



**OREGON HOUSING *and*
COMMUNITY SERVICES**

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March 6, 2023

Joint Committee On Ways and Means Subcommittee
On Transportation and Economic Development
900 Court Street NE
Salem, OR 97301

RE: OHCS 2023-25 Governor’s Recommended Budget Presentation Follow-Up

Co-Chairs Woods and Gomberg, Members of the Joint Committee On Ways and Means Subcommittee
On Transportation and Economic Development,

During the marathon presentation last week, the committee raised a number of questions regarding OHCS’ work across the housing continuum. We’ve organized our responses below for ease of reading. We are just scratching the surface on conversations regarding Oregon’s housing crisis, and OHCS is eager to continue the dialogue.

GENERAL QUESTIONS

What does the path out of crisis look like?

Oregon’s housing and homelessness challenges will not be solved overnight, over this next biennium; it will take biennia of dedicated strategies and investments to ensure Oregon’s housing stock and services systems are able to respond to the needs of our communities. Oregon, however, can and will make progress that addresses our long-term supply shortage and short term needs to respond to Oregon’s humanitarian crisis on the streets.

What does it look like to not be in crisis?

First and foremost, Oregon cannot address our housing crisis without increasing the supply of homes. Abundant housing will prevent housing costs spikes driven by supply and demand economics in both the rental and homeownership areas. However, even with the ample supply, Oregon will need a homeless response system. Ending homelessness requires macroeconomic change, and the response to homelessness should ensure it’s rare, brief, one-time, and sheltered. OHCS envisions a coordinated and concerted statewide system that prevents homelessness by keeping households stable and ends the experience of homelessness for Oregonians by rehousing and supporting them in retaining permanent housing with supports required to address behavioral health and other needs.

What are the measurable supply results to know we are there?

To address our supply needs, according to the Oregon Housing Needs Analysis, Oregon must produce more than 440,000 homes in the next twenty years and half of these homes need to be affordable to low-income Oregonians. That breaks down to the goals outlined in Governor



Kotek’s Executive Order No. 2023-04 of 36,000 new units a year, and 18,000 of those affordable to those living at or below 80% of the area median income.

What are the measurable eviction prevention and homelessness response results to know we are there?

As we have shared, slowing the inflow into homelessness is also a critical component of addressing this crisis. To better understand this work, we can track the number of families served through rental assistance or other eviction prevention programs. We can also use eviction rates as one key indicator of the number of households being displaced, though it is important to note that not all households that face eviction fall into homelessness. The graph below shows eviction rates in Oregon, available via the regularly updated [Evicted in Oregon website](#), led by Dr. Lisa Bates:

Number of Eviction Cases Filed in Oregon by Month

As of February 06, 2023.

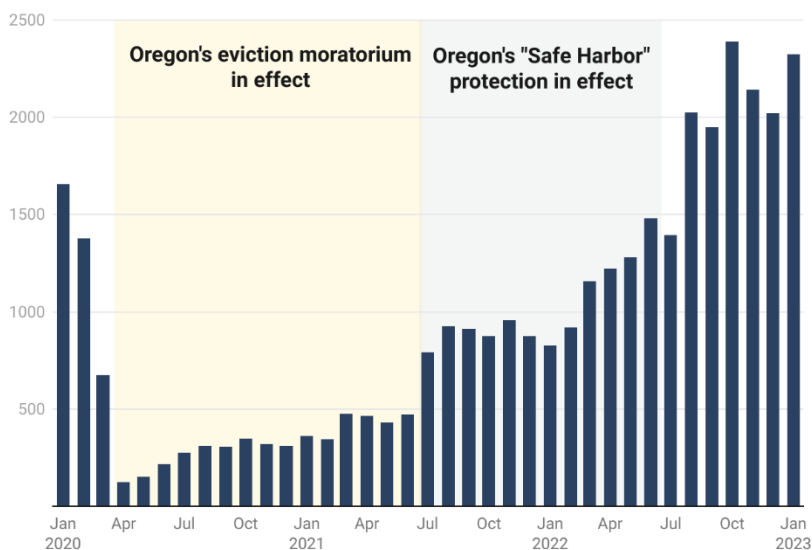


Chart: Evicted in Oregon • Source: Oregon Judicial Department's court records • Created with Datawrapper

To better understand how Oregon is responding to homelessness, we can track the number of shelter beds available and created across the state and the number of individuals experiencing homelessness who have been rehoused. Based on Point-In-Time (PIT) data from 2022, we estimate that there were 17,959 Oregonians unhoused in January 2022 and 11,088, or 62%, of those individuals were experiencing unsheltered homelessness. We estimate that there are approximately 11,100 individuals experiencing unsheltered homelessness statewide. In January 2022 there were 1436 emergency shelter beds open (6514 beds were already occupied). Therefore, we can estimate that Oregon would need an additional 9,664 emergency shelter beds to provide emergency shelter for all Oregonians experiencing homelessness in the state. These estimates do not factor in varying needs across different populations (youth, families with children, etc).

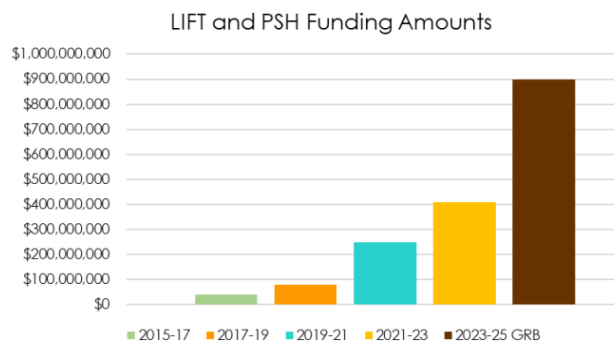


- To address both homelessness response and prevention, Governor Kotek has proposed historic investments paired with ambitious goals that will allow Oregon to make measurable and meaningful progress in tackling this crisis. As part of the Early Session Funding Package intended to make quick and meaningful progress toward these goals and support homelessness emergency response, Governor Kotek has identified the following benchmarks to be met by January 10, 2024:
 1. Prevent 8,750 households from becoming homeless
 2. Add 600 low-barrier shelter beds statewide¹
 3. Rehouse at least 1,200 unsheltered households²

- The Governor’s Recommended Budget seeks to build on these metrics to:
 1. Prevent an additional 19,000 households from becoming homeless
 2. Re-house an additional 2,400 unsheltered households
 3. Maintain housing stability for the 1,200* households rehoused through Early Session investments by providing ongoing long-term rental assistance

What will it take to get us there?

