



**OREGON HOUSING *and*
COMMUNITY SERVICES**

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January 14, 2022

RE: Response to Member Questions on the Homeownership Assistance Fund and the Oregon Emergency Rental Assistance Program

Chairs Jama, Vice Chair Anderson, and Members of the Senate Interim Committee on Housing and Development:

Thank you for the engagement during yesterday's legislative days hearing. We are happy to provide some follow up responses in writing and want to acknowledge that there were some data requests that may take more time to deliver. We appreciate your time and thoughtful questions around ensuring Oregonians remain safely and stably housed.

Homeownership Assistance Fund (HAF)

Vice Chair Anderson asked about the process for processing and cutting assistance checks with this program and whether that process will be centralized.

OHCS learned numerous valuable lessons from standing up the Oregon Emergency Rental Assistance Program (OERAP). These lessons inform implementation of the Homeownership Assistance Fund (HAF). While local control and flexibility are very often a program advantage, with programs at such massive scale, separate, differing business models do not serve us well when continuity and consistency across the state is needed. We have adjusted our approach after our experience with OERAP of having a single, centralized vendor issue payment so that we know where the "buck stops" when there's an issue.

For HAF, we will be working with a single vendor on application processing, underwriting, and payment coordination. We will be using state processes for payments. For homeowners in the first two phases, processing will be handled through agency systems. For the majority of homeowners we serve with this program, we will be using the Oregon State Treasury payment processing systems. Our vendor has already been approved to collaborate in this process. One key difference with HAF is that most payments will not be issued by checks. We will coordinate funds transfers by Automated Clearing House (ACH) directly to mortgage servicers, county assessors, homeowner associations and other housing entities, and will only cut checks in rare emergencies.

Senator Golden asked us to approximate how many homeowners may fall through the cracks because they don't qualify for the list programs we outlined, and when we anticipate Oregon getting back to a "normal" rate of foreclosure.

OHCS estimates roughly 70% of homeowners in Oregon have a loan that is eligible for the protections we outlined in our presentation. The foreclosure moratorium, which provided necessary and meaningful relief to homeowners, makes the data difficult to assess the real risk of foreclosure. HAF is intended to provide assistance to homeowners who would otherwise fall through the cracks because they cannot not be served by other programs.



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We ask for additional time to analyze data that could provide estimates of how many homeowners in Oregon who may not be served by the programs we outlined. We hope to have that data for the committee in the future.

Senator Patterson asked that while we are balancing efficiency and accountability, what incentives have been built-in so these vendors protect public dollars like state agencies do?

We sincerely appreciate this question. The contracts we have finalized with our vendors are performance-based, so we can cancel those contracts if we don't see the results we need. That would be different with a subgrantee. There is a significant role of homeownership centers in terms of intake, to make sure we're reaching the right homeowners.

Additionally, both grant and contract agreements are not-to-exceed for services, which further protects public dollars. We require reporting quarterly or more frequently, often on a performance basis.

Importantly, while the agency is engaging vendors to assist with high-volume HAF application intake, processing, underwriting and customer service, the agency is retaining applicant funding approval and application and vendor quality control powers. This requires additional agency staff and cost, but we are dedicated to complying with both the federal and state requirements and program goals for HAF.

Chair Jama observed that 1,200-2,000 homeowners served is not a significant number and asked how many we will serve at each phase of the HAF program. Additionally, what is our plan if we were to receive more applications than we can pay.

OHCS' phased approach for HAF will help ensure we reach the homeowners most in need. It also allowed HAF funds to be used ahead of U.S. Treasury State Plan approval. Until this week, we only had authority to use 10% of our allocated funds. U.S. Treasury has encouraged states to rollout their programs in stages so that homeowners most at risk will be served first, and to ensure a more manageable application load and prevent states from taking on too many applications. Additionally, providing HAF funds too soon may disavow homeowners to protections and options through their servicer.

We appreciate the additional time to provide estimates on the number of homeowners we believe will be served in each phase. The lower estimate of 1,200 that we provided yesterday is conservative and assumes that each applicant receives the maximum of \$60,000 in assistance. This is unlikely to be the case for each applicant, although many homeowners in Oregon have been in forbearance for more than 18 months. For some additional context, we know that some homeowners are only behind on property taxes so those applicants may only need \$5-10,000 to resolve delinquencies.

