



The State Bar of California

OPEN SESSION

AGENDA ITEM

MARCH 2024

LEGAL SERVICES TRUST FUND COMMISSION (LSTFC) EXECUTIVE COMMITTEE 4.3

DATE: March 5, 2024

TO: Members, LSTFC Executive Committee

FROM: Christopher McConkey, Program Supervisor, Office of Access & Inclusion

SUBJECT: Recommend Delegation of Authority to Reallocate California Housing Finance Agency Foreclosure Prevention Grant Funds

EXECUTIVE SUMMARY

On March 11, 2022, the LSTFC delegated to the Executive Committee (Committee) authority to approve California Housing Finance Agency Foreclosure Prevention (CalHFA) grants. The Committee approved 11 CalHFA awards, totaling \$11,040,000, on June 13, 2022. One grantee has since relinquished \$216,594 of its award. With about 16 months left in the three-year grant period, the LSTFC may have the opportunity to reallocate these funds to other CalHFA grantees that can spend them. This memo recommends that the Committee seek authority to reallocate these and any other CalHFA grant funds that become available.

BACKGROUND

The LSTFC and State Bar administer the CalHFA grants pursuant to a contract with the CalHFA Homeowner Relief Corporation. These grants fund legal services to prevent qualifying “homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21,

2020.”¹ On March 11, 2022, the LSTFC delegated to the Committee authority to make CalHFA awards.² The Committee approved 11 CalHFA grants, totaling \$11,040,000, on June 13, 2022.

The CalHFA grant period began July 1, 2022, and ends June 30, 2025. About seven months into the grant period, Public Counsel voluntarily reduced its award by \$216,594.³ To consolidate reallocations in the event that other grantees relinquished funds later, State Bar staff (staff) recommended at the time that the Committee and LSTFC wait to reallocate this \$216,594.

DISCUSSION

December 31, 2023, was the midpoint for the CalHFA grant period. In January 2024, staff surveyed the CalHFA grantees about whether they could absorb more funding to perform approved work. Staff also asked whether they anticipate having any CalHFA funds left when the grant period ends. At least three grantees indicated that they might seek more CalHFA funds if available. None responded that they expect to have funds left over.

Staff recommends reallocating the \$216,594 from Public Counsel. With about 16 months left in the grant period, there is sufficient time and interest to justify a reallocation. The CalHFA Homeowner Relief Corporation has also expressed support for reallocating these dollars.⁴ In determining whether to reallocate, the Committee should consider the amount of funds available, time left in the grant period, and ability of grantees to absorb more funds, among other factors.

Staff further recommends that the Committee seek authority to reallocate on behalf of the LSTFC. The total number of grantees—11 providers—and current amount for and interest in a reallocation support a streamlined process. Any reallocation of CalHFA grant funds would be to existing CalHFA grantees only. Additionally, staff would recommend to the Committee a reallocation for it to consider via formula and/or competitive criteria.

¹ See the U.S. Department of the Treasury, “Homeowner Assistance Fund Guidance,” dated June 12, 2023, available at home.treasury.gov/system/files/136/HAF-Guidance.pdf (accessed February 22, 2024).

² The LSTFC’s resolution reads:

RESOLVED, that the Legal Services Trust Fund Commission (commission) approves the timeline for the 2022-2024 [sic] CalHFA foreclosure prevention legal assistance grants, as outlined in the March 11, 2022, memorandum; and it is

FURTHER RESOLVED, that the commission delegates authority to the Executive Committee to approve the Request for Proposals, including scoring rubric, for the 2022-24 [sic] CalHFA foreclosure prevention legal assistance grants and delegates authority to the Executive Committee to consider and approve the award determinations.

³ Public Counsel reduced its grant from \$1,190,000 to \$973,406. It has stated that it can still meet its deliverables with the lower amount.

⁴ The CalHFA Homeowner Relief Corporation and State Bar must amend their contract to permit this.

CONCLUSION

Reallocating the \$216,594 from Public Counsel would promote the full spend down of CalHFA grant dollars on permissible work. Delegating authority to the Committee to reallocate these—and potentially future—CalHFA grant funds would help protect the time left for grantees to spend any additional dollars by June 30, 2025.

RECOMMENDATION

Should the Committee concur in the proposed action, passage of the following resolution is recommended:

RESOLVED, that the Legal Services Trust Fund Commission (LSTFC) Executive Committee (Committee) recommends to the LSTFC that it delegate to the Committee authority to reallocate any California Housing Finance Agency Foreclosure Prevention Grant funds that are currently available and that might become available later.