OHCS’ statutory authority relates to the development of affordable housing, which does not represent the full span of housing needs. In Fiscal Year 2021 (June 2022-22), OHCS funded 2,619 new affordable rental homes (and an additional 2,044 homes were brought into the affordable housing pipeline or preserved). This was done with unprecedented levels of funding and continued collaboration between OHCS and our partners to break down systemic barriers. If OHCS produced at that level for 20 years, funding would limit production of new homes to less than a quarter of the need. That’s why the OHCS budget calls for a dramatic increase in development resources, and why OHCS’ advocates relentlessly pushed for the passage of the Affordable Housing Credit Improvement Act with the A Call To Invest In Our Neighborhoods ([ACTION](#)) Campaign, a coalition of 2,400 national, state, and local organizations and businesses working to address the shortage of affordable rental housing. This includes an increase to federal tax credits, reforms to improve utilization of Private Activity Bonds (PAB), and an overall increase of PAB allocation.



¹ HB 5019 seeks to add 100 beds in non-emergency areas

² HB 5019 seeks to rehouse an additional 450 households in non-emergency areas

Adequately addressing homelessness over time will require Oregon to both slow the inflow into homelessness and respond to homelessness in our communities. One of the largest factors affecting the timeline of this work will be receiving adequate resources to make meaningful and sustained progress over time. Our success in significantly reducing homelessness hinges on the work to slow the inflow, and while our contribution to this work at OHCS includes rental assistance and other eviction prevention services and supports, Oregon has yet to be able to meet the need for rental assistance, even with record levels of both federal and state funding. It is vital to consider the other factors that contribute to an Oregonian's ability to stay housed: adequate wages, access to affordable healthcare, childcare, education, and more.

Oregon's homelessness and housing crisis has gotten to where we are now due to decades of underproduction, a lack of investment in housing and homelessness services, and an increase in factors contributing to homelessness and housing instability. Recent investments are turning the tide, but year over year increases in supply and homelessness prevention and response resources are needed to see measurable progress.

One-Time Funds Utility

Generally, one-time funds are great for a one-time need but inappropriate to use for on-going needs. To put it bluntly, building a new unit with one-time funds works as timber and construction labor is needed *once* to get keys to an Oregonian in need. Alternatively, running a shelter with one-time funds means there will be a date when resources for staff, meals, and maintenance expires, and shelter doors close.

During the 2021-23 biennium OHCS and our partners received record levels of one-funds, both state and federal. These funds allowed OHCS to administer one-time, emergency programs and to set up new programs and systems. However, once programs and systems are launched and become ongoing in nature, only receiving one-time funds budget cycle after budget cycle creates a perpetual cliff that puts community organizations, their staff, and their ability to provide critical services and supports at risk. Community organizations are often hesitant or not able to fully staff up, create new programs and engage in transformative work when they cannot see past the next 12-24 months.

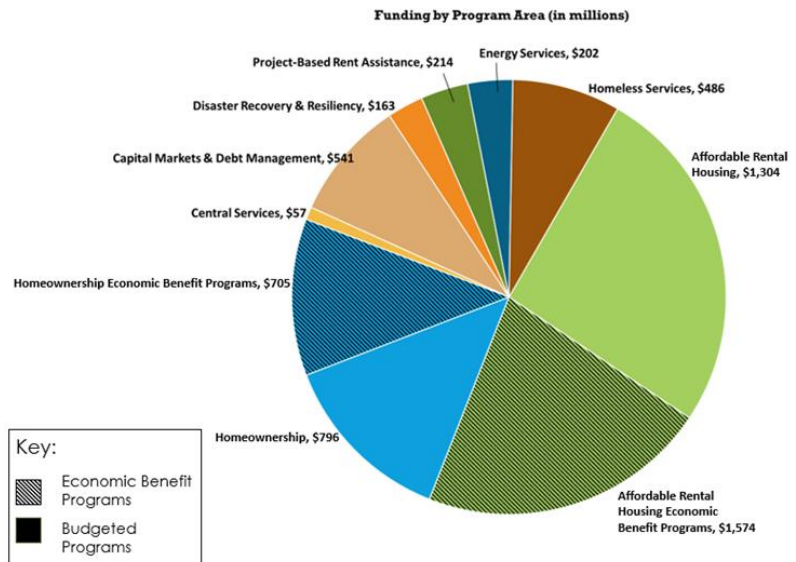
Housing development dollars are usually one-time funds, and primarily consist of bonds but are well positioned to take other, more flexible funds. One-time funds leverage other funds, particularly federal funds to support the development of affordable housing. Local Innovation and Fast Track (LIFT) is a national recognized program to provide resources to develop affordable homes and is allocated to OHCS on a one-time basis. So far, \$199.3M of 21-23 biennium allocation of LIFT Rental supported the creation of 1,500 in the first wave of applications. OHCS was able to only fund 35% of the demand during that application round of LIFT due to insufficient funds, meaning developer capacity exists to build more homes. There is a need for more one-time funds in affordable housing development. Strategic investment of one-time funds will be used this biennium to help develop the needed homes through Oregon.



AGENCY OPERATION QUESTIONS

Economic Benefit and Program Resources

Senator Hansell requested a clearer chart that breaks out OHCS’ funding by program area. The economic benefits funds do not flow through OHCS accounts and are represented as a part of the homeownership and affordable rental housing investment.



The New Project Management Office

The Project Management Office was created to provide consistent, centralized coordination of all projects that meet agency governance criteria, giving leadership visibility into projects as they are planned and during implementation. Senator Woods asked for their Six Sigma certification. The OHCS PMO Manager is currently completing their Six Sigma green belt and will be achieving their black belt next. The current list of the Project Management Officer certifications is below.