The distinction between phases 1-2 and 3-4 are dictated by our program submission to U.S. Treasury. For the first two phases, we plan to use our initial allocation of funds (10% or about \$9M) to complete administrative set up and get funds out to the most vulnerable homeowners, as directed by federal program guidance. As we stated yesterday, we believe we can serve 100 homeowners with the first two phases and our 10% funding level if each homeowner received the maximum \$60,000 assistance. These later phases will serve the majority of homeowners and include our total projection of homeowners served. Additional information on the phases is available on [this one-pager](#).



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Chair Jama ask what the role of the customer call center will be in relation to the housing counselors we are asking to make referrals and intake.

The HAF customer call center will be utilized to refer homeowners in need to housing counselors. We recognize that many Oregonians are unaware of the services homeownership centers provide and how they can help. The call center will also provide the basic information to potential applicants to get started. Customer call center representatives may be asked to perform outcalls to request documents and other follow-up functions with homeowners and housing counselors. They will also provide application updates so that homeowners know where their application is in the process. The call center is a major piece of the customer care we are offering with the HAF program.

Chair Jama asked for an estimated processing timeline for application A to Z.

OHCS wishes to be very clear about expectations for processing this type of assistance application. It will take time due to the need to negotiate with mortgage servicers, as well as enroll any servicers not yet participating in HAF. This process could take between 60-90 days. The good news that HAF program staff have had great response from servicers so far. When we start the application process, we have seen that typically the foreclosure will not proceed, and the homeowner is protected by other regulations while they go through the process.

The projected 60-90-day timeline is, in part, an estimate based on historical averages from previous mortgage assistance programs. Program staff are investigating eliminating additional time-consuming steps. Please refer to [slides 5-6](#) in our presentation for additional timeline information.

Chair Jama asked what the estimated timeline could be from beginning to end.

We appreciate the additional time to respond in writing. To a certain extent, this is unknowable but the federal deadline to spend down is September 2026, and we will certainly meet that deadline.

OHCS knows that this money needs to reach homeowners as quickly as possible, and for that reason we requested an increase in the HAF federal funds spending limitations this week at a hearing of the Ways and Means Subcommittee on Transportation and Economic Development, which was granted. We are now authorized to spend 80% of Oregon's HAF allocation during the current biennium. Assuming the projections on the number of homeowners we expect to serve, and the application processing timelines, are correct, we believe funds will be spent within the next three years.

Oregon Emergency Rental Assistance Program (OERAP)

Senator Golden requested user-friendly information that legislators can share with constituents about OERAP accepting new applications on January 26.

Those materials are currently in development, and we will be more than happy to provide them once confirmed. We sincerely appreciate legislators helping to get the word out to their communities.



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Vice Chair Anderson requested that OHCS, and other agencies, make their needs for successful program implementation known clearer and earlier in the process.

OHCS deeply appreciates this observation and request and will accept it as an invitation to take a larger role in the development of legislation and programs affecting the agency. Additional staffing and the establishment of the Government Relations Section were approved in the 2021 regular session, and OHCS is better resourced to provide updates and feedback to our legislative branch partners. We commit to providing better clarify on the needs of OHCS, as the agency recognizes them, moving forward.

Chair Jama asked for an estimate as to the level of rental assistance resources available once the portal begins accepting new applications at the end of the month.

OHCS requests some additional time to provide an accurate estimate on this figure. Program staff are hard at work resolving applications that provide a better understanding of the number of applicants from before the December 1, 2021, pause that we have left to serve, thus clarifying remaining funds. We do know that we will need to access additional funds allocated to OERAP during the December 2021 Special Session. We will follow up with this committee before the January 26 reopening date when we have more details to share.

Thank you again for the opportunity to address you yesterday and for your partnership in serving Oregonians. OHCS will follow up with marketing materials, additional information related to the OERAP re-opening, data on potential homeowners unserved by current state and federal programs, and other requested information in the coming days. We are happy to answer any questions that we did not address here.

