very low income renters. LIRHF enables an eligible tenant to receive rental assistance for a unit of their own choosing, provided the unit meets basic program requirements.

The [Rent Guarantee Program](#) provide incentives and financial assistance to landlords that rent or lease to low income households by guaranteeing payments to landlords for unpaid rent and for eviction and property damage costs.



The [Housing Choice Landlord Guarantee Program](#) provides financial assistance to landlords to mitigate damages caused by Housing Choice Voucher (also known as Section 8) tenants as a result of their occupancy.

The [Wildfire Damage Housing Relief Program](#) assists households of lower income that suffer a loss of housing due to wildfire.

The [Housing Stabilization Program](#) assists low-income families who are receiving a state Temporary Assistance for Needy Families (TANF) grant or who are otherwise eligible and are homeless or are unstably housed and at risk of becoming homeless.

The [Community Services Block Grant \(CSBG\)](#) is a federal program that assists communities for the reduction of poverty, the revitalization of low-income communities and the empowerment of low-income families and individuals to become fully self-sufficient.

The federal [Emergency Solutions Grant Program](#) assists low-income individuals and families quickly regain stability in permanent housing after experiencing a housing crisis or homelessness.

The [Elderly Rental Assistance Program](#) assists very-low income seniors who are homeless or are unstably housed and at risk of becoming homeless.

The federal [HOME Tenant Based Assistance Program](#) assists very low-income families to stabilize their housing.

NEW The federal [Emergency Rental Assistance Program](#) will help Oregonians recover from the economic fallout of the COVID-19 pandemic.

POLICY OPTION PACKAGES:

- **Policy Package 090 Resources for a Long-Term Rental Assistance Pilot for At-Risk Youth:** This package requests \$4.5 million in General Funds for a long-term rental assistance program for at risk youth, those exiting foster care or other institutions or those experiencing homelessness. Long term rent assistance can support youth to transition to adulthood and access career and educational opportunities, find safety, and receive the support they need. HB 2163 reflects the program outlines in this investment. OHCS will work with the Governor's Racial Justice Council in administering this pilot.
GF \$4,500,000 | LF \$0 | OF \$0 | FF \$0 | Pos. 1, FTE 1.0
- **Policy Package 104 Improving Oregon's Homeless Management Information System (HMIS):** In response to a 2019 budget note regarding implementation of a statewide homeless management information system, OHCS requested two additional positions and on-going funding to develop, implement, and maintain this system. The system will allow current and new community partners into the HMIS for little to no cost and create reporting specific to our needs. In doing so, Oregon will have robust and accurate statewide data that both tracks outcomes for homeless individuals and allows for data-driven decision making.
GF \$3,000,000 | LF \$0 | OF \$0 | FF \$0 | Pos. 2, FTE 2.0
- **Policy Package 109 Restructure Individual Development Accounts:** This package proposes to sunset the funding of the Oregon Individual Development Account (IDA) Initiative as a \$75



million annual state tax credit and redirect the funds as a \$15 million General Fund appropriation in perpetuity. The request includes one permanent position, whose initial duties will include assessing the program to determine the most effective program oversight with the transition away from tax credit funding.

GF \$15,000,000 | LF \$0 | OF \$14,025,740 | FF \$0 | Pos. 1, FTE 1.0

ENERGY SERVICES SECTION

FUND TYPE	2017-19 LAB	2019-21 LAB	2021-23 GB
General Fund & Lottery Funds	\$0	\$0	\$11
Other Funds	\$60	\$80	\$68
Federal Funds	\$80	\$93	\$87
All Funds	\$140	\$173	\$166
USAGE	2017-19 LAB	2019-21 LAB	2021-23 GB
Operating Costs	\$5	\$8	\$7
Program Payments	\$136	\$165	\$160
All Funds	\$140	\$173	\$166
Positions/FTE	11 / 10.88	14 / 14.0	16 / 15.84
Operating Cost Percentage	3.26%	4.37%	3.94%

The [Oregon Energy Assistance Program \(OEAP\)](#) is a low-income electric bill payment assistance program for customers of Pacific Power and Portland General Electric. The purpose of this program is to effectively reduce service disconnections to those customers. Priority assistance shall be directed to customers who are in danger of having their electricity service disconnected.

The [Low Income Home Energy Assistance Program \(LIHEAP\)](#) provides low income Oregonians assistance with their home energy expenses. The LIHEAP program includes bill payment assistance, energy education, case management, and home weatherization services.

The [Low Income Weatherization Program \(WAP\)](#) provides weatherization and energy conservation services at no cost to households at or below 200% of federal poverty income level. The U.S. Department of Energy, the U.S. Department of Health and Human Services, Bonneville Power Administration, and the Public Purpose funds (ECHO) provide funding for the program.

The [State Home Oil Weatherization \(SHOW\) Program](#) provides cash payments to eligible homeowners and contractors (both for-profit and non-profit) for reimbursement of energy-efficient heating equipment and home weatherization improvements. Eligible dwellings must receive their primary heating fuel from a fuel oil dealer. Cash payments are awarded by a two-tier system to allow for varied income eligibility.

The Oregon [Multifamily Energy Program \(OR-MEP\)](#). Owners and developers can use funds to increase energy efficiency in multifamily housing. Improvements include; Installing, energy-efficient insulation, windows, appliances, light fixtures and other energy-reducing activities. This opportunity is now open to all income-eligible developments through other OHCS funding offerings.



POLICY OPTION PACKAGE:

- **Policy Package 112 Increase Energy Assistance:** OHCS requested \$10 million General Fund to provide “fuel-blind” energy assistance to low-income Oregonians. The federal Low-Income Home Energy Assistance Program (LIHEAP) is only able to serve about 20 percent of eligible Oregonians. State resources are available for electricity bill payment assistance in some, but not all, areas of the state, and no state program assists with natural gas or other energy sources. This request will provide funds to assist all areas of the state, and will not be dedicated to a specific fuel type. This assistance has become more critical as households have remained at home in response to the COVID-19 pandemic and energy bills have increased. As moratoria on shut-offs expire, OHCS expects to see additional requests to maintain their energy services. GF \$10,000,000 | LF \$0 | OF \$0 | FF \$0 | Pos. 0, FTE 0.0

AFFORDABLE RENTAL HOUSING DIVISION

The Affordable Rental Housing Division programs provide partial financing for developing or preserving affordable rental housing and ensure that the units meet physical and financial standards. These programs include:

- **Affordable Rental Housing Development Programs** finance the development of multifamily properties that offer Oregon’s workforce, seniors and families a safe, stable and affordable place to call home. Federal and state-funded programs provide financing for the development of new homes, rehabilitation of existing properties, preservation of publicly supported housing, and preserving manufactured dwelling parks.
- **Asset Management and Compliance Monitoring** of projects that have received OHCS funding ensures that the projects meet regulatory requirements of the various funding sources. Many properties are physically inspected on a regular basis, and a review of management is conducted to ensure compliance with regulatory standards, federal regulations, and state rules. The projects’ financial statements are reviewed annually to ensure the fiscal viability of the project.

CHANGES SINCE BUDGET SUBMISSION:

- American Rescue Plan Act – Congress recently passed this Act, and it includes many millions of dollars in housing relief resources for Oregon. OHCS is still analyzing this Act and hopes to have more to share during the budget presentation.
- December Congressional Package – Congress improved the Low Income Housing Tax Credit (LIHTC) 4% program by establishing a 4% floor as the value for the LIHTC, increasing the ability for OHCS to leverage federal funds. Congress also authorized a special one-time allocation of LIHTC to Oregon and other areas affected by Presidentially Declared Disasters.



HOUSING FINANCE

FUND TYPE	2017-19 LAB	2019-21 LAB	2021-23 GB
General Fund & Lottery Funds	\$27	\$210	\$86
Other Funds	\$260	\$605	\$589
Federal Funds	\$21	\$21	\$22
Leveraged Funds	\$1,064	\$1,212	\$1,371
All Funds	\$1,371	\$2,049	\$2,068
USAGE	2017-19 LAB	2019-21 LAB	2021-23 GB
Operating Costs	\$15	\$26	\$28
Program Payments	\$1,250	\$1,881	\$1,857
Debt Service and Bond Costs	\$106	\$142	\$183
All Funds	\$1,371	\$2,049	\$2,068
Positions/FTE	53 / 45.06	73 / 67.67	78 / 78.0
Operating Cost Percentage	1.08%	1.27%	1.33%

The federal [9% and 4% Low-Income Housing Tax Credit \(LIHTC\) program](#) provides tax credits for developers to; construct, rehabilitate, or acquire and rehabilitate qualified low-income rental housing. OHCS reserves and allocates 9% and 4% tax credits on eligible properties. The department set aside a minimum of 10 percent of the credit authority for each calendar year.

The [Conduit Program](#) provides additional flexibility by using tax-exempt bond financing (through an allocation of the State's private activity volume cap). Experienced affordable housing development teams maximize control by selecting the financing team and negotiate financing terms.

The [General Housing Assistance Program \(GHAP\)](#) expands the state's supply of housing for low and very low-income Oregonians.

The [Agriculture Workforce Housing Tax Credit \(AWHTC\)](#) Program is designed to give a state income tax credit to investors who incur costs to construct, install, acquire or rehabilitate agriculture workforce housing.

[Permanent Supportive Housing \(PSH\)](#) provides housing stability to Oregon's most vulnerable residents through service-enriched affordable housing. A wide body of evidence supports the use of PSH to achieve better outcomes for people and lower costs across systems including health care, criminal justice and emergency services.

The [Local Innovation and Fast Track \(LIFT\) Rental Housing Program](#)'s objective is to build new affordable housing for low income households, in particular, families. The primary goals of the LIFT Rental program are to create a large number of new affordable housing units to serve low income Oregonian families and to serve historically underserved communities, such as rural communities and communities of color.

The [Oregon Affordable Housing Tax Credit \(OAHTC\) Program](#) provides a state income tax credit for affordable housing loans for which a lender reduces the interest rate by up to four percent. Applications must demonstrate a 20 year term that the benefit of the tax credit will be entirely passed on to reduce rents for the tenants.



The Oregon [Multifamily Energy Program \(OR-MEP\)](#). Owners and developers can use funds to increase energy efficiency in multifamily housing. Improvements include; Installing, energy-efficient insulation, windows, appliances, light fixtures and other energy-reducing activities. This opportunity is now open to all income-eligible developments through other OHCS funding offerings.

[The Affordable Housing Land Acquisition Revolving Loan Program \(LAP\)](#) was created in 2017 by the Oregon legislature to assist eligible organizations in Oregon to purchase land suited for affordable housing development.

The [HOME Investment Partnerships Program](#) provides federal funds for the development of affordable housing for low- and very low-income households, and encourages partnerships among state agencies, local governments, non-profits, and for-profit organizations.

The [Housing Development Grant Program \(“Trust Fund”\)](#) was created to expand Oregon’s housing supply for low- and very low-income families and individuals by providing funds for new construction or to acquire and/or rehabilitate existing structures.

The [Oregon Rural Rehabilitation \(ORR\) Loan Program](#) is designed to defray costs associated with building, maintaining, and rehabilitating farmworker housing. The program’s starting capital came from a transfer of funds from the Oregon Department of State Lands. The original funds were provided through the Secretary of Agriculture and designed to carry out the Bankhead-Jones Farm Tenant Act for the purpose of developing and/or preserving farmworker housing in accordance with the charter of the Oregon Rural Rehabilitation Corporation.

POLICY OPTION PACKAGES:

- **Policy Package 090 Resources for Broadband Assistance:** This package requests \$6.4million in General Funds for an Urban Connectivity Program. Regardless of income level or zip code, the pandemic has demonstrated that every child must have access to broadband internet connections and digital learning devices for distance learning. Broadband is also a driver of economic opportunity at a time when remote work is becoming widely adopted. Equitable internet access is critical. OHCS will work with the Governor's Racial Justice Council on program implementation.

GF \$6,400,000 | LF \$0 | OF \$0 | FF \$0 | Pos. 2, FTE 1.84

- **Policy Package 103 Resources for LIFT, Permanent Supportive Housing, and Land Acquisition:** This package requests \$210 million in Article XI-Q General Obligation bond funds for developing housing that increases the supply of family housing for rent or purchase (LIFT), creating permanent supportive housing (PSH) units to address the complex needs of those experiencing chronic homelessness, and land acquisition loans to governmental agencies or nonprofits for purchasing development property in their communities when it becomes available. These resources will be allocated to the different programs in partnership with our policy advisory body, the Housing Stability Council. In addition, this package requests \$15 million in General Fund to provide rental assistance tied to the PSH units.

GF \$19,407,869 | LF \$0 | OF \$228,194,330 | FF \$0 | Pos. 5, FTE 5.0

- **Policy Package 108 Agricultural Worker Housing Tax Credit Increase:** This package works in conjunction with House Bill 2096 which changes the timing of awarding Agricultural Worker



Housing Tax Credits (AWHTC) and increases the annual amount of the credit. OHCS removed the portion of the bill that allows a portion of credits to be sold and offered as grants to build on-farm housing for agricultural workers. Tax credits are a viable tool for community-based developers to create this much needed agricultural workforce housing, but they are often not feasible for individual farm owners due to the nature of farm income and the lack of access to a secondary market for selling credits. Farm owners do not always have a profit to be taxed, so the grants could be more useful. We'll bring this idea back in 2023.

The AWHTC is chronically oversubscribed and unable to meet the capacity of developers to build new housing. Additionally, the supply of agricultural worker housing is insufficient to serve all of these essential workers. Meeting the capacity and need for this housing development requires additional resources and maximum efficiency and leverage.

