

## 2018 – 2020 BANK COMMUNITY STABILIZATION AND REINVESTMENT GRANTS GUIDELINES

The Legal Services Trust Fund Program previously received in 2016 a second distribution from Bank of America in accordance with bank settlements with the U.S. Department of Justice. This national settlement provides funds to IOLTA organizations in every state, to be used to design and develop effective projects to provide “foreclosure prevention legal assistance and community redevelopment legal assistance.” To date, the Legal Services Trust Fund Commission (LSTFC) has allocated close to \$13 million to fund 42 community redevelopment and 16 foreclosure prevention projects.

On March 17, 2017, the LSTFC voted to distribute over three years approximately \$28.5 million of the remaining Bank Community Stabilization and Reinvestment Grant (BCSR) funds as described below (leaving a remainder of about \$6.5 million for special projects):

### I. Award Information

The LSTFC will distribute up to \$9.5 million annually for three years as follows: 1) a portion will be awarded using the existing IOLTA formula; and 2) a portion will be awarded using a competitive RFP process. Programs may apply for three year grants, with funding to commence January 2018. Eligibility is restricted to California IOLTA-funded programs; however, IOLTA-funded programs may subgrant to non-IOLTA-funded 501(c)(3) programs or to other IOLTA-funded programs. Organizations that previously received bank grant awards may apply for funding, and previous awards will not be applied to funding caps in this application cycle, even if prior awards are for the 2018 grant year.

Under the model, each program has a designated formula amount, which is 50% of its 2017 IOLTA formula allocation subject to a \$25,000 minimum and a \$150,000 maximum. This allocation amount will not change in subsequent grant years. The program must provide qualifying community redevelopment or foreclosure prevention work with the grant funds. Programs may also apply for a larger project through an RFP that would combine its formula grant amount with additional funds up to \$175,000. If a project is not funded through the competitive RFP process, the program will still be eligible to receive its formula grant for funding of qualifying work.

A single grant application process will be used for both the formula and RFP awards. **Each program that seeks grant funds must submit a budget for a formula grant. If a program chooses to submit a proposal for additional funds through an RFP enhancement, it must also provide a separate budget that encompasses both the formula grant funds and the requested funds by proposal.** If the RFP project proposal is approved and funded, a separate formula grant will not be approved. If the RFP project proposal is not approved, then the Commission will review the submitted formula budget request for compliance and funding. Therefore the proposed RFP budget must include the formula amounts.

### A. Formula Grants

All programs must submit an application and budget for a formula grant. The application and budget must demonstrate that the formula grant funds will be used for qualifying foreclosure prevention or community redevelopment work. Projects applying for, but not receiving an RFP enhancement, will still be eligible for this formula grant. Please see the attached spreadsheet or log into SmartSimple for your organization’s bank formula allocation (which will not be adjusted during the duration of the three year grant period). You may apply for a grant that is less than or up to the allocated amount.

### Sample Formula Grant Allocation

Organization	2017 IOLTA Grant	Formula Grant
A	\$20,000	\$25,000
B	\$120,000	\$60,000
C	\$500,000	\$150,000

### B. RFP Grants

After completing the formula grant application and budget, a program can also choose to apply for a single community redevelopment or foreclosure prevention project for an amount that combines its formula grant allocation plus up to \$175,000 through the discretionary RFP. Programs selecting this option will need to submit two separate budgets: one for the formula portion standing alone in case the RFP project is not funded (as described in Section A) and one for the RFP project proposal. If a project contains overlapping cohesive components of both community redevelopment and foreclosure prevention work, a program may include all relevant and qualifying work in a single application for either community redevelopment or foreclosure prevention.

#### Sample RFP Grant Allocation

Organization	Formula Grant	RFP Grant Amount	Maximum RFP Grant
A	\$25,000	\$175,000	\$200,000
B	\$60,000	\$175,000	\$235,000
C	\$150,000	\$175,000	\$325,000

### C. Subgrants

Subgrants may be made to non-IOLTA-funded 501(c)(3) organizations or to other IOLTA-funded programs. Subgrantee amounts are attributed to the total available to the Grant applicant regardless of whether the subgrantee is IOLTA-funded or not. IOLTA-funded subgrantees will not have their subgrant awards deducted from their own application funding caps as described above. IOLTA-funded organizations that are both subgrantees of other organizations and are also applying as a grantee must demonstrate that the sources will not fund the same activities. If two or more IOLTA-funded grantees are submitting collaborative applications, please identify partner organizations in the application.

