

HB 2001 A BUDGET REPORT and MEASURE SUMMARY

Joint Committee On Ways and Means

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Reviewed By: Michelle Deister, Legislative Fiscal Office

**Housing and Community Services Department
2023-25**

**Department of Administrative Services
2023-25**

**Department of Land Conservation and Development
2023-25
2021-23**

**Oregon State Treasury/Oregon Facilities Authority
2023-25**

**Department of Agriculture
2023-25**

PRELIMINARY

Budget Summary*

	2021-23 Legislatively Approved Budget ⁽¹⁾	2023-25 Current Service Level	2023-25 Committee Recommendation	Committee Change	
				\$ Change	% Change
Housing and Community Services Department					
General Fund	\$ -	\$ -	\$ 21,450,798	\$ 21,450,798	100.0%
Department of Administrative Services					
Other Funds Limited	\$ -	\$ -	\$ 143,969	\$ 143,969	100.0%
Department of Land Conservation and Development					
General Fund	\$ -	\$ -	\$ 6,175,884	\$ 6,175,884	100.0%
Oregon Facilities Authority					
General Fund	\$ -	\$ -	\$ 3,613,925	\$ 3,613,925	100.0%
Other Funds Limited	\$ -	\$ -	\$ 3,613,925	\$ 3,613,925	100.0%
Oregon State Treasury					
Other Funds Limited	\$ -	\$ -	\$ 263,925	\$ 263,925	100.0%
Oregon Department of Agriculture					
General Fund	\$ -	\$ -	\$ 5,524,762	\$ 5,524,762	100.0%

Position Summary

Housing and Community Services Department					
Authorized Positions	0	0	5	5	
Full-time Equivalent (FTE) positions	0.00	0.00	3.89	3.89	
Department of Land Conservation and Development					
Authorized Positions	0	0	7	7	
Full-time Equivalent (FTE) positions	0.00	0.00	7.00	7.00	
Oregon State Treasury					
Authorized Positions	0	0	2	2	
Full-time Equivalent (FTE) positions	0.00	0.00	1.13	1.13	
Oregon Department of Agriculture					
Authorized Positions	0	0	1	1	
Full-time Equivalent (FTE) positions	0.00	0.00	0.88	0.88	

2021-23 Budget Actions

	2021-23 Legislatively Approved Budget	2023 Committee Recommendation	Committee Change from 2021-23 Leg. Approved	
			\$ Change	% Change
Department of Land Conservation and Development				
General Fund	\$ 26,114,458	\$ 26,215,018	\$ 100,560	0.4%

Position Summary

Department of Land Conservation and Development

Authorized Positions	69	74	5
Full-time Equivalent (FTE) positions	66.60	66.93	0.33

Summary of Revenue Changes

House Bill 2001 appropriates \$100,560 General Fund in the 2021-23 biennium, appropriates \$36,765,369 General Fund in the 2023-25 biennium and increases Other Funds expenditure limitation by \$4,021,819 in the 2023-25 biennium for a variety of efforts associated with increasing housing production in Oregon. These efforts include analyzing data, communicating metrics, and financing for loan and grant programs, among others. Funding includes the following:

- Housing and Community Services Department: \$21,450,798 General Fund for the 2023-25 biennium to implement a grant/loan program to encourage the production of modular housing, create and maintain a dashboard of housing production metrics, and provide assistance to the Department of Administrative Services and Department of Land Conservation and Development related to the Oregon Housing Needs Analysis (OHNA).
- Department of Administrative Services: \$143,969 Other Funds expenditure limitation for the 2023-25 biennium to establish the OHNA.
- Department of Land Conservation and Development: \$100,560 General Fund for the 2021-23 biennium and \$6,175,884 General Fund in the 2023-25 biennium to implement a program to provide grants and technical assistance to local governments and provide assistance to the Department of Administrative Services related to the OHNA.
- Oregon Facilities Authority: \$3,613,925 General Fund and \$3,613,925 Other Funds expenditure limitation in the 2023-25 biennium to provide financing to local governments or housing developers for moderate-income predevelopment costs, as well as contracted administrative support.

- Oregon State Treasury: \$263,925 Other Funds expenditure limitation in the 2023-25 biennium for staffing support to the Oregon Facilities Authority.
- Oregon Department of Agriculture: \$5,524,762 General Fund in the 2023-25 biennium to implement the Agricultural Worker Housing grant program.

Summary of Transportation and Economic Development Subcommittee Action

Housing and Community Services Department (HCSD)

House Bill 2001 appropriates \$21,450,798 General Fund in the 2023-25 biennium and establishes five positions (3.89 FTE) to fulfill provisions of the bill.