Position Title	Certification	Governing Body
PMO Manager	PMP - Project Management Professional	Project Management Institute (PMI)
	CSM - Certified Scrum Master	Scrum Alliance
	CPO - Certified Product Owner	Scrum Alliance
	Certified Cloud Practitioner - AWS	Amazon Web Services
	ITIL 2011 Foundations Certification	AXELOS
Senior Portfolio and Project Manager	Oregon Project Management Associate (OPMA)	Oregon Project Management Advisory Board
	Certified Change Management Professional	Prosci
	CSM - Certified Scrum Master	Scrum Alliance
IT Project Manager	Oregon Project Management Associate (OPMA)	Oregon Project Management Advisory Board
	CJIS Certification - State of Oregon - CJIS Division	State of Oregon - CJIS Division
Operations Project Manager	PMP - Project Management Professional	PMI



Strategic Business Analyst	Foundations in Public Participation - IAPP	International Association of Public Participation
	Multi-Stakeholder Collaboration Strategies & Design Principles - Community at Work	Community at Work

Navigating Oregonians to Assistance

Senator Meek and Representative Mannix asked how Oregonians calling OHCS are directed to assistance. OHCS general email line includes an auto response that directs Oregonians to assistance in their community, and our front desk staff receive messages to ensure they were able to direct members of the public to their local providers that distribute resources. In addition, OHCS recently hired the first Ombudsperson to help support the customer service needs and work with Oregonians. OHCS has not been a direct service provider in the past, and the agency has adapted to build in new systems to support Oregonians. However, limited resources to direct Oregonians to and the speed in which on the ground providers can response causes additional challenges in providing prompt services.

AFFORDABLE RENTAL HOUSING QUESTIONS

Factsheets on OHCS Development Programs

Representatives Mannix asked if there are fact sheets on OHCS programs to provide to developers in his community. At the bottom of this document, OHCS will include two factsheets for the development community.

Developments Coming Online Soon

OHCS is beginning to see the effects of the historic investments made by Oregon the past couple of years. By the end of 2023, the Affordable Rental Housing division is expecting 6,246 homes to open their doors. Fourteen developments comprising of 1,235 homes are through preservation and fifty-five developments comprising 5,011 homes are new construction. These developments are located throughout the state. Here is just a sprinkling of some of the developments we are expecting, Moorehouse Apartments creating 100 new homes in Umatilla County, Colonia Paz creating 140 new homes in Linn County, 148th Apartments creating 100 new homes in Multnomah County, 53 Flats creating 100 new homes in Benton County, Nueva Esperanza creating 150 new homes in Washington County, Molalla Apartments creating 60 new homes In Clackamas County, and 27th Avenue Apartments creating 96 new homes in Marion County. OHCS can provide more of this information if the committee requests. As a reminder these are expected to be completed by the end of 2023, the past couple of years have reminded us to be flexible and adapt as market conditions always change.

Who is served in the Lincoln County development example?

Those living in OHCS affordable housing are often minimum wage earner. For Lincoln County 80% of the area median income (AMI) is \$40,250 a year and 60% AMI is \$30,180. Minimum wage in Lincoln County is \$13.50 and, if a minimum wage worker is able to work 40 hours a week, they could make \$25,920 a year. A worker earning \$20 an hour could make \$41,600 a year. When developments target incomes of 30% AMI, \$15,100 a year in Lincoln County, that is likely designed to serve Oregonians living on Social Security or Disability benefits.



The AMI is determined for each locality to account for the geographic variety in median income. It can vary widely depending on the makeup of a given region. For instance, in Multnomah County, the median income is \$74,600 whereas it's \$53,700 in Umatilla County. Statewide, the AMI is \$63,600. Many OHCS programs serve households who have income at or below 80% of the AMI, with a specific focus on those at or below 60% of AMI. Income and Rent Limits by county can be found [here](#).

How are Oregonians finding out about available OHCS funded homes?

A “lease up” strategy determines how OHCS funded developments provide outreach to bring in new residents, which depends on the project type.

The households that occupy a development’s Permanent Supportive Home (PSH) are referred through a project’s regional Coordinated Entry system via the local Continuum of Care. The Continuum of Care triages homeless families and individuals in need and those determined to be chronically homeless based upon their local definition are referred to the PSH project for entry. OHCS will work with a PSH development to determine and approve alternative referral processes if a Coordinated Entry system does not exist for their region.

For other developments this strategy will often be included in their application for funding and can include partnering with service organizations on the ground to receive referrals from those they serve. Sometime if a specific need is identified, like rural or culturally specific housing, set asides or application scoring can be structured to meet those needs.

HOMEOWNERSHIP QUESTIONS

What does Oregon expect to see in future homeownership rates?

Without major changes in how we develop homes and assist Oregonians in becoming homeowners over the next two decades we can expect to see the percentage of homeowners in Oregon decline, from 63.5% in 2020 to 60.9% in 2040, according to the [Urban Institute](#). This is due to several predicted factors including declining real wages, increased housing costs, limited access to tools like finance and buying options, and lack of education on becoming a homeowner. This is a self-reinforcing problem, as homeownership is one of the chief methods for generational wealth building which will make achieving homeownership even harder for future generations.

Addressing this problem requires a two-pronged approach, increasing the number of homes available to purchase and increasing the amount of support available to buy. To this end OHCS is asking for an increasing investment in the LIFT Homeownership program, which builds affordable homes for purchase, with \$154M in Article XI-Q bonds which will help build new affordable homes for purchase across Oregon, as well as \$5M in General Fund to pair to make sure that this investment can reach rural communities and build to density in urban ones.

Additionally, OHCS is also working to build our revolving Down Payment Assistance (DPA) fund that is associated OHCS loan products, Flex Lending and the Oregon Residential Bond Loan Program, this will be a standing resource for Oregonians for years to come that provides a mortgage product with a competitive interest rate with built in DPA that can be layered with other sources of DPA to make the



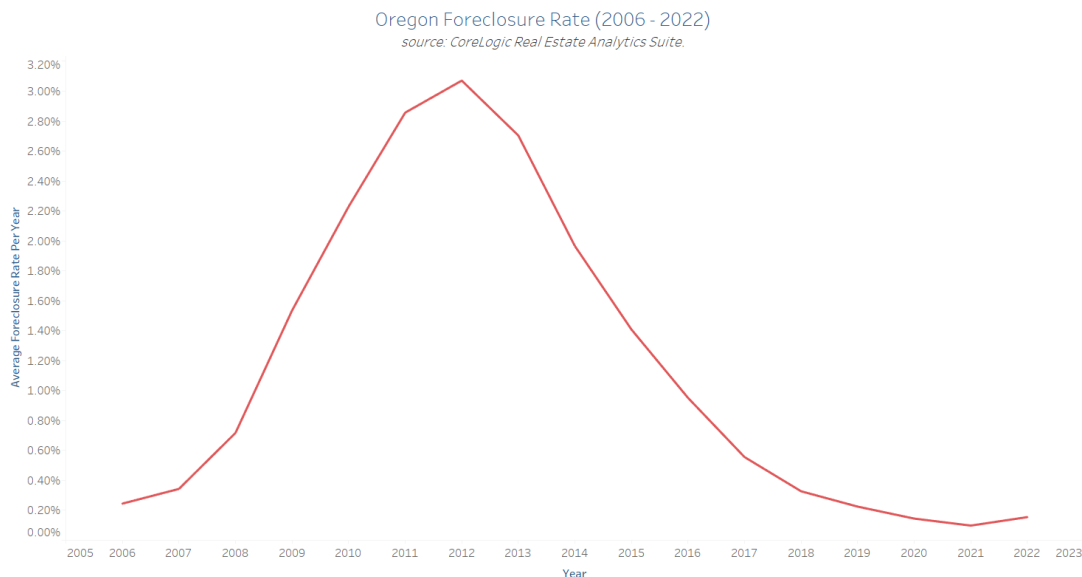
mortgage even more affordable. The [Oregon Residential Bond Loan Program](#) is currently available and [Flex Lending](#) will launch soon. OHCS is asking for \$13.6M in DPA to be used for this purpose.

