

2025-27 Budget Review

Housing and Community Services Department

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
General Fund	895,578,308	846,477,625	319,440,521	1,143,922,457
Lottery Funds	25,217,808	29,707,030	40,500,992	46,675,634
Other Funds	881,142,751	1,363,954,044	503,774,659	1,750,371,577
Other Funds (NL)	655,142,461	883,247,509	698,423,571	698,413,808
Federal Funds	654,910,055	404,102,240	166,892,298	338,810,917
Federal Funds (NL)	166,409,347	185,102,399	185,102,399	185,102,399
Total Funds	3,278,400,730	3,712,590,847	1,914,134,440	4,163,296,792
Positions	433	482	402	484
FTE	366.57	463.87	401.50	479.38

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The mission of the Housing and Community Services Department (HCSD) is to provide stable and affordable housing and engage leaders to develop an integrated state policy that addresses poverty and provides opportunity for Oregonians. The agency provides financing and policy support for the development and preservation of affordable housing to low-income Oregonians, and administers federal and state anti-poverty, homeless, energy assistance, and disaster-related housing recovery funding. The Oregon Housing Stability Council, a nine-member panel appointed by the Governor, advises the Governor and agency on affordable housing issues, and approves certain financing awards to applicants of HCSD programs. HCSD contracts with various entities, including independent non-profits, private and public agencies, culturally responsive and providers of specific services, to deliver community-based assistance to low-income Oregonians. HCSD's major divisions include:

- Housing Stabilization** - awards funding to local service delivery providers for programs and services that are aimed at homelessness response and prevention, and housing retention. Programs include energy bill payment assistance, weatherization assistance, shelter support, eviction prevention, housing counseling, outreach, and partner capacity resources. In the 2023-25 biennium, this division had the greatest concentration of one-time General Fund investment, largely due to homelessness prevention and response initiatives and eviction prevention programs. Other Funds revenue in this program includes document recording fees for the Emergency Homelessness Assistance program, utility billing assessments supporting bill payment assistance programs, and interest income. Federal Funds include energy assistance and

weatherization block grants, tenant-based rental assistance payments, and support for information systems that enable federal reporting requirements.

- **Project-Based Rental Assistance** - provides rental assistance that is associated with specific housing units, rather than awarded to a tenant regardless of where the person lives. General Fund supports rental assistance and services associated with permanent supportive housing units that are financed by Article XI-Q bonds and local government subsidies. Other Funds in this program consists of performance-based contract administration fees received for monitoring and inspecting affordable housing projects, and Federal Funds comes from federal Section 8 and Section 811 Project Rent Subsidy funding.
- **Multi-Family Rental Housing** - provides financing for the development of new housing units, the acquisition and rehabilitation of existing housing units, and preservation of affordable housing properties. HCSD allocates multiple sources of federal and/or state funding to a given project, including federal Low Income Housing Tax Credits and federal formula and block grant funding. Other Funds are primarily generated through public utility fees, program application and financing fees, asset management and compliance fees, document recording fees, loan repayments, interest income, and lottery bond proceeds. One-time General Fund was provided in 2023-25 for affordable housing preservation and for special projects, including agricultural workforce housing, loan guarantees, infrastructure loans, predevelopment resources, and development of modular housing capacity.
- **Single Family Housing** - facilitates homeownership for low-to-moderate income Oregonians through lending, downpayment assistance, homeownership education, and development of affordable homes for purchase, particularly for those who are not served by traditional lenders or service providers. The program includes resources specific to manufactured housing. Other Funds revenue comes from construction excise taxes imposed by local jurisdictions, manufactured home park registration and assessment fees, document recording fee revenue, and loan fees, repayments, and interest income. Federal grant funds support redevelopment of foreclosed and abandoned properties, and U.S. Treasury monies support home ownership retention. One-time General Fund in 2023-25 included investments for down payment assistance; seeding a revolving loan fund; housing counseling; subsidies paired with Article XI-Q bond proceeds for homeownership development; and repair and replacement of manufactured dwellings.
- **Disaster Recovery and Resiliency** - administration of \$422 million in federal Community Development Block Grant - Disaster Recovery funding appropriated by Congress in response to the 2020 Labor Day fires. In previous biennia, General Fund and lottery bond proceeds were approved to provide immediate access to housing for fire-displaced households.
- **Central Services** - includes agency leadership and business support functions, including the Director's Office, research and analysis, public affairs, human resources, budget and accounting, procurement and grant compliance, information services, and project management. The division is supported primarily by Other Funds generated through cost allocation to the agency's other programs, although some personnel are supported by General Fund and Federal Funds.
- **Bond Activities and Debt Service** - sells bonds to investors and uses the proceeds to finance multi-family housing development and residential mortgage loans. Investors accept lower yields because the interest earned is generally exempt from income tax, and HCSD uses the proceeds

to offer lower than market rate financing to developers and borrowers. Costs captured in this division are related to staffing, bond counsel, debt service, refinancing, and cost of issuance associated with issuing and monitoring bond sales and payments over time. Other Funds are generated from bond sales, payments, and interest earnings. General Fund and Lottery Funds support debt service on bonds issued on the agency's behalf by the Department of Administrative Services.