Staffing costs related to the OHNA implementation and housing production duties total \$702,432 General Fund, including \$626,752 General Fund for Personal Services and \$75,680 General Fund for position-related Services and Supplies expenses. The four positions include a Research Analyst 3 to create and maintain a housing production dashboard, a Research Analyst 3 to serve as the lead point person and contract administrator for the Housing Equity Indicator work, an Economist 2 to support the Office of Economic Analysis with maintaining the OHNA and setting production targets, and an Operations and Policy Analyst 3 to serve as the point of contact for local governments, among other duties. Contract costs of \$500,000 with a university or other research institution will assist the agency in collecting and segmenting housing data by demographic groups, which will be used in development and updating of housing equity indicators. The contract cost is considered a one-time expenditure. The statewide housing production dashboard must be published no later than January 1, 2025.

The measure also expands the Emergency Housing Assistance (EHA) program to include grants to community partners for the purpose of addressing the needs of school-aged children who are homeless or at risk of homelessness. HCSD is authorized to award grants for these purposes and funding for this purpose is included in House Bill 5019 (2023).

Finally, the bill creates a new modular housing grant and loan program to expand modular home production capacity to meet Oregon's housing demands for wildfire recovery, low-income housing and middle-income housing. Grants, or loans, will be provided to entities that either develop modular housing or supply components to builders or developers of modular housing. Total one-time General Fund costs for the program include \$223,366 for position-related costs for one full-time limited duration Operations and Policy Analyst 3 position (OPA 3), consisting of \$203,516 General Fund for Personal Services and \$19,850 General Fund for position-related Services and Supplies; \$25,000 for contract review and third-party program administration; and \$20 million for Special Payments for the grant and loan program. The provisions of the measure related to modular housing sunset on January 2, 2026, so funding and position authority will need to be requested to continue the OPA 3 position for 12 months in the development of the 2025-27 biennial budget process.

Department of Land Conservation and Development (DLCD)

The measure requires DLCD to adopt rules related to urbanization, including housing production within urban growth boundaries, as well as to provide technical assistance and award grants to local governments to implement land use provisions and incentivize housing production. Additionally, DLCD will assist the Department of Administrative Services (DAS) in its work related to the OHNA. The bill appropriates \$100,560 General Fund in the 2021-23 biennium to allow DLCD to establish five permanent positions to begin work related to housing production efforts, including one Program Manager 2 to oversee a new Housing Division; a Human Resources Analyst 2 to immediately begin recruitment and onboarding of other positions; a Planner 3 to support local governments with public facilities planning for housing production; a Planner 4 to support local governments with urbanization efforts; and an Operations and Policy Analyst 3 to support local governments with GIS and policy analysis. The 2021-23 expenditures include \$79,085 for Personal Services and \$21,475 for position-related Services and Supplies.

For the 2023-25 biennium, the measure appropriates \$6,175,884 General Fund to DLCD. In addition to funding the five positions established for 2021-23 described above, this funding will allow DLCD to establish a permanent Administrative Specialist 2 to support the rulemaking process and an Information and Security Specialist 4 to provide information technology capacity, and assist with database management and reporting requirements. Administrative costs for the 2023-25 biennium consist of \$1,583,487 for Personal Services expenses, \$92,397 for position-related Services and Supplies expenses, \$150,000 for legal expenses and \$850,000 for rulemaking expenses. Special Payments in the amount of \$3,500,000 General Fund support grants and technical assistance to local governments.

Department of Administrative Services (DAS)

The bill increases Other Funds expenditure limitation by \$143,969 in the 2023-25 biennium to establish the OHNA within DAS. The purpose of the OHNA is to perform the annual statewide housing analysis, determine the allocated housing need, and set housing production targets. Assistance will be provided from HCSD and DLCD to carry out the statutory duties related to the OHNA. DAS will reclassify one Economist 2 position in the Office of Economic Analysis, within the DAS Chief Operating Office, which results in Personal Services costs of \$93,969 Other Funds. In addition, Other Funds limitation of \$50,000 is provided for consulting services costs. These costs are ongoing in subsequent biennia. The initial statewide housing analysis and initial estimate and allocation of housing need is due no later than January 1, 2025.

Oregon Department of Agriculture (ODA)

The bill appropriates \$5,524,762 General Fund in the 2023-25 biennium to ODA and establishes one full-time limited duration Operations and Policy Analyst 3 position (0.88 FTE) to create and implement the Agricultural Workforce Housing grant program. The program will provide grants to improve the health and safety conditions of existing agricultural workforce housing. Projected 2023-25 General Fund costs include \$203,516 for Personal Services, \$21,246 for position-related Services and Supplies, \$50,000 for Publicity and Publications expenses, \$200,000 for contracted program development and outreach support, \$50,000 for Department of Justice legal costs, and \$5,000,000 Special Payments for

grant or loan expenditures. The grant program sunsets on January 2, 2026. Any program costs in the 2025-27 biennium related to monitoring or grant and loan close out will need to be addressed in the 2025-27 budget development process.

