

ANALYSIS

Item 25: Housing and Community Services Department Housing Stability Counseling

Analyst: Michelle Deister

Request: Approve, retroactively, the submission of a federal grant application from the Housing and Community Services Department to NeighborWorks America; and include additional Federal Funds expenditure limitation of \$1,681,331 for the Housing and Community Services Department in a budget reconciliation bill during the 2022 legislative session, to provide housing counseling services.

Analysis: On June 6, the Housing and Community Services Department (HCSD) provided notice of intent to apply for \$4.1 million to continue foreclosure avoidance and financial education services to households facing instability such as eviction, default, foreclosure, loss of income or homelessness. HCSD was notified on September 8 that \$1,681,331 was awarded for this purpose. Funds must be committed by February 28, 2023. No matching funds are required, and HCSD will not need additional position authority to administer the funding.

The grant award will support services provided by twelve homeownership centers, serving an estimated 1,535 households. The amount to subgrantees totals \$1.4 million, and amounts to each are as follows:

<u>Subgrantee</u>	<u>Counties Served</u>	<u>Amount</u>
African American Alliance for Homeownership	Multnomah, Clackamas, Washington	\$ 91,080
Columbia Cascade Housing Corporation	Wasco, Hood River, Wheeler, Morrow, Sherman	\$ 86,480
Community Connection of Northeast Oregon	Baker, Grant, Union, Wallowa	\$ 33,120
Community in Action	Harney, Malheur	\$ 358,800
DevNW	Marion, Polk, Clackamas, Lane, Benton, Linn, Lincoln	\$ 454,480
Hacienea Community CDC	Multnomah, Clackamas, Washington	\$ 36,800
Housing Authority of Yamhill County	Yamhill	\$ 25,760
Native American Youth and Family Center	Clackamas, Multnomah, Washington	\$ 13,800
NeighborImpact	Deschutes, Crook, Jefferson, Klamath, Lake, Morrow, Wheeler	\$ 56,120
NeighborWorks Umpqua	Douglas, Jackson, Josephine, Coos, Curry	\$ 58,880
Open Door Counseling Center	Washington, Clatsop, Columbia, Tillamook	\$ 71,760
Portland Community Reinvestment Initiative	Multnomah	\$ 125,120

Funding allocated to each subgrantee is based on projected service capacity they provided in their applications. It includes amounts for direct counseling services (approximately 87% of total subgrantee funding); administrative expenses and program-related services (approximately 13%); along with other services include outreach, training, technology improvements, and data collection. The \$269,131 balance between the direct awards listed above and the total limitation request represents HCSD's share of administrative oversight expenses and program related services (16% of the total award).

Recommendation: The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means approve, retroactively, the submission of a federal grant application to NeighborWorks America; and recommend including an increase of \$1,681,331 in Federal Funds expenditure limitation for the Housing and Community Services Department in a budget reconciliation bill during the 2022 legislative session, to provide housing counseling services.

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Housing and Community Services Department
Webb

Request: Retroactive approval to apply for the NeighborWorks America Housing Stability Counseling Program grant submission and increase the Federal Funds expenditure limitation by \$1,681,331 for the purpose of providing housing counseling services to households facing housing instability.

Recommendation: Approve the request to retroactively approve the grant submission. Approve the request to increase the Federal Funds expenditure limitation during the 2022 Legislative Session.

Discussion: Oregon Housing and Community Services (OHCS) currently partners with homeownership centers through the Home Owner Assistance Program (HOAP) to provide housing counseling services, including homebuyer education, financial coaching, and financial literacy to Oregon households to increase homeownership. HOAP is funded with document recording fees. Due to an increased need for foreclosure and eviction avoidance, as well as other housing instability issues, OHCS applied for a grant from NeighborWorks America through the Housing Stability Counseling Program to provide counseling services to assist households facing eviction, default, foreclosure, loss of income, or homelessness. The grant funds are provided through the American Rescue Plan Act of 2021.

OHCS followed the 10-day letter process and applied for the grant by its due date of June 30, 2021. On September 8, 2021, OHCS was awarded \$1,681,331 and the agency projects it will serve 1,535 households with the grant funds. The grant will be administered in the same way as past grants from NeighborWorks America and OHCS will not need to create additional procedures for the new grant. Twelve homeownership centers, including four culturally specific organizations, will receive grants from OHCS. No additional staff is required for administering the grant. The budget for the grant includes \$1,227,249 for counseling services, \$85,907 for OHCS administrative costs, and \$368,175 for program-related support costs that are shared between OHCS and subgrantees.

Legal Reference: Increase the federal funds expenditure limitation established by chapter 556, section 4, Oregon Laws 2021, for the Housing and Community Services Department, by \$1,681,331 for the 2021-23 biennium.