BUDGET ENVIRONMENT

Since the 2017-19 biennium, the budget for the Housing and Community Services Department has increased exponentially. The agency has evolved from primarily a housing finance agency, to include policy development, oversight, stabilization services, and administration of one-time and specialized direct investments. The number of properties in the HCSD's funding portfolio, the level of rental assistance and services associated with permanent supportive housing, and agency personnel have also grown substantially in the last few biennia. Debt service for the Department now accounts for 10% of the agency's 2025-27 current service level budget.

The 2023-25 legislatively approved budget included over \$1 billion in total funds for multifamily rental housing development, homeownership resources, utility assistance, and shelter operating funding. These funds are estimated to create or preserve at least 7,500 units of housing, and serve more than 250,000 Oregonians through assistance or services. Additional funding in response to the Governor's Executive Order 23-02 and accompanying eviction prevention resources comprised an additional \$378.2 million.

There is estimated to be over 20,000 homeless people living in Oregon,¹ compared to an estimated 18,007 people experiencing homelessness in 2021². In response to this growing population, the Legislature approved shelter and rehousing investments, resulting in the creation of 1,047 shelter beds and rehousing of an estimated 1,876 households between April 2023 and August 2024. A high percentage of this population also need intensive services, both in a shelter and housed environment, which come at a higher cost. The Governor's Emergency Homelessness Declaration and associated funding allowed for continuums of care to establish plans specific to regional needs and targeted populations, with the cost per individual or household varying due to location and the suite of services provided.

Eviction prevention funding for the 2023-25 biennium totaled \$122.6 million, but the number of monthly filings continues to increase. Filings averaged 2,105 per month in the prior fiscal year, but have increased to an average of 2,534 per month for the current fiscal year through October 2024³. Despite the additional investments, economic factors, including high interest rates, inflation on materials and insurance costs, constraints on private activity bonds and tax credit availability, a gap in the number of affordable housing units compared to low-income households, and expiring affordability covenants, all

¹ [Oregon Statewide Homelessness Report 2023](#)

² [Statewide Homelessness Estimate 2021 | Portland State University](#)

³ <https://www.evictedinoregon.com/statewide-latest-eviction-data>

contribute to increased costs for developers, renters, and prospective homebuyers, frustrating visible progress on the issues of shelter, housing affordability, and supply.

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) of \$1.9 billion total funds is \$1.8 billion, or 48.4%, less than the 2023-25 legislatively approved budget, largely due to one-time investments made during the 2023 and 2024 legislative sessions. The CSL budget includes a net zero fund shift to align expenditures to a federally required cost allocation methodology. As increased General Fund has been provided for agency operating expenditures, additional costs need to be attributed to this funding stream to comply with federal program standards. As a result, \$5.4 million of Federal Funds expenditures are shifted onto \$4.2 million General Fund and \$1.2 million Other Funds.

Phased in expenditures total \$32.4 million, \$6.7 million of which is General Fund for additional permanent supportive housing units ready for occupancy, and \$25.5 million is Other Funds associated with a Housing Project Revolving Loan Fund approved in 2024.

Phase out of significant one-time expenditures include the following:

Housing Stabilization

- Emergency Homeless Plans/Shelter and Rehousing: \$166 million General Fund
- Balance of State homelessness, rehousing, and contracting: \$27.3 million General Fund
- Long-Term Rental Assistance: \$39 million General Fund and \$11 million Other Funds
- Eviction Prevention: \$122.6 million General Fund
- Shelter Operations: \$90.2 million General Fund
- Stabilization Services by culturally responsive organizations: \$8 million General Fund
- Emergency Housing Assistance for Youth: \$5.2 million General Fund and \$5 million Other Funds
- Emergency Housing Assistance for companion animals: \$1 million General Fund
- Tribal Homelessness Assistance: \$10 million General Fund
- Matching Funds for Individual Development Accounts: \$5 million General Fund
- Tenant Resources: \$6 million General Fund
- Other Funds expenditure limitation carried forward from previous biennia, including:
 - Oregon Energy Assistance program: \$5 million
 - Long Term Rental Assistance for Youth: \$4 million
 - Project Turnkey: \$2.5 million
- Federal Funds expenditures, including:
 - Low Income Weatherization funding from the Infrastructure Investment and Jobs Act: \$14.9 million
 - Emergency Rental Assistance: \$10.8 million
 - Emergency Solutions Grant Program: \$8.5 million

A total of 16 positions (16.00 FTE) supported with one-time funding associated with these expenditures are also phased out.