### D. How To Apply

Formula grants and RFP grants will be administered through a single grant application process. **Grant applications must be submitted via SmartSimple by 5:00 p.m. on Friday, September 8, 2017.**

The exact dollar amount for RFP grants awarded will depend on the number and strength of applications received. The LSTFC has full discretion to award or hold funding for any reason, including an assessment of the ability of the applicants to meet the articulated requirements below. Funds not committed in the 2018 year will be added to the distribution pool for future years.

Awardees will be required to complete semi-annual evaluative reports and reports on milestones reached, including service and outcome data. The LSTFC retains discretion with respect to funding for second and third year grants.

## II. Guidelines

Grants may be awarded in either of two substantive areas:

### A. Foreclosure Prevention Legal Assistance

Proposals should describe how grant funds would be used to prevent foreclosure in the context of the specific circumstances faced currently by the communities served. Recognizing that the foreclosure crisis has slowed, an applicant should discuss specifically which foreclosure trends, and ongoing borrower needs, the project seeks to address, and how the proposed services will meet those needs. Strategies may be across a broad range of options from advice and counsel, representation, mediation programs, or policy and impact work, but should reflect an understanding of the current needs and challenges within the communities to be served, knowledge of successful models, flexibility and creativity, and necessary collaborations to achieve stated goals.

Legal assistance for foreclosure prevention may include, but is not limited to the following:

- Outreach and education on the foreclosure process and legal options
- Review of loan documents and counseling regarding the viability of loan modifications, and triage for state or federal violations, including Homeowner Bill of Rights violations
- Loan modification assistance, includes forbearance agreements and repayment plans for debt forgiveness or reduction, interest rate reduction, or extending time for payment; also transitional options, including short sale, deed in lieu of foreclosure, and cash for keys
- Negotiation, mediation, and litigation to address service violations
- Loan modification denial appeals
- Reverse mortgage advice to older adults
- Pursuing affirmative actions to restore title in other contexts, such as consumer fraud, predatory lending, or financial abuse
- Policy advocacy and support services to increase capacity and foster collaboration with local, state, and national groups on any of the issues above

The LSTFC is obligated to fund projects that “prevent foreclosure.” Therefore, protecting the rights of a tenant generally will not be considered for funding under this category. However, if the applicant can make the appropriate case that particular activities identified are foreclosure prevention, they should do so. For example, if the applicant is providing legal services with respect to establishing tenant lease-to-purchase agreements, applicant might argue that the tenants’ purchase will help the owner avoid foreclosure. In another example, one legal aid organization reports that they can document a connection between losing a car by repossession and the incidence of foreclosure (i.e., without a car, a person cannot get to work, loses his job, cannot pay their mortgage, and loses their home in foreclosure). If, in proposing a project, the applicant can justify why the project falls within US DOJ settlement parameters, it should do so with documented evidence.

If a program submits a proposal that includes work that is clearly not qualifying – such as eviction defense for individual tenants in already foreclosed properties – the LSTFC will not likely fund that portion of the proposal. The Commission will review applications based on information provided and it is the grantees responsibility to establish, in the original application, the connection to qualified purposes.

## B. Community Redevelopment Legal Assistance

Proposals should describe how grant funds would be used for community redevelopment legal services.<sup>1</sup> Proposed projects should support and promote economic development by providing legal services that revitalize or stabilize low-income communities. Strategies may cross a broad range of options from counseling advocacy groups, transactional law, representation, or policy and impact work, but should reflect an understanding of the current needs and challenges within the communities to be served, and the knowledge of successful models for meeting those needs. The organization should have established partnerships that are necessary to achieve the stated goals.

The LSTFC looks to applicants to present either traditional or creative projects that will have far-ranging and lasting impact on communities. Applicants have flexibility in defining community redevelopment. **However, the LSTFC generally will not fund legal services that benefit individuals. While improving the situation of individuals suggests those individuals will bring resources back to their communities, in order for individual services to qualify as community redevelopment work they must be tied to broader systemic work that benefits the community as a whole.**

Community redevelopment may include, but is not limited to the following:

- Transactional support: 1) to develop capacity of nonprofit organizations that serve low-income communities; 2) to support projects typically considered community development, such as development and preservation of affordable housing, childcare, senior centers, job training centers, day labor centers, etc.; or, 3) for micro-businesses and low-income entrepreneurs, or other local and community-owned services (childcare and credit unions)
- Developing the capacity of low-income community members to advocate on behalf of their community with respect to proposed laws or legislative action, whether by representing a nonprofit organization or a community group
- Representation of low-income communities with respect to community conditions, e.g., with respect to environmental justice, equity in transit-oriented development, prevention and elimination of homelessness, inclusion of affordable housing, and other matters that protect the healthy development of communities
- Legal assistance that is transformative to a community, promotes systemic change, promotes economic security, and/or has broad impact
- Redevelopment assistance to cities and counties, e.g., ensuring that localities and developers meet their obligations to provide adequate relocation assistance and replacement housing for families displaced by redevelopment
- Devising program, policy, and legislative solutions to the loss of affordable housing, other affordable housing advocacy to combat displacement and enforce redevelopment law
- Developing anti-displacement and gentrification-prevention strategies
- Strategies to eliminate and prevent conditions of blight

