OREGON

HOMEOWNER ASSISTANCE FUND PLAN

U.S. DEPARTMENT OF THE TREASURY SUBMISSION

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I.OVERVIEW

The economic implications of the COVID-19 pandemic have reached far and wide, causing a significant negative impact to Oregon homeowners throughout the state. According to March 2021 Corelogic data, about 2.49% of Oregon homeowners were 90+ days delinquent (14,225 loans) and about 0.11% were in foreclosure (628 loans). The foreclosure figures may be artificially low because the Oregon legislature enacted a foreclosure moratorium to protect Oregon homeowners during the pandemic. This moratorium is currently set to expire on December 31, 2021. At the same time, the Cares Act allowed many impacted homeowners to enter a pandemic forbearance, pausing their monthly mortgage loan payments for one year or more. Many of the federal pandemic foreclosure and forbearance protections will also end in 2021. At that time homeowners will be required to reinstate their mortgages or pursue other loss mitigation options to avoid foreclosure and displacement. Information and assistance within our communities is drastically needed to help homeowners navigate these complex processes while in or emerging from this crisis.

The Homeowner Assistance Fund (HAF) is one option to assist homeowners facing financial hardship. On March 11, 2021, President Biden signed into law the American Rescue Plan Act (ARPA), setting aside a total of $1.9 trillion in federal funding in response to the coronavirus pandemic and its impacts on Americans, local jurisdictions, businesses, and the US economy. Section 3206 of the ARPA established the HAF and allocated approximately $9.9 billion in federal funding to states, territories, and tribal governments to assist low- and moderate-income homeowners who have experienced a financial hardship associated with the coronavirus pandemic. The State of Oregon will receive $90,937,920 from the HAF. Oregon Housing and Community Services (OHCS) has been designated as the entity to administer those funds.

HAF was established to prevent homeowner displacement, foreclosure, mortgage delinquencies, defaults, and loss of utilities or home energy services. The United States Department of the Treasury (Treasury) published HAF Guidance on April 14, 2021, which was updated on August 2, 2021 and may be found at: https://home.treasury.gov/system/files/136/HAF-Guidance.pdf. This guidance requires Oregon to complete a data-driven needs analysis, informed by stakeholder and public feedback, to develop responsive assistance programs and performance goals that will be submitted for Treasury review and approval as a "HAF Plan." This document and the program terms attached as appendices are OHCS' HAF Plan. This plan proposes two initial relief programs aimed at avoiding foreclosure and displacement of low- and moderate-income Oregonians. OHCS believes the attached Mortgage Reinstatement Program and the Forward Payment Assistance Program will best address the needs of Oregon homeowners and achieve the goals set forth in ARPA and the Treasury Guidance.

Treasury's mandate to use the HAF programs to prevent homeowner delinquencies, foreclosures, loss of services, and displacement falls squarely within OHCS' mission to provide stable and affordable housing so that Oregonians may live free from poverty and pursue prosperity. The ARPA and Treasury requirements for engagement, public participation, and consideration of equity are in line with OHCS' core values and desire to "put the people we serve front and center to ensure equitable outcomes." The initiative also presents a mission opportunity to engage and collaborate with state and local leaders to develop a permanent program to support Oregon homeowners and homeownership through future individual or economy-wide crises and hardships.

The HAF programs will further the goals of Oregon's Statewide Housing Plan (SWHP). The programs will further the SWHP Equity and Racial Justice Priority by meaningfully engaging culturally specific and responsive organizations and their constituents, designing support programs free from barriers, filling OHCS data gaps, preventing further displacement, increasing access to housing resources, and directly preserving and fostering asset building for communities of color. Throughout this plan these communities are referred to as "Socially Disadvantaged Individuals" (SDI). Under ARPA and the Treasury guidance, this term is defined for HAF to mean:

> Socially disadvantaged individuals are those whose ability to purchase or own a home has been impaired due to diminished access to credit on reasonable terms as compared to others in comparable economic circumstances, based on disparities in homeownership rates in the HAF participant's jurisdiction as documented by the U.S. Census. The impairment must stem from circumstances beyond their control. Indicators of impairment under this definition may include being a (1) member of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society, (2) resident of a majority-minority Census tract; (3) individual with limited English proficiency; (4) resident of a U.S. territory, Indian reservation, or Hawaiian Home Land, or (5) individual who lives in a persistent-poverty county, meaning any county that has had 20% or more of its population living in poverty over the past 30 years as measured by the three most recent decennial censuses. In addition, an individual may be determined to be a socially disadvantaged individual in accordance with a process developed by a HAF participant for determining whether a homeowner is a socially disadvantaged individual in accordance with applicable law, which may reasonably rely on self-attestations.

While other terms exist for communities that have been systematically excluded or traditionally underrepresented, this plan will use SDI for consistency with Treasury guidance. In furtherance of Treasury guidance and the SWHP Equity and Racial Justice Priority, additional information on SDI homeowners is specifically included throughout this plan.

These HAF programs will also support the Homeownership and the Rural Communities Priorities of the SWHP. The former by expanding and better coordinating financial tools and other programs to support low- and moderate-income homeowners to stay in their homes, perhaps with permanent support programs remaining after the Treasury's HAF term ends. And the latter by helping to preserve and revitalize rural community housing stock, supporting families that may experience disproportionate economic hardship or housing burdens, and by building an additional bridge to rural local governments, partners, and lenders.

The HAF programs come at a critical time for Oregon homeowners. OHCS is balancing its obligations for planning under the Treasury guidance with the need to move quickly, to supplement other federal, state, and mortgage servicer relief that may be available to help homeowners reinstate their mortgages and avoid foreclosure. This plan contains the Oregon homeowner needs analysis, reviews our engagement, discusses our prioritization and outreach plans, describes how Oregon's programs deviate from Treasury guidance, and addresses some administrative topics before laying out our initial program terms in the appendices.

II. OREGON HOMEOWNER NEEDS ANALYSIS

Needs Analysis Overview

This needs analysis provides a statewide overview of current data relating to homeowner demographics, the mortgage landscape in Oregon, and housing cost burden for homeowners. The data presented in this analysis only tells a small part of the story of Oregon homeowners and their needs as it relates to hardship due to the pandemic. While this data will be analyzed at the state level, the HAF program must be designed to reflect regional variation and aim to meet the unique needs of different geographies.

This analysis uses data from the American Community Survey (ACS) 2015-2019, Corelogic Market Trends, the CHAS 2013-2017, Atlanta Fed, and other research reports done during the pandemic. Most of the data can generally be disaggregated by county, race, income, and cost burden. However, Oregon data on individual mortgages cannot to be disaggregated by race, income, or other factors of SDI groups. OHCS disaggregates data based on race, ethnicity, gender, geography, education, and other factors, when possible, to demonstrate the needs of those groups that have been traditionally excluded from homeownership opportunities and wealth generation, particularly communities of color, LGTBQIA persons, and women. While this level of detail is not always available, it demonstrates that there is always a large gap in the data used to make decisions and that additional, more inclusive methods of data collection, specifically qualitative data collection, should be incorporated into any further analysis.

Mortgage Landscape in Oregon

DELINQUENCIES

Delinquency occurs when a borrower misses a mortgage payment. Delinquencies for this report refer to missed payments over 90+ days. Oregon has seen a rise in the rate of mortgage delinquencies, which rose from 0.84% to 2.65% over the course of the pandemic from January 2020 to February

2021. This increase of 11,460 delinquencies represents a growth rate of 333% (Figure 1). The rate of delinquencies varies from county to county, but all counties saw an increase during the pandemic. The following counties experienced delinquencies at a higher rate than the state average: Multnomah, Lincoln, Yamhill, Umatilla, Sherman, Malheur, Lake, Klamath, Josephine, Columbia, Douglas, and Jackson. These counties cover urban, rural, coastal, Eastern, Southern, and Central Oregon, which shows that homeowners across the state are struggling to pay their mortgage. The delinquency data indicates the need for a statewide mortgage reinstatement program.