GF \$0 | LF \$0 | OF \$2,250,000, now \$0 | FF \$0 | Pos. 0, FTE 0.0

- **Policy Package 110 Affordable Housing Preservation:** OHCS is requesting \$10 million in new tax-exempt lottery-backed bond proceeds to fund the preservation of multifamily housing units needed to address the housing crisis pervasive across Oregon. These proceeds will enable federal funds to be leveraged that otherwise wouldn't be available in Oregon. In prior biennia, proceeds from lottery-backed bonds have been used by OHCS for a variety of purposes, most typically for the preservation of federal rent subsidized units and manufactured park preservation. This request is for funding to be used to address the extreme need that exists in three areas:
 - Preserving federal rent subsidies for units at risk of losing the subsidies and converting to market rate rental housing and Rental Assistance Demonstration (RAD) projects.
 - Preserving manufactured home parks to prevent the displacement of extremely-low-income tenants.
 - Preserving existing rent and income restricted affordable housing at risk of loss due to expiring restrictions or physical condition.

GF \$0 | LF \$769,524 | OF \$10,179,678 | FF \$0 | Pos. 0, FTE 0.0

PROJECT-BASED RENT ASSISTANCE PROGRAMS

FUND TYPE	2017-19 LAB	2019-21 LAB	2021-23 GB
General Fund & Lottery Funds	\$0	\$0	\$15
Other Funds	\$2	\$6	\$26
Federal Funds	\$122	\$153	\$177
All Funds	\$124	\$159	\$219
USAGE	2017-19 LAB	2019-21 LAB	2021-23 GB
Operating Costs	\$2	\$4	\$4
Program Payments	\$122	\$156	\$215
All Funds	\$124	\$159	\$219
Positions/FTE	10 / 9.5	17 / 14.67	17 / 16.5
Operating Cost Percentage	1.70%	2.28%	1.73%



The Project-Based Rent Assistance programs provide state and federal rent subsidies for low-income tenants of specific units. The state-funded program, Permanent Supportive Housing or PSH, was initiated in the 2019-21 biennium. This budget unit is new in the 2021-23 biennium and is intended to make a distinction between these programs and the tenant-based rent assistance in the Housing Stabilization Division. These programs include:

- The [HUD Project-Based Rental Assistance Program](#) provides rent subsidy payments paid directly to property owners. These subsidies ensure that tenants pay no more than 30 percent of their income for rent. Contract administration of these programs includes contract renewals, rent adjustments, tenant complaint resolution, and on-site monitoring of owner policies, procedures, and practices, as well as follow-up on physical inspection findings.
- The [Section 811 Project Rental Assistance \(PRA\) Program](#) provides project-based rental assistance to extremely-low-income persons with mental, intellectual and/or developmental disabilities, and allows them to live in the community as independently as possible by increasing the supply of rental housing linked with support services.
- **Permanent Supportive Housing (PSH) Rental Assistance** combines lease-based, affordable housing with tenancy supports and other voluntary services to help individuals with high needs, including persons with disabilities and persons coming out of chronic homelessness, achieve stable housing and recovery in their communities.

HOMEOWNERSHIP DIVISION

The Homeownership Division programs offer homeownership opportunities and assist with foreclosure prevention for low- and moderate-income Oregonians. These programs include:

- **Homeownership Programs** expand access to affordable homeownership through below market rate residential loans, as well as assisting homeowners in purchasing and retaining their homes through education, foreclosure counseling, and financial assistance services. These programs benefit homebuyers and homeowners who are typically not served by traditional lenders, and who would not otherwise have access to the housing market and homeownership services.
- **Manufactured Housing** programs include mediation services for marina and manufactured home park residents and owners, park preservation, and manufactured home replacement. The [Marinas and Manufactured Communities Resource Center \(MMCRC\)](#) provides assistance to park owners and tenants to resolve disputes outside of court by promoting cooperation, open communication, and a positive environment. In 2019, resources were made available through House Bill 2896 to provide loans to preserve manufactured home parks and to replace older homes with newer, more energy-efficient models. The bill also provided grants for the costs of decommissioning the older homes.



- The [Oregon Homeownership Stabilization Initiative](#) program assists at-risk homeowners to avoid foreclosure through a number of activities. The program, known nationally as the Hardest Hit Fund (HHF) program, is funded entirely by federal Troubled Asset Relief Program (TARP) resources from the US Department of Treasury. The overall goal of the program is to stabilize the housing market through foreclosure prevention activities. Oregon received \$94.5 million in additional funding in February 2016, and the program is now expected to continue through December 2021.

CHANGES SINCE BUDGET SUBMISSION:

- American Rescue Plan Act – Congress recently passed this Act, and it includes many millions of dollars in housing relief resources for Oregon. We know this Act includes mortgage assistance. OHCS is still analyzing this Act and hopes to have more to share during the budget presentation.

FUND TYPE	2017-19 LAB	2019-21 LAB	2021-23 GB
General Fund & Lottery Funds	\$1	\$15	\$35
Other Funds	\$675	\$961	\$825
Federal Funds	\$1	\$1	\$1
Leveraged Funds	\$65	\$196	\$164
All Funds	\$742	\$1,172	\$1,024
USAGE	2017-19 LAB	2019-21 LAB	2021-23 GB
Operating Costs	\$21	\$27	\$29
Program Payments	\$355	\$746	\$725
Debt Service and Bond Costs	\$365	\$400	\$270
All Funds	\$742	\$1,172	\$1,024
Positions/FTE	33 / 28.41	32 / 28.75	30 / 22.0
Operating Cost Percentage	2.87%	2.27%	2.80%

The [Home Ownership Assistance Program \(HOAP\)](#) provides financial assistance to homeowners to repair and modify their homes for better health and safety. The program includes repairs that affect the house structure and/or repairs that are not limited to; accessibility/adaptability modifications, updates to code compliance, emergency repairs, repairs for structural integrity. [Down Payment Assistance program](#) funds are awarded to organizations throughout the state to create, continue and expand their existing down payment assistance programs. Eligible homebuyers who have completed Homebuyer Education and the recommended coaching from a qualified organization, may qualify for up to \$15,000 in down payment and/or closing costs assistance.

[Oregon Bond Residential Loan Program](#), provides competitive rates helping eligible families increase their home purchasing power and keep their monthly house payments affordable.

Through the Hardest Hit Fund, the U.S. government provided funds to families in states that were hit hardest by the downturn, by which [Oregon Homeownership Stabilization Initiative \(OHSI\)](#) was created to help Oregonians struggling within homeownership. States could use the funds to develop local solutions to prevent foreclosure.

The [Local Innovation and Fast Track \(LIFT\) Housing Program](#) creates affordable homes for vulnerable families. The program focuses on communities of color and rural communities. The program supports



new construction or conversion of existing non-housing structures only, and can be used for homeownership development.

The [Manufactured & Marine Communities Resource Center \(MMCRC\)](#) provides services and information to residents and landlords of manufactured dwelling parks and marine communities. We promote cooperative community relationships and positive alternatives to the court system if conflicts arise. Our confidential, neutral and voluntary services provide assistance to resolve disputes by promoting open communication and a positive environment.

POLICY OPTION PACKAGES:

- **Policy Package 106 Addressing Racial Disparities in Homeownership:** This package requests General Fund to provide technical assistance and outreach to culturally specific organizations, including federally recognized Indian Tribes in Oregon. OHCS will provide technical assistance and language access to OHCS Homeownership programs. The goal is to reduce barriers among populations that have a disproportionate rate of renters versus homeowners, with the ultimate goal of reducing the racial disparities in homeownership.
GF \$2,000,000 | LF \$0 | OF \$0 | FF \$0 | Pos. 2, FTE 2.0
- **Policy Package 107 Down Payment Assistance Tied to OHCS Lending:** The biggest barrier to homeownership for most people is the lack of cash for a down payment, particularly reaching a 20 percent down payment which removes the additional cost of mortgage insurance. The problem is exceptionally acute in communities of color that have been systematically excluded from homeownership opportunities, and thus have lower personal and family wealth. The goal of this funding is to increase the impact of taxpayer dollars while allowing families to build equity. Providing down payment assistance (DPA) paired with OHCS mortgage lending products will allow public dollars to stretch farther by creating efficiencies in DPA delivery.
GF \$10,000,000 | LF \$0 | OF \$0 | FF \$0 | Pos. 0, FTE 0.0
- **Policy Package 113 Safe and Healthy Manufactured Homes:** This package addresses the challenges to preserving and improving manufactured housing as an affordable and safe homeownership option in Oregon. One program helps preserve manufactured housing parks with permanently affordable home sites through park ownership by nonprofit organizations or resident cooperatives. The other programs provide affordable resources for manufactured homeowners to replace dilapidated and unsafe homes with new, energy-efficient homes, allowing them to safely and securely remain in their homes and build wealth through homeownership. With a focus on underserved manufactured housing residents, many of whom are well under 100% median family income (MFI) and live in rural areas, these programs align with the Homeownership and Rural Communities priorities of the Oregon Statewide Housing Plan.
GF \$6,000,000 | LF \$0 | OF \$83,125 | FF \$0 | Pos. 0, FTE 0.0
- **Policy Package 114 Homeownership Development:** This request is for \$10 million to create a fund for affordable homeownership development that prioritizes generational wealth building for households of color that have been historically excluded from homeownership by governments, lending institutions, and other institutions of power. This initial funding will serve



as a pilot to seed the revolving fund, and determine the development program that best fits the goal of doubling the number of homeowners of color in OHCS homeownership programs as outlined in the Statewide Housing Plan.

This fund will allow flexible lending terms for affordable Homeownership Development partners to access cash needed to purchase land, purchase blighted homes, or purchase short sale or foreclosed properties, and then create affordable homeownership opportunities. Partners need a funding source that can be flexible to meet the ever-changing market along with an interest rate on the borrowed funds that will ensure affordability to the consumer. The Governor's Racial Justice Council would like OHCS to explore different financing options, including co-operative ownership and fee simple developments.

GF \$10,000,000 | LF \$0 | OF \$0 | FF \$0 | Pos. 1, FTE 1.0

- **Policy Package 115 Restore Oregon Homeownership Stabilization Initiative Positions:** This package requests limited duration positions and Other Funds limitation to continue the Oregon Homeownership Stabilization Initiative (OHSI). This program began in the 2009-11 biennium with an initial end date of December 31, 2017. However, in February 2016, additional funding of \$95.4 million was awarded to OHCS to continue the program until December 31, 2021. The program has been reopened in response to the COVID-19 pandemic and is using funds generated by OHCS operations of the program, not additional federal funding. OHCS wishes to revise the request to nine positions (2.25 FTE) and reduce Services & Supplies to \$90,821. (The amounts below are ARB amounts.)
GF \$0 | LF \$0 | OF \$4,943,336 | FF \$0 | Pos. 22, FTE 22.0

PROGRAM OUTCOMES: 2020 in the Rearview

Leading with Equity and Racial Justice: OHCS took proactive steps to advance our bold equity and racial justice goals. For the first time, we made available millions of dollars in funding to culturally specific organizations, (in Special COVID Emergency Solutions Grant funding.) We took proactive steps to develop more inclusive strategies (such as Minority, Women and Emerging Small Business contracting and created new Tribal set asides in our 9% Low Income Federal Tax Credit program.) We supported intersectional partnerships with other agencies including the Oregon Health Authority with funding to support [over 100 community based and culturally specific organizations](#). As we move forward with intention we appreciate ideas, partnership and feedback to continue centering and advancing this work.

Partnering to Build Affordable Housing: In 2020, OHCS added more than 5,000 homes to our development pipeline (funding commitments for 2,874 homes to our pipeline and closing on 41 transactions that will produce an additional 2,785 homes.) These investments help address Oregon's severe housing shortage while ensuring thousands of additional Oregon families will have a safe, stable place to call home. This number puts us ahead of schedule for our development target; just two years into the SWHP, we have reached 15,863 homes toward our [Statewide Housing Plan](#) target of building a development pipeline of 25,000 homes within five years!



Energy and Weatherization: Last year our energy and weatherization team worked closely with Community Action Agencies to avoid utility shut offs ensuring nearly 150,000 struggling Oregonians kept their lights on. In 2020 the Oregon Multifamily Energy Program (OR-MEP) worked with affordable rental properties across the state to adopt efficiency improvements including reducing energy use and heating costs for nearly 2,500 new and existing affordable rental homes. This is a win-win: our weatherization programs reduced energy costs, improved health and comfort for residents while doing our part to mitigate climate change impacts.

Building Permanent Supportive Housing: With 586 homes funded we're more than halfway to reaching our 5-year target of 1000 additional homes. Recognizing the urgent need to provide supportive housing to home individuals and families that have been chronically homeless, in 2020 we allocated a little more than \$37 million of the \$50 million in capital funds to eight projects that attended our first Permanent Supportive Housing (PSH) Institute put on by the Corporation for Supportive Housing. These eight developments will create 498 new homes including 206 permanent supportive homes. We're also building capacity to continue this work: our second PSH Institute launched in 2020. Today a second cohort of eight new teams are tackling ways to reduce barriers to housing stability in their local communities.