If a program submits a proposal that includes work that is clearly not community redevelopment – such as direct legal immigration help or direct public benefits legal assistance – the LSTFC will not likely fund that portion of the proposal. The Commission will review applications based on information provided and it is the grantees responsibility to establish, in the original application, the connection to qualified purposes.

<sup>1</sup>The term “community redevelopment” is from the bank settlement agreements. The LSTFC is not relying on California’s Community Redevelopment Law as it existed prior to the adoption of the Dissolution Act, or as it exists as modified by the Dissolution Act to define “community redevelopment.”

### III. Criteria for Formula Funding

Formula awards are not selected by a competitive review process. As long as a program describes qualifying work in adherence with the definitions of community redevelopment and foreclosure prevention outlined above in Section II and presents a sound budget, the program will receive its formula allocation. The Commission reserves the right to refuse to fund projects or activities that are not clearly qualifying. If it is unclear whether qualifying work is proposed or the budget is reasonable, the LSTFC may invite the program to attend an Eligibility Review Conference, though it is not obligated to extend that invitation.

### IV. Criteria for RFP Funding

**Demonstrated Need of the Targeted Population:** While there are no income-eligibility requirements for this funding, the LSTFC will consider the articulated needs of a defined target population, with consideration to indigency, and to other special needs, such as those of minority populations, or persons with limited-language capacity. Income eligibility might be, for example, service to persons at 400 percent of the federal poverty threshold, or 80 percent of the Home Affordable Modification Program level for the county, particularly if the target population has other special needs.

**Impact of Services:** The LSTFC will consider the anticipated outcomes of the services, including the number of people that will be served, and the nature of the impact on the lives of targeted populations.

**Deliverables within Grant Period:** Grant deliverables must be achievable within the period of the proposed grant. While funding a portion of a project (e.g., impact litigation) coupled with other funding as a bigger project, or over a longer term, will be considered, the proposal should articulate the specific deliverables that will be achieved with this grant funding during the grant period.

**Partnerships and Collaboration:** As relevant, the LSTFC will consider the extent to which an applicant already has developed necessary partnerships, or has demonstrated the ability to collaborate with community organizations, local government, or other stakeholders to accomplish their goals. The LSTFC anticipates the benefit of strong partnerships particularly concerning Community Redevelopment proposals.

**Leverage and Sustainability:** Because this funding is of limited duration, the LSTFC is particularly interested in hearing how the proposed project fits within current organizational programming. If it is an existing project, how will funds be leveraged to increase services? If the project is new, how will the organization sustain the project? Is it replicable or scalable? How will information about the project be shared with other legal aid organizations?

**Organizational Excellence:** The LSTFC will also consider the experience of the grantee in successfully executing similar projects, and the stability of the organization infrastructure as it affects the ability, as necessary, to hire, retrain, and supervise attorneys, and to administer the grant successfully, including the timely and accurate submission of grant budgets, reports, and evaluations.

**Diversity:** The LSTFC will also take into consideration diversity as it relates to various factors such as geographic region, program size, and project type.

### V. Evaluation Plans and Data Collection

#### A. Evaluation Plans

The application should include a clear statement of the goals of the project, strategies to be used to achieve those goals, and the evaluation methods to be used to make any mid-course adjustments to the delivery model, and to evaluate the success of the project.

## **B. Data Collection and Status Reports**

Grantees will be required to report on the status of the grants, including a report on its achievement of identified service deliverables, and outcomes. In addition to client stories and corresponding main benefit data that grantees will be collecting in conjunction with IOLTA funding, the LSTFC, as a member of the National Association of IOLTA Programs will require that grantees report:

### **Foreclosure Prevention Legal Assistance**

- How many individuals were served (separately, how many elderly, children and veterans)?
- How many foreclosures were prevented?
- How many foreclosure clients benefitted in other ways?

### **Community Redevelopment Legal Assistance**

- How many individuals benefitted (separately, how many elderly, children and veterans)?
- How many non-profits benefitted, if any?
- How many small business clients benefitted, if any?

As a grant condition, grantee must agree to cooperate in providing any additional reporting information required by Bank of America, their settlement monitors, regulators or other concerned national organizations.