Senator Meek asked about the lack of inclusion of foreclosure prevention resources in the Governor’s Recommended Budget.

There are not any investments in foreclosure prevention counseling, like Oregon Foreclosure Avoidance (OFA) or Foreclosure Avoidance Counseling (FAC), included in the Governors Recommended Budget, there are still some resources that will be available going into the next biennium.

- OHCS received \$1.98M in grant funds from NeighborWorks America, to provide counseling for homeowners and renters to remain safely housed. [Homeownership Centers](#) across Oregon use this resource to provide counseling to homeowners.
- The Home Owner Assistance Program (HOAP) can pay for default counseling for those concerned with their house payment. HOAP, however does not pay for foreclosure counseling, as this requires more work with the servicer. These resources are funded with Document Recording Fee funds and are available through Homeownership Centers.
- In 2021 OHCS receive \$90M from the federal government for the Homeowner Assistance Fund which is a mortgage assistance program that can help homeowners with up to \$50,000 to eliminate past-due mortgage and tax payments. Additionally, eligible homeowners may receive up to 12 months of payment help for eligible housing costs, not to exceed \$15,000 per household. This program also helps pay for homeownership counseling and application assistance for homeowners at risk of foreclosure. This program runs through 2026, or until program funds are expended.

Thanks to federal interventions like Dodd Frank Act and state reforms after the 2008 Foreclosure Crisis, homeowners today have more options of foreclosure avoidance than ever before and foreclosures in Oregon are at an all-time low. We did see a slight uptick in foreclosures towards the end of 2022, at the end of the State Foreclosure Mortarium, however levels still remain under pre pandemic averages.



Average Cost per Unit from State Funds for New Homes

OHCS works to balance making construction cost effective and making the homes constructed durable, safe, and efficient.

Our Local Innovation Fat Track (LIFT) Homeownership program help finance the construction of new affordable homes for purchase as part of Community Land Trusts (CLTs). We recently increased the LIFT cap per unit to keep pace with rising cost of construction. The 2023 program subsidy cap is \$200,000 per unit. The 2023 application cycle is currently under consideration. Previously the cap was \$115,000 and the average application requested \$100,000 in LIFT subsidy.

Recent data from our Homeownership Market Cost Offset Fund (HMCOF) recipients show that for many of our nonprofit development LIFT partners, the cost of building a home has gone from an average of just under \$300,000 to \$376,000 in the past couple years. This is a small sample size and doesn't reflect the average cost to build a home, as our partners are non-profits and many use donated labor and materials which reduces the cost and stretches state dollar further.

Our Manufactured Home Replacement Program helps replace older inefficient or unsafe manufactured homes and those damaged or destroyed in natural disasters. For this program we see an average loan amount of \$64,000 per unit. The current average cost of a single wide manufactured home is around \$125,000.

Difference between Manufactured, Mobile and Modular Homes

A modular or prefabricated home is built in a factory to about 80-90% completion and then trucked to a building site where it is "constructed" on site on a permanent foundation. This means that they tend to operate like a stick-built home and have to follow local, state and regional building codes, rather than HUD code.

Manufactured homes and mobile homes are factory-built that are regulated by HUD and follow HUD code rather than state or local building codes. According to HUD, a factory-built home prior to June 15, 1976 is a mobile home and one built after June 15, 1976 is a manufactured home, but the names are often used interchangeably. Homes built prior to 1976 do not meet the HUD code standards and are not federally regulated. There are significant quality differences between pre-1976 and post-1976 homes, and even significant differences in manufactured homes built in the 2000s. They contain improved designs, innovative technology and energy efficiency improvements. The Housing Act of 1980 officially mandated that the term "manufactured housing" replace "mobile homes" in all federal law and literature in order to clearly define them as buildings rather than vehicles.

What programs are specifically what investments and programs have been made to address the racial disparities in homeownership?

As home prices continue to trend upward and inflation and interest rise, many Oregon families and their communities will miss out on long-term stability and generational wealth building that homeownership provides. OHCS acknowledges that problem is exceptionally acute in Black, Indigenous, Latino/a/x/e and



Tribal communities, as they have historically experienced barriers to homeownership due to redlining, discriminatory lending practices, and neighborhood gentrification. According to a new report from the [Coalition of Communities of Color, “Addressing the Racial Wealth Gap”](#), “more than any other indicator, such as level of income or education, how a person is racialized—and the accumulation of advantages and disadvantages based on race through centuries of policies, laws, and practices—is the most important factor in understanding differential access to wealth in this country”.

To this end OHCS is looking at all programming through a lens of addressing the racial wealth gap to ensure that this is accounted for in our program as an agency, both with in Our Homeownership Division and agencywide. Below are just some of the programs and invests in addressing the racial gap in homeownership rates:

- As part of 2021 Legislatively Adopted Budget OHCS received \$10M in Down Payment Assistance (DPA) to be distributed through Culturally Responsive Organizations (CSOs). The applications has re-opened until March 9th to give more CROs a chance to apply, as the funds will be converted to other funds and the use timeline extended. OHCS expects the funds to be fully subscribed.
- In 2022 we updated the framework that all of our DPA programs to include, in addition to the First- Time Homebuyer and Veterans special categories, a new category for First-Generation Homebuyers and increase the amount of DPA that a homebuyer can qualify for, increasing it from \$15,000 to \$30,000 or \$60,000 depending on applicant income and other qualifications.
- Additionally, through SB 79 (2021) put forward by the first iteration of Joint Interim Taskforce on Addressing Racial Disparities in Home Ownership (JARDHO), our Homeownership Division received two new staff members who specifically focus on addressing racial disparities in homeownership, through improving language access, supporting partners to expand their reach and cultural responsiveness for diverse populations, and other internal and external steps. As part of that we received \$2M in General Fund for language access and targeted outreach. The Request for Applications (RFA) is currently under review. The objectives of the RFA are to assist organizations statewide with costs associated with language access, provide financial support to organizations to conduct culturally and community-specific outreach, create a bank of culturally and community-specific homeownership resources and materials in languages other than English. Additionally, during the process of creating this RFA we worked with tribes to ensure that we could create a specific grant fund that is catered to their homeownership needs, which resulted in a \$5M set aside in our Homeownership Development applications for Federally Recognized Tribes.
- The federal Homeowner Assistance Fund (HAF) program worked with culturally responsive providers to do outreach about the foreclosure assistance available to BIPOC communities across the state. In addition, it launched a media campaign and website with resources available in five languages.

