OREGON HOUSING and COMMUNITY SERVICES
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January 12, 2022

RE: Response to Member Questions on the Homeownership Assistance Fund

Co-Chairs Lawrence Spence and Gomberg, Members of the Joint Committee on Ways and Means Subcommittee on Transportation and Economic Development:

Thank you for the engagement during yesterday's hearing. OHCS is requesting authorization to provide more Homeownership Assistance Fund resources to homeowners faster than originally forecast. This request for an increase in the federal funds spending limitation is so the agency can move more funds out to homeowners ahead of the end of the biennium on June 30, 2023. The committee asked engaging questions, and the information below is responsive to member's requests for additional information.

Co-Chair Gomberg asked about incorrect checks for the Oregon Emergency Rental Assistance Program (OERAP) and if that's something we are concerned about with the Homeownership Assistance Fund (HAF):
We hold ourselves accountable to whatever issues delay OERAP funds from getting into the hands of landlords and tenants. There are some issues that have arisen, and we worked hard to resolve. In early December, there were 468 checks (of more than 13,800) that had a routing number issue. We worked with our vendor, Public Partnerships LLC, to make sure everyone affected got an email and at least one phone call. Those were all cashed or reissued. An enhancement was implemented recently to the application processing system that requires a processer to verify key information provided by tenants, such as correct landlord name, before the system allows the application to go forward. This enhancement was put in place to prevent errors such as issuing checks to the wrong landlord/management company.

Additionally, HAF will utilize a different software vendor and process to make payments. The HAF program will issue payments directly to mortgage servicers, county assessors, homeownership associations, and other housing entities, the majority by funds transfer. No checks will be sent to homeowners, although occasional checks or wires will be sent to housing entities.

Representative Zika asked about the administrative rate and how the agency is addressing administrative challenges with other emergency programs:
Unfortunately, U.S. Treasury did not allow grantees to utilize past structures for providing mortgage assistance. As the committee may remember, OHCS administered the Oregon Homeownership Stabilization Initiative funded after the Great Recession with federal Hardest Hit Funds. Instead of using that program infrastructure, OHCS is required to establish a brand-new program and pay for the startup costs associated with a new program along with the needs of running a program. Because of this, Congress and U.S. Treasury established a 15% administrative rate for HAF. An additional 5% can be used for homeowner support initiatives such as legal aid, housing counseling, and education.

Additionally, taken lessons learned from rental assistance. We know we need to do better in serving Oregonians. OHCS is seeking to improve customer service through additional staffing and on-the-ground partnerships. These improvements come with costs.

Program administrative costs include many things: procuring a software vendor (in partnership with the Department of Administrative Services and with oversight from the Legislative Fiscal Office), vendors that will help manage expected higher volumes of applications and customer service calls and emails, funding local partners who are providing community-based outreach, marketing and translation services, and program support locally in communities across the state, and staffing within OHCS to administer the program and ensure compliance with federal program regulations. Lastly, OHCS is projecting more than $780,000 in recording fees because our assistance is structured as forgivable loans where the lien is recorded (this allows funds to be recycled if a homeowner sells or refinances within 5 years). OHCS can provide detailed accounting as contracts are finalized, staff come onboard, and all phases of the program launch.

Representative Scharf asked about the Ongoing Payment Relief assistance, as well as the timeline for distributing assistance:
The Ongoing Payment Relief assistance is one of two assistance programs, and it includes two tracks. The Hardship Track can provide up to 12 months of payment help, not to exceed $15,000 per household, for eligible homeowners who are experiencing ongoing financial hardship. The Stability Track provides up to three months of payment help, not to exceed $3,750 per household, for eligible homeowners who are "housing cost burdened," meaning their monthly housing costs are equal to, or greater than, 43% of their monthly gross income. The other HAF program, Past-Due Payment Relief, can eliminate or reduce payment for arrearages up to $50,000. Homeowners may not receive more than $60,000 in total assistance.

The original budget was equally allocated over the federal program term, but community organizations are reporting that the greatest need will be the next 12-18 months. As we saw with rental assistance, the need and timing for assistance in Oregon is much greater and faster than national predictions of Congress. Unfortunately, Oregon's ongoing housing crisis has made COVID financial impacts more extreme leading to additional assistance needs for Oregonians.