Providing Keys to Homeownership: With the help of approved Housing Counselors more than 3,000 individuals received homeownership counseling and education to purchase a home and remove barriers to financing. More than 500 new homebuyers saved money with below market interest rates thanks to the Oregon Bond Residential Loan Program in 2020. Together our programs expanded access to homeownership and assisted nearly 1,000 Oregonians purchase and receive keys to their first home! In addition to assisting current and first-time homeowners, we're also working to ensure Oregonians stay in their homes when hard times hit with targeted outreach to communities of color and historically marginalized groups. In 2020, the Oregon Homeownership Stabilization Initiative provided mortgage support to 536 new program participants, spending \$18,040,101 in targeted assistance to homeowners struggling to make their mortgage payments. (To date, the program has served over 17,000 Oregonians and disbursed \$307,608,099 in funding.)

Keeping Oregonians Housed: In working to prevent and reduce statewide poverty and homelessness, OHCS Housing Stabilization Division set new records in distributing assistance to local communities to help Oregonians in need. As of December, approximately 13,813 households had received help paying rent with OHCS administered funds distributed by Community Action Agencies and community-based organizations across the state during the 2020 calendar year. During the pandemic alone, the federal funds provided by the Coronavirus Relief Fund totaled approximately \$63.5 million in rent payments made to Oregonians across the state. During a global pandemic this funding provided a life-line to those in need.

Tailoring Programs to Meet the Needs of Rural OR: OHCS allocated \$114 million in Local Innovation Track (LIFT) Rental funds, in addition to leveraging tax-exempt conduit bonds, and Federal 4% Low Income Housing Tax Credits issued by OHCS, to create 1,574 new affordable homes serving communities



of color and rural communities. In order to help rural partners respond to the pandemic, we also provided capacity building funds to smaller rural partners to assist them in being able to operate their projects remotely. We understood the incredible need for increased funds to develop agricultural workforce housing and are updating the Agricultural Workforce Housing Tax Credit to reflect the need. We engaged with Oregon Human Development Corporation and other stakeholders to ensure our services address the needs of agricultural communities across the state.

Responding to Oregonians in Need: Our housing info line alone returned over 200 calls to Oregonians seeking information. We hosted 27 [Oregon Statewide Response and Recovery Unhoused Network](#) calls to address emerging COVID-19 concerns and hosted trainings focused on skill building topics such as trauma informed care. We also created new partnerships with the Oregon Health Authority, the Oregon Law Center and other community groups to ensure our outreach was responsive, intersectional and provides wrap around services that extend beyond housing.

Ensuring Oregonians Have Safe Shelter: OHCS distributed approximately \$12 million total in “Out of the Cold” funds to ensure Oregonians experiencing homelessness have a safe, dry place to come in from the cold. We also responded to new pandemic challenges by supporting shelters in providing services following recommended socially distant “non-congregate” ways to help prevent the spread of COVID-19 among some of Oregon’s most vulnerable populations.

Wildfire Disaster Housing Response and Recovery: In September OHCS raced into action convening the [Wildfire Disaster Housing Task Force](#) to respond to the needs of Oregon wildfire survivors. Our [Wildfire Damage Housing Relief Fund](#) provided information and support to impacted Oregonians and we are continuing to process more than 600 applications from all eight wildfire impacted counties. As of early January, [OHCS has provided financial assistance to 279 qualifying households](#) who lost housing due to Oregon wildfires with a focus on Oregonians ineligible or unable to receive FEMA Assistance. OHCS is connecting with community partners to get the word out about this program.

KEY PERFORMANCE MEASURES

KPM 1 - Percentage of homeless households who exited into permanent housing and retained that housing for six months or longer.

How are we doing?

From July 1, 2019 through June 30, 2020, 3,290 households were contacted six months after receiving state homeless assistance funds and 82% of these households had retained their permanent housing. This meets the target of 80%. When looking specifically at veterans accessing state homeless assistance funds, we find that 79% of veterans who were contacted six months after receiving assistance had retained their permanent housing. This is just below the target of 80%.

Factors Affecting our Results?



Shifting program attention from emergency shelters toward a "housing first" model, which prioritizes putting people into permanent housing immediately, has been ongoing for the past few years and may contribute to meeting this goal. Obstacles to meeting this goal include: difficult economic circumstances, high unemployment rates, a shortage of affordable housing units, low rental vacancy rates, and a lack of flexible rental assistance over the past several years.

It is important to note that the denominator used in this calculation is the number of people successfully contacted after six months, not everyone who was due for a follow-up. The KPM therefore reflects the percentage of those contacted who are still in permanent housing after 6 months and does not include those who were not contacted. In fiscal year 2020, 62% of all people due for follow-up were successfully contacted and 67% of all veterans due for follow-up were successfully contacted. There are several possible reasons some clients were not contacted after exiting homeless assistance programs, and it is certainly possible that many of those unable to be contacted had not retained their permanent housing situation.

In response, we instituted a new way of ensuring that those exiting to permanent housing don't require an additional move in the Homeless Management Information System (HMIS) to be reported as being in need of follow-up after six months and this is the first year we have collected data using this new reporting method. While this has resulted in improved information and data accuracy, it has also resulted in a lower contact percentage overall (from 86% in FY19 to 62% in FY20). OHCS recognizes that improving data quality and reports is an iterative process and is continuing to work on addressing these issues over time. We will continue to work with partners on this new reporting method and on ensuring they have the capacity to do this level of follow-up with clients.

Finally, there was one Community Action Agencies (CAA) out of a total of 18 CAAs receiving Homeless Services funds that was unable to provide data this year, but OHCS is working with them on their data collection processes.

KPM 2 - 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.

How are we Doing?

From July 1, 2019 through June 30, 2020, 90% of households receiving crisis energy assistance received payment for the prevention of power disconnections. This meets the target of 90%.

Factors Affecting our Results?

There has been a concerted effort by the state and our community action partners to get restoration numbers down and prevention numbers up – and in fact, they have gone from 82% of crisis payments in FY11 up to 90% in FY20. Measuring the prevention of disconnections compared to restorations is an



established and well-researched method of understanding the effectiveness and efficiency of energy assistance programs. Disconnections are expensive for families, for utility companies, and it is expensive to restore services. Prevention is a much better strategy.

KPM 3 – 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.

How Are We Doing? From July 1, 2019 through June 30, 2020, 66% of rental units approved for funding will be affordable to households with income at or below 50% of the area median income. This is above our goal of 50%.

Factors Affecting Our Results?

The majority of our funding sources serve households earning at or below 60% of AMI, and in fiscal year 2020 programmatic policies gave further preference to serving lower incomes. As a result, we approved a number of very large projects that focused on housing for people with income at or below 50% of AMI. These figures include the rehabilitation and preservation of public housing properties in addition to other preservation and new construction of projects that include project-based rent assistance, which ensure that households only pay 30% of their income towards rent. This fiscal year 30% of the units funded either preserved or created project-based assistance, which is a decrease from 42% of units with project-based assistance last fiscal year.

KPM 4 – Percentage of affordable rental housing units funded that provide rental opportunities for low-income individuals with physical or mental disabilities.

How Are We Doing? From July 1, 2019 through June 30, 2020, 8% of rental units approved for funding will be set-aside for individuals with physical, developmental, or mental disabilities. This is above our goal of 7%. While this is a decrease from the previous fiscal year (13%) it is important to note that the target was changed from 12% to 7% during the 2019 legislative session. Thirty-two percent of properties funded this fiscal year have units set-aside for people with disabilities, which is a 2% increase from the previous year.

Factors Affecting Our Results? This is the second year since we've been tracking this KPM that we met our goal. There were several large properties approved this fiscal year that set-aside a large number of units for those with mental, developmental, or physical disabilities. Not reflected in these numbers are an additional 148 units that are being targeted to be Permanent Supportive Housing (PSH), which account for 5% of the total regulated units approved this fiscal year. While these units are not directly set-aside for persons with disabilities, the populations they are designed to target do also have disabilities. For example, anyone who is served with our Permanent Supportive Housing resources would be chronically homeless – which is a population defined both by the duration and recurrence of homelessness in addition to having co-occurring disabilities. Housing for those with disabilities like these often require intensive services be provided in order to make the projects successful and ensure tenants



remain stable within their housing. It is only with these specifically dedicated PSH resources that we are able to serve these populations with higher needs.

KPM 5 – 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.

How Are We Doing? From July 1, 2019 through June 30, 2020, the average cost per square foot of new construction properties that completed construction during that period was \$243.33, or 123% of the combined 2019 and 2020 national average construction costs per square foot as reported by RS Means data (\$198.63). This is above the target of 100%, which is a negative result. For properties that were preserved and went through significant rehabilitation, the average cost per square foot of that rehabilitation was \$141.89, which is 130% of the combined 2019 and 2020 national average rehabilitation costs per square foot as reported by RS Means data (\$109.12). This is above the target of 100%, which is a negative result.

Factors Affecting Our Results? Many requirements can increase costs in the development or rehabilitation of affordable housing, including but not limited to: paying workers prevailing wages, building to LEED standards, site work, design standards, the fluctuating costs and availability of materials, and locational factors. Furthermore, we are using national RS Means data because statewide data is not available, but Oregon construction costs tend to be higher than the national average. We are assuming that our costs per square foot would be closer to our targets if RS Means data included prevailing wages and a locational factor in its calculations.

KPM 6 – 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.

How Are We Doing? From July 1, 2019 through June 30, 2020, 36% of units funded with 9% Low Income Housing Tax Credits or HOME program funds will be developed in “high opportunity” census tracts according to the KPM definition of meeting two of three criteria. This is slightly below the target of 40%. A fourth criterion, high scoring schools, is also used to evaluate “high opportunity” census tracts in a separate mapping tool. Due to a lack of high scoring schools in proximity to projects approved this fiscal year, the inclusion of this criterion does not impact the overall result of this KPM.

Factors Affecting Our Results? Beginning in 2016, we provided points to 9% LIHTC and HOME applications that showed that they would develop new units, or preserve existing units in high opportunity census tracts. This was done to encourage developers to create housing outside of high poverty census tracts, near employment opportunities, and near good schools. However, as required by the 9% LIHTC program, we also must provide points to applications for developments in qualified census tracts, which are higher poverty census tracts. These two competing priorities, in addition to the high



cost of land in opportunity areas juxtaposed with cost-containment efforts in funding applications, may influence our results on this KPM.

KPM 7 - Percentage of households at or below the state's median household income served by our single-family programs.

How Are We Doing? From July 1, 2019 through June 30, 2020, 56% of loans made through the Oregon Bond Residential Loan Program went to households at or below the state median household income. This meets our goal of 55% and represents an increase of 1% over the last fiscal year.

Factors Affecting Our Results: The lowest income limits OHCS uses for the residential loan program is 100% of statewide median family income. The highest limit for a larger size household is 140% of statewide MFI or 140% of county MFI, whichever is greater. While the KPM language indicates we would look at state household median income, the residential loan program uses state or county median family incomes to determine eligibility, so median family income is the more appropriate measure to use. If we had used state median family income, the result for this KPM would have been 79%. If we evaluated our performance using county median family income, the result for this KPM would have been 76%.

KPM 8 - Percentage of OHCS residential loan program loans issued to people of color.

How Are We Doing? From July 1, 2019 through June 30, 2020, 25% of Oregon Bond Residential Loan Program loans were given to Black, Indigenous, and People of Color (BIPOC) borrowers or co-borrowers. This is above our goal of 20%. We have changed how we are reporting this measure. This year we are reporting the people who listed “unknown” or whose data was missing from race or ethnicity as part of our denominator where in previous years we have excluded those values from the denominator.

Factors Affecting Our Results? We are working with our lenders to receive the most accurate demographic information on our clients and collaborating with them to help us achieve our goals. OHCS has been working to ensure that lenders and partners are being more proactive in promoting the residential loan program to communities of color by encouraging partnerships with culturally-specific organizations and expanding outreach efforts. In addition, it is important to note that 19% of our clients are non-respondents to the race or ethnicity questions. If we excluded these unknowns from the total number of loans, we would see 31% of our loans would be going to borrowers and/or co-borrowers who identify as BIPOC on their loan applications.

KPM 9 - Percentage of customers rating their satisfaction with the agency's customer service as “good” or “excellent”: timeliness, accuracy, helpfulness, expertise, availability of information, overall.