DISASTER RECOVERY QUESTIONS

What is the process to access temporary housing or home replacement funds through the Wildfire Recovery and Resilience Account (WRRRA) program?

WRRRA offers participants a flexible, individualized approach for housing assistance by connecting them with Community Action Agencies (CAAs) or Long-Term Recovery Groups (LTRGs) who identify the right solution for their recovery needs. This includes rapid rehousing for households that lost their homes or were displaced because of wildfires, and/or helping to navigate the housing system and locate and obtain rental housing or reconstruct/replace/rehabilitate their home with sustainable housing in the region they choose.

WRRRA can be used to fill remaining funding gaps or, for manufactured homes, potentially fund the entire replacement of a new energy efficient home (or help with the purchase of an existing manufactured homes that meets housing quality standards) and cover site work. The CAA will review the applicant's income and compare against the maximum program awards allowed. All income levels are eligible for some funding, but the amounts have a tiered decrease the higher the income is. The three income tiers - under 80% AMI, 81-120% AMI, and over 120% AMI. For applicants who were manufactured homeowners and who are under 80% AMI, the max award should be enough to completely fund a new home, if necessary. The CAA looks at total project cost, an applicant can go shop for their own home or ask for help and determines if there are any duplication of benefits to ensure that we aren't funding the same cost twice and that there are not unused FEMA benefits. The CAA then calculates the amount of funding needed for an applicant to completely recover. If that amount is higher than the max award caps, they will also look to leverage other available funding to close the gap. Grant awards are paid on the applicant's behalf to an MH seller (private or business) and/or to contractors for site work. Grant award maximums are not published as best practice as not to impact the market or sales/contractor prices.

Co-Chair Gomberg asked about the effect of rebuilding and home replacement after natural disaster on the assessed property value, and if OHCS was taking any steps to address the impact of the increase in property taxes for survivors served by OHCS programs.

SB 1012 appears to address this issue. While we know this is an issue of great concern for Oregonians, OHCS does not take a position on pending legislation.

HOMELESSNESS AND HOUSING STABILITY QUESTIONS

Increases in Homelessness Over Time

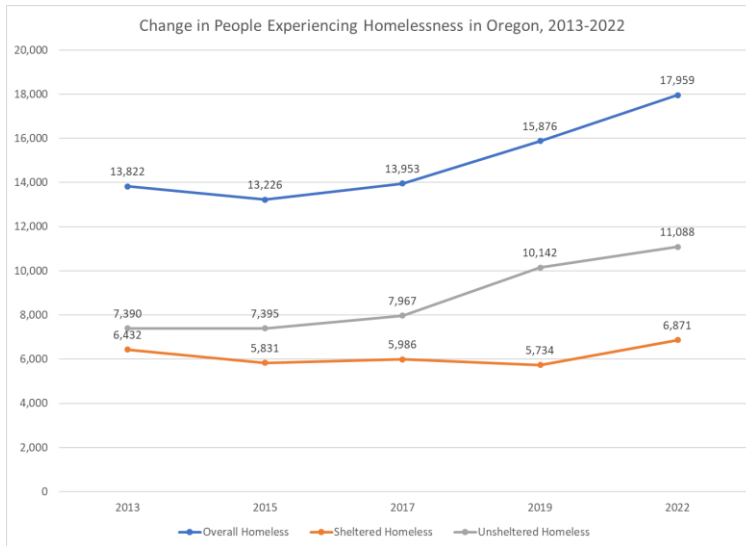
Oregon has seen an increase in homelessness in our communities over time. HUD's Annual Homeless Assessment Report to Congress (AHAR), [2022 report linked here](#), provides data from the annual Point-in-Time count that Continuums of Care (CoCs) across the country are required to do every other year.



This count is conducted during the last week of January and has been shown to be an undercount of people experiencing homelessness³.

This data shows the number of people experiencing homelessness increasing by 30% from 2013 to 2022, going from just under 14,000 to nearly 18,000 in that time. In particular, the number of people experiencing unsheltered homelessness rose 50% over that time period and the rate of unsheltered homelessness went from 53% in 2013 to 62% in 2022.

The AHAR also provides data on the number of people in families with children experiencing homelessness, and while this number has decreased a bit from 2013, the unsheltered rate among families with children has increased significantly in that time, going from 41% in 2013 to 60% in 2022. This rate of unsheltered people experiencing homelessness in families with children is the highest in the nation.⁴



Shelter Costs

We estimate the **yearly** cost to operate high-quality, non-congregate shelter bed with services, which is often provided to individuals with the highest needs, costs approximately \$32,000 per year.

These figures include the basic ongoing operational costs of running a shelter (including meals, sanitation and more), behavioral and mental health services, and case management, all to provide high-quality services focused on moving Oregonians closer toward housing. Oftentimes, the start-up costs for building a new shelter from the ground up or renovating a building for use as a shelter are one of the largest barriers. Depending on the market and the type of facility, shelters can cost millions of dollars to create or reconfigure. All of these services must be provided by highly skilled staff trained to provide

³ HUD requires Continuums of Care (CoCs) to do a full count of both sheltered and unsheltered people experiencing homelessness in odd-numbered years. Due to COVID CoCs were granted waivers from doing unsheltered counts in 2021, but were then required to do full counts in 2022.

⁴ U.S. Department of Housing and Urban Development, 2022 AHAR: Part 1 – PIT Estimates of Homelessness in the U.S. available at <https://www.huduser.gov/portal/datasets/ahar/2022-ahar-part-1-pit-estimates-of-homelessness-in-the-us.html>

individualized interventions and support individuals who have often experienced a high degree of trauma⁵.