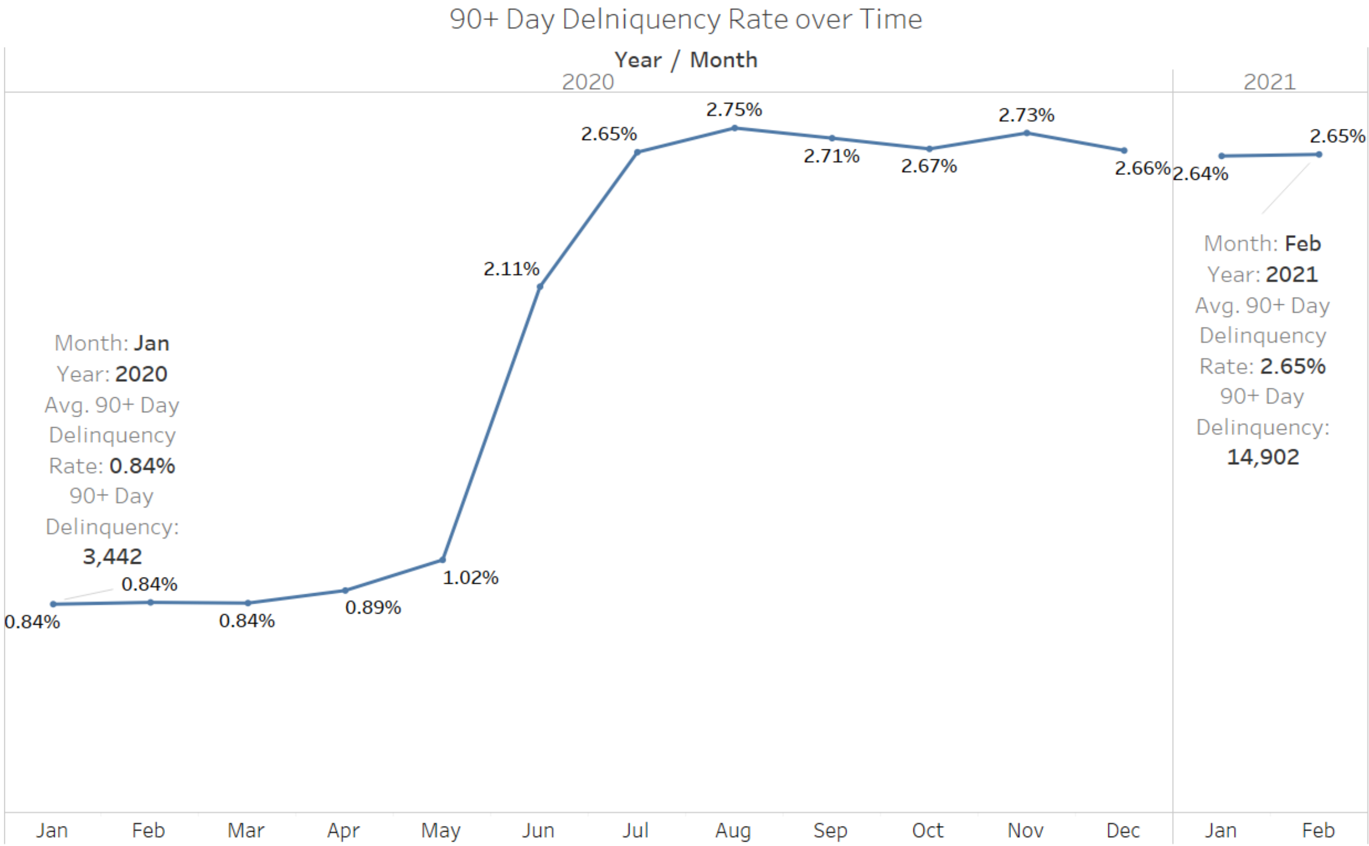

Figure 1. Average Rate of 90+ Day Delinquencies in Oregon from January 2020 – February 2021. Data shows the proportion of mortgages that have been delinquent for more than 90 days at the specific point in time at the state level. Mortgages that are delinquent carry over month to month. Data comes from Corelogic Market Trends dataset.

FORBEARANCE

Many homeowners have entered forbearance plans or other loss mitigation strategies during the pandemic. Forbearance allows homeowners who are struggling to make partial mortgage payments or defer payments while interest continues to accrue. Nationally, 2.4 million mortgages are in forbearance without payment, so we can infer that this may be the case for mortgages still in forbearance in Oregon (JCHS, 2021). The average rate of forbearance peaked in June 2020 and has been declining since then (Figure 2). This is likely due to many mortgages exiting forbearance with payment plans, mortgages being brought current (reinstatement), or mortgages getting paid off (JCHS, 2021). Some homeowners in forbearance may be unable to reinstate their mortgages or resume their monthly payments after exiting forbearance. The HAF mortgage reinstatement and forward payment assistance plans could help these at-risk homeowners.

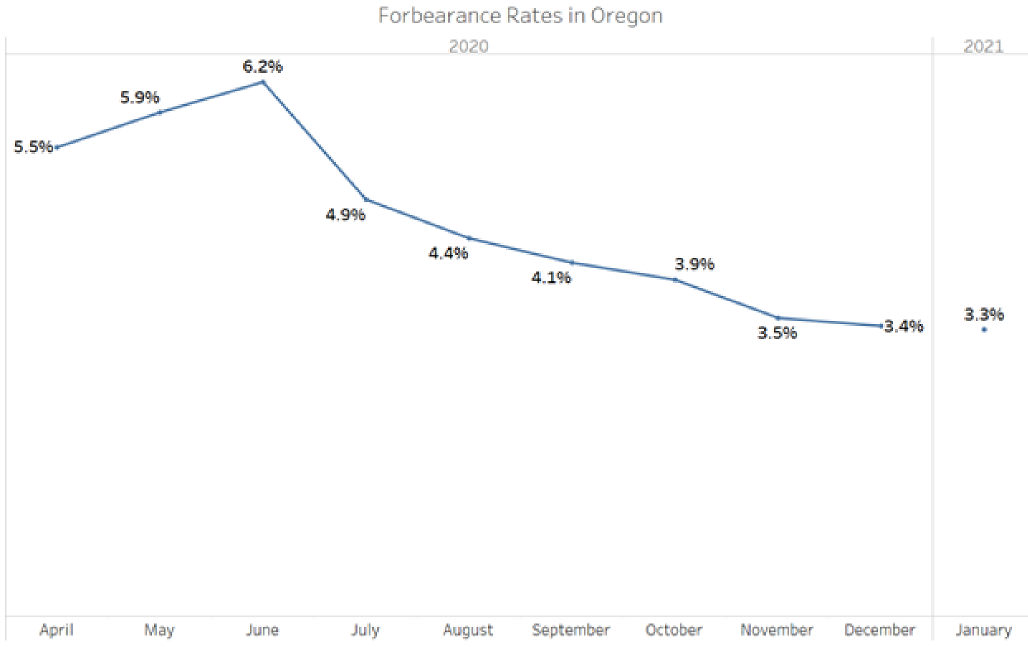

Figure 2. Average Forbearance Rates in Oregon. Data shows the proportion of mortgages that are in forbearance during the pandemic at the state level. Data spans from April 2020 – Jan 2021. Data comes from the Data comes from the Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag), U.S. Census Bureau 2017 FIPS Codes.

FORECLOSURES

When borrowers cannot reinstate their mortgages and are delinquent, their loans are referred to foreclosure. In this step, the bank forces the sale of the home, either judicially or non-judicially through a trustee's sale, to recoup the mortgage debt. The foreclosure rate in Oregon has declined during the pandemic from January 2020 to February 2021 (Figure 3). This is likely due to federal protections, such as pandemic forbearance, foreclosure prevention, and new loss mitigation options, and Oregon's statewide foreclosure moratorium, which will expire December 31, 2021. While the moratoria have slowed the rate of foreclosures, there are more than 600 homeowners currently in the process of foreclosure (Figure 3) and once the moratoria end, Oregon will likely experience an increase in the number and rate of foreclosures. Given the current timelines and strong federal reinstatement and loss mitigation rules and options, Oregon believes that most homeowners will have far better protections and options than those available during the Great Recession. For homeowners that may not qualify for these other protections and options, OHCS hopes that its HAF programs will help those homeowners avoid foreclosure. As described later, OHCS plans to prioritize homeowners most at risk of foreclosure in its HAF programs.

