



Oregon

Governor Kate Brown

Housing and Community Services

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February 6, 2017

The Honorable Senator Richard Devlin, Co-Chair
The Honorable Representative Nancy Nathanson, Co-Chair
Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Request:

Oregon Housing and Community Services Department (OHCS) respectfully requests approval to apply for a Project Reinvest grant from NeighborWorks America. This grant is funded through a settlement between the Department of Justice and Bank of America. NeighborWorks America received \$122.5 million and created three one-time grant opportunities. At least \$31.5 million was set aside for the Financial Capability grant, which is primarily intended to help individuals who are at risk of foreclosure, recovering from a foreclosure, or residents in distressed communities rebuilding after the foreclosure crisis. OHCS is requesting permission to apply for funding from this grant to assist homeownership centers across the state in providing counseling services to Oregonians.

Agency Action:

OHCS provides funding assistance to 17 homeownership centers with funds from document recording fees received in the Home Owner Assistance Program (HOAP), the National Foreclosure Mitigation Counseling (NFMC) grant, and the state Oregon Foreclosure Avoidance (OFA) program, funded with General Fund. The homeownership centers provide foreclosure counseling, pre-purchase homebuyer education and counseling, financial coaching, and financial literacy education. All of these services are eligible activities for the Financial Capability grant. These funds are intended for organizations that currently provide these services and are not intended to create new programs.

OHCS projects HOAP revenues to decline slightly for the 2017-19 biennium and has reduced awards to homeownership centers for the next biennium. The NFMC program expires June 30, 2017 with no additional funds available. The OFA program is funded through June 30, 2017 and continued funding is not included in the Governor's Budget. With these funding reductions, OHCS considers it extremely important to seek and apply for additional funding sources to help



homeownership centers continue their coaching, counseling, education sessions, and other services to Oregonians.

NeighborWorks America has identified Metropolitan Statistical Areas (MSAs) and rural areas of Greatest Need and Extraordinary Need for the purpose of this grant. Eugene, Medford and 25 counties have been designated "Areas of Greatest Need". Of the remaining counties, all except Yamhill and Columbia have areas outside of city limits that are also considered "rural" and "Areas of Greatest Need." The Portland/Hillsboro and Grant Pass areas have been designated as "Areas of Extraordinary Need." OHCS has identified that a minimum of 75 percent of Oregon is deemed to be "Areas of Greatest Need". Homeownership centers around the state have the capacity to reach all of the high need areas in Oregon and OHCS expects its award application to be successful.


The maximum grant amount is \$3 million. For the fiscal year of July 1, 2015 to June 30, 2016 homeownership centers served 5,250 clients with pre-purchase and foreclosure counseling. Using this number of clients, OHCS anticipates a grant award of \$1,575,000 which will be paid to the centers based on the services provided to each client.

Action Requested:

Oregon Housing and Community Services respectfully requests the Joint Committee on Ways and Means approve the request to apply for the Project Reinvest: Financial Capability grant offered by NeighborWorks America.

Legislation Affected:

This request will not affect any current legislation. The performance period for the grant is June 1, 2017 to November 30, 2018, so OHCS does not anticipate needing federal funds limitation for this grant until the 2017-19 biennium. Grant awards will be announced in May or June 2017 and additional limitation will be addressed in the department's budget bill or a future session of the Emergency Board.

Sincerely,


Margaret Solle Salazar, Director

cc: Debbie Koreski, Office of Governor Brown
George Naughton, Department of Administrative Services
Linnea Wittekind, Department of Administrative Services
Ken Rocco, Legislative Fiscal Office
Michelle Deister, Legislative Fiscal Office