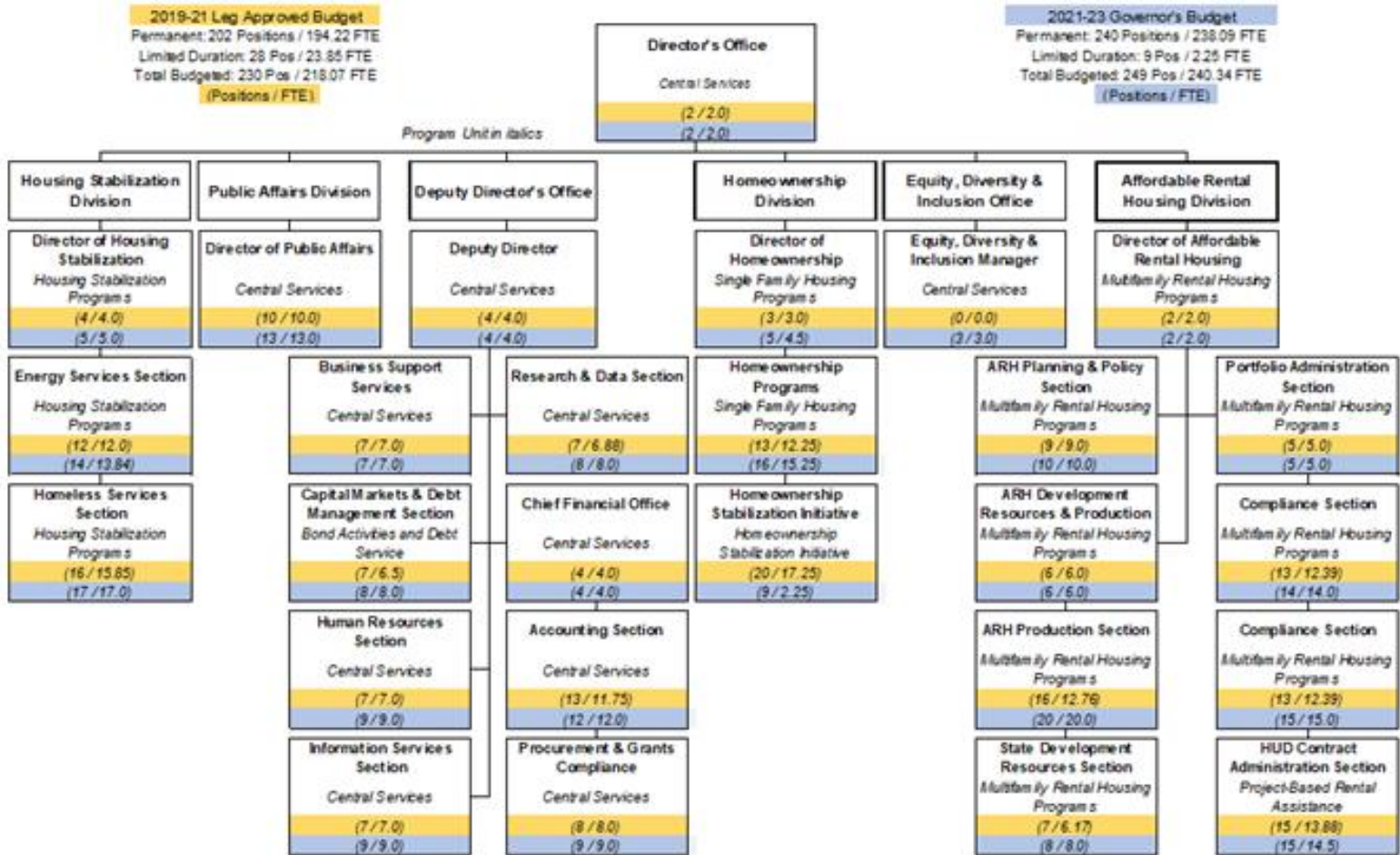
How are We Doing? We performed our eighth customer service survey in 2020 and we received 168 responses. When asked to rate “the overall quality of service provided by OHCS”, 79% of respondents gave a positive answer (“Excellent” or “Good”). We conduct this survey every other year. This is just below our target of 80%.

Factors Affecting Our Results? The results of the 2020 Customer Service Survey are very similar to those from the 2018 Survey. Customers were asked to rate OHCS on six factors and a response of “Excellent” or



“Good” is considered a positive rating. OHCS received its highest ratings for “the helpfulness of OHCS employees”, and “the knowledge and expertise of OHCS employees”, with 81% of customers giving a positive rating on these factors. Customers were most likely to rate OHCS staff as “Excellent” on the helpfulness factor, which is the one the Agency has consistently scored well on. The factor which the agency needs to focus on improving the most is “the availability of information at OHCS”, with 65% of respondents providing a positive rating. It is possible that this result was impacted by our recent website upgrade which occurred in early July. The survey was open throughout the month of August. It will likely take our customers some time to get used to the new website. This is also a time of rapidly changing information due to COVID response. The biggest improvement from the 2018 survey was for “the timeliness of the services provided by OHCS”, which 76% of customers responded positively to in 2020 compared to 73% in 2018.

ORGANIZATIONAL CHART



SPAN OF CONTROL

Supervision Category	Filled	Vacant	Total
Non-Supervisory	167	55	222
Representation Not Assigned	1	0	1
Supervisory	24	3	27
Total	192	58	250

BUDGET LANDSCAPE: ENVIRONMENTAL FACTORS OF HOUSING

Pre-COVID – looking at the housing landscape of Oregon before 2020 gave us COVID-19 and a Wildfire. Almost all of the information below is available by race and ethnicity and shows that, prior to a pandemic that has hit communities of color the hardest, black, indigenous, Latinx/Hispanic and other communities of color disproportionately experience difficulties accessing affordable housing, generating wealth, purchasing a home, or avoiding homelessness.

Housing Supply, Vacancy Rates, and a Gap of Rental Units

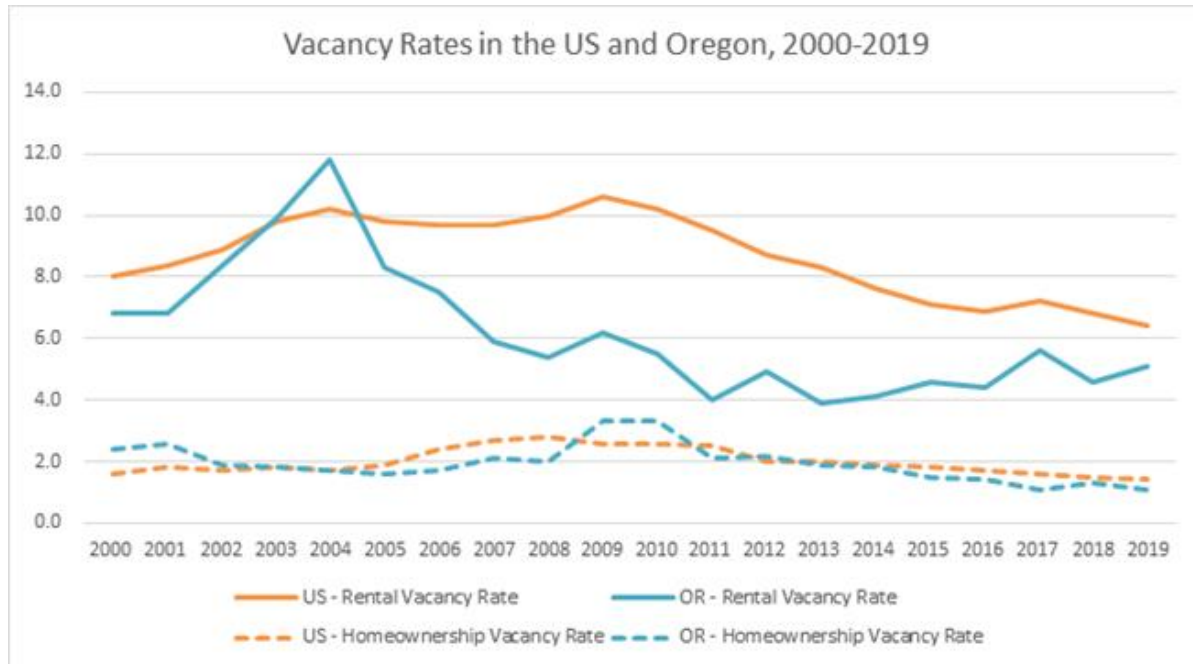
Oregon has a long history of inadequate housing supply, especially when you consider the population growth Oregon has seen since 2000. OHCS's 2020 Regional Housing Needs Analysis¹ (RHNA) work calculated about a 140,000 unit deficit in current supply as of 2018. Contributing to this, in 2007 building permits plummeted sharply and continued to decline until 2011. Permitting saw a brief increase between 2016-2017. While 2017 was an important year for 5- or more unit building permits, 70% of those permits were for Multnomah County. This left just over 5,000 5-unit or more buildings permitted for the rest of the state, where housing supply issues have only worsened over time. Permitting then declined by 53% from 2017-2018.

Low housing supply over long periods of time leads to low vacancy rates. Oregon's overall vacancy rate for housing units, including both rental and homeownership vacancies, hovers around 3%. Our homeownership vacancy rate has been under 2% since 2012 and our rental housing vacancy rate has hovered around 5% since 2015. Low vacancy rates lead to rapidly increasing prices across the state. A tight rental market means that landlords can raise their rents due to increased demand, leading to an extreme gap of affordable and available units. This is particularly true for low- and extremely low-income Oregonians. The RHNA shows us

¹ HB 2003 (2019) requested OHCS create Oregon's first Regional Housing Needs Analysis. The full report submitted to legislature available here <https://www.oregon.gov/ohcs/about-us/Documents/RHNA/RHNA-Legislative-Executive-Summary.pdf> and the project webpage is <https://www.oregon.gov/ohcs/about-us/Pages/housing-needs.aspx>



that the bulk of missing supply, around 115,000 units, are for those with incomes under 80% of the median family income.



To understand how inventory shortage affects households differently, we break down households into three categories:

- extremely low-income (those making 0-30% of the area medium income (AMI))
- very low-income (households making 30-50% of the AMI)
- and low-income (those making 50-80% of the AMI).

The AMI is determined for each locality in order to account for the geographic variety in median earnings. In Multnomah County, the median income is \$69,176 and across the state the median income is \$62,818.²

OHCS’s work concentrates assistance for those Oregonians who need it most, mainly those with low and extremely low incomes. As shown in the graph below, there are over 350,000 renter households living at or below 80% of AMI.³ This means that 26%, or one in every 4 renter households in Oregon is low-income. The housing shortage affects these households the most and leaves many unable to find stable, safe, affordable housing. More detailed demographic analysis provided by the RHNA further shows us that these problems disproportionately fall on communities of color, people with a disability, and those over 65.

² 2014-2019 American Community Survey Median Income

³ 2013-2018 CHAS Table 8





The above graph shows that households that are extremely and very low-income renters, or those between 0-50% AMI, have a combined shortage of over 141,000 units. This means that the 123,000 plus households that each earn less than \$24,000 must compete for housing in one of the only 30,000 affordable and available units. On the other hand, for people who make somewhere between \$30,000 - \$55,000 annually, there are 87,000 more available units than there are households in that annual earnings category.

Rent Burden & Affordability

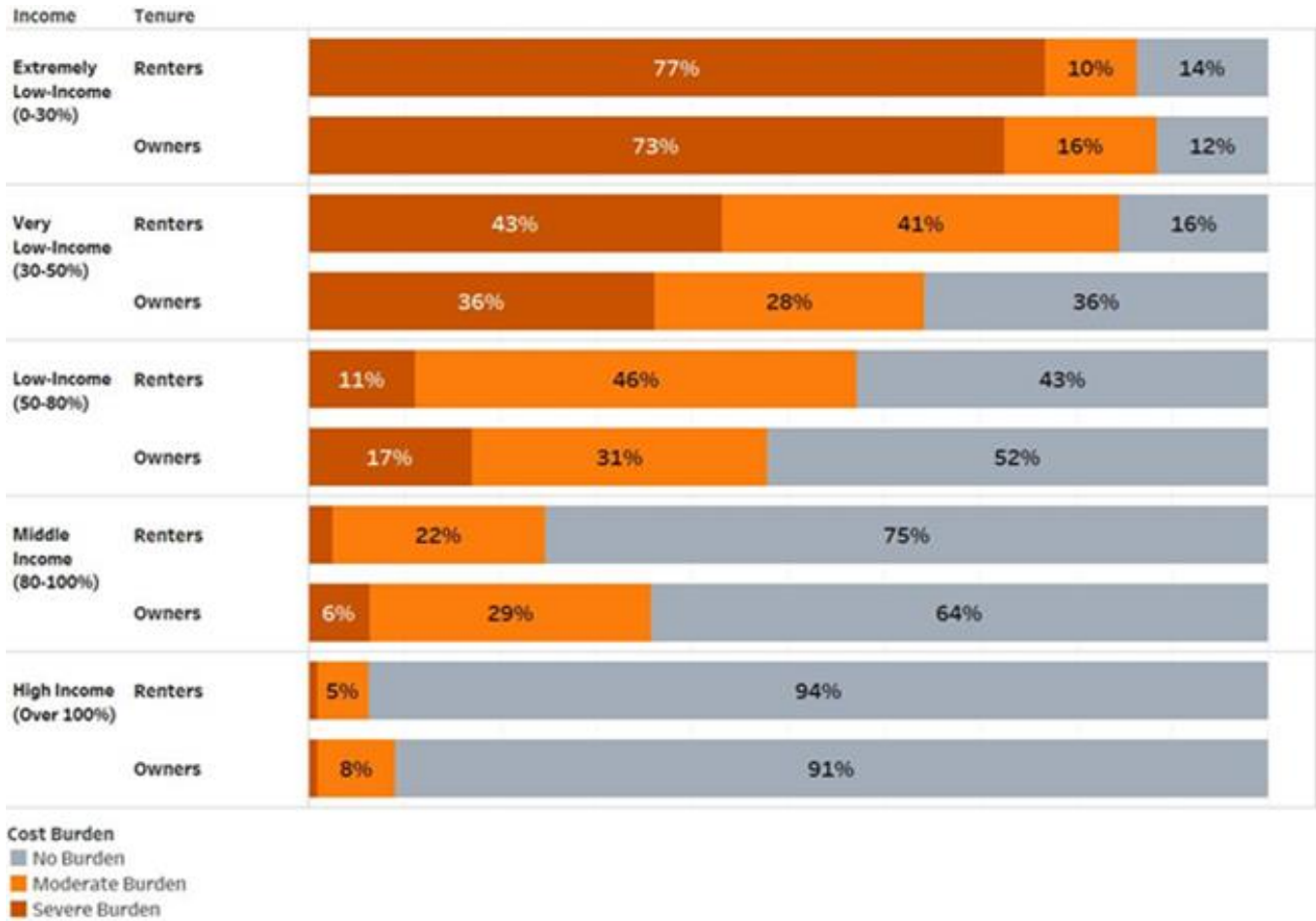
As a direct result of the shortage of affordable and available units noted above, the lowest income residents are spending the largest share of their monthly income on housing costs, commonly referred to as rent burden or housing cost burden. Cost burden is broken down in three ways:

Severe Cost Burden – paying more than 50% of your monthly income on housing expenses

Moderate Cost Burden – paying more than 30% but less than 50% of your monthly income on housing expenses

No Burden – paying less than 30% of your monthly income on housing expenses

Housing Cost Burden by Rent/Own Status



The above graph clearly shows that over 50% of extremely low-income, very low-income, and low-income households are cost burdened (meaning either moderately or severely). For extremely low-income households, only 14% are not experiencing any housing cost burden.

