



# The State Bar of California

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## **OPEN SESSION**

## **AGENDA ITEM**

**MAY 2024**

## **LEGAL SERVICES TRUST FUND COMMISSION (LSTFC) EXECUTIVE COMMITTEE 4.2**

**DATE:** May 23, 2024

**TO:** Members, LSTFC Executive Committee

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

**SUBJECT:** Approve California Housing Finance Agency Foreclosure Prevention (CalHFA) Grant Reallocations

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### **EXECUTIVE SUMMARY**

The LSTFC Executive Committee (Committee) approved 11 CalHFA grants, totaling \$11,040,000, on June 13, 2022. Since then, one grantee voluntarily relinquished \$216,594 of its award. Those funds, as well as up to \$200,000 in funds for the State Bar to administer these grants, are now available to reallocate to existing CalHFA grantees. On March 29, 2024, the LSTFC delegated to the Committee authority to reallocate any CalHFA grant funds that are available.<sup>1</sup> Following a process for CalHFA grantees to request additional funds, this memo recommends a reallocation for the Committee's meeting on May 23, 2024.

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### **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,

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<sup>1</sup> On March 29, 2024, the LSTFC passed the following resolution: "RESOLVED, that the Legal Services Trust Fund Commission (LSTFC) delegates to the LSTFC Executive Committee authority to reallocate any California Housing Finance Agency Foreclosure Prevention Grant funds that are currently available and that might become available later."

2020.”<sup>2</sup> On March 11, 2022, the LSTFC delegated to the Committee authority to make CalHFA awards.<sup>3</sup> 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 that period, one grantee voluntarily reduced its award by \$216,594.<sup>4</sup> To consolidate reallocations if other grantees relinquished funds later, State Bar staff (staff) recommended that the LSTFC wait to reallocate this \$216,594. Since then, staff has identified an additional \$200,000 that is available to reallocate. These are funds that the State Bar received to administer the CalHFA grants but that staff anticipates it might not need. The total available to reallocate is therefore now \$416,594.

On March 29, 2024, the LSTFC delegated to the Committee authority to reallocate any CalHFA grant funds that are available. Reallocated funds will be subject to the same requirements as original CalHFA grant dollars including a spend-down date of June 30, 2025.

## DISCUSSION

Staff invited all current CalHFA grantees to seek additional funds to support their approved CalHFA grant projects. Four of the eleven grantees—three qualified legal services projects (QLSPs) and one support center—applied for more funding. Together, they requested \$335,810 of the \$416,594 available:

**Table 1. CalHFA Grantee Requests for Additional Funds**

CalHFA grantee	QLSP or support center	Original award (for reference)	Request
California Rural Legal Assistance, Inc.	QLSP	\$1,900,000	<b>\$87,810</b>
Housing and Economic Rights Advocates	QLSP	\$2,000,000	<b>\$128,000</b>
Legal Assistance to the Elderly	QLSP	\$900,000	<b>\$45,000</b>
National Housing Law Project	Support center	\$750,000	<b>\$75,000</b>
<b>Total</b>			<b>\$335,810</b>

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<sup>2</sup> 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](https://home.treasury.gov/system/files/136/HAF-Guidance.pdf) (accessed May 15, 2024).

<sup>3</sup> The LSTFC’s resolution states: “...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.”

<sup>4</sup> Public Counsel reduced its grant from \$1,190,000 to \$973,406. It stated that it could still meet its deliverables with the lower amount.

All requests included a reallocation budget detailing how the grantee would spend the additional funds in relation to their original, approved project budget. The applicants also described:

- How the funds would sustain or increase their approved project's services.
- Any additional geographic areas and/or communities (e.g., tribal communities and socially disadvantaged communities) they would serve with the additional funding.
- Their CalHFA grant project's progress to date.

Given that the funds available to reallocate exceed the sum of grantees' requests, staff reviewed all requests for reasonableness. Staff evaluated, among other factors: The size of requests, proposed additional activities/staffing, updated personnel and program cost ratios, and each project's progress so far.

For each request, most of the additional funds would pay for level or increased attorney time on the approved project. Three of the four grantees would use the funds to increase their quantity or scope of work. For one grantee, Legal Assistance to the Elderly, the additional funds are necessary to meet their current deliverables. Attachment A contains more information about each grantee's request.

Staff found all four requests to be reasonable in their justifications and proposed uses. To promote the full spend down of CalHFA grant funds on approved work, staff recommends that each applicant receive the amount that it requested:

**Table 2. Recommendations for CalHFA Grant Reallocations**

<b>Grantee</b>	<b>Request</b>	<b>Recommendation</b>
California Rural Legal Assistance, Inc.	\$87,810	<b>\$87,810</b>
Housing and Economic Rights Advocates	\$128,000	<b>\$128,000</b>
Legal Assistance to the Elderly	\$45,000	<b>\$45,000</b>
National Housing Law Project	\$75,000	<b>\$75,000</b>
<b>Total</b>	<b>\$335,810</b>	<b>\$335,810</b>

## CONCLUSION

Reallocating this \$335,810 would support and/or expand these CalHFA grantees' qualifying legal services for low-income homeowners in California. Given the amount of funds available and reasonableness of grantee requests, staff recommends providing each reallocation applicant the amount that it seeks.

