



Lisa Joyce  
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## LEGISLATIVE UPDATE

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### **Legislature begins crafting the final 2009-2001 budget**

#### **Co-Chairs' Budget**

Monday, Sen. **Margaret Carter** (D-Portland) and Rep. **Peter Buckley** (D-Ashland), co-chairs of the Joint Committee on Ways and Means, released their proposed 2009-2011 budget. This budget will serve as the working document for the budget process.

The draft budget would reduce the Oregon Housing and Community Services (OHCS) General Fund budget by 20 percent, and proposes offsetting those cuts with revenues generated by the Housing Opportunity Bill (HB 2436).

The co-chairs' budget replaces the Governor's Recommended Budget and the Essential Budget Level as the working document for the remainder of the session.

The proposed budget eliminates all General Fund support for the Homeownership Assistance program (\$842,468), to be offset by a projected \$2.1 million for homeownership-related activities generated by HB 2436.





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It also reduces Emergency Housing Assistance General Fund support by \$1.6 million. Legislative Revenue projects that \$1.5 million in Emergency Housing Assistance will come from HB 2436 fees in 2009-11.

The Co-Chairs also propose a reduction to the State Homelessness Assistance Program of \$171,358, or approximately 6 percent of the program budget.

### **Budget-related legislation still in process**

- **SB 199:** Prevents the loss of existing affordable housing through a \$4 million increase in the Oregon Affordable Housing Tax Credit cap. Preserves existing Section 8 and Rural Development federal rent subsidies.
- **SB 5535:** Complementing SB 199, \$19.1 million in lottery-backed bonds will support affordable housing preservation and manufactured dwelling park purchases.

American Reinvestment and Recovery Act Federal stimulus funds are recharging two state programs that help provide affordable housing for Oregon's poorest.

“This funding will help us stimulate affordable housing development by providing cash for tax credits.” said **Rick Crager**, OHCS deputy director about the Tax-Credit Assistance Program. “And the new Homelessness Prevention and Rapid Re-housing program will help those who have recently or may soon become homeless.”





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OHCS distributes American Recovery and Reinvestment Act (ARRA) monies to state programs that help secure affordable housing opportunities.

“These funds are intended not to bring additional dollars to our General Fund, but to address problems stemming from this new economy,” said **Crager**, whose department has already lost some programs, including homebuyer down-payment assistance, to budget cuts.

The Tax-Credit Assistance Program (TCAP) provides additional funds to agencies that allocate federal tax credits. Partnered with Low Income Housing Tax Credit (LIHTC) funds, TCAP monies fill financing gaps caused by the collapse of the tax-credit market and jumpstart stalled housing development projects.

“OHCS will allocate TCAP through a competitive process that evaluates whether each project still has access to capital investment funding from the private sector, and whether the project can be completed within the federal three-year time limit,” **Crager** said. “Meanwhile, we advise our partners to continue seeking equity at every stage of development for projects currently in the pipeline.”

The homelessness prevention program, funded through the U.S. Department of Housing and Urban Development (HUD), will provide financial assistance and services to help Oregonians stay in stable housing.





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Funding will help keep Oregonians in their homes, as well as help those experiencing homelessness to obtain safe, secure and affordable housing.

OHCS will allocate \$7.9 million to community action agencies after following through with federal application guidelines.

The Joint Ways and Means Transportation and Economic Development Subcommittee will hold a hearing on these topics at 3:00 p.m. Wednesday, May 20.

### **Making the most of ARRA – An idea**

OHCS and several partners are exploring ways to monetize the first-time homebuyer tax credit that ARRA provides.

“We believe that low- to moderate-income homebuyers need the dollar value of the credit at the time of purchase rather than waiting for a tax refund,” **Crager** said of the changes now under development.

“This will help replace the down-payment assistance program we lost to budget cuts,” **Crager** added. “Our proposal is to provide short-term, interest-free down payment loans to these homebuyers, who can repay the loan after receiving their tax-credit payment.”





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To qualify for the proposed program, borrowers must have filed a 2008 tax return and have no outstanding liability.

### **In other action:**

The department's Ways and Means Budget Presentation document is now available on the OHCS Web Site at:

[http://www.ohcs.oregon.gov/OHCS/COM\\_Legislative\\_Updates.shtml](http://www.ohcs.oregon.gov/OHCS/COM_Legislative_Updates.shtml).

The Neighborhood Stabilization Program request for proposals is out and can be downloaded at the following link:

[http://www.ohcs.oregon.gov/OHCS/CO\\_Contracts\\_RFPs\\_State\\_Solicitations.shtml](http://www.ohcs.oregon.gov/OHCS/CO_Contracts_RFPs_State_Solicitations.shtml).

### **Deadline for submissions is June 5.**

Still in process are:

- **SB 200:** Establishes Oregon's policy to end homelessness; requires greater collaboration between OHCS and the Department of Human Services; proposes that permanent housing be the state's preferred response to homelessness; and calls for a comprehensive and coordinated response to meet the individual needs of homeless persons.
- **HB 2255A:** Defines manufactured dwelling park units in manufactured dwelling park nonprofit cooperatives as real property. A work session is scheduled for May 21.