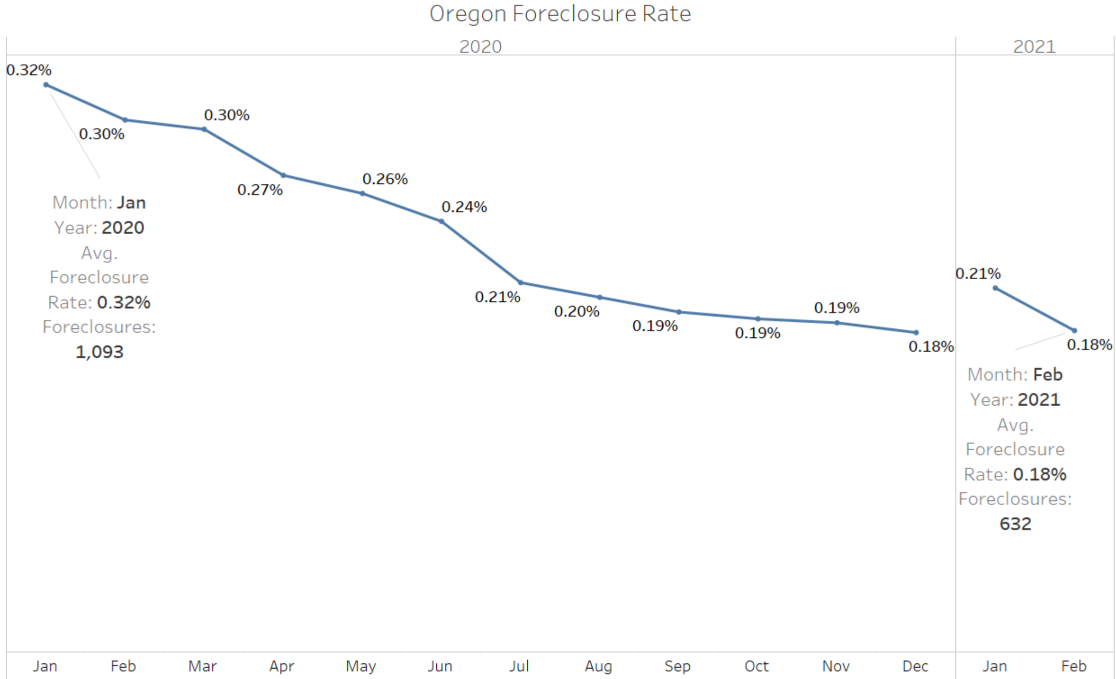

Figure 3. Average Foreclosure Rates during the Pandemic. Data shows the proportion of mortgages that have entered foreclosure over the pandemic at the state level. Data spans from January 2020-February 2021. Data comes from the Corelogic Market Trends dataset.

Demographics of Oregon Homeowners

A recent OHCS Regional Housing Needs Analysis revealed a significant shortage of affordable and available housing as well as stark inequities in access to housing. There is not a large enough supply of low-income housing to meet the needs of Oregon residents, which highlights the need for programs focused on housing stability during the pandemic.

In Oregon, the homeownership gap in race and ethnicity is extreme. As the table below shows, 85% of homeowners in Oregon identify as White non-Hispanic, with the remaining percentages in the low single digits or even less than one percent. Non-Asian people of color are less likely to own homes in Oregon: only 29% of Pacific Islanders, 39% of Black or African Americans, 53% of other races, and 59% American Indians or Alaska Natives, compared to the rate of 67% for white Oregonians (OHCS, 2021). To reconcile this data, while 67% of white Oregonians own homes (a number equivalent to 85% of all Oregon homeowners), only 39% of Oregon's Black or African American population owns a home (equivalent to 0.89% of all Oregon homeowners). In Oregon, this difference can be traced to the systematic exclusion of Black or African American populations from homeownership.

Race		
American Indian or Alaska Native Alone	7,467	0.73%
Asian Alone	36,409	3.55%
Black or African American Alone	9,161	0.89%
Hispanic or Latino	59,229	5.78%
Native Hawaiian and Other Pacific Islander Alone	1,536	0.15%
Some Other Race Alone	14,010	1.37%
Two or More Races	25,078	2.45%
White Alone, Not Hispanic or Latino	871,303	85.07%

Table 1. Demographics of Oregon Homeowners. Data represents the proportion of homeowners who identify as a specific race. Data is at the state level. "Alone" indicates respondent selected "non-Hispanic" as their ethnicity. The data come from the American Community Survey 5-year estimates 2015-2019 table B25003A-I.

Due to both the lack of affordable housing for low-income Oregonians and these large disparities in homeownership, it is crucial that the HAF program prioritize low-income Oregonians and communities of color. Further emphasizing this need, communities of color are more likely to have experienced hardship due to the pandemic (JHCS, 2021).

Geographic Distribution of Homeowners

This section describes the distribution of homeowners of different racial backgrounds across the state. The state is divided into 12 regions: Metro, North Coast, Mid-Willamette Valley, South Willamette Valley, South Coast, Southern Oregon, North Central Oregon, Central Oregon, South Central Oregon, East Central, Northeast, and Eastern Oregon. The following highlights the proportion of homeowners of a given racial group that live within the region, as well as the proportion of homeowners in that region.

% of Total Estimate: 0.00% – 82.41%

Region	American Indian or Alaska Native Alone	Asian Alone	Black or African American Alone	Hispanic or Latino	Native Hawaiian and Other Pacific Islander Alone	Some Other Race Alone	Two or More Races	White Alone, Not Hispanic or Latino
Central Oregon	11.32%	0.98%	0.86%	4.15%	3.32%	4.35%	4.81%	6.58%
East-Central	5.45%	0.40%	0.38%	6.12%	0.39%	5.18%	2.21%	1.96%
Eastern Oregon	0.96%	0.34%	0.08%	2.31%	0.00%	0.86%	1.10%	1.02%
Metro	30.45%	82.41%	79.77%	39.84%	55.01%	41.69%	42.96%	40.37%
Mid-Willamette Valley	10.81%	4.33%	5.55%	21.24%	19.27%	25.12%	11.30%	11.40%
North Coast	1.66%	0.71%	0.88%	1.45%	1.82%	0.96%	3.37%	3.44%
North-Central	2.57%	0.35%	0.33%	2.05%	0.72%	2.01%	0.85%	1.26%
Northeast	1.22%	0.13%	0.43%	0.64%	0.85%	0.58%	0.67%	1.53%
South Coast	9.25%	1.19%	1.22%	2.83%	2.41%	1.25%	7.57%	5.93%
South Willamette Valley	13.82%	7.04%	8.23%	8.91%	9.51%	12.28%	16.53%	16.18%
South-Central	5.57%	0.44%	0.34%	2.16%	0.52%	1.70%	2.09%	2.05%
Southern Oregon	6.91%	1.68%	1.93%	8.31%	6.18%	4.03%	6.55%	8.27%

Table 2. Homeowner Demographics by Region. Data represents the proportion of homeowners within a racial group that reside in a specific region. For example, 0.98% of all Asian homeowners live in the Central Oregon region. "Alone" indicates respondent selected "non-Hispanic" as their ethnicity. The data come from the American Community Survey 5-year estimates 2015-2019 table B25003A-I.

Proportion of Homeowners in each Region

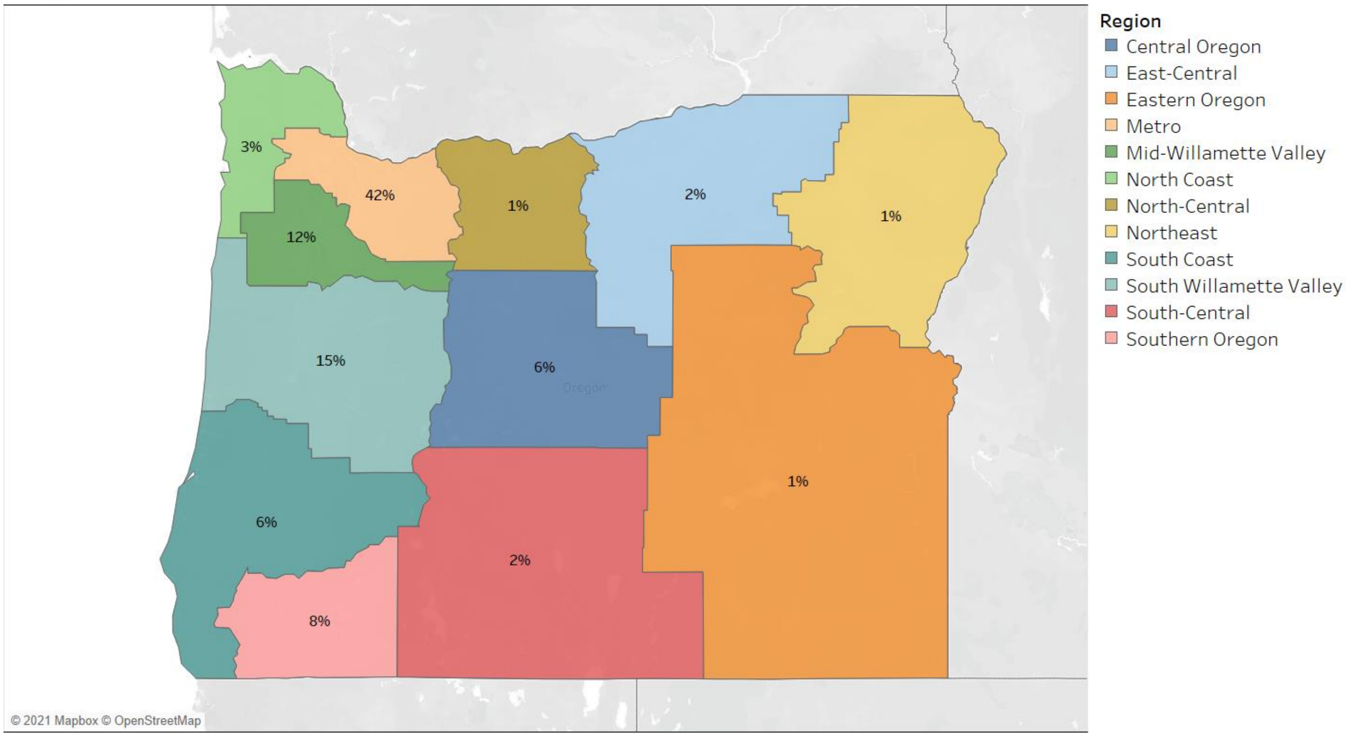

Figure 4. Map of the Distribution of Homeowners across Oregon Regions. This map represents the proportion of total homeowners that live in a specific region ex: 2% of all homeowners live in the South-Central region. The data come from the American Community Survey 5-year estimates 2015-2019 table B25003A-I.