For those Oregonians earning less than 80% AMI, this often means choosing between whether to pay their rent or go to the doctor, buy groceries, or attend a much needed doctors appointment. The COVID-19 pandemic has only exacerbated this necessity to choose between rent and other household necessities.



Housing Cost Burden by Race

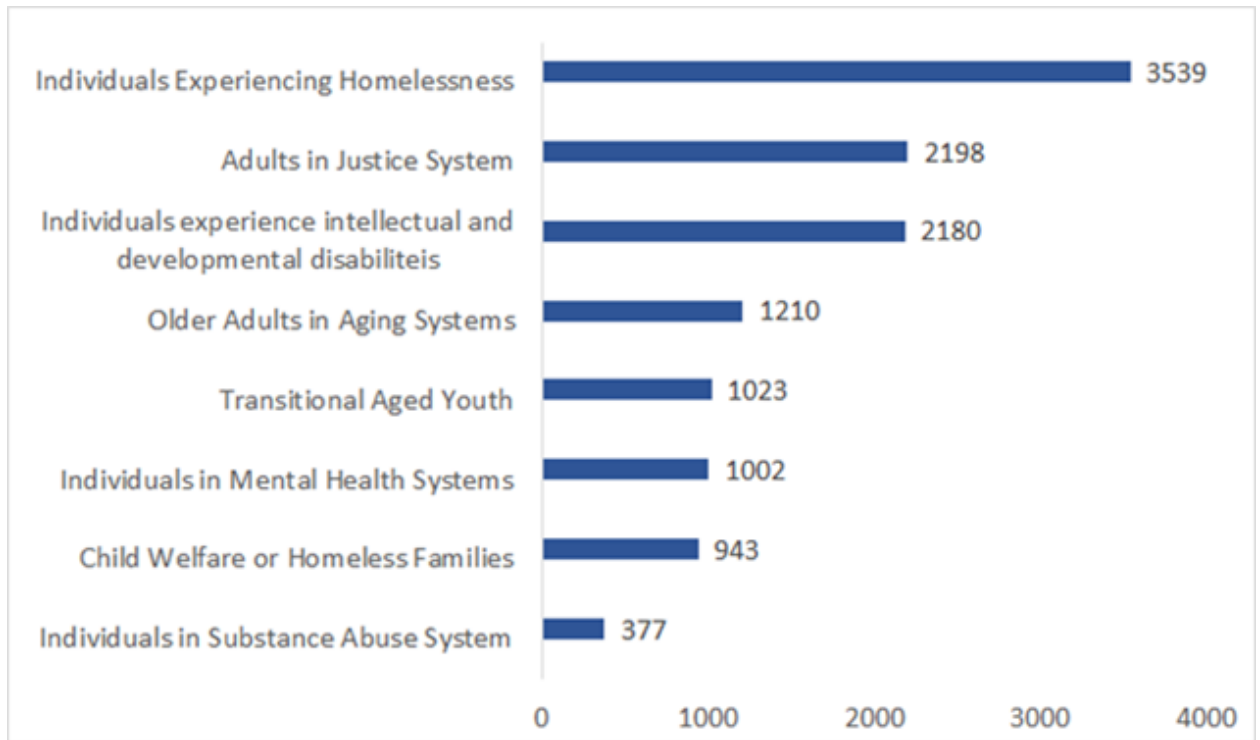
Cost burden is even more prevalent for households of color with over 55% of Black Oregonians paying more than 30% of their monthly income on housing expenses. Pacific Islanders make up the next most cost-burdened group, with 50% being cost burdened. Individuals who are White and Asian experience lower levels of cost burden than any other group, however, this does not account for differences that happen within those populations. For example, analysis of PUMS 2013-2018 data shows that Asian Indians have a median income of almost \$80,000 in Oregon, while Vietnamese that number is closer to \$56,000. Aggregating multiple ethnicities and nationalities into one category, as the Asian example illustrates, often fails to tell the full picture.

Permanent Supportive Housing (PSH)

The need for permanent supportive housing in Oregon, and across the county, only continues to grow. PSH offers stable living and support for people who have experienced homelessness, the justice system, those who experience disabilities, older adults on a fixed income, and youth aging out of foster systems. In total, 12,472 additional permanent supportive housing units are needed, as of 2020 to meet the following populations.

Groups in Need of PSH

OHCS Research Staff Analysis of Corporation for Supportive Housing Data - 2020



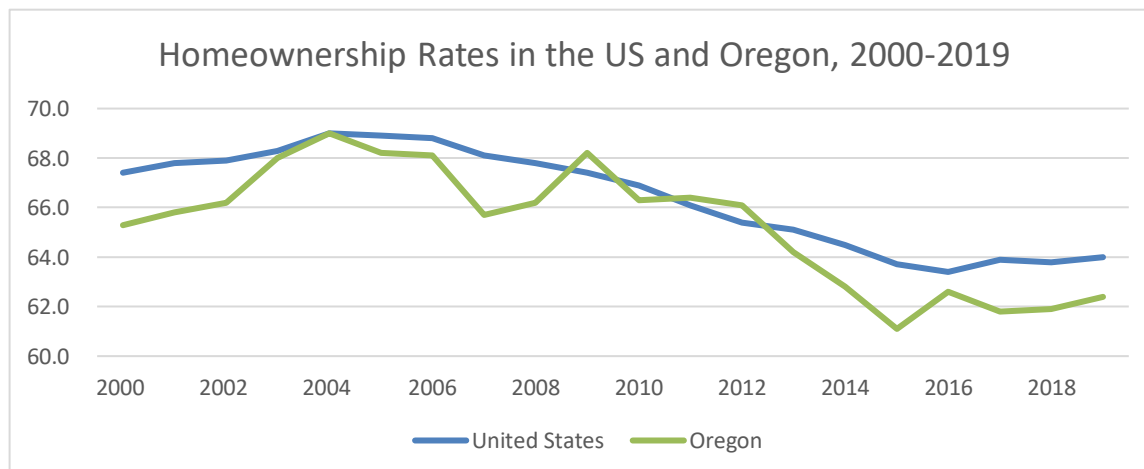
Where do we get data about people experiencing homelessness in Oregon?

- 1. Homeless Management Information System** – a statewide software that enters information of families and persons experiencing homelessness who have received services funded by the state of Oregon. This data is limited because it only considers people who have interacted with homeless prevention/homeless services funded by the State of Oregon. Because it is not connected with other data systems that count people experiencing homelessness, we are not able to see if a person received services funded by a local jurisdiction in addition to services funded by the state. We also can't see people who received services from another local government that does not share data with this system, surely leading to an undercount of people who are experiencing homelessness.
- 2. McKinney Vento Data** – data collected by the Oregon Department of Education on the number of students experiencing homelessness or who are doubled up, meaning they are temporarily staying with a family member or friend.
- 3. Point in Time Count** - a count of individuals experiencing sheltered and unsheltered homelessness that occurs one night every 2 years, usually in January. While the count is able to reach a significant number of people each year (or bi-annually depending on the county) it is not without its limitations. Methodology, outreach and volunteer capacity vary by geography of CoC, and it tends to undercount people of color, youth experiencing homelessness, LGBTQIA+ persons, and victims of domestic violence.

People of color, LGBTQIA+ persons, immigrant communities, communities who do not speak English as their primary language, and other traditionally marginalized communities are often very underrepresented in all homelessness data, even though these groups are over disproportionately affected by homelessness.

Homeownership Rates

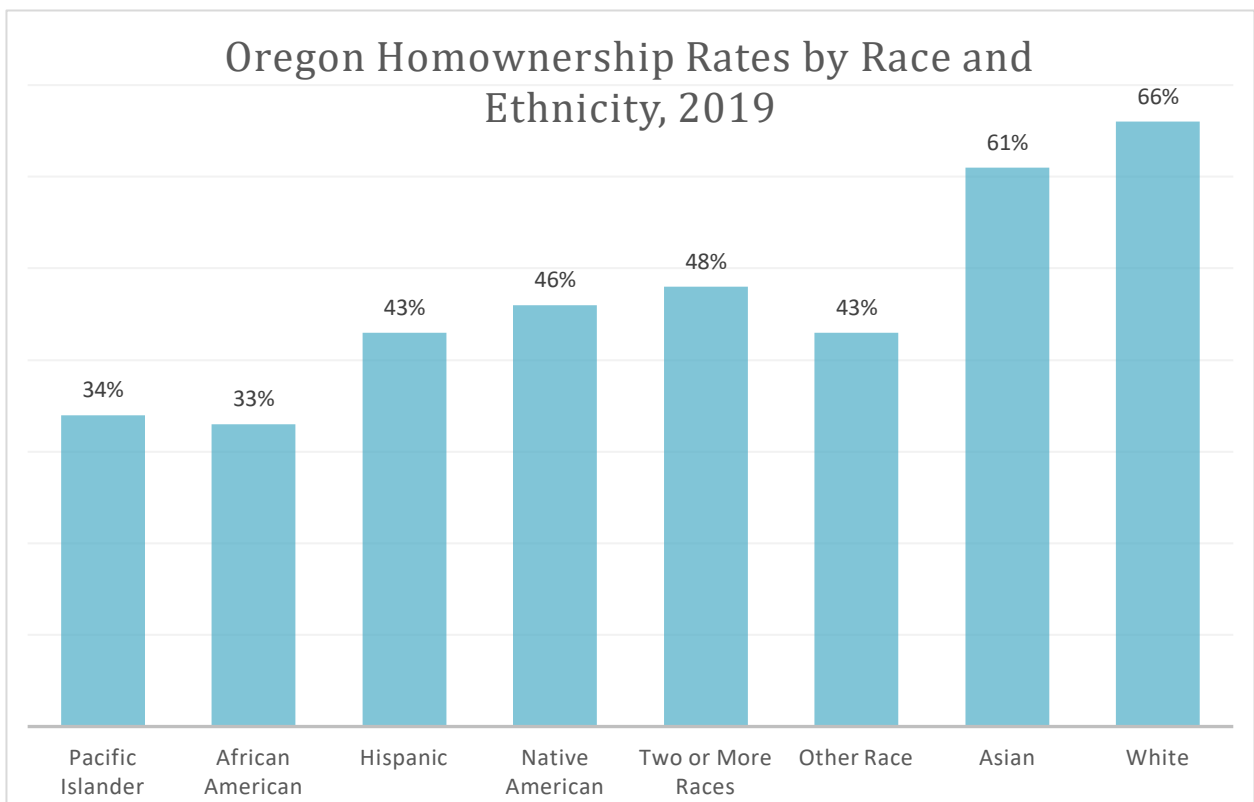
As is true nationally, homeownership rates in Oregon fell dramatically as a result of the foreclosure crisis. However, as of 2017, they have started rising again, reaching 62.4% in 2019, a rate that is still well below the high of 69% in 2004. Homeownership for middle-income Oregonians, especially those who are first-time home buyers, is increasingly out of reach. Home purchase prices are rising faster than incomes; even the current low interest rates cannot keep monthly mortgage costs within the affordable range. Rising prices also mean higher down payments, which is especially challenging for those who are not also selling an existing home. And, in most of Oregon's urban markets, competition for limited supply of homes for purchase is fierce.



People of color experience disproportionately low homeownership rates compared to white households or the population as a whole, with homeownership rates ranging from 33 percent among African Americans to 66 percent among White households in 2019.

Changes made to underwriting standards as a result of the housing crisis have disproportionately affected low income households with higher debt to income ratios and lower credit scores, characteristics which are more likely to affect young people and people of color. Adding to this disparity, even when they own their homes, people of color build less wealth through homeownership than White homeowners do.

Across the income spectrum, Oregon's communities of color have lower home ownership rates than whites. Redlining resulted in households of color receiving just two percent of the FHA loans made between 1934-1968. This, combined with other forms of discriminatory lending, has fueled the current disparity in homeownership we see today and has had a lasting impact on the neighborhoods in which households of color live and the schools they attend. These are ongoing concerns that continue to reverberate and compound. Families that were denied loans a generation ago did not build wealth to pass on to their children, who therefore lack down-payments for their own homes today. Discriminatory lending practices and disparate access to home financing persist today. Mortgage loan applications from nearly all non-white racial and ethnic groups are denied at rates that exceed those of white applicants.