OHCS cannot be sure that the entire requested amount will be spent before June 30, 2023, but we are requesting authority so that we can meet homeowner need during that time. If the need is greater than projected, we may be back to request the remainder of the funds.

Senator Jama asked the estimate of how many people we can serve, how the program is prioritizing who we are serving, and the program timeline:
Our estimate of 1,200 homeowners served is conservative, as it assumes each applicant would receive the maximum program assistance of $60,000. However, many homeowners will not need or receive the program maximum, so we hope to serve many more Oregonians. That said, program funds are limited, even compared to the Federal Hardest Hit funds received by Oregon over the last 10 years, which is why U.S. Treasury guidance, and our program will prioritize the most at-risk homeowners.

As outlined in the HAF phases one-pager shared by Ms. Diester last night, OHCS is phasing program implementation to ensure we reach those most at risk. The HAF program is currently open in what we call Phase 1, which is essentially a soft launch targeting homeowners in foreclosure and those in similar high-risk categories, such as those about to lose their homes after a property tax foreclosure. OHCS anticipates opening a bit more broadly in Phase 2 later this month, while still focusing on homeowners the most at-risk. This will include, for example, homeowners who were unable to obtain a workout resolution in the Oregon Foreclosure Avoidance program, in which mortgage servicers meet with homeowners before referring them to foreclosure.

After assisting those with the most urgent need, later this spring we will continue to open more broadly until we are open to all eligible homeowners. It's important to note that U.S. Treasury, as the program funder, has set priority populations to be served. Phase 3 includes populations traditionally underserved or less able to recover, including those who are: elderly (65+), living with a disability (with proof of benefits), rural Oregonians, Socially Disadvantaged Individuals (as defined by U.S. Treasury), those with limited English proficiency, and those recovering from natural disaster property damage or destruction. No matter what the phase, homeowners who are at most of risk of foreclosure will be prioritized.

Co-Chair Lawrence Spence asked about applicant outreach and intake, and the average amount we expect to provide homeowners:
OHCS is working with housing counselors, county assessors, mortgage servicers, and homeowners directly to ensure they are aware of this program of last resort through OHCS and HAF websites, e-newsletter updates, and regular engagement meetings with housing counseling agencies and their frontline staff. Administrative expenses include grants to community-based organizations to conduct local outreach and marketing on the program, as well as application intake assistance.

As we open Phase 2, OHCS will launch a dedicated HAF website with information on the programs, eligibility requirements, how to apply through your housing counselor or servicer, and many other resources, including fraud prevention and legal aid. Once Phase 3 of the program is launched, OHCS will also include outreach materials (media releases, social media, promotional materials and videos) in multiple languages. In addition, we are planning a forum where foreclosure prevention advocates both within the state and nationally can come together to discuss solutions to the foreclosure crisis.

When it comes to determining average assistance that will be provided with the HAF program, it's difficult to predict because homeowner situations vary widely. The average amount of assistance will vary depending on the HAF program requested and how much each homeowner owes or needs to avoid falling into delinquency.

It may take $50K to reinstate mortgages that have gone unpaid due to hardship throughout the pandemic, including mortgage payments together with property taxes, homeownership association dues, and insurance. Homeowners with reverse mortgages, or those only delinquent on property taxes, might be reinstated for $5K-$10K each.

For Ongoing Payment Relief assistance, program caps are lower. Historically, past programs provided average assistance of $10K-$15K per applicant. Our estimate is much larger than this because many homeowners may have been in forbearance for nearly two years, which has been unprecedented.

Thank you again for the opportunity to address you yesterday and for your partnership in serving Oregonians. We are happy to answer any questions that we did not address here.

OREGON HOMEOWNER Assistance Fund

Program Overview & Eligibility

Overview

The U.S. Department of the Treasury has allocated about $90 million to Oregon under the American Rescue Plan Act's Homeowner Assistance Fund (HAF). U.S. Treasury has not yet given Oregon approval to launch the program, which must occur before Oregon opens its HAF program to more homeowners. Oregon Housing and Community Services (OHCS) will assist homeowners at risk of losing their homes by preventing foreclosures and displacements and curing delinquencies and defaults. Eligible homeowners are those who meet program income limit requirements and experienced a financial hardship after January 21, 2020, due to the coronavirus pandemic. Other program requirements also apply.

