

BANK COMMUNITY STABILIZATION AND REINVESTMENT GRANTS REQUEST FOR PROPOSALS

The Legal Services Trust Fund Commission (LSTFC) of California is pleased to announce that it has received over \$6 million in funds granted by Bank of America (\$2.5 million) and Citi (\$3.6 million) in accordance with bank settlements with the U.S. Department of Justice. The separate national settlements provide funds to State IOLTA organizations, to be used to design and develop effective projects to provide “foreclosure prevention legal assistance and community redevelopment legal assistance.”

I. Award Information

The LSTFC will distribute the funds in one- to three-year grants of up to \$175,000 per year, over a period of three years. Eligibility is restricted to California IOLTA-funded programs; however, IOLTA-funded programs may apply for an additional \$75,000 per year in funding for collaborative projects that propose subgranting those funds. Subgrants may be made to non-IOLTA-funded 501(c)(3) programs, or to IOLTA-funded programs, that are not applying for a bank grant in the same category.

Organizations may apply separately for a Foreclosure Prevention and a Community Redevelopment grant, but total requested amounts for any organization cannot exceed \$175,000 per year. (Organizations applying for the additional \$75,000 per year for subgrantees need not count the \$75,000 toward the \$175,000 cap.) Please use separate applications if you apply for both a Foreclosure Prevention Grant and a Community Redevelopment Grant.

Two or more IOLTA-funded applicants may propose to collaborate with each other on any grant application within the \$350,000 per year limit (\$175,000 for grantee, with up to \$75,000 for an additional subgrantee), or each may separately seek a grant up to the \$175,000 maximum amount. If separate applications are made, then each application should be fully able to stand on its own as a separate grant project should the other project(s) not be funded. A non-IOLTA funded 501(c)(3) organization may be identified as a sub-recipient in more than one application as long as total requested funds do not exceed \$75,000 a year. An IOLTA-funded organization may apply as part of one or more collaboratives and separately as a solo applicant as long as total requested funds to that organization do not exceed \$175,000 a year.

The exact dollar amount of grants awarded will depend on the number and quality 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 first year will be held for distribution in future years.

Awardees will be expected to complete semi-annual evaluative reports, reporting on milestones reached, and including service and outcome data. Citi requires reporting every 6 months, but has not yet announced specific requirements. Second and third year funding is at the discretion of the Commission and is based on grantee’s ability to demonstrate substantially meeting project and service goals. Awardees demonstrating satisfactory progress may rollover funds that are not used during the grant period.

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 settlement parameters, it should do so with documented evidence.

B. Community Redevelopment Legal Assistance

Proposals should describe how grant funds would be used for community redevelopment legal services.¹ 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 develop 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 (even though improving the situation of individuals will ultimately bring resources back to their communities),

¹The 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.”

unless the applicant can tie individual services 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

III. Criteria for 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 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.

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 grant budgeting, reporting, and evaluation.

IV. 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 either Citi, Bank of America, their settlement monitors, regulators or other concerned national organizations. Citi requires reports on status at 6 month intervals.