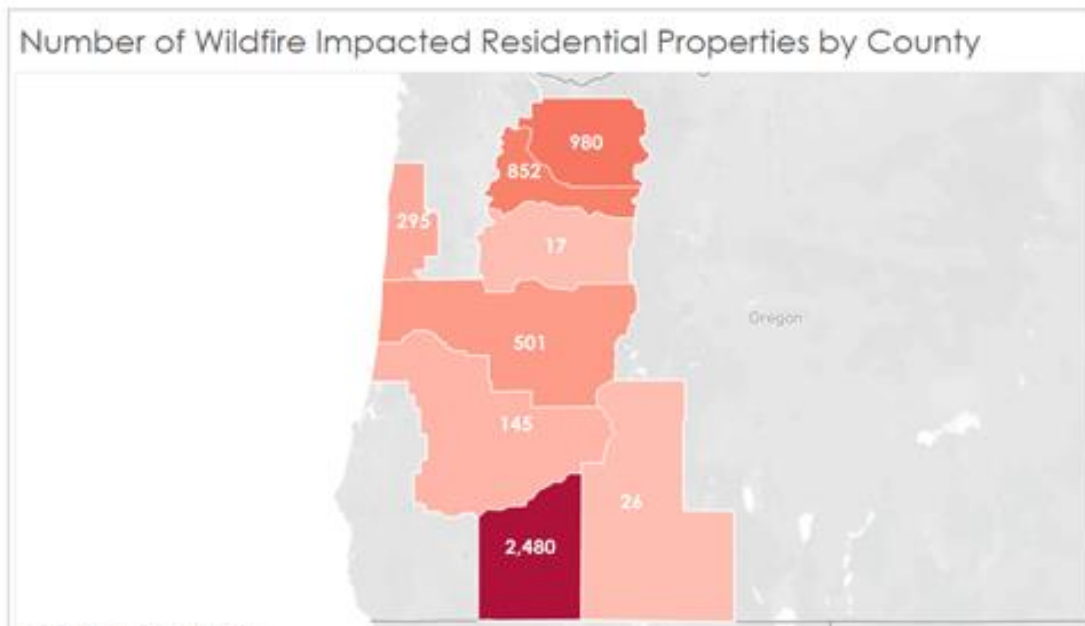
Wildfire

The unprecedented 2020 wildfire season worsened the ongoing housing crisis for many communities in Oregon. FEMA declared a disaster in 8 counties, where over 5,000 homes were destroyed: Clackamas, Douglas, Jackson, Klamath, Lane, Lincoln, Linn, and Marion Counties. Almost half of the destroyed housing were manufactured or mobile homes, located in manufactured home parks. Many of the former residents of the manufactured home parks are low income, and losing this naturally occurring affordable housing is difficult to replace. Three publicly supported buildings with 127 units, 83 of which were rent-restricted were destroyed as well. The below map shows how many homes were affected by the fires, including damages to remaining residences.

OHCS is responsible to implement State Recovery Function 5 – Disaster Housing as outlined in the Oregon Disaster Recovery Plan (2018). Yet the already short supply of affordable housing across the state creates an incredibly difficult situation for over 1,400 people who may not qualify for FEMA assistance, and cannot find other options. HUD is working with OHCS on a Housing Impact Assessment to quantify and describe the full impact of the fires within the landscape of pre-existing housing need. Meanwhile, the shelter system, already at reduced capacity and increased demand because of COVID, is scrambling to bring temporary relief to many of the wildfire survivors' hardest hit.

The Emergency Board funded the Oregon Wildfire Damage Housing Relief Program with \$10 million to support low-income renters and homeowners with cash assistance of up to \$6500. As of March 1, 2021, the program has helped 440 households with over \$2.8 million in assistance. Program payments must come *after* FEMA Individual Assistance to avoid duplication of benefits concerns, which has delayed distribution of funds as FEMA claims can be lengthy. OHCS has prioritized affordable rental housing development funds such as Low Income Housing Tax Credits for the next three years to support long term recovery efforts in Disaster Declared Counties.

Map of Wildfire Residential Destruction by County



COVID-19 Pandemic Affects Renters and Owners Ability to Remain Stably Housed

In March 2020, the COVID-19 pandemic changed the way all Oregonians live, work, and spend time in their homes. As the CDC has reported, Native American, Black, and Hispanic individuals are more likely to contract and die from COVID-19.⁴ Additionally, Black and Hispanic individuals have seen a great decrease in job security, are laid off at higher rates and are hired less than white or non-black/Hispanic people.⁵

Housing stability and homelessness was a problem in Oregon long before the pandemic, and the COVID-19 pandemic has further exacerbated housing problems for low-income and Oregonians of color. The economic slow-down across the state to slow the spread of COVID-19 led to layoffs for hundreds of thousands of Oregonians, making it difficult if not impossible for many Oregonians to pay their mortgage or rent. In February 2021, a report was published by a collaboration with the Community Alliance of Tenants and the Portland State University's Homeless Research Action Collaborative (HRAC) that laid out many of the challenges that Oregon renters face in the coming months as the eviction moratorium is lifted and some people start to return to work. This report estimates that 176,000 Oregon renter households are at risk of eviction when the moratorium expires. The report shows that 35% of the people surveyed owed back rent, and that number increases up to 56% for people of color. When the moratorium ends, hundreds of thousands of renters will be at risk for eviction, leading to an unprecedented homelessness crisis unlike anything we have ever seen.⁶

The University of Arizona College of Law has created a Cost of Eviction Calculator, and HRAC accounts for all of the households in Oregon who are at risk of eviction using the calculator, it estimates that Oregon tax payers might spend up to \$3.3 billion to respond to eviction displacement at the current magnitude⁷.

A further consequence of the disparate impact of the COVID pandemic and the resulting recession on our communities is a further increase in the ever-widening homeownership gap. As home prices increase most homeowners are seeing an increase in returns to their investment. Many homeowners who may be behind on payments should be able to sell at a price that would cover their home debt. Yet the differences between how communities of color and white non-Hispanics were able to recover from the previous mortgage crisis circa 2008 and how they experienced job losses in this crisis translates into an ever-widening homeownership gap. Since suffering devastating losses to homeownership in the last crisis, people of color are disproportionately being left out of the gains to home values. Furthermore,

⁴ <https://www.cdc.gov/coronavirus/2019-ncov/covid-data/investigations-discovery/hospitalization-death-by-race-e>

⁵ [Laid Off More, Hired Less: Black Workers in the COVID-19 Recession | RAND](#)

⁶ https://ondeck.pdx.edu/homelessness/sites/g/files/znlchr1791/files/2020-09/Renters_Covid%20%28Report%20ver%29.pdf

⁷ February 9, 2021 report by the Homelessness Research & Action Collaborative, Portland State University, available at <https://www.pdx.edu/homelessness/sites/g/files/znlchr1791/files/2021-02/Cost%20of%20Oregon%20Evictions%20Report%20%283%29.pdf>



increased home prices mean an increased barrier to homeownership as down payments get further out of reach for low- to moderate-income households.

Wrap-Up

2020 was a difficult year all around for Oregonians, whether due to wildfire, storms, the pandemic, job loss, or just overall stress. In a housing market that was already strained, the numerous crises of 2020 made a bad situation even worse.

BRIEF, RECENT AGENCY HISTORY (2015-2021)

2015-17 Biennium: OHCS focuses on internal operations strategies and begins delivering new programs. During the 2015 session, OHCS sought to modernize the advisor committee structure with HB 2442, which created the Housing Stability Council. Key accomplishments include:

- 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:
 - Local Innovation Fast Track (LIFT) program (\$40 million in XI-Q bond proceeds)
 - Mental Health Housing (\$20 million in lottery bond proceeds), predecessor to Permanent Supportive Housing

OHCS also participated in Secretary of State Performance Audit. The audit was impactful to the agency's operations, making recommendations that set the stage for our work in later years. Findings include:

- Strategic planning is not sufficient
- Agency efforts to preserve affordable housing fall short
- Better data management needed for informed decision-making
- Organizational challenges impede agency from addressing affordable housing

2017-19 Biennium: Executive Director Margaret Salazar joins the agency and begins to address audit findings. 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 LIFT funds



- Homelessness programs receive one-time General Fund investment of \$30M and budget note asking to examine best practices in service delivery, the [budget note report](#) details administrative improvements to Oregon's homeless service system
- Document Recording Fee tripled from \$30M/biennium to \$90M/biennium, benefiting the Emergency Housing Assistance Program, the Homeownership Assistance Program, and the General Housing Assistance Program.
- \$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, though OHCS' operating costs remain 1.8%

Other significant budget and workload changes:

- Affordable Housing Development
 - Publicly Supported Housing (PuSH) Preservation program (HB 2002, 2017 and 2019)
 - Land Acquisition Program
 - Federal national Housing Trust Fund
 - Rent burdened cities and affordable housing cost study (HB 4006, 2018)
- 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)
 - [Operation Welcome Home](#) houses more than 500 Oregon veterans
 - Regular Veterans convenings to bring together community organizations to share best practices and support local coordination
- Launch of [Oregon's Statewide Housing](#), the 5-year strategic plan

2019-21 Biennium: Agency continues to grow in size and scale from [increased investments from the Oregon Legislature](#). OHCS also began the implementation of the Statewide Housing Plan:

- OHCS conducts the [Regional Housing Needs Analysis](#) (HB 2003, 2019), confirming the state's inadequate housing supply is leaving out low-income communities and disproportionately impacting communities of color



- OHCS restructured and established a Deputy Director, combining the Chief Operating Office with the Chief Financial Office, and established an Equity Diversity and Inclusion Office within the Executive Director's Office.
- Affordable Rental Housing
 - LIFT receives \$200M in XI-Q bonds, \$150M during the 2019 session and \$50M during the August 2020 Special Session
 - OHCS launches the Permanent Supportive Housing Program in partnership with the Oregon Health Authority, \$50M in XI-Q bonds and \$4.5M in General Funds
 - \$25M in lottery bonds to preserve affordable homes
 - The Division restructured to establish three clear sections, Policy, Production, and Portfolio Management.
- Housing Stabilization
 - The Current Service Level for the Emergency Housing Assistance and the State Homeless Assistance Program are increased to \$50M, OHCS received \$5M to increase shelter capacity
 - OHCS conducts the [Statewide Shelter Study](#) in August 2019, confirming the state has less than half the shelter beds needed to provide warmth and security for Oregonians experiencing homelessness
- Homeownerships
 - OHCS establishes the Homeownership Division
 - LIFT Homeownership continues
 - OHCS received \$1.5M to continue the Oregon Foreclosure Avoidance program
- Equity and Racial Justice
 - OHCS continued our work towards becoming a culturally responsive organizations in many ways in 2020.
 - Internally, OHCS hired a Diversity, Equity, and Inclusion Officer to lead this work. OHCS stood up internal committees addressing equity in every component of our work. An internal Equity Committee includes OCHS Executive Team and equity leaders within the agency.
 - Listening to the call of groups like Reimagine Oregon, OHCS examined our systems and funding structures. For the first time, OHCS made available millions of dollars in homeless services funding to culturally specific organizations (in special COVID Emergency Solutions Grant funding)



- OHCS' Affordable Rental Housing Division took proactive steps to develop more inclusive strategies, such as Minority, Women and Emerging Small Business contracting and created new Tribal set asides in our 9% Low Income Federal Tax Credit program.

It's safe to say no one could have predicted the heartache and collective pain of 2020. Answering the call of state and federal leaders, OHCS transformed into a crisis response agency:

- Umatilla Flooding Response – OHCS received \$7.5 million to help Umatilla County, the City of Pendleton, the Confederated Tribes of Umatilla Indian Reservation, and the community at large recover from disastrous flooding
- COVID Response – more than \$650M in additional resources (excludes American Rescue Plan Act resources)
 - OHCS, working with the Oregon Health Authority, provides guidance to shelters and affordable housing providers in protecting their clients and supporting vaccine distribution. [OHCS and OHA also partnered to support community-based organizations.](#)
 - OHCS is administering an **additional \$71.7 million in homeless services** from both state and federal sources
 - OHCS is administering an **additional \$487.5 million in rental assistance** from both state and federal sources. This included three strategies: tenant-based rental assistance, rental assistance for affordable housing residents, and the [Landlord Compensation Fund](#).
 - *These resources will continue into the 21-23 biennium.*
 - OHCS is administering an **additional \$24.5 million in energy assistance**
 - OHCS [lobbied US Treasury](#) to extend the deadline and allow us to continue to administer the [Oregon Homeownership Stabilization Initiative](#) with the **remaining \$20M in federal Hardest Hit Funds** from the Great Recession, program closed March 14th
 - OHCS partnered with the Oregon Department of Agriculture and the Oregon Water Enhancement Board to administer assistance to Oregon's farmworkers, including housing, transportation, and sanitation
 - [OHCS won a national award for our swift response to COVID-19.](#)
- Wildfire Response
 - OHCS chairs the [Oregon Disaster Housing Task Force](#) that is developing Oregon's Disaster Housing Recovery Action Plan, which will be completed in Spring 2021
 - The [Wildfire Damage Housing Relief Program](#) received \$10M from the Emergency Board to help survivors of the Labor Day fires



LEGISLATION SUMMARY

OHCS Bills

Bill	Summary
HB 2094	Expands access to OHCS program serving Veterans, allows Director to designate someone to sign bond documents
HB 2095	Makes technical fixes to the Publicly Supported Housing Preservation (PuSH) Program
HB 2096	Increase the Agricultural Worker Housing Tax Credit and makes programmatic changes
HB 2099	Makes programmatic changes to manufactured housing programs
HB 2100	Modernizes Oregon's homeless services statutes
HB 2101	Makes programmatic changes to the Rent Guarantee Program and the Housing Choice Landlord Guarantee Program
SB 79	Updates the Homeownership Assistance Program (HOAP) to increase the program's ability to address racial disparities in homeownership
SB 81	Corrects the naming conventions for federal energy assistance programs
SB 82	Establishes the Individual Development Account (IDA) program as a General Fund program beginning fiscal year 2022
<i>Other bills OHCS is supporting</i>	
HB 2163	Includes the \$4.5 million long term rental assistance for at risk youth pilot
HB 3218	Includes the programmatic changes in HB 2099 and allows funds to be redeployed for wildfire response

Other Bills

Bill	Summary
HBs 2004 & 2006	Establishes new resources for shelter funding and technical assistance for communities in addressing homelessness
HB 2005	Directs Housing and Community Services Department to study issues relating to housing supply and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
HB 2007	Authorizes Housing and Community Services Department to provide grants, loans and technical assistance to organizations increasing homeownership program access to underserved communities, including persons of color.