Project-Based Rental Assistance

- Permanent Supportive Housing Risk Mitigation: \$4 million General Fund and \$4 million Other Funds

Multifamily Rental Housing

- Housing Project Revolving Loan Fund: \$74.9 million General Fund and \$25.5 million Other Funds
- Modular Housing: \$20.2 million General Fund
- Loan Guarantee Program: \$20 million General Fund
- Childcare and Early Learning Co-location pilot project funding: \$10.2 million General Fund
- Community-based Agricultural Worker Housing: \$10.2 million General Fund
- Pre-development Funding: \$9.7 million General Fund
- Affordable Housing Preservation: \$124.5 million Other Funds
- Other Funds expenditure limitation carried forward from previous biennia:
 - Affordable Housing small projects: \$17.5 million
 - Construction cost increases: \$10 million
 - Program delivery: \$9.7 million

Single Family Housing

- Affordable Homeownership: \$7.5 million General Fund
- Down Payment Assistance: \$7.5 million General Fund and \$7.5 million Other Funds
- Homeownership Development Funds: \$5 million General Fund
- Housing Counseling: \$2.5 million General Fund
- Manufactured Dwellings programs: \$2.5 million General Fund and \$2.5 million Other Funds
- Other Funds expenditure limitation carried forward from previous biennia:
 - Down Payment Assistance: \$10 million
 - Homeownership Development: \$20 million
 - LIFT Homeownership Funding: \$20 million
 - Manufactured Dwellings programs: \$1.6 million
- Homeowner Assistance Fund: \$67.5 million Federal Funds

A total of 12 positions (12.00 FTE) supported with one-time funding associated with these expenditures are also phased out.

Disaster Recovery and Resiliency

- Other Funds expenditure limitation carried forward from previous biennia:
 - Fire Recovery: \$49 million
- Community Development Block Grant Disaster Recovery program: \$130 million Federal Funds

Central Services

- Administrative funding for implementation of shelter and rehousing initiatives related to the homelessness emergency declaration: \$2.7 million General Fund

- Technical Assistance and Language Access resources: \$1.7 million General Fund

A total of nine positions (9.00 FTE) supported with one-time funding associated with these expenditures are also phased out.

Bond Activities and Debt Service

- Cost of issuance related to bonds: \$4.8 million Other Funds

GOVERNOR'S BUDGET SUMMARY

The Governor's budget is \$4.2 billion total funds, a \$2.2 billion, or 117.5%, increase from the current service level and a \$450.7 million, or 12.1%, increase from the 2023-25 legislatively approved budget. Several of the investments in emergency housing and homelessness initiatives initiated in the 2023-25 biennium are continued and expanded.

The Governor's budget includes the following investments financed with bond proceeds, as well as \$41.4 million General Fund and \$6.2 million Lottery Funds for debt service and \$8.1 million Other Funds for bond costs of issuance:

- \$700 million in Article XI-Q bond proceeds for the Local Innovation and Fast Track (LIFT) program to finance the development of multifamily rental housing.
- \$100 million in Article XI-Q bond proceeds for the LIFT program to finance development of single family homes for home ownership.
- \$80 million in XI-Q bond proceeds to finance the development of 400 units of permanent supportive housing, for which future investment of General Fund for rental assistance and services will be necessary. If approved, this would bring HCSD's total permanent supportive housing portfolio to a total of 1,587 units, at an eventual biennial cost of \$62.7 million, assuming a \$5,000 annual increase in the amount budgeted for services per unit, pursuant to approval of package 113.
- \$185 million in Lottery bond proceeds for preservation of affordable housing with expiring subsidies which would otherwise convert to market rates. Of this total, \$25 million is associated with preservation of 7-10 manufactured housing parks.

Investments in housing stability services, such as shelter, eviction prevention, and rental assistance, include:

- Pkg 501 - Maintaining Shelters: \$217.9 million General Fund to maintain an estimated 1,047 shelter beds created through the 2023 Emergency Homelessness Declaration, as well as 3,800 beds funded through Project Turnkey and navigation centers in 2021-23. Investments in existing and additional shelter capacity approved in the 2023-25 biennium totaled \$168.9 million.
- Pkg 502 - Sustaining Rehousing: \$188.2 million General Fund for rehousing an estimated 2,870 households.
- Pkg 503 - Sustaining Long-Term Rental Assistance: \$105.2 million General Fund for sustaining up to two years of rental assistance payments for 2,069 households rehoused in the 2023-25 biennium.