Of the $90 million allocated to Oregon for the HAF program, at least $72 million will be provided to Oregon homeowners, and remaining funds will be allocated to program administration, legal aid services, and other program-affiliated costs. Under Oregon's HAF plan, a homeowner may receive up to $60,000 in assistance, meaning Oregon will be able to assist roughly 1,200 homeowners if each received the maximum amount of assistance, 900 of which would need to be low-income households.

Benefits and Eligibility

Homeowners who are eligible may apply for the following programs:

Past-Due Payment Relief

The Past-Due Payment Relief Program provides homeowners with up to $50,000 to eliminate or reduce payments on past-due eligible housing costs, including: forbearance plan

- forward mortgages
- reverse mortgages
- loans secured by manufactured homes
- land sale contracts
- property taxes
- homeowners' insurance
- homeowners' association (HOA) dues

Homeowners must be at or below 150% Area Median Income or 100% of the median income for the United States, whichever is greater. Oregon Housing and Community Services will make payments directly to the servicer, county, HOA or other housing entity.

Ongoing Payment Relief

The Ongoing Payment Relief Program has two tracks. Homeowners may participate in only one track and must be at or below 100% Area Median Income for either one.

- **Hardship Track.** Eligible homeowners who are experiencing ongoing financial hardship may receive up to 12 months of payment help, up to $15,000 per household, for eligible housing costs.
- **Stability Track.** Eligible homeowners may receive up to three months of payment help, up to $3,750 per household, to increase long-term housing stability. Homeowners must have housing expenses that total 43% or more of their household income.

Please Note: Homeowners who are eligible for both programs may not receive more than $60,000 in total assistance.

12/2/2021

This program is being supported, in whole or in part, by the U.S. Department of the Treasury.

EQUAL HOUSING OPPORTUNITY

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Program Overview & Eligibility

When can I apply for the Oregon Homeowner Assistance Fund?

The Homeowner Assistance Fund will open in phases, initially focusing on homeowners who are the most at risk of foreclosure or displacement. Refer to the chart to see when your constituents are eligible to apply.

Phase 1: November 2021

- Homeowners in active foreclosure (sheriff's sale date, judicial case, notice of default with sale date)
- Unemployed homeowners who have exhausted their unemployment benefits, forbearance (reduced or paused housing payments) due to the COVID-19 pandemic, and loss mitigation options (steps to avoid foreclosure)
- Servicer-identified borrowers who have been denied loss mitigation or have no loss mitigation options because their loans do not include options
- Homeowners with Chattel loans (for manufactured homes) and land sale contracts in default and at risk of foreclosure
- Homeowners whose property tax foreclosure redemption period (amount of time allowed to pay off back taxes, plus interest and fees, after a tax lien foreclosure) ends in 2021 or 2022

*Phase 2: January 2022**

- Homeowners who participated in the Oregon Foreclosure Avoidance Program and were not offered loss mitigation by their servicer
- Homeowners with private mortgages or Individual Tax Identification Number (ITIN) loans
- Homeowners receiving disaster unemployment benefits
- Seniors with reverse mortgages (Home Equity Conversion Mortgages, or HECMs)
- Homeowners whose property tax foreclosure redemption period ends after 2022

*Phase 3: March 2022**

- Unemployed or underemployed borrowers whose COVID-19 forbearance plans have reached the maximum term or are reaching that term within 60 days
- Homeowners with loans in default where HUD is the beneficiary
- Homeowners traditionally underserved or less able to recover, including those who are:
  - Elderly (65+)
  - Living with a disability (with proof of benefits)
  - Rural (determined by ZIP Code)
  - Socially Disadvantaged Individuals (defined by Treasury)
  - Limited English Proficiency
  - Recovering from natural disaster property damage or destruction

*Phase 4: Spring 2022**

- **All eligible homeowners**

* These are anticipated dates that are subject to change.

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