The Portland Metro region (Multnomah, Clackamas, and Washington counties) represents 42% of the homeowner population (Figure 4). It has the highest density of non-White homeowners: approximately, 30% of all American Indian or Alaska Native homeowners, 82% of all Asian homeowners, 80% of all Black or African American homeowners, 40% of all Latino/a/x homeowners, 55% of all Pacific Islander homeowners, 42% of all homeowners who identified as a race other than those listed, and 43% of all homeowners belonging to more than one racial group live in this region (Table 2).

The North Coast region (Clatsop, Columbia, and Tillamook counties) is a rural region that represents 3% of the homeowner population (Figure 4). It has a some of the smallest populations of non-White homeowners: 1.66% of all American Indian or Alaska Native homeowners, 0.71% of all Asian homeowners, 0.88% of all Black or African American homeowners, 1.45% of all Latino/a/x homeowners, 1.82% of all Pacific Islander homeowners, 0.96% of all homeowners who identified as a race other than those listed, and 3.37% of all homeowners belonging to more than one racial group live in this region (Table 2).

The Mid-Willamette Valley region (Marion, Yamhill, and Polk counties) represents 12% of the homeowner population (Figure 4). This region has the second largest population of non-White homeowners**:** 10.81% of all American Indian or Alaska Native homeowners, 4.33% of all Asian homeowners, 5.55% of all Black or African American homeowners, 21.24% of all Latino/a/x homeowners, 19.27% of all Pacific Islander homeowners, 25.12% of all homeowners who identified as a race other than those listed, and 11.30% of all homeowners belonging to more than one racial group live in the area (Table 2).

The South Willamette Valley region (Lincoln, Benton, Linn, and Lane counties) represents 15% of the homeowner population (Figure 4). This is another county with a large population of non-White homeowners: 13.82% of all American Indian or Alaska Native Homeowners, 7.04% of all Asian homeowners, 8.23% of all Black or African American homeowners, 8.91% of all Latino/a/x homeowners, 9.51% of all Pacific Islander homeowners, 12.28% of all homeowners who identified as a race other than those listed, and 16.53% of all homeowners belonging to more than one racial group live in this region (Table 2).

The South Coast region (Douglas, Coos, and Curry counties) represents 6% of the homeowner population (Figure 4). The region is considered rural and has a smaller population of non-White homeowners with American Indian or Alaska Natives as the largest: 9.25% of all American Indian or Alaska Native homeowners, 1.19% of all Asian Homeowners, 1.22% of all Black or African American homeowners, 2.83% of all Latino/a/x homeowners, 2.41% of all Pacific Islander homeowners, 1.25% of all homeowners who identified as a race other than those listed, and 7.57% of all homeowners belonging to more than one racial group live in this region (Table 2).

The Southern Oregon region (Jackson and Josephine counties) represents 8% of the homeowner population (Figure 4). This region contains a smaller population of non-White homeowner with American Indian or Alaska Native, Latino/a/x and Pacific Islander homeowners being the largest non-White groups: 6.91% of all American Indian or Alaska Native homeowners, 1.68% of all Asian Homeowners, 1.93% of all Black or African American homeowners, 8.31% of all Latino/a/x homeowners, 6.18% of all Pacific Islander homeowners, 4.03% of all homeowners who identified as a race other than those listed, and 6.55% of all homeowners belonging to more than one racial group live in this region (Table 2).

The North-Central Region (Hood River, Wasco, and Sherman counties) is a rural region along the Columbia River. This region represents 1% of the homeowner population (Figure 4). It has small populations of non-White homeowners with Native American or Alaska Native being the largest non-white group due to the Warm Springs Indian Reservation being located in this region: 2.57% of all American Indian or Alaska Native homeowners, 0.35% of all Asian Homeowners, 0.33% of all Black or African American homeowners, 2.05% of all Latino/a/x homeowners, 0.72% of all Pacific Islander homeowners, 2.01% of all homeowners who identified as a race other than those listed, and 0.85% of all homeowners belonging to more than one racial group live in this region (Table 2).

The Central Oregon region (Jefferson, Crook, and Deschutes counties) is made up of rural counties with the center of population being in Bend, OR. This region represents 6% of the homeowner population (Figure 4). This region is also home to the Warm Springs Indian Reservation, so the region has a larger population of American Indian or Alaska Native homeowners. While there is a large population of Indigenous homeowners, the overall region has very small proportion of non-White homeowners: 11.32% of all American Indian or Alaska Native homeowners, 0.98% of all Asian Homeowners, 0.86% of all Black or African American homeowners, 4.15% of all Latino/a/x homeowners, 3.32% of all Pacific Islander homeowners, 4.35% of all homeowners who identified as a race other than those listed, and 4.81% of all homeowners belonging to more than one racial group live in this region (Table 2).

The South-Central Region (Klamath and Lake counties) is a rural region that represents 2% of the homeowner population (Figure 4). The Indigenous population is the largest non-White population, but overall this region does not contain many non-White homeowners: 5.57% of all American Indian or Alaska Native homeowners, 0.44% of all Asian Homeowners, 0.34% of all Black or African American homeowners, 2.16% of all Latino/a/x homeowners, 0.52% of all Pacific Islander homeowners, 1.70% of all homeowners who identified as a race other than those listed, and 2.09% of all homeowners belonging to more than one racial group live in this region (Table 2).

The East-Central region (Morrow, Gilliam, Umatilla, and Wheeler counties) is a rural region with two of the smallest population counties (Gilliam and Wheeler). This region represents 2% of the homeowner population (Figure 4) and has very small populations of non-White homeowners: 5.57% of all American Indian or Alaska Native homeowners, 0.40% of all Asian Homeowners, 0.38% of all Black or African American homeowners, 6.12% of all Latino/a/x homeowners, 0.39% of all Pacific Islander homeowners, 5.18% of all homeowners who identified as a race other than those listed, and 2.21% of all homeowners belonging to more than one racial group live in this region (Table 2).

The Northeast region (Wallowa, Baker, Union counties) is another low population rural area. It represents 1% of the homeowner population (Figure 4). This region has one of the least diverse homeowner population: 1.22% of all American Indian or Alaska Native homeowners, 0.13% of all Asian Homeowners, 0.43% of all Black or African American homeowners, 0.64% of all Latino/a/x homeowners, 0.85% of all Pacific Islander homeowners, 0.58% of all homeowners who identified as a race other than those listed, and 0.67% of all homeowners belonging to more than one racial group live in this region (Table 2).

The Eastern Oregon region (Grant, Harney, and Malheur counties) is like the Northeast region. It is also a low population rural area that represents 1% of the homeownership population (Figure 4). This region is also one of the least diverse in the state: 0.96% of all American Indian or Alaska Native homeowners, 0.34% of all Asian Homeowners, 0.08% of all Black or African American homeowners, 2.31% of all Latino/a/x homeowners, 0% of all Pacific Islander homeowners, 0.86% of all homeowners who identified as a race other than those listed, and 1.10% of all homeowners belonging to more than one racial group live in this region (Table 2).

This section shows that most of the diversity of our state is in its urban centers. Oregon's HAF program needs to aid homeowners in a way reflective of the state population, including rural populations and diverse homeowners in urban and rural areas. The HAF program will need to ensure Oregon homeowners, regardless of racial identity, are not left behind.

Economic Hardships in Oregon

Most Oregon homeowners, on average, have an income above 100% of HUD area median family income (HAMFI). However, Black or African American, American Indian or Alaska Native, Latino/a/x,and those identifying as Other are more likely to be low income. Only 53%, 58%, and 52% of Black or African American, American Indian, or Alaska Native, and Latino/a/x homeowners, respectively, are above 100% area median income. Black, Indigenous, and Latino/a/x Homeowners are more likely than any other race or ethnicity to have incomes below 80% of area median income (Figure 5). In some counties there are even wider disparities among racial groups. For example, in Multnomah County, the county with highest concentration of homeowners. Figure 6 shows that high earning homeowners are more likely to be White. Black homeowners are the most likely to earn less than 80% of area median income (44% of all Black Homeowners). All racial groups except "Other" races have incomes in Multnomah County lower than the statewide average while White homeowners have slight improvements in income (Figure 6).

