



Business Case for
Homeowner Assistance Fund
Project (HAF)

**Oregon Housing and Community Services,
Home Ownership Division,
Homeowner Assistance Section**

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Authorizing Signatures

The person signing this section is attesting to reviewing and approving the business case as proposed.

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Executive Summary

The Homeowner Assistance Fund (HAF) program will distribute federal funds authorized by the American Recovery Plan act to help Oregon homeowners that suffered pandemic-related hardships. These funds are directed to help reinstate mortgages and other housing costs to prevent foreclosure and displacement. Program is slated to start a pilot program by August 2021 with full deployment to follow by November 2021. Oregon Housing and Community Service (OHCS) plans to retain a service provider already in the industry to run the program. The service provider will be contracted to:

- Process and Underwrite applications
- Operate a call-center
- Issue payments to offset arrears
- Report out on compliance and operations

OHCS will be conducting a market analysis to get a list of service providers currently in the industry. The service provider chosen will presumably have an IT application that processes the data received from OHCS and meets the 5-year retention standards set forth.

An expected \$90M will be received by OHCS from the US Treasury in total. It is expected that \$2M per year should pay for a turnkey service to administer this program. Program is set to last 5 years with a sunset date of September 30, 2026.

Overview and Background

Current state: Using March 2021 data, 14,225 Oregon homeowners were 90+ days delinquent on their mortgages and 628 were in foreclosure. Many homeowners will be exiting their forbearance plans this summer, which is when they need to make arrangements to reinstate their mortgages.

The US Treasury has provided both guidance and requirements for the HAF program. Currently the Oregon foreclosure moratorium ends September 30, 2021 along with a similar program to HAF called the Oregon Homeowners Stabilization Initiative (OHSI). The sunset of these two programs leaves a large gap in the protection of Oregonians. This makes timing of the HAF program very important and allows us to take advantage of federal funds to benefit citizens finding themselves in COVID-19 related need, thereby aligning itself with OHCS's mission.

Scope: For borrowers that need assistance, the HAF funds can reinstate their mortgages, provide forward payment assistance for borrower's still experiencing hardships or instability, and cure property tax, HOA, insurance, and other arrears. OHCS can also design programs to assist with home repair, utilities, and principal buy downs. The service provider should efficiently and quickly implement these policies and programs for OHCS. The specific scope will depend on the service provider selected but will generally entail communicating with homeowners and payees, operating the programs, and reporting and compliance.

It is not expected that the service provider's IT system will interconnect with OHCS' IT systems. However, the service provider will likely be receiving and storing data of Oregon homeowners and may arrange for access to other agency records, such as unemployment records. OHCS will also have access to the IT system or other database in order to conduct its own reporting and audits of the service provider.

Potential solutions: Each service provider will likely have a slightly different solution based upon some sort of IT system paired services or roles. OHCS plans to evaluate potential solutions based on how efficiently they work

for applicants, payees, and OHCS’ monitoring needs. We expect the service provider will leverage technology to remove barriers to application and review, including having an online borrower interface and a portal for OHCS to access information. It is expected some roles may remain with OHCS, such as handling denial appeals and working with the US Treasury.

Hiring a service provider will allow OHCS to leverage technology and deliver the program to Oregonian’s quicker. It will also scale up and down quicker than what OHCS could create in-house.

Measurable Business Benefits

The main benefit of this program is to utilize federal funding to assist Oregon homeowners that suffered hardship from COVID-19. To measure the success of the program we can only rely on timeline and Oregonian’s served. Assuming we utilize all funding, OHCS will have the opportunity to compare current foreclosure information to post program data. Successful implementation of this program aligns itself with OHCS’s agency mission.

Table n – Example Benefit and Measurement

Benefit	Measurement
Preventing the foreclosure of eligible homeowners.	<i>Foreclosure data over term of programs.</i>
Reducing Oregon's mortgage delinquency rate to pre-pandemic levels.	<i>Comparison of data before the pandemic with data throughout the program term.</i>
Reducing mortgage delinquency rates for SDI communities.	<i>Comparison of the same data above, as well as program data and Oregon homeownership statistics</i>
Setting up a program that can continue to operate after the Treasury funds are allocated.	<i>Enactment of programs that will survive the end of the HAF term with a long-term or permanent source of funding.</i>
Timely response to the needs of Oregon homeowners suffering from Covid related hardships and SDI’s.	<i>Meet the timeline set forth by HAF.</i>

Assumptions & Constraints

Assumptions:

- A suitable service provider is available and able to meet OHCS timeline and potential case load.
- An acceptable number of counselor capacity is available.
- Market research will allow us to find eligible recipients and those most in need.
- A partnership with legal counsel and key mortgage servicers in the area is forged.
- OHCS staffing needs can be met in the timelines of the pilot program and full program rollout.
- Service provider can adhere to EIS standards of applicant data storage.

Constraints:

- Will COVID-19 related issues cause spikes in need or reduction in staffing? (IE: delta variant causing spike in cases or lockdowns)
- 15% of federal funds can be used for administrative costs, budget wise we are uncertain how this lines up with actual costs.

- 5% of federal funds can be used for counseling, legal services, and education. Budget wise we are uncertain how this lines up with actual costs.
- Set amount of funding may not meet all needs of Oregon homeowners.

Alternatives

Do Nothing – this option does not meet the requirements set forth by the American Recovery Plan Act and direction of the US Treasury. Although this is the cheapest option it does not comply with OHCS mission or duties.

Service the program manually in-house – use existing staff or hire additional staff to take applications, process applications, distribute funds, and report out results using paper files or spreadsheets. This alternative is the second cheapest but would be difficult to administer and scale up in time to meet program timeline. It also has the most opportunity for error. Traditionally hiring staff also takes large amounts of effort and time.

Build or buy in-house IT System – Building or buying an in-house application to accept and process application would allow OHCS to leverage technology to service citizens. This option would also be the second most scalable option. However, the timeline given for the pilot program and subsequent full program could not be meet. The RFP or development process along with staffing remove this as a viable option. Also given we are limited on what percentage of federal funds we can spend on administrative costs this option would be cost prohibitive.

Conclusions

It is the position of Oregon Housing and Community Services that the HAF pilot and subsequent program complies with the mission of our agency. Given the proven success and pending sunseting of the OHSI program, the recently signed American Rescue Plan Act will help us continue to meet the need of our citizens going forward.

Failure to act will not meet the needs of Oregon homeowners that suffered pandemic-related financial hardships. Market research to find a suitable service provider and staffing should start immediately as no alternative meets the requirements set forth by HAF. The service provider chosen will meet all needs, retention standards, data protection standards, and accessibility standards.

Appendix and References



OREGON_HAF_Data
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