- Pkg 504 - Continuing to Prevent Evictions - Infrastructure: \$63.5 million General Fund for operating expenses associated with eviction prevention service providers, enabling them to serve an estimated 25,325 households.
- Pkg 505 - Eviction Prevention - Financial Assistance: \$109.7 million General Fund of financial assistance paid on behalf of the 25,325 households who might otherwise fall into homelessness.
- Pkg 506 - Maintaining Tribal Homelessness Investments: \$12.8 million General Fund for grants to Oregon's nine federally recognized tribes to address homelessness and housing issues for tribe members. A total of \$10 million General Fund was approved in 2023-25 to assist tribes in responding to homelessness challenges in their communities.

Investments in Homeownership include:

- Pkg 511 - Homeownership Assistance Fund: \$7.8 million Federal Funds and five positions (5.00 FTE) to close out the federally supported Homeownership Assistance program, serving distressed homeowners and supported by funding awards from U.S. Treasury.
- Pkg 518 - Homeownership Development Incubator Program: \$16.6 million General Fund to support development of non-shared equity homes for ownership, estimated to support the creation of an estimated 62 new homes.
- Pkg 521 - Down Payment Assistance Paired with HCSD Lending: \$25 million General Fund to provide downpayment assistance loans to qualifying Oregonians who utilize the Department's mortgage lending products, estimated to serve 1,920 borrowers over the biennium.
- Pkg 522 - Down Payment Assistance for Culturally Responsive and Rural Organizations: \$30 million General Fund for culturally responsive and rural organizations to provide down payment assistance grants for an estimated 1,100 borrowers.
- Pkg 525 - Foreclosure Avoidance Counseling: \$2.5 million General Fund to support certified foreclosure avoidance counseling at home ownership centers serving an estimated 1,201 homeowners.
- Pkg 527 - Manufactured Housing Replacement Program: \$2.5 million General Fund to finance repair or decommission and replacement of inadequate or unsafe older manufactured housing, serving 15-19 low-income households.

Investments proposed for permanent supportive housing include:

- Pkg 090 - Analyst Adjustments: \$3.5 million General Fund for behavioral health housing supports including rental assistance, application fees, eviction prevention, and utilities, intended to support aid and assist patients with behavioral health issues transition out of an acute care setting, making way for others in need of care through the Oregon State Hospital system.
- Pkg 513 - CSL Program Improvements: \$8.5 million General Fund for increases to the amount budgeted for services assumed on a per unit basis for permanent supportive housing units financed by HCSD. General Fund support for rental assistance to residents is budgeted at a rate of \$10,000 per unit per year, equivalent to approximately 60% of median income, and services to residents at an amount equivalent to \$10,000 per unit per year. The Governor's budget proposes to increase the annual services amount to \$15,000.
- Pkg 516 - Expansion for Rent Assistance and Services: \$2.5 million General Fund to support rental assistance and services for an estimated 400 additional units of permanent supportive

housing assuming approval of the Governor’s request for Article XI-Q bonds in the amount of \$80 million for permanent supportive housing. The amount of funding assumes that 125 of the units would be completed in the 2025-27 biennium, with an average occupancy of 8.4 months. Also included is \$3 million General Fund to support training to property managers so that services provided will be culturally responsive to residents.

Other investments in the Governor’s budget include:

- Pkg 508 - Operational Supports: \$11.2 million General Fund, \$2.5 million Other Funds, \$1.3 million Federal Funds, and 46 positions (42.74 FTE) that were eliminated from the agency current service level due to a lack of ongoing funding or recommended as part of an agency organizational assessment. Positions include program analysts, project managers, and central services personnel associated with homelessness and rehousing initiatives; permanent supportive housing; the agency’s centralized application process for development funds; business services; and public affairs.
- Pkg 509 - Information Technology Supports: \$308,399 General Fund, \$1.7 million Other Funds, \$39,170 Federal Funds, and two positions (1.75 FTE) for enhancements to the agency’s ProLink System, which is the system of record for the Affordable Rental Housing division.
- Pkg 510 - Disaster Recovery and Resiliency Limitation: \$7.4 million Other Funds and \$163.5 million Federal Funds related to projected payments of Community Development Block Grant Disaster Recovery funding received related to wildfires in 2020.

KEY PERFORMANCE MEASURES

A copy of the Housing and Community Services Department Annual Performance Progress Report can be found on the LFO website: https://www.oregonlegislature.gov/lfo/APPR/APPRProposed_HCS_D_2024-10-17.pdf

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