Statewide Income by Race and Ethnicity

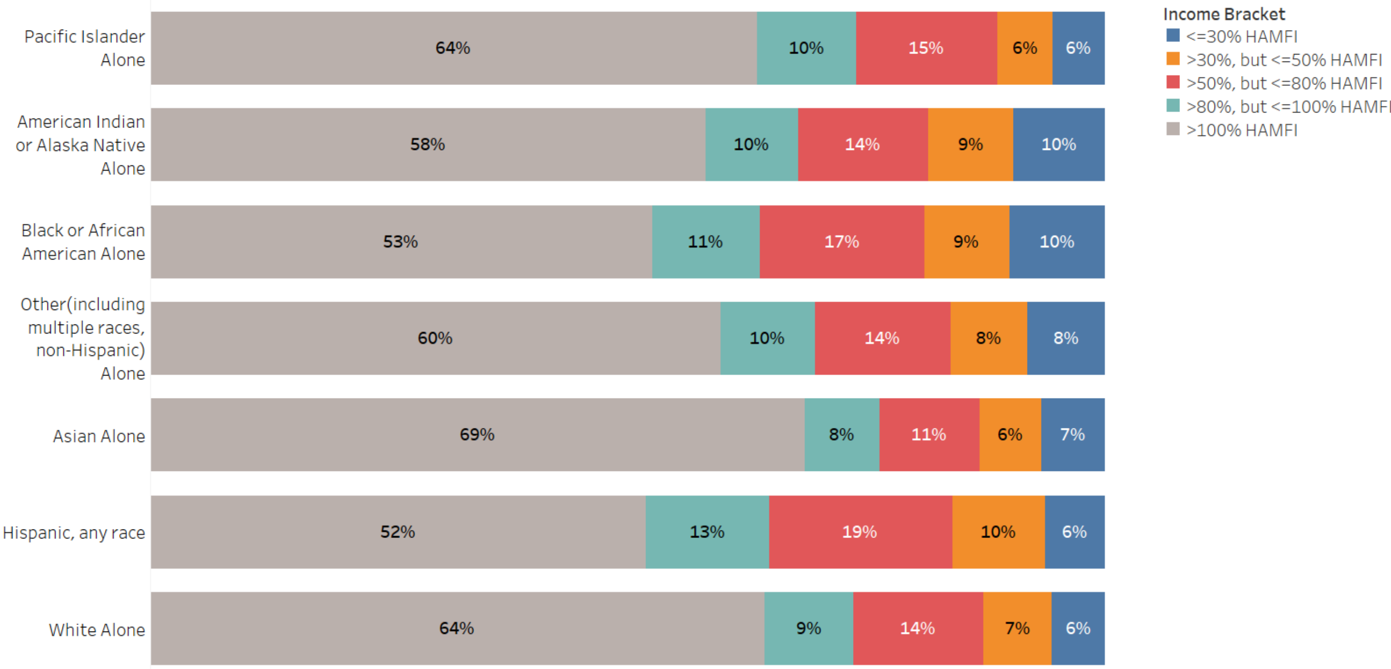

Figure 5. Statewide breakdown of income by race and ethnicity for Oregon homeowners. Graph represents average proportion of racial population at specific HUD Area Median Family Income. "Alone" indicates respondent selected "non-Hispanic" as their ethnicity. Data comes from CHAS13-17 dataset Table 1.

This data highlights the need of non-White homeowners in Oregon, especially in counties like Multnomah because they are likely to have lower incomes (Figures 5 & 6). Across the county, homeowners of color are more likely to be employed in the service industry, an industry known for low wages and one that saw major job loss during the pandemic. Nationally, Half of Latino/a/x homeowners, 43 % of Black homeowners, and 39% of Asian homeowners lost income in the first quarter of 2021. Due to the loss of income, 17% of Black homeowners, 16% of Latino/a/x homeowners, and 16% of Asian homeowners were behind on their mortgages (JCHS, 2021). Due to these factors, Oregonian homeowners of color may be more likely to be in arrears and have fewer resources available to pay off those arrears. In order to reach borrowers with the greatest need and those most at risk of foreclosure, Oregon's HAF program will need to target these low-income homeowners of color.

Figure 6. Multnomah County breakdown of income by race and ethnicity for Oregon homeowners. Graph represents average proportion of racial population at specific HUD Area Median Family Income. “Alone” indicates respondent selected “non-Hispanic” as their ethnicity. Data comes from CHAS13-17 dataset Table 1.

Cost Burden

Cost burden is an important variable within the HAF needs analysis. Understanding what communities may not have funds to deal with financial hardship will help us determine who is likely to need assistance. Cost burden is traditionally defined as paying more than 30% of one’s household income toward housing. Cost burden is divided into severely cost burdened (more than 50 % of income goes toward housing) and moderately cost burdened (greater than 30%, but less than 50% of income goes toward housing). We examined cost burden based on income and race/ethnicity. The below section will highlight the key groups that will likely need assistance from the HAF program.

On average, low-income homeowners are more likely to be cost burdened than middle- and upper-income homeowners. Homeowners who are extremely low income (at or below 30% HAMFI) are much more likely to be extremely cost burdened (73% of severely low-income homeowners) (Figure 7). Since most Extremely Low-Income homeowners are severely cost burdened, it is likely they have experienced financial hardship during the pandemic and are least equipped to deal with financial instability. Looking at the other income categories, approximately a third of Very Low Income, Low Income, and Middle-Income homeowners experience at least moderate housing cost burden (Figure 7). Homeowners experiencing any form of cost burden are likely to have less funds available to endure and recover from a financial crisis, such pandemic-related hardships. Even Middle-Income homeowners, who we traditionally view as safe from financial stress, are cost burdened at a high rate in Oregon, with 35% of Middle-Income homeowners experiencing some form of housing cost burden

(Figure 7). Oregon's HAF program will need to prioritize all income below 100% MFI, but especially those who make below 30% of the MFI.

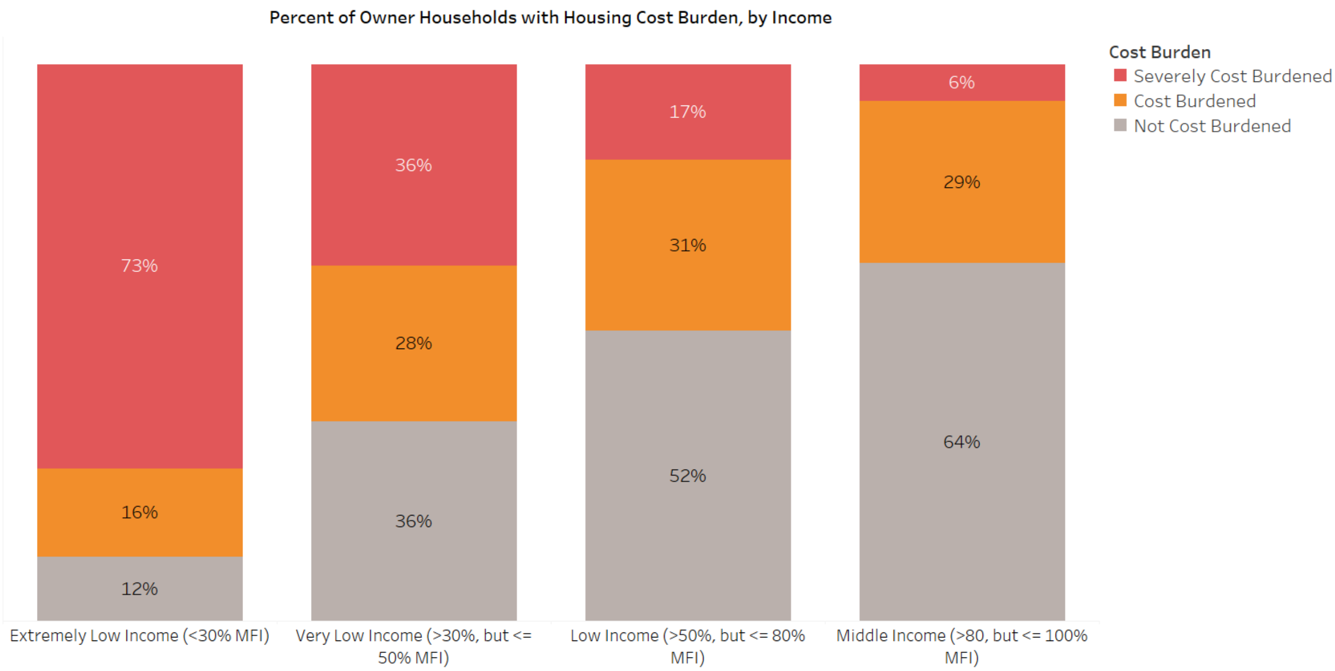

Figure 7. Proportion of Homeowners with Cost Burden by Income. Data represents statewide averages. Income groups are broken down into Extremely Low Income (<30% of HAMFI), Very Low Income (>30%, but <= 50%), Low Income (>50%, but <=80% HAMFI), and Middle Income (>80%, but <=100% HAMFI). Income is represented as HUD Area Median Family Income or HAMFI. Data comes from the CHAS 13-17 dataset Table 8.

