



725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

March 17, 2021

Senator Fred Girod, Co-Chair
Representative Paul Holvey, Co-Chair
Joint Committee on Ways and Means Subcommittee on Capitol Construction
900 Court Street NE
Salem, OR 97301

RE: Support for HB 5042 and Additional Staff at OHCS

Dear Co-Chairs Girod and Holvey and Members of the Committee:

In 2020, OHCS became a crisis response agency. From administering records level of rental assistance to supporting local communities through wildfire recovery, we have grown and stretched in new ways to serve Oregonians. This requires that OHCS grow and, through HB 5042, OHCS is requesting position authority for both permanent and limited duration positions in the 2019-21 and 2021-23 biennia. The department has received an unprecedented level of additional funding since the close of the 2019 Legislative Session with very few staff to accompany the funds.

Through December 11, 2020, OHCS received emergency General Fund appropriations, direct federal funding through the CARES Act, Coronavirus Relief Funds through the Department of Administrative Services and the Joint Emergency Board, and Article XI-Q bond proceeds. These funds totaled over \$250 million, yet the department added only four positions in the Affordable Rental Housing Division. Later in December, OHCS received \$200 million for Tenant Rental Assistance and the Landlord Compensation Fund (LCF) and \$204.4 million in federal Emergency Rental Assistance (ERA) funds. Moreover, the American Rescue Plan Act will bring another tranche of historic housing resources to Oregon, including additional ERA funds. At this point, the department must request additional staff to administer these new programs effectively and ensure compliance with all funding sources.

OHCS requested some limited duration and temporary staff with the LCF program, authorized in House Bill 4401 (December Special Session). However, legislative direction and stakeholder feedback altered administration plans. We initially intended to collect tenant information "up front" which would have enabled validation of rent levels and other compliance factors. We were informed that collecting anything other than the Financial Hardship form is a barrier for landlords and tenants and is contrary to legislative intent. Consequently, our compliance occurs on the back end, leading to a much more manual and labor-intensive process.

In addition, the public interest in this program from both landlords and tenants has surpassed expectations and we need staff to provide more comprehensive customer service. We are now requesting four limited duration positions to review a sampling of payments to landlords and ensure compliance. We are also requesting up to six limited duration positions to respond to the large volume of information requests we are experiencing. The funds for these positions have already been provided to OHCS, so no additional General Fund is requested.



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The CARES Act provided a total of \$73.7 million to OHCS in the Low Income Home Energy Assistance Program (LIHEAP), the Community Services Block Grant (CSBG), and the Emergency Solutions Grant (ESG) programs. OHCS did not receive any new positions for administering these funds. Now we are adding the ERA program, which has stringent reporting and compliance requirements through the US Treasury Department, the program funder. From our experience with other Treasury programs (Hardest Hit Funds and Coronavirus Relief Funds), we know that program oversight is significantly more rigorous than other OHCS funding sources. Expenditure deadlines were extended into 2023, and the reporting deadlines extend beyond that.

All of these federal programs allow OHCS to use a portion of the funds for administrative costs. We are requesting position authority for both limited duration and permanent positions to allow us to hire professional staff to administer these funds. Although requesting permanent positions with one-time funds is unusual, we must stress the importance of receiving permanent staff to meet the demands of ongoing funding increases. New funding sources and programs create significant workloads beyond the program coordinators, such as contracting, payment processing, grant compliance and reporting, information technology support, and public outreach. Additionally, new recourses are coming to OHCS from the American Rescue Plan Act. We must scale up operations to meet this moment.

OHCS may need to request additional staff at a future date, depending on future direction from US Treasury and potentially new programs, but for now we are requesting three limited duration positions that will continue into the 2021-23 biennium, and ten permanent positions. After the one-time funding is exhausted, the permanent funding will be provided through longstanding OHCS federal programs with admin allowances that far exceed the admin OHCS currently uses.

In summary, OHCS requests position authority, but not additional funding, for ten positions (1.67 FTE) for the Landlord Compensation Fund. OHCS further requests Federal Funds limitation and position authority for three limited duration (0.51 FTE) and ten permanent positions (1.7 FTE) in the 2019-21 biennium to administer federal programs.

We urge your action to ensure OHCS has the staffing needed to continue crisis response in 2021 and beyond. These positions will ensure OHCS can effectively and compliantly administer all of the new programs, both on the state and federal level, in a manner that is trauma-informed and centers equity and racial justice.

Sincerely,
Caleb Yant
Deputy Director, Oregon Housing and Community Services