HB 2202	Establishes Task Force on Lane County Houselessness. Requires task force to report to interim committee of Legislative Assembly by September 15, 2021. Sunsets December 31, 2021. Declares emergency, effective on passage
HB 2233	Establishes Emergency Shelter Task Force. Directs task force to study and make recommendations regarding state provision of emergency shelter.
HB 2289	Directs Housing and Community Services Department to study issues relating to building in areas affected by wildfires and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
HB 2316	Transfers from Housing and Community Services Department to Oregon Health Authority responsibility for administering Housing for Mental Health Fund.
HB 2364	Before its sale to third party, requires owner of residential dwelling facility to give tenants 20 days to form tenants committee and to give any tenants committee right of first refusal. Makes other procedural amendments to conducting facility sales.
HB 2372	Eliminates landlord's ability to terminate residential tenancy without cause. Clarifies damages available to tenant for landlord's unlawful no-cause notice or fraudulent landlord-cause notice.
HB 2427	Directs Housing and Community Services Department to establish and maintain uniform rental application system.
HB 2471	Directs Housing and Community Services Department to study issues relating to housing and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
HB 2511	Directs Housing and Community Services Department to study issues relating to residential dwelling facilities and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022. Sunsets December 31, 2022.
HB 2694	Adds lesbian, gay, bisexual and transgender to definition of "minority individual" for purposes of providing public contracting opportunities to minority-owned businesses in this state.
HB 2701	Establishes Rural System Development Charges Program within Housing and Community Services Department to pay system development charges for rural affordable multifamily housing.
HB 2729	Requires Housing and Community Services Department to pay to residential and nonresidential landlords certain uncollected rents due between April 1, 2020, and September 30, 2020.
HB 2766	Establishes Task Force on Use of Surplus Public Lands for Housing. Requires task force to report findings and recommendations to interim committee of Legislative Assembly related



	to housing on or before December 31, 2021. Sunsets task force December 31, 2022. Declares emergency, effective on passage.
HB 3067	Directs Housing and Community Services Department to study issues relating to foreclosure mitigation and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
HB 3141	Reduces public purpose charge for retail electricity consumers within service areas of electric companies and Oregon Community Power. Modifies allocation of funds collected through public purpose charges.
HB 3209	Directs Housing and Community Services Department to make grants to nonprofit housing counseling agencies for purpose of providing appropriate housing counseling services to grantors at risk of foreclosure on real property that is subject to residential trust deed or mortgage.
HB 3219	Requires local governments to approve reconstruction of manufactured dwelling parks after wildfire.
HB 3223	Directs Housing and Community Services Department to study issues relating to residential dwelling facilities and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
HB 3224	Directs Housing and Community Services Department to study issues relating to manufactured dwellings and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
HB 3225	Directs Housing and Community Services Department to study issues relating to residential tenancies and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
HB 3226	Directs Housing and Community Services Department to study issues relating to housing and to report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
HB 3227	Directs Housing and Community Services Department to study issues relating to adequacy of buildings in this state and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
HB 3260	Establishes Local Government Technical Assistance Program within Housing and Community Services Department.
HB 3262	Requires Housing and Community Services Department to conduct study on homelessness in Oregon and provide results to interim committees of Legislative Assembly no later than September 15, 2022.



HB 3263	Requires owners of multifamily rental housing to offer right of first refusal to tenants who form tenant committee and membership entity.
HB 3314 & HB 3315	Directs Housing and Community Services Department to study issues relating to building in areas affected by wildfires and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
HB 3325	Establishes Task Force on Rental Property Inspections.
HB 3335	Authorizes Housing and Community Services Department to grant moneys to nonprofit organization for ADU community pilot programs that develop accessory dwelling units for income-eligible homeowners and that are available for lease by income-eligible tenants.
HB 3364	Relating to tax credits for the preservation of publicly supported housing; prescribing an effective date.
HB 3368	Relating to a shared-equity homeownership pilot program; declaring an emergency.
SB 8	Limits standards and conditions of approval that local governments may apply to certain affordable housing.
SB 271	Directs Housing and Community Services Department to study issues relating to housing and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
SB 282	Directs Housing and Community Services Department to study issues related to rental housing and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
SB 519	Directs Housing and Community Services Department to study issues relating to tenants who are victims of crimes and report to appropriate committee or interim committee of Legislative Assembly on or before September 15, 2022.
SB 838	Directs Secretary of State to establish real property ownership registry.



10% REDUCTION

PROGRAM AREA	PROGRAM NAME	IMPACT OF 10% REDUCTION	GENERAL FUND	OTHER FUNDS
Administrative Services & Supplies Costs		OHCS would correct funding on one position in the Energy Services Section, shift General Fund costs for the LIFT program to Other Funds, and shift S&S costs to Other Funds, specifically State Government Service Charges. OHCS uses a cost allocation plan that charges indirect costs based on time spent working on each program. This reduction would mean that GF programs would be subsidized by other programs.	(\$901,318)	\$901,318
Homeless Services	Emergency Housing Assistance	OHCS estimates that 5,600 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. No OHCS positions or FTE would be reduced.	(\$2,403,438)	
Homeless Services	State Homeless Assistance Program	Approximately 2,800 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. No OHCS positions or FTE would be reduced.	(\$1,076,964)	
Homeless Services	Elderly Rental Assistance Program	OHCS estimates that 140 low and very low income persons would not receive homeless and homelessness prevention services. No OHCS positions or FTE would be reduced.	(\$122,883)	
Homeless Services	Housing Choice Landlord Guarantee Program	This reduction would impact the number of landlords who could receive reimbursement, and OHCS would run out of program funds in approximately nine months. No OHCS positions or FTE would be reduced.	(\$28,634)	(\$28,634)

- Fund shifts from General Fund to Other Funds for 2 positions and some Services & Supplies
- All programs are reduced proportionately

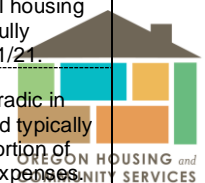
ENDING BALANCE

Other Fund Type	Program Area (SCR)	Treasury Fund #/Name	Category/Description	Constitutional and/or Statutory reference	2019-21 Ending Balance		2021-23 Ending Balance		Comments
					In LAB	Revised	In CSL	Revised	
Limited	010 Housing Stabilization Programs	00401 OTHER FUNDS - HOMELESS PROGRAMS	Operations	ORS 456.576	44,364	0	0	0	Administrative funds used for Individual Development Account program oversight. Actual costs are reimbursed by contract administrator, no balance expected.
Limited	010 Housing Stabilization Programs	00615 EMERGENCY HOUSING ACCOUNT	GRANT FUND	ORS 458.620	778,036	2,373,882	518,465	493,060	2019-21 Funds have been awarded, but multiple new programs may be creating capacity issues and CAAs may be prioritizing funds with shorter spending



									timelines. Could see an increase in spending if other programs expire.
Limited	010 Housing Stabilization Programs	01507 HOUSING CHOICE LANDLORD GUARANTEE PGM FD	GRANT FUND	ORS 458.532	76,119	204,619	137,193	98,076	This fund provides a guarantee against losses for landlords who rent to Housing Choice (Section 8) voucher holders. OHCS budgets that funds will be expended, so budgeted Ending Balances are typically lower than actual balances.
Limited	010 Housing Stabilization Programs	01546 WILDFIRE DAMAGE HOUSING RELIEF ACCOUNT	GRANT FUND	ORS 458.620	3,790	505,537	5,595	17,131	This fund provides assistance in response to loss of housing due to a wildfire and balance of funds for hiring disaster consultant in 19-21. Consultant duties should be finished in 21-23. The Emergency Board approved \$10M for this program at its 9/25/20 meeting but those funds were not directed to this account (they remained GF).
Limited	010 Housing Stabilization Programs	01766 ELDERLY RENTAL ASSISTANCE	GRANT FUND	ORS 458.375	421,096	0	0	0	2019-21 Funds have been awarded, expect to fully expend. No longer an Other Funds program in 2021-23.
Limited	010 Housing Stabilization Programs	01795 RENT GUARANTEE PROGRAM FUND	GRANT FUND	ORS 456.608	1,791	121,201	0	4,561	This program is similar to the Housing Choice Landlord Guarantee Program, except that it provides a guarantee against losses for landlords who rent to tenant who have graduated from renter education classes. OHCS budgets that funds will be expended, so budgeted Ending Balances are typically lower than actual balances. This program does not have an ongoing funding source.
Limited	010 Housing Stabilization Programs	00401 OTHER FUNDS - ENERGY PROGRAMS	Operations	ORS 456.576	0	1,137,947	0	78,443	Settlement received in 17-19 bi, same uses as LIHEAP
Limited	010 Housing Stabilization Programs	00897 LOW-INCOME ELECTRIC BILL PYMT ASSISTANCE	GRANT FUND	ORS 456.587	3,417,100	4,112,926	4,222,518	3,855,800	Ending Balances are approximately 2 month's need and is forward-allocated.

Limited	010 Housing Stabilization Programs	00898 SB1149 ELECTRICITY PUBLIC PURPOSE CHARGE (ECHO & OMEP)	GRANT FUND	ORS 456.587	9,675,102	15,100,873	6,954,940	11,192,540	This funding provides weatherization services to eligible households. Some construction projects have been delayed due to COVID. The 19-21 cash balance is over-committed to CAAs or specific construction projects.
Limited	010 Housing Stabilization Programs	01792 OIL-HEATED DWELLINGS ENERGY ACCOUNT	GRANT FUND	ORS 456.594	147,864	532,448	196,579	107,690	This funding provides weatherization services to households that heat with fuel oil. Some construction projects may have been delayed due to COVID-19.
Limited	025 Project-Based Rental Assistance	00401 OTHER FUNDS - PROJECT-BASED RENTAL ASSISTANCE PROGRAMS	Operations	ORS 456.576	4,323,025	1,521,434	1,807,609	1,557,521	HUD Contract Administration. The Ending Balance is approximately 6 months of operating reserves and is a significant source of subsidy for programs that do not have sufficient admin funds.
Limited	030 Multifamily Rental Housing Programs	00401 OTHER FUNDS - AFFORDABLE RENTAL HOUSING PROGRAMS	Operations	ORS 456.576	0	494,932	807,709	433,609	Fees charged for miscellaneous ARH programs, used for operating costs. Typically used as earned, minimal balances.
Limited	030 Multifamily Rental Housing Programs	00431 HOUSING FINANCE ACCOUNT	Operations	ORS 456.723	6,912,610	5,380,555	19,674,003	4,814,874	Fees charged for ARH programs that use OHCS bond financing, including application and monitoring charges. OHCS Fiscal Policy directs one year of operating funds as account reserves.
Limited	030 Multifamily Rental Housing Programs	00898 SB1149 ELECTRICITY PUBLIC PURPOSE CHARGE (HDGP)	GRANT FUND	ORS 456.587	10,472,419	16,403,376	8,697,544	4,767,250	Balance is either awarded to construction projects or included in current competitive offerings. This program is forward-allocated, so future revenues are currently committed. Although some construction projects could be delayed and costs could increase for some materials, OHCS does not expect a significant impact from COVID-19.
Limited	030 Multifamily Rental Housing Programs	00936 COMMUNITY INCENTIVE FUND	GRANT FUND	ORS 458.720	587,411	1,059,127	0	0	Funds in this account are awarded to construction projects in alignment with other lottery bonds for affordable rental housing preservation. Fully committed at 1/1/21.
Limited	030 Multifamily Rental Housing	00984 FARMWORKER HOUSING DEVELOPM	GRANT FUND	ORS 458.620	1,469	0	21,164	21,183	Revenue is sporadic in this account, and typically only covers a portion of administrative expenses.