The \$23.8M figure outlined in the Early Session Funding Package (HB 5019) includes capital to both stand up and operate 600 new shelter beds for one year in regions outlined in Governor Kotek's [Executive Order 23-02](#). Additional conversations with the Legislature have yielded an additional \$4.2M to add and operate an additional 100 shelter beds in areas not named in the Executive Order. For some communities, this may require brand new shelter sites beyond reconfiguring an existing space or building.

Further investments in the Governor's recommended Budget (POP 090) include \$24.1M to ensure that current shelter stock, with emphasis on new stock added in 2021-23 through Project Turnkey and Navigation Centers, remains in operation. An additional \$42M has been recently added to the Governor's Recommended Budget to ensure the 700 beds added through HB 5019 remain in operation throughout the 2023-25 biennium.

Providing emergency shelter is inherently an expensive intervention. However, the 32,000 per year it costs once a shelter is up and running to provide this sometimes lifesaving option to an unhoused person can still be *more cost effective than the other emergency services* people encounter related to health and safety outcomes of their unsheltered status. For example, the average per day cost of a hospital inpatient stay in Oregon is \$3,861. An emergency room visit averages \$1,437 and one week in jail costs \$980. Costs to cities just to clean-up campsites range from \$1,672 to \$6,208 per unhoused person experiencing homelessness, according to a recent study. Though it is more cost effective to move someone directly from homelessness into permanent housing, or bypass the experience entirely through investing in prevention, there can still be significant systems costs to unsheltered homelessness that add up quickly, and that shelter can help mitigate, while at the same time providing critical safety and stabilization services. Until our housing supply reaches what is outlined in the Oregon Housing Needs Analysis, shelters are a necessary and humanitarian tool to response to this crisis.

It is also important to note that the work to reach, support, and stabilize a community member once they have been experiencing unsheltered homelessness, especially chronically, can be complex. It also must be done effectively to ensure that community member moves into, and stays in, stable housing. Otherwise, we risk re-traumatizing Oregonians and incurring additional cost across our state systems.

OHCS will continue to invest in homelessness prevention to stop the inflow of Oregonians into homelessness and work to increase the production of affordable housing to reduce market pressures that can push households into homelessness. Moreover, OHCS continues to design programs and services that emphasize the importance of re-housing individuals who are experiencing homelessness, rather than simply expanding shelter supports alone, we know that in order to end homelessness, we need housing that meets people's needs.

⁵ Oregon Statewide Shelter Study 2019, <https://www.oregon.gov/ohcs/about-us/Documents/poverty/Oregon-Statewide-Shelter-Study.pdf>

Cost and Importance of Preventing Evictions

One of the best tools we have to address Oregon’s homelessness crisis is to prevent the experience of homelessness altogether. While the **yearly** cost to operate a shelter bed may cost Oregon approximately \$32,000 a year, homelessness prevention, also called eviction prevention or diversion, costs over the last biennium have totaled approximately \$4,000 per household. Preventing homelessness is not just more cost effective, it’s more trauma informed.

For many Oregonians, eviction prevention takes the form of rental assistance, which provides support for both tenants and landlords. These costs typically provide for the payment of past-due rent, 1 to 3 months of forward rent to further stabilize a household, and in some cases, other supportive payments if an eviction cannot be avoided but support with a deposit or moving expenses stipend can be used to keep a family housed.

Two of the most critical programs currently at our disposal to prevent evictions in Oregon are the Oregon Eviction Diversion and Prevention (ORE-DAP) Program and Eviction Prevention Rapid Response (EPRR) Program.

ORE-DAP funds are flexible in how they can be used to support eviction prevention and are intended to allow local communities to meet the needs they are seeing in their region. ORE-DAP is administered through the [Community Action Agency \(CAA\) Network](#) and funds are distributed via formula to ensure strong geographic reach across Oregon. To date, over 8,900 households have received assistance since the program was launch in March of 2022. Despite efforts to stretch available dollars, many communities will soon, or already have, run out of ORE-DAP funds.

EPRR provides rapid payment to support tenants at the most imminent risk of eviction- those with eviction court summons. Due to the focused nature of this program, approximately a third of all checks were emergency checks paid out within three days of the initial referral. Over 870 households at the brink of eviction have been stabilized, with 36% of those being Black, Indigenous and People of Color Oregonians and over half living outside Washington, Multnomah and Clackamas counties.

OHCS would also like to provide deep appreciation for our partners at the Oregon Law Center, who have been operating the Eviction Defense Project to provide legal services to Oregonians with eviction court summons and have been invaluable partners in the operation of the Eviction Prevention Rapid Response (EPRR) program.

Rapid Rehousing Cost Breakdown- what will the \$172.2 in the GRB “buy” us?

Investments in the Early Session Funding Package (HB 5019) will support the rehousing of at least 1,200 unsheltered households in emergency areas outlined in [Executive Order 23-02](#) and an additional 450 individuals experiencing unsheltered homelessness living in areas beyond emergency areas for a total of rehousing 1,650 Oregonians.

This will fund one year of prepaid rental assistance for rehoused households, landlord guarantees and incentives, such as guaranteed financial support should a tenant cause damage to a unit, and block-



leasing of at least 600 vacant units, which refers to the practice of engaging in a long-term lease with a property owner for control of a block of rental units.

The \$172.2M investment in the Governor’s Recommended Budget seeks to continue providing long-term rent assistance for the 1,200 re-housed households⁶ supported by the Early Session Investment Package and re-house an additional 2,400 unsheltered households utilizing similar interventions.

Particularly for community members experiencing chronic, unsheltered homelessness, long-term rental assistance is one of the only interventions that will allow individuals to achieve long-term housing stability.

[Studies find](#) that rental assistance reduces psychological distress among adults in families experiencing homelessness (in addition to reducing social and behavioral problems among their children) and can reduce domestic violence and alcohol and drug use among adults. It is [also shown to](#) help address mental health needs and may reduce overall health system costs.

These investments will serve as a critical component in the work to end homelessness for thousands of Oregonians, not simply provide short-term services and solutions.

Statewide HMIS Timeline

The Homeless Management Information System (HMIS) is the data system used to gather information about individuals and families experiencing, or at risk of experiencing, homelessness and their housing placement and service engagement activity. As mandated by Federal law, HMIS data is collected and managed by Continuums of Care (CoCs) This data system must be collected and utilized by all providers consistently across the state to ensure we understand and can report accurately on the state of homelessness and which solutions are working.