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October 6, 2021

Senator Betsy Johnson, Co-Chair
Senator Elizabeth Steiner Hayward, Co-Chair
Representative Dan Rayfield, Co-Chair
Interim Joint Committee on Ways and Means
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

RE: NeighborWorks America Housing Stability Counseling Program Application

Dear Co-Chairpersons:

Nature of the Request:

Oregon Housing and Community Services Department (OHCS) is respectfully requesting retroactive approval to apply for grant funds from NeighborWorks America for the Housing Stability Counseling Program (HSCP). The funds come from the American Rescue Plan Act of 2021, which was signed by President Biden in March of this year. The goal for this funding is to “provide counseling to households facing housing instability, such as eviction, default, foreclosure, loss of income, or homelessness.” This is a competitive grant with no matching requirement for state funds. The grant application was due by June 30, 2021. Based on the projected number of households needing counseling services during the program period, OHCS submitted an application for \$4,051,400. The award was announced on September 8, and we received \$1,681,331. OHCS estimates we can serve 1,535 households with these funds.

The counseling funds will be distributed to subgrantees (homeownership centers) based on services they provide to each client. Similar counseling services are currently being provided by OHCS-supported homeownership center throughout Oregon. The funds from this grant will provide additional funding to the centers to fund the current programs and services they provide to all Oregonians, specifically for people of color and those at lower income levels. Forty percent of the funds will be provided to grantees that target counseling services to minority and low-income populations facing housing instability.

The program lists 29 Oregon counties as Targeted Geographic Areas, which covers the majority of the state. These counties were selected by NeighborWorks America using the U.S. Center for Disease Control’s (CDC) Social Vulnerability Index (SVI) to rank counties based on relevant factors. The remaining counties can also be served with these funds, but the focus for the grant is the 29 counties listed in the funding announcement.



The COVID-19 pandemic of this past year has taken a toll on our state and left many Oregon homeowners and renters in dire economic straits. The state's foreclosure and eviction moratoriums, as well as federal mortgage forbearances, have helped many families stay in their homes. However, as those protections come to an end, the economic impacts of the pandemic on Oregonians will continue, creating a greater need than ever for services provided through this grant.

Agency Action:

OHCS currently provides funding to homeownership centers with funds from document recording fees received in the Home Owner Assistance Program (HOAP). This program requires centers to provide core services in their communities, including pre-purchase homebuyer education, financial coaching, pre-purchase homebuyer counseling, financial literacy education, and to ultimately produce homeowners.

The services homeownership centers provide are activities included in the Housing Stability Counseling Program, and centers do not need to create new programs for this grant. This grant will support the vital services that centers already provide to their communities. In 2020, homeownership centers provided counseling and education to 4,144 clients and an additional 356 clients received foreclosure avoidance counseling. Foreclosure avoidance has become a particularly needed service in the past year. These services are important to Oregonians wishing to improve their financial situation with credit report review, budgeting, and financial coaching, and those wishing to purchase a home or retain the home they currently own. These services have proven to be great tools for homeowners to maintain their homes even during strained financial situations.

The Housing Stability Counseling Program grant will be administered in the same manner as our previous Project Reinvest-Financial Literacy Program, awarded from NeighborWorks America in 2017, as the program requirements for the new grant are the same. OHCS will not need to create new procedures for managing this new program. Over the years, the Homeownership Division of OHCS has worked on process improvements and compliance requirements to manage similar counseling programs funded by NeighborWorks America and will continue to use these processes for this grant.

Action Requested:

Oregon Housing and Community Services submitted the 10-day Federal Grant Application Notification Letter on June 6, 2021, and received initial approval from our Legislative Fiscal Office and Chief Financial Office analysts on June 18, 2021. OHCS submitted the grant application to NeighborWorks America on June 28, 2021. In this letter, OHCS is respectfully requesting retroactive approval from the legislature to apply for the Housing Stability Counseling Program



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offered by NeighborWorks America. We are also requesting additional federal funds limitation of \$1,681,331 to administer the funds awarded to us.

The Housing Stability Counseling Program award includes \$85,907.42 in Operational Oversight for OHCS administration, \$368,174.67 in Program-Related Support, which will be shared between OHCS and subgrantees, and \$1,227,248.71 for Counseling. Twelve homeownership centers, including four culturally specific organizations, will receive awards from OHCS. We anticipate serving 1,535 additional households with this grant.

Program-Related Support funds for subgrantees can be used for costs associated with HUD certification training, outreach, technology improvements, data collection, and quality control, or it can be added to counseling funds at the subgrantee's discretion. At OHCS the funds will be used for program compliance, quality control, and data collection.

OHCS has sufficient program staff in the Homeownership Section to administer this program and does not require additional staff at this time.

Legislation Affected:

OHCS requests an increase of \$1,681,331 to federal funds limitation, and amendment to Chapter 556, Section 4, 2021 Oregon Laws.

Sincerely,

Margaret Salazar, Executive Director
Oregon Housing and Community Services

cc: Laurie Byerly, Legislative Fiscal Office
Michelle Deister, Legislative Fiscal Office
George Naughton, Chief Financial Office
Alisa Webb, Chief Financial Office