	Programs	ENT ACCOUNT							
Limited	030 Multifamily Rental Housing Programs	01343 GENERAL HOUSING ACCOUNT	GRANT FUND	ORS 456.576	20,833,975	56,183,479	39,634,889	33,276,475	Funds are either awarded to construction projects or included in current competitive offerings. This program is forward-allocated, so future revenues are currently committed. Although some construction projects could be delayed and costs could increase for some materials, OHCS does not expect a significant impact from COVID-19.
Limited	030 Multifamily Rental Housing Programs	01736 LRB 2017B TAXABLE - MH HOUSING	GRANT FUND	ORS 456.576	85,178	9,809,345	1,011,300	62,523,34	These funds are committed to projects, including the Yaquina project on former Oregon State Hospital grounds. This project has had several delays, resulting in unexpended funds in this account.
Limited	030 Multifamily Rental Housing Programs	01918 LRB 2019B TAXABLE - PRESERVATION	GRANT FUND	ORS 456.576	0	16,704,536	2,433,008	4,336,627	Funds are awarded to construction projects. Some construction projects may be delayed due COVID-19.
Limited	030 Multifamily Rental Housing Programs	00550 MOBILE HOME OMBUDSMAN	Operations	ORS 446.525	790,595	1,256,594	412,678	84,547,75	Funds in this account are dedicated to services that resolve conflicts between tenants and landlords in manufactured dwelling communities. Legislation in 2019 expanded the scope of services to include funding legal assistance for tenants.
Limited	030 Multifamily Rental Housing Programs	00551 MOBILE HOME PARK PURCHASE	GRANT FUND	ORS 456.579	3,855	148,866	56,353	48,626	One-time \$3 million GF transfer to this account for infrastructure in a park in Springfield were repurposed and no new funds were provided in 2019-21.
Limited	040 Single Family Housing Programs	00695 HOME OWNERSHIP ACCOUNT	GRANT FUND	ORS 458.620	2,418,408	9,342,903	3,084,999	3,047,543	This program provides down payment assistance and homeownership counseling services. 2019-21 Funds are over-allocated but spending is slower than anticipated. 2021-23 Funds will be committed at end of biennium.
Limited	040 Single Family Housing Programs	00695 HOME OWNERSHIP ACCOUNT (CET)	GRANT FUND	ORS 458.620	50,000	851,636	3,837,969	59,469,93	This program receives funding from local jurisdictions that establish Construction Excise Taxes. Revenues must be returned to the jurisdiction that



									implemented the CET, and are used for down payment assistance. Future revenues are difficult to predict, but assumed to be the same as in 2017-19.
Limited	040 Single Family Housing Programs	01984 Manufactured Home Preservation Fund	GRANT FUND		0	1,549,952	232,976	228,403	New account and new program in 2019-21. Funds will be committed by end of 19-21, most expenditures will be in 2021-23.
Limited	080 Bond Activities and Debt Service	00477 ELDERLY & DISABLED OPERATING FUND	Operations	Article XI-1, ORS 456.535, BOND INDENTURE	50,663	532,231	430,368	467,113	Balance varies depending on fees earned and distributions from bond indenture.

NOT INCLUDED ON THIS FORM:

Capital Construction accounts for Article XI-Q Bond proceeds. Accounts with non-limited funds related to OHCS bond indentures. Trustee Accounts related to OHCS bond indentures. These accounts hold funds that are not available for fund sweeps, but information can be provided if needed.

Objective: Provide updated Other Funds ending balance information for potential use in the development of the 2021-23 legislatively adopted budget.

Instructions:

Column (a): Select one of the following: Limited, Nonlimited, Capital Improvement, Capital Construction, Debt Service, or Debt Service Nonlimited.

Column (b): Select the appropriate Summary Cross Reference number and name from those included in the 2019-21 Legislatively Approved Budget. If this changed from previous structures, please note the change in Comments (Column (j)).

Column (c): Select the appropriate, statutorily established Treasury Fund name and account number where fund balance resides. If the official fund or account name is different than the commonly used reference, please include the working title of the fund or account in Column (j).

Column (d): Select one of the following: Operations, Trust Fund, Grant Fund, Investment Pool, Loan Program, or Other. If "Other", please specify. If "Operations", in Comments (Column (j)), specify the number of months the reserve covers, the methodology used to determine the reserve amount, and the minimum need for cash flow purposes.

Column (e): List the Constitutional, Federal, or Statutory references that establishes or limits the use of the funds.

Columns (f) and (h): Use the appropriate, audited amount from the 2019-21 Legislatively Approved Budget and the 2019-21 Current Service Level at the Agency Request Budget level.

Columns (g) and (i): Provide updated ending balances based on revised expenditure patterns or revenue trends. Do not include adjustments for reduction options that have been submitted unless the options have already been implemented as part of the 2019-21 General Fund approved budget or otherwise incorporated in the 2019-21 LAB. The revised column (i) can be used for the balances included in the Governor's budget if available at the time of submittal. Provide a description of revisions in Comments (Column (j)). Column (j): Please note any reasons for significant changes in balances previously reported during the 2019 session.



Additional Materials: If the revised ending balances (Columns (g) or (i)) reflect a variance greater than 5% or \$50,000 from the amounts included in the LAB (Columns (f) or (h)), attach supporting memo or spreadsheet to detail the revised forecast.

PRIORITIZATION

Program Prioritization for 2021-23

Agency Name: Housing and Community Services Department		Agency Number: 91400																				
2021-23 Biennium		Agency-wide																				
Priority (ranked with highest priority first)		Program/Division Priorities for 2021-23 Biennium																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
Agency Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program-Activity Code	GF	LF	OF	NL-OF	FF	NL-FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL included in Agency Request			
1	1	OHCS	Affordable Rental Housing Programs	91400-03 91400-04 91400-05 91400-06	12	252,917	0	207,394,998	900,000	22,261,849	0	\$ 230,809,764	78	78.00	Y	N	FO, S	ORS 317.097; ORS 446.515-446.547; ORS 456.500-456.725; ORS 458.380-458.740; ORS 566.340; 42 USC 12724; 2008 HERA; IRS Section 42.	Awarding Low Income Housing Tax Credits to developers; administering housing development grants and loans; ensuring compliance with program rules and financial stability, and health and safety standards.	Requests lottery/bond proceeds for housing development programs; increases limitation to use proceeds from Ag Worker Housing TC; additional positions related to Article XI-Q bonds.		
1	1	OHCS	Capital Construction	91400-03 91400-04 91400-05	12	0	0	250,000,000	0	0	0	\$ 250,000,000	0	0.00	Y	N	S	ORS 458.485		Requests additional XI-Q bond proceeds for housing development.		
1	1	OHCS	PSH	Permanent Supportive Housing Rent Assistance		12	15,000,000	0	23,028,575	0	0	\$ 38,028,575	2	2.00	Y	N			Requests additional Rent Assistance funds tied to new units.			
2	1	OHCS	Homeless Services	91400-01	12	56,311,983	0	22,329,319	0	18,228,488	0	\$ 96,869,790	20	20.00	Y	Y	FO, S	ORS 456.265; ORS 456.375-456.390; ORS 456.555; ORS 456.607-456.609; ORS 458.365-458.377; ORS 458.620, 458.650, 458.677, 458.700; 42 USC 7, 9901-9926, 11317-11378, 12725	Administering grants to alleviate poverty and homelessness.	Requests GF to support Homeless Management Information System, housing stabilization in response to COVID, support for IDA initiative, and program to leverage use of federal social services funds.		
3	1	OHCS	Homeownership Programs	91400-07 91400-08	12	21,999,997	0	14,603,855	0	786,874	0	\$ 37,390,726	16	14.75	Y	N	FO, S	ORS 456; P.L. 111-203	Administering grants to stabilize neighborhoods.	Requests funding for addressing racial disparities in homeownership, down payment assistance in OHCS programs and development for homeownership opportunities.		
4	2	OHCS	PBCA	Performance Based Contract Admin		12	0	0	3,284,226	0	1,018,517	176,472,688	\$ 180,775,431	15	14.50	Y	N	FO	Title 42 Section 8 section 1437f	Rem subsidy payments to landlords/owners of Section 8 (Housing Choice) units.		
5	2	OHCS	Energy Services	91400-02	12	11,400,000	0	68,100,652	0	86,611,139	0	\$ 166,111,791	16	15.84	Y	Y	FO, S	ORS 456.594-456.599; ORS 469.421; ORS 757.612; 24 USC 6833, 8621-8630	Administering grants to alleviate energy expenses.	Requests GF for energy bill payment assistance in response to COVID.		
6	2	OHCS	Manufactured Homes and Parks Programs		12	6,000,000	0	2,689,733	0	0	0	\$ 8,689,733	5	5.00	Y	N	S			Requests funding to preserve manufactured home parks, and replace older homes.		
7	1	OHCS	OHSI	Foreclosure Prevention Programs (Oregon Homeownership Stabilization Initiative)		12	0	0	684,859	0	0	0	\$ 684,859	9	2.25	Y	N	FO	12 USC 5211	Administer program to relieve foreclosures.	Restores funding and limited duration positions.	
N/A	N/A	OHCS	Central Services	91400-09	4	439,467	0	23,506,732	0	3,030,969	0	\$ 26,977,168	80	80.00	N	N						
N/A	N/A	OHCS	Bond Activities and Debt Service		4	54,680,907	31,039,264	7,904,325	925,784,811	0	0	\$ 1,019,409,307	8	8.00	Y	N	D			Additional S&S, DS for issuing XI-Q bonds and lottery bonds.		
						166,085,271	31,039,264	623,527,274	926,684,811	131,937,836	176,472,688	\$ 2,055,747,144	249	240.34								

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS

Document criteria used to prioritize activities:
Self-Sustaining (weight = 20%) Program funds both direct and indirect admin costs
Urgent Need (weight = 30%) Program meets an identified community need well and cannot be replaced by other
Mission Fit (weight = 35%) Programs aligned with mission
Excellence in State Government (weight = 15%) Program furthers goals related to education or improving

- 7. Primary Purpose Program/Activity Exists**
- 1 Civil Justice
 - 2 Community Development
 - 3 Consumer Protection
 - 4 Administrative Function
 - 5 Criminal Justice
 - 6 Economic Development
 - 7 Education & Skill Development
 - 8 Emergency Services
 - 9 Environmental Protection
 - 10 Public Health
 - 11 Recreation, Heritage, or Cultural
 - 12 Social Support

- 19. Legal Requirement Code**
- C Constitutional
 - D Debt Service
 - FM Federal - Mandatory
 - FO Federal - Optional (once you choose to participate, certain requirements exist)
 - S Statutory

Read the [Governor's Recommended Budget](#) for more information.



Recent audits on the next page



Office of the Secretary of State

Shemia Fagan
Secretary of State

Cheryl Myers
Deputy Secretary of State



Audits Division

Kip R. Memmott, MA, CGAP, CRMA
Director

255 Capitol St. NE, Suite 500
Salem, OR 97310

503-986-2255

February 12, 2021

Margaret Salazar, Director
Oregon Housing and Community Services Department
725 Summer Street NE, Suite B
Salem, Oregon 97301

Dear Ms. Salazar

In addition to the financial statement audit we conducted of the Elderly and Disabled Housing Fund and the Housing Finance Fund, we also conducted audit work of selected financial accounts for the year ended June 30, 2020 as part of our annual audit of the State of Oregon's financial statements. We are communicating the results of that audit work in this letter.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements of the State of Oregon as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, we considered the department's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Other Issues

During the audit we became aware of the following matters that are considered an opportunity for strengthening internal controls. These matters do not require a written response from management.

Reconciliations were not reviewed timely

Reconciling department records to bank statements is an important control required by state rules. Reconciliations should be regularly prepared and reviewed timely to identify and correct any discrepancies. During the audit we selected eight reconciliations to review and identified that two were not reviewed timely. Department staff cited staff turnover as the reason for delays. We also noted the department does not have a policy that defines expectations for timely preparation and review of reconciliations.

We recommend department management document and enforce expectations for the timely preparation and review of reconciliations.

Documentation was not maintained for all transactions

Maintaining documentation is an important control required by state rules. During testing of the Distributions to Non-Profits account transactions we identified two transactions where documentation could not be located to support the entry. According to department staff, at the time of the entry there was supporting documentation, but they either disposed or misplaced the support.

We recommend department management ensure controls are in place to maintain supporting documentation for all transactions.

Multiple transactions were not properly recorded

Management is responsible for ensuring transactions are recorded in the correct fiscal year and for maintaining controls to ensure transactions are accurate.

During our review of the Distributions to Non-Profits account we identified nine transactions that were recorded incorrectly. Seven transactions were recorded to the wrong account resulting in an overstatement to Distributions to Non-Profits of approximately \$12 million. One transaction recorded a reduction of expenditures in the wrong period resulting in an understatement to Distributions to Non-Profits of approximately \$1.2 million. Another transaction was recorded to the wrong vendor in SFMA but had no net effect on the balance of the account. The department's review was ineffective to identify the errors and consideration was not given to the financial statement effect of recording a reduction of expenditures in a fiscal year different from when the related expenditures occurred.

We recommend department management strengthen internal controls to ensure entries are being recorded correctly, including in the correct account, to the correct vendor, and in the appropriate fiscal year.

The purpose of this letter is solely to describe the scope of our testing of internal control and the result of that testing, and not to provide an opinion on the effectiveness of the department's internal control. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the department's internal control. Accordingly, this letter is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Amy Dale, Audit Manager at (971) 283-0031.

Sincerely,

Office of the Secretary of State, Audits Division

STATE OF OREGON

cc: Caleb Yant, Deputy Director
Gaby Zhu, CFO
Christian Kelly, Internal Auditor
Roseanne Ward, Debt Management Section Manager
Claire Hall, Chair, Oregon Housing Stability Council
Katy Coba, Director, Department of Administrative Services
Robert Hamilton, SARS Manager, Department of Administrative Services

Office of the Secretary of State

Bev Clarno
Secretary of State

Jeff Morgan
Interim Deputy Secretary of State



Audits Division

Kip R. Memmott, MA, CGAP, CRMA
Director

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Salem, OR 97310

503-986-2255

Independent Auditor's Report

The Honorable Kate Brown, Governor of Oregon
Margaret Salazar Director, Oregon Housing and Community Services Department

Report on the Financial Statements

We have audited the accompanying financial statements of the Elderly and Disabled Housing Fund and Housing Finance Fund, enterprise funds of the State of Oregon, Housing and Community Services Department (Department), as of and for the year end June 30, 2020, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Elderly and Disabled Housing Fund and the Housing Finance Fund, enterprise funds of the State of Oregon, Housing and Community Services Department, as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the enterprise funds of the Department and do not purport to, and do not, present fairly the financial position of the Department or the State of Oregon, as of June 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department's Elderly and Disabled Housing Fund and Housing Finance Fund financial statements. The combining financial statements and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2020 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Department's internal control over financial reporting and compliance.

Office of the Secretary of State, Audits Division

State of Oregon
November 18, 2020