Each CoC is responsible for selecting an HMIS software solution that complies with HUD's data collection, management, and reporting standards. In Oregon, CoCs use one of three Homeless Management Information Systems. Because Oregon has a strong vested interest in accurate, accessible data, OHCS has been making significant strides over the last few biennia to analyze data from the three HMIS implementations in Oregon, and we have plans to continue that critical work in the 2023-2025 biennium. The table below demonstrates the system used by each Oregon CoC.

Continuum of Care	HMIS Implementation/System
OR-500 - Eugene/Springfield/Lane County CoC	Lane County
OR-502 - Medford, Ashland/Jackson County CoC	OHCS Oregon Multi-Continuum
OR-503 - Central Oregon CoC	OHCS Oregon Multi-Continuum

⁶ 1,650 households pending the passage of HB 5019

OR-504 - Salem/Marion, Polk Counties CoC	OHCS Oregon Multi-Continuum
OR-505 - Oregon Balance of State CoC	OHCS Oregon Multi-Continuum
OR-506 - Hillsboro/Beaverton/Washington County CoC	Northwest Social Service Connections (NWSSC)
OR-507 - Clackamas County CoC	Northwest Social Service Connections (NWSSC)
OR-501 - Portland/Gresham/Multnomah County CoC	Northwest Social Service Connections (NWSSC)

While some HMIS data is accessible to OHCS, it is best utilized as one large pool of data, what we are calling a “statewide data lake”. Data from the statewide data lake will be used to understand the pathways in and out of homelessness, identify gaps or disparities in the service delivery system, and create models and provide analysis on service levels and types to address community need.

OHCS is currently working toward the implementation of the statewide data lake and is working to develop data governance agreements with all eight CoCs. We plan to enter into data sharing and governance agreements by the Fall of 2023.

The next phase of the work will be to ensure local data is “flowing” into the statewide data lake and to establish clear data standards for partners statewide to ensure consistent and quality data. This will require ongoing training and technical assistance for partners, and while we are working quickly to implement this work, boosting the quantity and quality of data will take time.

While the work to collect, standardize, and utilize data will be ongoing, OHCS aims to have the statewide data lake stood up and running by the Fall of 2024.

OHCS Utility Provider Energy Assistance Alignment

In Oregon, a variety of federal, state, and local programs, including utility resources, work in concert to help vulnerable Oregonians reduce their energy burdens.

Bill payment assistance programs administered by utility providers, when offered, compliment the utility assistance programs OHCS and our partners administer. Oregon’s combined state and federally funded utility assistance programs make up nearly 90% of all assistance offered in the state. Programs offered by utility providers and other private programs make up the rest. Even then, we are only able to serve 20% of those households eligible.

OHCS and utility providers actively work together to collaborate on program outcomes to prevent duplication, fragmentation and overlap of services to specific targeted populations. As more funding becomes available to the state through the Inflation Reduction Act and other federal sources, the state and utility providers will continue to work closely to integrate the new monies, services, and efficient equipment to meet multiple objectives while providing maximum access to households with low incomes.



We appreciated another engaging discussion with this committee. You should expect OHCS to continue to bring forward housing solutions to address needs across the housing continuum, from homelessness to rental housing to homeownership, for Oregonians in every corner of the state. We look forward to continued conversations this month and throughout the session.

In partnership,
Andrea Bell
OHCS Executive Director



Affordable Rental Housing

Loan and Grant Programs	
<p><u>General Housing Account Program (GHAP)</u></p>	<p>The General Housing Account Program (GHAP) is a state resource which expands the state's supply of housing for low and very low-income Oregonians. This resource comes from Document Recording Fees. GHAP resources support two primary activities:</p> <ul style="list-style-type: none"> • Funding the development of affordable rental housing for low- and very-low-income Oregonians. 25% of GHAP funds are set aside to support housing investments for Veterans. These resources are invested as loans or grants into affordable rental housing development and preservation. • Increasing the capacity of OHCS partners to meet the state's affordable housing needs. 8% of GHAP funds are set aside for capacity building. These resources are deployed as capacity building grants as well as through funded technical assistance and training.
<p><u>HOME Investment Partnership Program</u></p>	<p>The HOME Investment Partnerships Program (HOME) is federal resource used to serve low and very low-income households with affordable rental housing. The department is responsible for administering the HOME Program for balance of state that does not receive HOME resources directly from HUD, which is largely rural Oregon.</p> <p>Activities funded must benefit households of low- and very low-income. OHCS uses these resources to fund:</p> <ul style="list-style-type: none"> • New construction and acquisition and/or rehabilitation of affordable rental housing • Tenant-based rental assistance (through the department's HOME Tenant Based Rent Assistance Program)
<p><u>National Housing Trust Fund Program</u></p>	<p>The National Housing Trust Fund (HTF) is a federal formula grant program administered by OHCS for the state and is used to fund decent, safe, sanitary, and affordable rental housing for extremely low-income households.</p>
<p><u>Housing Development Grant Program</u></p>	<p>The Housing Development Grant Program (HDGP) is a state resource derived from public purpose charges and is used to expand Oregon's housing supply. This resource provides grants to build new affordable rental housing or to acquire and/or rehabilitate existing housing to be affordable for low- and very low-income families and individuals.</p>

<p><u>Local Innovation and Fast Track (LIFT) Rental Housing Program</u></p>	<p>The Local Innovation and Fast Track (LIFT) Rental Housing Program is a state resource established to expand affordable housing supply in communities across the state, with a deliberate lens on serving historically underserved communities, such as rural communities and communities of color. This resource is funded with the primary goal to expand affordable housing supply in communities across the state, with a deliberate lens on serving historically underserved communities, such as rural communities and communities of color. This resource is funded with Article XI-Q Bonds, which have a unique State of Oregon constitutional requirement that the state have ownership and operational controls in any funded development.</p> <p>This resource can fund the development of new affordable rental units to serve families earning at or below 60% Area Median Income (AMI) or to fund the development of new affordable homeownership units to serve families earning at or below 80% of AMI.</p>
<p><u>Oregon Rural Rehabilitation Loan Program</u></p>	<p>The Oregon Rural Rehabilitation (ORR) Loan Program is a state investment designed to provide money for 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. There has not been ongoing investment in this program resource.</p>
<p><u>Pass-Through Revenue Bond Financing (Conduit) Program</u></p>	<p>OHCS provides bond issuance services to generate revenue to finance the construction, rehabilitation and acquisition of multi-unit affordable housing for low-income Oregonians. Where the bond uses state Private Activity Bond authority to finance at least half of the cost of construction, the project can generate a federal 4% Low Income Housing Tax Credit which brings private investment into the project. Agency staff partner with the developer, lender(s), and equity investor to coordinate concurrent underwriting and funding approvals.</p>
<p><u>Loan Guarantee Program</u></p>	<p>The OHCS Loan Guarantee Program provides a financial guarantee to sponsors and lenders to help mitigate risk to private lender financing of new housing construction or for the acquisition and/or rehabilitation of existing housing for lower income families. This guarantee potentially expands borrowing ability for project development teams.</p>