## **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, acting on its delegated authority, approves the California Housing Finance Agency Foreclosure Prevention Grant reallocations described herein, including Attachment A.

## **ATTACHMENT**

- A. CalHFA Grant Reallocation Profile Sheets

## CalHFA Grant Reallocation Profile Sheets

CalHFA grantee	California Rural Legal Assistance, Inc.		
Project name	Stabilizing Rural Homeownership Project		
Original award (for reference)	\$1,900,000	Additional amount requested	\$87,810
Original project abstract (for reference)	California Rural Legal Assistance, Inc. (CRLA) will leverage its years of experience and deep expertise in foreclosure prevention to expand existing efforts into a housing stabilization service model. In addition to providing traditional foreclosure intervention services for distressed homeowners to address the immediate problem and prevent loss of homes and home equity, CRLA will add critical ancillary legal services to preserve or obtain public benefits, recover wages illegally withheld, and prevent consumer debt and avoid bankruptcy. These additional legal services for homeowners in jeopardy of losing their homes will address upstream financial stressors and improve longer-term housing stability.		
Describe how your CalHFA grant services/deliverables would be sustained and/or would change (if at all) if you received the additional amount that you requested. Be sure to specify any increase in deliverables.	The requested reallocated funds represent a 4.6% increase from the project's current award of \$1,900,000. The reallocation of these funds would help CRLA cover project personnel costs and sustain, enhance, and slightly increase casework. Because this project's original budget was developed years ago, employee wages have substantially increased in accordance with inflation and CRLA's current collective bargaining agreement. The original budget line item for two Rural Justice Unit Home-Retention Specialist Attorneys was therefore lower than the current wages for these positions. The requested reallocation will allow CRLA to cover the increased costs of these wages with CalHFA dollars, reflecting the actual costs of the employees working on this project to prevent homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacement due to financial hardship. The requested funds will allow CRLA to increase the total casework goal by 20 and devote more time to other CalHFA cases, potentially resulting in higher levels of service.		
Describe your CalHFA grant project's progress to date.	As of the most recent quarterly report, CRLA has closed a total of 301 CalHFA cases over the grant period from July 1, 2022 through March 31, 2024. As more cases have been closed since March 31 and many more cases are open, CRLA is on track to meet the approved casework deliverable of 560 cases closed over the full grant period. CRLA has slightly exceeded the target of 60% of cases resolved to the benefit of the homeowner. CRLA has prevented, ended, or obtained relief from unfair or illegal behavior, or otherwise enforced homeowners' rights and obtained remedies related to their housing and prevented foreclosure and housing loss (among other positive outcomes). CRLA has also reached hundreds of community members with information about foreclosure and home retention, the California Mortgage Relief Program, and other relevant topics.		

## CalHFA Grant Reallocation Profile Sheets

CalHFA grantee	California Rural Legal Assistance, Inc.
Describe any additional areas (e.g., cities or counties) and/or communities...that you would serve with this additional funding.	The project offers services throughout CRLA's service area of more than 20 counties across the state. The requested additional funding will help CRLA continue to help more rural homeowners including residents of socially disadvantaged communities prevent mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacement due to financial hardship. So far, 80% of homeowners served have been residents of disadvantaged communities.

## CalHFA Grant Reallocation Profile Sheets

CalHFA grantee	Housing and Economic Rights Advocates		
Project name	Cal Foreclosure Prevention Project - HERA		
Original award (for reference)	\$2,000,000	Additional amount requested	\$128,000
Original project abstract (for reference)	<p>Housing and Economic Rights Advocates proposes over the course of three years to serve 900 vulnerable, eligible California homeowners living in highest and/or high homeowner vulnerability locations per the UCLA Owner Vulnerability Index (OVI). Our services will include legal services to prevent foreclosure, address successor in interest issues including proactive estate planning, as well as reverse mortgage concerns, PACE program abuses, property charge issues (HOA, property taxes, et cetera), loan modification counsel and assistance, litigation to address servicer, PACE and other abuses, legal services to address consumer debt and credit issues affecting the ability to keep the family home, and outreach and education related to these issues. HERA outreach will focus on the top 20 locations statewide that rank the highest in terms of the OVI.</p>		
Describe how your CalHFA grant services/deliverables would be sustained and/or would change (if at all) if you received the additional amount that you requested. Be sure to specify any increase in deliverables.	<p>HERA had originally requested \$2,400,000 to serve 900 eligible residents one-on-one. We were awarded \$2,000,000, 83% of our request, so we scaled back deliverables proportionately to 748 eligible California residents who meet the parameters of this grant project. As of March 31, 2024, (Q7 of the project) HERA has served 370 residents under this grant one-on-one. Based on Year Two quarterly data, HERA's final number served for Year Two will likely be around 430. When added to the 182 served in Year One, that brings the likely total through the end of Year Two to 612. With additional funds requested, HERA proposes to serve a grand total of 822 eligible residents one-on-one under this grant - an increase of 74 residents above the current 748 target number.</p>		
Describe your CalHFA grant project's progress to date.	<p>HERA had originally requested \$2,400,000 to serve 900 eligible residents one-on-one. We were awarded \$2,000,000, 83% of our request, so we scaled back deliverables proportionately to 748 eligible California residents who meet the parameters of this grant project. As of March 31, 2024, (Q7 of the project) HERA has served 370 residents under this grant one-on-one. Based on Year Two quarterly data, HERA's final number served for Year Two will likely be around 430. When added to the 182 served in Year One, that brings the likely total through the end of Year Two to 612. With additional funds requested, HERA proposes to serve a grand total of 822 eligible residents one-on-one under this grant - an increase of 74 residents above the current 748 target number.</p>		
Describe any additional areas (e.g., cities or counties) and/or communities....that you would serve with this add. funding.	<p>HERA proposes to stay focused on the Highest OVI locations in our very large state, with a particular focus on the top 20 highest OVI locations, and to also serve eligible residents from High OVI locations in our state.</p>		