When looking at cost burden and race, all racial groups appear similarly cost burdened except for Black and Latino/a/x homeowners. Black homeowners in Oregon are most likely to be cost burdened with 41% of Black homeowners in Oregon spending more than 30% of their income on housing (Figure 8). In addition to being cost burdened, Black Homeowners are also more likely to have income below 80% MFI. On average, 36% of Black homeowners make less than 80% of MFI in Oregon (Figure 5). Latino/a/x are the second most cost- burdened group, with 30% of Latino/a/x homeowners paying more than 30% of income on housing, Figure 8, and making less income on average (36% of Latino/a/x homeowners make below 80% MFI) (Figure 5).

This data highlights the need for assistance of historically and currently marginalized communities. Special attention should be paid to supporting Oregon's Black homeowners, since the data demonstrates that this group is at highest risk for the loss of their home or leaving homeownership. Given Oregon's history of Black exclusion laws and discriminatory housing policies, it is crucial that the HAF program prioritize high-risk non-White homeowners to ensure they can return to housing stability and build intergenerational wealth through homeownership. Oregon's HAF program will prioritize these high-risk non-White homeowners to ensure that they are able to continue to remain homeowners and can continue to build wealth.

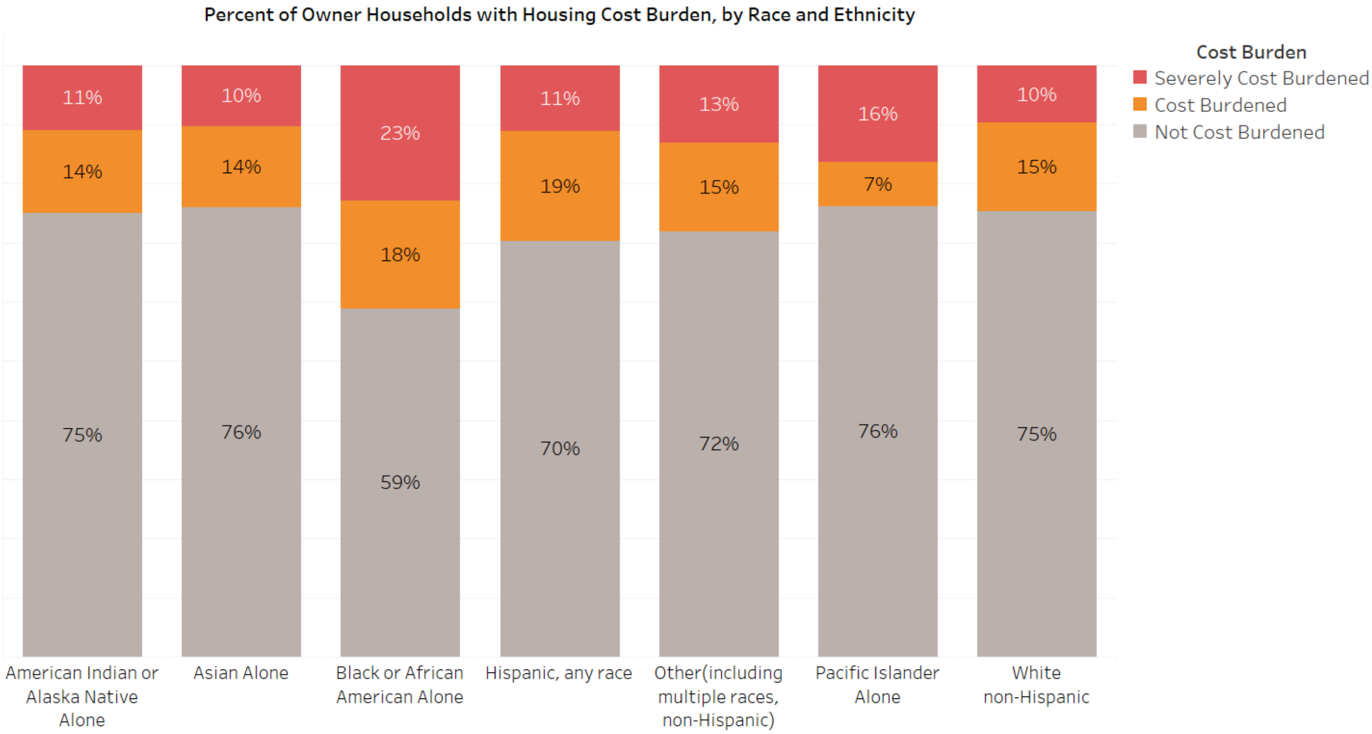

Figure 8. Proportion of Homeowners with Housing Cost Burden by Race and Ethnicity. Data represents statewide averages. Income is represented as HUD Area Median Family Income or HAMFI. Data comes from the CHAS 13-17 dataset Table 9.

Based on Oregon's needs analysis, and the US Treasury's priorities and guidance, Oregon Housing and Community Services is committed to prioritize the following groups of homeowners:

1. Households with 100% AMI or below based upon household size.
2. Socially Disadvantaged Individual households, as that is defined by the US Treasury, including Black or African American homeowners, homeowners with disabilities, and other homeowners of color.
3. Homeowners in rural areas.
4. Homeowners most at risk of foreclosure.

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III. STAKEHOLDER AND PUBLIC ENGAGEMENT

Stakeholder and Public Engagement

OHCS undertook many stakeholder and public engagement opportunities in the short amount of time available under our timeline. This was an agency-wide effort and we were able to secure substantial involvement and obtain useful feedback for developing our initial programs and this plan. Members of OHCS' HAF program team have provided information and updates on HAF to, and received feedback on homeowner hardships, needs, and programming from:

- OHCS' internal Programmatic Policy Review Committee, receiving a unanimous green light to proceed with these initial HAF programs and terms without any reservations (introductory presentation 5/10; endorsement 7/21).
- OHCS' statewide monthly communication calls.
- OHCS' monthly Executive Director electronic updates.
- Introduction to OHCS' Executive Team (5/18).
- OHCS' Housing Stability Council (introduction 6/4; update 7/2; approval vote for HAF Plan submission) (the council meetings are also public meetings).
- OHCS' Homeownership Division quarterly partner call (introduction 6/3; update 9/2).
- Oregon's Housing Alliance Homeownership and Asset Building Workgroup (May HAF presentation and breakout work sessions; June update; July HAF discussion of draft program terms; September update).
- Oregon's Manufactured Housing Advisory Committee (6/7).
- PUBLIC MEETING: Introduction to HAF and OHCS' needs analysis and pilot; how to submit feedback (6/17).
- SURVEY: a survey was submitted to OHCS' housing partners and housing advocates to verify the data in our needs analysis and solicit information on homeowner hardships, needs, and program options.
- A special meeting presentation and discussion with the Governor's Racial Justice Council (6/23).
- PUBLIC MEETING: Update on HAF development; introduction to and discussion of program terms and lessons learned from hardest hit funds programs (7/1). This meeting included interactive polls and a virtual white board to obtain feedback and data on homeowner needs, lessons learned, and program options.
- PUBLIC POSTING: 7/16 to 7/23.
- Various agency employees spanning administrative (research, IT, procurement, communications, etc.) to program planning: energy and utility programs, lessons learned from hardest hit funds and rental assistance programs, manufactured housing, wildfire and disaster response, an equity lab exercise in policy development, homeownership centers and counseling programs, and Oregon's foreclosure avoidance mediation program, among others.

Collaboration with Other Stakeholders and Partners

OHCS participates in national calls concerning HAF development and implementation, to learn best practices from other states and foster administrative uniformity where possible. Some of these calls involve government agencies and mortgage servicers. Some include presentations from housing counselors, legal aid, and the federal mortgage agencies. Oregon has spoken with representatives of at least 14 states individually concerning their HAF program development and implementation. OHCS is also collaborating with the sovereign Tribes in Oregon about how these HAF programs might align and how OHCS may provide technical assistance. Oregon is also exploring ways to communicate information about HAF to its court systems, to try and help prevent foreclosures and provide information that may be helpful for HAF applicants in active bankruptcy.

IV. PRIORITIZATION

Oregon plans to prioritize homeowners in four categories: low-income households (100% AMI and below), SDI households, rural households, and homeowners most at risk of foreclosure. In addition, OHCS plans to fast track – within the context of these other prioritizations – homeowners that have been doubly impacted by covid and displacement due to natural disasters. These are not additional eligibility criteria; they are prioritizations of applications within the program.