Tax Credit Programs

[Agriculture Workforce Housing Tax Credit \(AWHTC\)](#)

The Agriculture Workforce Housing Tax Credit (AWHTC) Program is a state income tax credit designed for investors who construct, install, acquire or rehabilitate agriculture workforce housing. The tax credit may be taken on 50% of the eligible costs actually paid or incurred to complete a farmworker housing project. Currently, there are set-asides for on-farm housing and community based housing.

[Low Income Housing Tax Credit \(LIHTC\)](#)

The Low-Income Housing Tax Credit (LIHTC) Program provides federal income tax credits to developers who construct, rehabilitate, or acquire and rehabilitate qualified low-income affordable rental housing. This federal tax credit is used to engage an equity investor to provide resources for the project. In exchange the equity investor can claim the tax credit over a ten-year period. There are two primary LIHTC Programs:

- 9% LIHTC: The state is provided an annual federal allocation of 9% LIHTC which has the potential to generate equity investment to cover approximately 70% of total project costs. The department awards, on a competitive basis, to eligible projects based on details laid out in a Qualified Allocation Plan (QAP) developed in compliance with the IRS section 42 programmatic requirements. The department has set-aside a minimum of 10% of the credit authority for each calendar year for nonprofit sponsors and has another discretionary set-aside of 10% for Tribal investments and 25% for the preservation of projects with federal project-based rent assistance.
- 4% LIHTC: Where at least half the cost of preservation or development of a project is financed with state Private Activity Bond authority, a 4% LIHTC is generated. A 4% LIHTC has the potential to generate equity investment to cover approximately 30% of total project costs. Given current constraint in Private Activity Bond authority, the department has established detailed priority for awarding access to a 4% LIHTC, in collaboration with the Housing Authorities of Oregon, which is laid out in the QAP.

[Oregon Affordable Housing Tax Credit \(OAHTC\)](#)

The Oregon Affordable Housing Tax Credit (OAHTC) Program provides a state income tax credit for lenders who are issuing affordable housing loans. In exchange for the state tax credit, a lender reduces the interest rate on a loan by up to four percentage points. Where the loan is used to preserve manufactured parks or projects with federal rent assistance, the interest rate on the loan is reduced for the project. Where the loan is used for the preservation or development of affordable rental housing without federal project based rent assistance, the savings to the project through reduced interest rate from the lender is required to be passed through to tenants in the form of rent assistance.

Capital Funding Programs

<p><u>Permanent Supportive Housing (PSH)</u></p>	<p>Permanent Supportive Housing (PSH) is a best practice and proven strategy to successfully house people experiencing chronic homelessness. Members of these households often have complex needs including mental illness, substance use, and chronic physical difficulties alongside their experience of long-term homelessness.</p> <p>The OHCS PSH Program combines three elements: Development of permanently affordable housing using dedicated Article XI-Q bond resources or other development program resources Comprehensive tenancy support services using state general funds Project-based rental assistance using state general funds</p> <p>OHCS-funded PSH must be affordable to households with extremely low incomes and must provide pre-tenancy services, housing retention support and other wraparound services. PSH services are designed to effectively support community members who are the most vulnerable and have the biggest barriers in reaching long-term housing success.</p>
<p><u>Land Acquisition Revolving Loan Program (LAP)</u></p>	<p>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 eventual affordable housing development. Eligible organizations include local governments, local housing authorities, nonprofits or neighborhood-based organizations, federally recognized Tribal Nations in Oregon, and regional or statewide nonprofit housing assistance agencies.</p>

Homeownership Division Programs

Loan and Grant Programs	
<p><u>Homeownership Assistance Fund (HAF)</u></p>	<p>The <u>Homeownership Assistance Fund</u> is a federally funded program that helps homeowners who are in a difficult financial situation due to the coronavirus pandemic. As part of the American Rescue Plan Act of 2021, Oregon received \$90 million to help eligible homeowners avoid mortgage foreclosures, delinquencies, defaults and displacements. Oregon Housing and Community Services is working to help eligible homeowners, focusing first on homeowners who are the most at-risk of foreclosure or who have the fewest options to prevent losing their housing.</p>
<p>Homeownership Assistance Program (HOAP)</p>	<p>The Home Ownership Assistance Program (HOAP) is funded by the document recording fee and provides homebuyer education, counseling, financial counseling to potential home buyers. It also provides default and post-purchase counseling to current homeowners throughout the state. There are currently 17 homeownership centers. Five of them are culturally specific. It also includes:</p> <ul style="list-style-type: none"> • <u>Restore Health and Safety</u> provides financial assistance to homeowners to repair and modify their homes for better health and safety. The program includes repairs that affect house structure and/or repairs such as accessibility/adaptability modifications, updates to code compliance, emergency repairs, and repairs for structural integrity. • <u>Down Payment Assistance program</u> 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 \$30,000 in down payment and/or closing costs assistance.
<p><u>Oregon Bond Residential Loan Program</u></p>	<p>Oregon Bond Residential Loan Program provides competitive rates helping eligible families increase their home purchasing power and keep their monthly house payments affordable.</p>
<p><u>Flex Lending</u></p>	<p>Flex Lending is a new mortgage lending product that will launch this spring. It will offer mortgages on par with the rates of the competitive market. Down payment assistance funds will be available with each loan.</p>
<p><u>Local Innovation and Fast Track (LIFT) Homeownership Program</u></p>	<p>LIFT Homeownership creates affordable homes for Oregon 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.</p>



<p><u>Homeownership Development Incubator Program</u></p>	<p>The Homeownership Development Incubator Program creates affordable homeownership opportunities for low- to moderate-income families by providing funding to developers in Oregon.</p>
<p><u>Manufactured & Marine Communities Resource Center (MMCRC)</u></p>	<p>The <u>Manufactured & Marine Communities Resource Center (MMCRC)</u> 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.</p>