## CalHFA Grant Reallocation Profile Sheets

CalHFA grantee	<b>Legal Assistance to the Elderly</b>		
Project name	Foreclosure Prevention for Seniors and Adults with Disabilities		
Original award (for reference)	\$900,000	<b>Additional amount requested</b>	<b>\$45,000</b>
Original project abstract (for reference)	<p>This project will address the needs of seniors and adults with disabilities at risk of foreclosure in San Francisco. We will reach clients who reside in Qualified Census Tracts (QCTs) by making use of our robust network of legal aid and community-based organizations to reach those most affected by the economic ramifications of the COVID-19 pandemic, including BIPOC and low-income community members and families. In these QCT neighborhoods we will also represent non-disabled adults with incomes below 150% of AMI, prioritizing those who have a senior or disabled adult in the home. Our goal is to keep families and communities together and preserve our City's neighborhoods.</p>		
Describe how your CalHFA grant services/deliverables would be sustained and/or would change (if at all) if you received the additional amount that you requested. Be sure to specify any increase in deliverables.	<p>With this extra funding we would be able to increase attorney staffing for the last year of the grant. Our deliverables would not change as when we originally set the deliverables for this new area of law for us we underestimated how complex and therefore time-consuming these foreclosure cases would be. This increased staffing would allow us to get closer to making our proposed deliverables.</p>		
Describe your CalHFA grant project's progress to date.	<p>Our proposed deliverables included 25 full-scope Foreclosure Prevention, Consumer Debt Defense, and Financial Elder Abuse Prevention, 20 Brief Service, 20 Advice/Close and 10 Estate Planning. As mentioned above, the full-scope cases have proven to be much more complex and therefore time-consuming and some of them have not closed since the grant began, so we haven't been able to report them since we only report closed cases. That said, this Fiscal Year we are at 45/75 cases closed, but many of those include End of Life Planning for seniors who are house rich but cash poor and proper estate planning means they are protected from predatory financial endeavors from both family members and outside influence.</p>		
Describe any additional areas (e.g., cities or counties) and/or communities...that you would serve with this additional funding.	<p>We would not be expanding the program in this way with the additional funding.</p>		



## CalHFA Grant Reallocation Profile Sheets

CalHFA grantee	<b>National Housing Law Project</b>		
Project name	NHLP Foreclosure Prevention Project		
Original award (for reference)	\$750,000	Additional amount requested	<b>\$75,000</b>
Original project abstract (for reference)	<p>NHLP will increase the capacity of legal services organizations and housing counselors to assist low-income homeowners that are at risk of home loss or displacement. NHLP will provide advocates with trainings, publications, technical assistance and litigation support on loss mitigation, the Homeowner Assistance Fund, predatory lending and real estate scams. Drawing on deep expertise in homeownership preservation and foreclosure prevention, NHLP will train advocates on strategies to reach the most vulnerable and disadvantaged homeowners, and on how to access the programs and tools that can preserve homeownership and stabilize communities.</p>		
Describe how your CalHFA grant services/deliverables would be sustained and/or would change (if at all) if you received the additional amount that you requested. Be sure to specify any increase in deliverables.	<p>As the CA Mortgage Relief Program has closed to new applicants, we would apply this additional funding toward capturing lessons learned. Funding coming to CA from the Inflation Reduction Act and other federal stimulus programs around energy efficiency for homes creates potential for low income homeowners but also stress around predatory lending risk. If awarded these funds, NHLP will spend additional time on program evaluation and design and training lawyers on how to navigate the rollout of these programs.</p>		
Describe your CalHFA grant project's progress to date.	<p>NHLP has played a central role in the rollout of the CA Mortgage Relief program, with deep involvement as the primary conduit between legal aid and CalHFA to facilitate the success of the program. We have delivered significant TA and training to legal aid related to this program and continue to be the preeminent support center on lending and foreclosure issues in CA.</p>		
Describe any additional areas (e.g., cities or counties) and/or communities...that you would serve with this additional funding.	N/A - we already serve statewide.		