OHCS believes these priorities comply with purpose of the HAF program, are responsive to the above needs analysis, and further the SWHP and *State of Oregon Equity Framework.* Governor Kate Brown mandated that "every state agency … apply the *State of Oregon Equity Framework*" in planning for an equitable recovery. The HAF plan meets this requirement because it specifically considers and prioritizes equity, addresses racial disparities, addresses systematic wealth inequalities, and provides infrastructure for underserved communities to return to stable and affordable homeownership positions as we recover. Among other categories, the minority communities named in the Governor's recovery framework may be based upon race, ethnicity, citizenship status, language, disabilities, sexual orientation, age, economic status, or rural residency.

Homeowners Most At-Risk of Foreclosure

Oregon recognizes that it will not be able to provide all eligible homeowners with HAF assistance. We interpret foreclosure and displacement avoidance to be the top priority of ARPA and the Treasury guidance. This interpretation is in line with OHCS' mission and values, the SWHP, and Oregon's recovery framework. It is in line with the Treasury's sample terms that preference the use of HAF funds to supplement other mitigation options or "where, without HAF funds, the homeowner would not qualify for that loss mitigation option." We believe that homeowners in or approaching foreclosure have most likely exhausted their other options. Therefore, OHCS will implement its reinstatement and forward payment assistance programs using foreclosure and displacement avoidance as the top priority.

OHCS or its program administrator will solicit foreclosure status on every application, including requesting a sale date if a homeowner is in foreclosure. This flag will give top priority to those homeowners within the application process. Oregon will request that mortgage servicers pause foreclosures while homeowners are evaluated for HAF assistance. Where a borrower's need exceeds program caps or limitations, OHCS or its administrator will work with servicers to see if HAF assistance could be paired with other loss mitigation options. These borrowers will also be referred to both housing counselors and legal aid attorneys to help avoid foreclosure.

Oregon will attempt to prioritize applications that are most at risk of foreclosure, to catch these files before a foreclosure commences. We hope to include outreach material to any homeowners that have been referred to the state's foreclosure avoidance program and we plan to outreach to any servicer that has requested an exemption from that program. We believe we can monitor county recordings for notice of judicial (*lis pendens*) and nonjudicial (notice of default) foreclosures and we are investigating the best ways to communicate with state and federal courts in Oregon. We also hope that participating servicers will engage in email, mail, and phone campaigns to Oregon homeowners in or near the foreclosure process, including those that are denied reinstatement or loss mitigation.

Treasury has asked participants to identify how they will address the needs of private mortgage borrowers, who often have limited loss mitigation options and are therefore at a greater risk of foreclosure. To the extent Oregon can identify these loans, we will flag them in this category as borrowers that are most at risk of foreclosure. We hope servicers will help identify and outreach to these borrowers. Following the spirit of Treasury's guidance, Oregon will identify other loan types have limited loss mitigation options or oversight protections in foreclosure to include in the at-risk foreclosure priority. For example, these loans may include land sale contracts, chattel loans, of HUD-owned loans. Program manuals will control the end result of this effort and the at-risk foreclosure prioritization category.

This priority will be the emphasis of Oregon's phased HAF opening, which will begin with Oregon's pilot program in November 2021 and continue as these two submitted programs go live about the time Oregon's foreclosure moratorium ends. Oregon will continue opening these two programs in broader phases related to at-risk homeowners while monitoring the volume of foreclosure filings. Oregon hopes to be fully open a few months after the moratorium ends but will open more slowly if there is a high volume of foreclosure filings in early 2022, in order to manage the highest priority homeowners without risking delayed processing for other applicants.

Low-Income Homeowners

According to Treasury guidance, 60% of the amounts made available to the state must assist homeowners with incomes equal to or less than 100% AMI. Oregon plans to fulfill this requirement by constraining the eligibility of its forward payment assistance program to households at or below 100% AMI. Oregon has initially budgeted 30% of its award for this program, which will fulfill half of the Treasury's requirement if fully allocated. In addition, Oregon will prioritize homeowners at or below 100% AMI in its reinstatement program.

Socially Disadvantaged Individuals

Based on the Treasury guidance and the above needs analysis, SDIs will be prioritized for applications at income levels above 100% AMI. OHCS is establishing methods of identifying likely SDI homeowners based upon geography or loan type, in addition to applicant disclosure. Oregon is conducting targeted outreach and application assistance to these SDI communities, to be provided by OHCS, housing counselors, and local, trusted organizations.

Rural Homeowners

Treasury guidance calls out the unique needs of rural homeowners several times, which has been repeated in both OHCS' research data and stakeholder engagement. Rural homeowners often have higher living expenses and lower housing stock, especially for affordable housing. They have fewer options to purchase and develop property. In addition, displacement can be more severe in a rural community, forcing a family to move to a nearby town or county. OHCS plans to reserve a portion of each program for homeowners in rural-designated parts of Oregon. If funds remain after the rest of the program funds have been allocated, the program team will reevaluate the amount or necessity of the reservation.

Homeowners Displaced by Natural Disasters

Over the past few years, Oregon has seen natural disasters impact its residents, including many homeowners living in affordable and/or manufactured housing. After the Treasury's covid hardship date of January 21, 2020, Oregon experienced massive flooding in the Umatilla area and devastating wildfires across the state, particularly with the Labor Day 2020 fires and air quality emergency. At the date of drafting, wildfires are burning in several parts of Oregon. While these disasters are not covid-related, the families that have experienced both a qualifying covid-related financial hardship and loss or displacement from their home due to a natural disaster have been severely impacted. A report on the Oregon wildfires can be accessed here. It describes the devastation occurring at a time when Oregon was under emergency pandemic restrictions. It also describes the state's wildfire housing recovery goals, including building family and community resilience, creating intermediate and permanent housing solutions, and bolstering local capacity. OHCS believes helping homeowners that lost their homes or experienced displacement – *if they also qualify based upon a covid pandemic financial hardship* – warrants fast tracking their applications. For this category of homeowners, fast tracking the application would occur within the other parameters set forth above.

V. OUTREACH

Marketing and outreach will be imperative to the success of the program's administration as well as ensuring that assistance is provided to targeted populations (low-income, socially disadvantaged individuals, rural communities, etc.). Outreach efforts will utilize loan and demographic data available to identify potentially qualified applicants. As provided in the needs analysis, the data allows us to narrow in on each county's populations, work with community organizations and housing counselors, and better understand the needs of that community. OHCS has hired an Outreach Coordinator specifically for HAF and has dedicated one of the agency's strategic communications staff members for the initiative.

Targeted Outreach to Homeowners

Oregon will maintain a HAF website, e-newsletter updates, and provide regular updates at partner, council, and public meetings. OHCS will work with servicers, our vendors, and regulators to conduct targeted outreach where outreach is possible through other channels. Oregon's outreach will also consist of collaboration and partnerships with other state agencies, local jurisdictions, non-profit organizations, and community leaders.

To comply with Treasury's guidance to serve low-income, SDI, and rural households, OHCS will reach out to homeowners in their communities. We can target homeowners in zip codes that are known to be particularly impacted by covid, those with the lowest incomes, highest housing cost burden, and many of the SDI categories. OHCS' HAF program outreach coordinator will be the main liaison for the program, including completing the targeted outreach and follow up.

Informational Programming for Homeowners

OHCS will leverage the assistance of housing counselors and other organizations within the community and provide them with HAF support and tailored assistance that is the most appropriate for the communities they serve. Communities of color tend to respond and engage with local organizations because of established trust and physical presence within their communities. In these instances, targeted outreach for OHCS means supporting these local organizations to get the word out, not only related to HAF but also concerning the broader mortgage and foreclosure landscape. OHCS has already completed engagement to better gauge the needs of these communities and will continue to do so as the program develops.

To best serve these local organizations, OHCS plans to develop substantive information on mortgages, forbearance, reinstatement, loss mitigation, foreclosures, housing counseling, legal aid, and other resources. Each organization or community might then use this base of information to inform its constituents, creating an educational video, translating the resources into a different language, or hosting a sit-down among a constituency population.

OHCS' goal is to create a set of resources that will be more broadly available to borrowers in however they access information. OHCS will request informational prints, radio advertisements, digital media, and other materials produced by these various organizations and archive any resources provided in a user-friendly accessible website. This website will be maintained to provide education and inform potential applicants about their options coming out of forbearance, including HAF assistance. Even if a homeowner does not apply for HAF assistance, OHCS hopes this centralized database of information in various formats and languages will help provide information at this critical time.

Housing Clinics for Culturally Specific Organizations

Based upon the Treasury and program priorities and the tendency of SDI populations to trust and utilize local organizations, one aspect of the outreach and communication plan is to ensure that Oregon reaches these communities and provides training and assistance with the informational programming and HAF applications. OHCS is committed to working with culturally specific organizations and conducting in-house training clinics which will focus on an array of topics, including but not limited to:

- Housing and emergency service assistance available through HAF and other opportunities.
- Financial counseling and legal aid opportunities.
- Mortgage success and best practices after reinstatement.