Oregon State Treasury/Oregon Facilities Authority (OFA)

The measure makes a one-time General Fund appropriation of \$3,613,925 in the 2023-25 biennium for deposit into the OFA Account to provide financing (or refinancing) to local governments or housing developers for moderate-income predevelopment costs. Financing of up to \$500,000 may be provided for a term of at least 25 years at three percent or less for projects with a total cost of up to \$40 million or 80 residential units. In addition, \$613,925 in the 2023-25 biennium is included for costs to create and implement the new program, including \$100,000 for startup costs, such as rulemaking; \$250,000 for reviewing project applications and loan issuances, among other activities; and \$263,925 for contract costs to administer the program. Although the funding is a one-time appropriation, OFA will have ongoing loan servicing costs that are expected to be funded with loan repayments that will be deposited into the OFA Account. Other Funds expenditure limitation has been increased by \$3,613,925 to allow the OFA to expend the General Fund amounts to be deposited into the OFA Account.

The Oregon State Treasury provides administrative support to the OFA. Other Funds expenditure limitation has been increased by \$263,925 in the 2023-25 biennium to establish one part-time permanent Accountant 2 position (0.25 FTE) and one full-time limited duration Program Analyst 4 position (0.88 FTE) to support the moderate-income predevelopment program. The Program Analyst 4 will provide oversight and due diligence related to loans issued in the 2023-25 biennium and the Accountant 2 will perform ongoing loan servicing duties.

Other Provisions Other provisions of the bill that do not result in a fiscal impact to state agencies include changes to notice requirements that must be delivered to residential tenants facing eviction for nonpayment of rent and providing emergency procurement flexibility to HCSD to address the homelessness crisis in communities.

PRELIMINARY

DETAIL OF JOINT COMMITTEE ON WAYS AND MEANS ACTION

Housing and Community Services Department, Department of Land Conservation and Development, Department of Administrative Services, Oregon Department of Agriculture,
Oregon Facilities Authority, and the Oregon State Treasury
Ali Webb -- 503-400-4747

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
2023-25 BUDGET ACTIONS									
Housing and Community Services Department									
SCR 030 - Multifamily Rental Housing Programs									
Personal Services	\$ 377,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 377,959	2	1.63
Services and Supplies	\$ 63,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,770		
Special Payments	\$ 20,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000,000		
SCR 070 - Central Services									
Personal Services	\$ 452,309	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 452,309	3	2.26
Services and Supplies	\$ 56,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,760		
Services and Supplies (Professional Services)	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000		
Department of Land Conservation and Development									
SCR 001 - Planning									
Personal Services	\$ 1,583,487	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,583,487	7	7.00
Services and Supplies	\$ 1,092,397	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,092,397		
SCR 002 - Grants									
Special Payments	\$ 3,500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,500,000		
Department of Administrative Services									
SCR 030 - Chief Operating Office									
Personal Services	\$ -	\$ -	\$ 93,969	\$ -	\$ -	\$ -	\$ 93,969	0	0.00
Services and Supplies	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000		
Oregon Department of Agriculture									
SCR 010 - Admin and Support Services									
Personal Services	\$ 203,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 203,516	1	0.88
Services and Supplies	\$ 321,246	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 321,246		
Special Payments	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000		
Oregon Facilities Authority									
New SCR(s) To Be Established									
Services and Supplies	\$ -	\$ -	\$ 613,925	\$ -	\$ -	\$ -	\$ 613,925		
Special Payments 6060 Intr-Ag GF Transf	\$ 3,613,925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,613,925		
Special Payments	\$ -	\$ -	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 3,000,000		

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
Oregon State Treasury									
SCR 010 - State and Local Government Financial Services									
Personal Services	\$ -	\$ -	\$ 212,144	\$ -	\$ -	\$ -	\$ 212,144	1	0.88
SCR 070 - Administrative Services									
Personal Services	\$ -	\$ -	\$ 51,781	\$ -	\$ -	\$ -	\$ 51,781	1	0.25
TOTAL ADJUSTMENTS	\$ 36,765,369	\$ -	\$ 4,021,819	\$ -	\$ -	\$ -	\$ 40,787,188	15	12.90
SUBCOMMITTEE RECOMMENDATION *	\$ 36,765,369	\$ -	\$ 4,021,819	\$ -	\$ -	\$ -	\$ 40,787,188	15	12.90

*Excludes Capital Construction Expenditures

DESCRIPTION	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS		FEDERAL FUNDS		TOTAL ALL FUNDS	POS	FTE
			LIMITED	NONLIMITED	LIMITED	NONLIMITED			
<u>2021-23 BUDGET ACTIONS</u>									
Department of Land Conservation and Development									
SCR 001 - Planning									
Personal Services	\$ 79,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,085	5	0.33
Services and Supplies	\$ 21,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,475		
TOTAL ADJUSTMENTS	\$ 100,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,560	5	0.33
SUBCOMMITTEE RECOMMENDATION *	\$ 100,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,560	5	0.33

*Excludes Capital Construction Expenditures