

SPECIAL Director's Message



Oregon Housing and Community Services

RE: August 2020 Special Session, OHCS Budget Updates

August 11, 2020

Dear Partners and Stakeholders,

The Oregon Legislature concluded the second special session of the summer after a marathon day beginning 8 AM yesterday and ending after 11 PM. Legislators gathered to rebalance the state's budget, provide flexibility to agencies and programs in response to the pandemic and economic fallout, and address police accountability measures. Twelve of the thirteen proposed bills passed.

I am happy to report, as compared with many of our fellow state agencies, OHCS remains in good standing. Some programs have been eliminated, detailed below, but we also saw increased investments in tried and true programs that will support our friends and neighbors through these challenging economic times. Impacts to the OHCS budget include:

- **New Investment**
 - \$50 million for the Local Innovation Fast Track (LIFT) Housing Program was passed in [SB 5721](#). LIFT is funded by General Obligation Bonds that are not constrained by the current revenue shortfalls.
 - \$6 million for the Affordable Rental Housing COVID-19 Response Fund, initially seeded with \$20 million of federal Coronavirus Relief Funds. These are operational loans to affordable housing providers that will be forgiven if management forgives tenant rent arrearages (funds are from cuts to other programs). The investments are included in SB 5723 ([budget report](#)) and [HB 4304](#). The Affordable Rental Housing is still designing this program, please direct questions or comments to ARH.HCS@Oregon.gov.
 - \$2 million for Individual Development Accounts (IDAs) in [SB 5723](#). The IDA Initiative has struggled with federal tax code changes that have made the tax credit more difficult to market and sell. This investment helps to fill the hole created by lower sales.
- **Adjustments and Technical Fixes**



- OHCS received \$12 million of General Funds in the [April Emergency Board](#) for safe sheltering and rental assistance. The investment is now Coronavirus Relief Funds, this change was passed in [SB 5723](#). All other program details remain the same.
- Oregon Health Authority's rental assistance funds for Permanent Supportive Housing (PSH) are reduced as development delays and other resources have decreased need for these resources in this fiscal year. This reduction in SB 5723 ([budget report](#)) will not have an impact to the PSH Program.
- OHCS is authorized to use \$3 million allocated for affordable housing for those impacted by the Umatilla County flood, and \$1.5 million allocated for rental assistance for flood victims can now be used to develop affordable housing for those impacted by the flood (allocated during a [March Emergency Board](#) meeting). [HB 4304](#) includes these authorizations.
- OHCS received increased expenditure limitations to reflect increased federal investments from the CARES Act in [SB 5723](#).
- **Reductions**
 - The Greater Oregon Housing Accelerator, established with \$5 million during the 2019 session, has been repealed and the funds have been re-invested into housing programs. SB 5723 included this repeal and subsequent reallocations, see page 30 of the [budget report](#).
 - TANF Housing Pilot established by [HB 2032 \(2019\)](#) is repealed and the \$10.5 million investment is cut and reinvested with the Department of Human Services to avoid program cuts. This was included in [SB 5723](#).
 - \$3 million allocated from [HB 2896 \(2019\)](#) for developing a new manufactured home park is removed (reallocated to the Affordable Rental Housing COVID-19 Response Fund). [HB 4304](#) outlined this reduction.
 - The [Wildlife Damage Relief Fund](#) was repealed and funds are reverted to the General Fund. This program provides funds to low-income households that have lost their homes due to wildfire. The program will sunset in May 2021, this is outlined in sections 38-40 in [HB 4304](#).

As mentioned in Director's Message sent yesterday, OHCS sought and received flexibility in [HB 4304](#) around [allocating the CARES Act Emergency Solution Grants \(ESG\)](#). OHCS will provide \$7 million to our Community Action Agency partners and run a competitive process to allocate the remaining \$42.4 million ESG. Housing Stabilization Division staff are deep in planning that process and will be continuing conversations with community to inform the design of a competitive ESG process. Please reach out to [Sam Kenney](#) with any questions.

State leaders had difficult decisions before them. The state's budget as it now stands reflects both the moment that we are in, with crippling revenue losses and growing need for social safety net programs, and reflects long-term planning. State coffers still include additional rainy funds to help the state weather this economic storm. COVID and the economic impact will remain with us for quite some time and many tough days



are ahead of us. I am hopeful that state leaders will continue to prioritize low-income Oregonians and the programs they rely on.

Best Regards,

A handwritten signature in black ink, appearing to read 'MSL', written over a light gray grid background.

Margaret Solle Salazar, Executive Director