These clinics would occur during the first year of the HAF program implementation. Organizations would have access to the initial clinic as well as continual training opportunities as additional guidance and resources are made available through the program's duration. By hosting or participating in the clinic, local organizations and their representatives will be better equipped to inform and assist Oregon homeowners with HAF applications and other options. OHCS can use the HAF training material we prepare for housing counselors in this situation as well.

Legal Aid Engagement

In many circumstances, attorney assistance is necessary to resolve questions about a homeowner's options and to help homeowners understand the legal consequences of their decisions or agreements regarding their loans. In the Great Recession, low- and moderate-income Oregonians caught in the foreclosure crisis struggled to make important legal decisions without access to information or legal advice. To compliment the informational programming for homeowners, we plan to engage legal aid to represent – in litigation, in the state's foreclosure avoidance program, and in transactions – homeowners at risk of foreclosure or displacement, those with unique legal needs, and those with legal questions that counselors and program administrators cannot answer. This legal assistance will help homeowners make more informed decisions about their potential mortgage options, avoid foreclosure or displacement, and return to stability following the pandemic.

As with training housing counselors and outreach clinics on Oregon's HAF programs, one aspect of the legal aid assistance will be the creation of a free or low-cost continuing legal education course to instruct new and seasoned attorneys on mortgages, foreclosures, forbearance, and loss mitigation, including HAF. This will broaden the reach of this investment to homeowners at all income levels that might be served by a new group of trained attorneys for years into the future.

VI. PROGRAM DESIGN

The following programs were designed to prevent foreclosure and displacement of homeowners who are at the greatest risk of housing instability by reinstating mortgages and providing forward payment assistance. Over time, the programs may be adjusted to best meet homeowner needs. Eligible properties and loans will include single family, owner occupied 1-4 unit properties, condos, cooperatives, land trust homes, manufactured and mobile homes, and floating homes secured by federally related loans, portfolio loans and private mortgages, land sale contracts, and reverse mortgages, which each must have been under conforming loan limit at origination.

Assistance will be structured as a five-year, non-recourse, zero percent, forgivable, non-amortizing loan for which a junior lien will be recorded against the property. This lien will have subordination requirements to protect the interests of OHCS and the homeowner. An equal amount of this loan will be forgiven over the loan term, at least annually. If the property is sold or a cash out refinance is completed prior to the loan termination date, the Program will recover funds to the extent that sufficient equity is available from the transaction. The program shall recycle these recovered funds to provide additional program assistance in accordance with the program terms. These loans meet the expectations of the loans described in the Treasury's sample program terms.

Below are clarifications and reasoning for potential or actual deviation from Treasury guidance and/or the sample terms in both the Mortgage Reinstatement Program and Forward Payment Assistance Program:

- Oregon is not prioritizing applications to homeowners who have Federal Housing Administration (FHA), Department of Veterans Affairs (VA), or U.S. Department of Agriculture (UDSA) mortgages or homeowners who have mortgages made with the proceeds of mortgage revenue bonds or other mortgage programs that target low- and moderate-income borrowers. Oregon understands targeting these loans would identify income-eligible borrowers. However, these borrowers also have the greatest number of investor forbearance, reinstatement, and loss mitigation options so, as a category of borrowers, they are less at risk of foreclosure and displacement. If these borrowers fall into one of Oregon's other priority categories, such as active foreclosure, they will be prioritized. Further, Oregon is not precluding these borrowers from applying and receiving assistance. We feel that this decision furthers the Treasury guidance and sample terms' goal of not replacing other available loss mitigation resources. Where there is potential conflict between this priority encouragement and Treasury's desire to supplement – not replace – other loss mitigation, we decided this approach furthers the objectives of HAF and will still prioritize those borrowers if there are no other loss mitigation options (placing them in the at-risk of foreclosure priority category).
- Treasury's sample terms permit ("may" but not "shall") payment of "reasonably required legal fees" and property charges. Oregon's terms take the inverse approach, excluding attorney fees, collection costs, and charges not actually paid to third parties without authorization under the program manuals. For pandemic-impacted borrowers, Oregon's foreclosure moratorium prohibited not only foreclosures but the assessment of late fees and other charges, which implies that legal or collections costs would not be warranted. Therefore, Oregon plans to craft manuals that more specifically lay out when certain fees, legal fees, or collection fees were "reasonably required" and will be paid. Oregon may also make exceptions where this rule increases the risk of foreclosure to an otherwise qualified borrower. Oregon believes this furthers the purpose of the statement in Treasury's sample terms while allowing Oregon to determine how that statement is placed into practice.
- Oregon's intention to reserve proportionate program funds for rural homeowners does not deviate from Treasury guidance or sample terms, which are silent on the rural assistance prioritization. However, the Treasury guidance encourages focus on rural communities through prioritizing USDA loans and in crafting targeting and performance goals. Oregon believes this reservation of assistance, described as a prioritization category in the program terms, furthers the objectives of HAF.
- Within each of the other categories of applicants and prioritizations, Oregon plans to fast track applicants who experienced both a qualifying coronavirus pandemic-related financial hardship and loss or displacement from their homes because of natural disasters. We feel this furthers the objectives of HAF – as these homeowners are otherwise qualified – and meets an urgent and ongoing Oregon homeowner need that was raised repeatedly in our stakeholder and public outreach.

  Providing assistance for a property that is not currently occupied as a borrower's primary residence is allowed under the guidance and sample terms. Both Treasury guidance and the sample terms limit assistance to a homeowner's primary residence. The Treasury's payment assistance sample terms expressly define "primary residence" to include "a dwelling to be made habitable so it may serve as the homeowner's primary residence." This definition focuses on the homeowner's intention rather than the current status of the property. Oregon's interpretation is not prohibited elsewhere: the definition if mortgage is tied to the definition of dwelling, which "means any building, structure, or portion thereof that is occupied as, or *designed or intended for occupancy as*, a residence by one or more individuals." (emphasis added). Again, current occupancy is not a requirement if the intention is for the property to be a homeowner's primary residence.

Oregon's program terms may differ from most states in two ways to meet this important homeowner need and to avoid categorical exclusion of homeowners impacted by two events beyond their control. First, in Oregon vacant and abandoned land or homes are ineligible *unless* the vacancy is because of a physical hazard event, casualty loss, or natural disaster. This provision shifts relevant properties into the eligible category. But in order for the vacant property (or unit) to be eligible, Oregon requires that – at the time of mortgage origination and homeowner displacement – the property was the homeowner's primary residence. Oregon's program terms categorize second home, vacation homes, and investment property that is not a primary residence as ineligible property. The program terms will further clarify how to make these determinations when the triggering events have occurred.

The second difference is Oregon's "prioritization" by fast tracking homeowners displaced as a result of natural disaster within each other prioritization category or within the general pool of applicants. This is a narrower category of borrowers than in the first change: just those displaced as a result of natural disasters. OHCS believes fast tracking these borrowers is appropriate given the circumstances, the borrower need, and the strong advocacy and support we received in the stakeholder and public engagement phases of HAF program development. For these reasons, we believe these deviations from other states – but not Treasury guidance or the sample terms – furthers both HAF and Oregon homeowners assistance objectives.

Each of Oregon's HAF programs are briefly discussed here, including any deviations particular to only that program.

Mortgage Reinstatement Program

OHCS will administer a mortgage reinstatement program for the broadest category of eligible borrowers: those at or below 150% AMI, with prioritization to SDI homeowners for households between 100% and 150% AMI. Assistance for the reinstatement program is capped at $50,000, with a per item cap as stated in the program terms. OHCS will not exceed $60,000 in assistance per household between the Reinstatement Program and the Forward Payment Assistance Program. Additional program terms for the Mortgage Reinstatement Program are included in the plan appendix.

Below are clarifications and reasoning for potential or actual deviation from Treasury guidance and/or the sample terms in the Mortgage Reinstatement Program:

- The sample terms state that HAF funds will only be used to supplement other loss mitigation options or where they are essential for a homeowner to qualify for the other loss mitigation options. Oregon did not include this requirement in its terms because Oregon law and CFPB rule require servicers to reach out to borrowers that self-identified coronavirus hardships (and sometimes those that did not) about resolution options. Oregon does plan to ask the applicant to attest that they have sought servicer loss mitigation options but does not plan to require proof of application or a denial notice. Instead, Oregon has included language in its terms encouraging servicers and other recipients to negotiate funding gap resolutions with servicer loss mitigation options. In addition, Oregon's servicer collaboration agreements encourage servicers to work with borrowers on funding gap resolutions and other loss mitigation options. We believe this meets the intended Treasury goal using an alternative method.

Forward Payment Assistance

OHCS will provide Forward Payment Assistance to homeowners with income levels at or below 100% AMI. Economic recovery following the pandemic has been slower for low-income homeowners. Throughout the pandemic many of these families were able to make ends meet with the assistance of state unemployment benefits, coupled with the additional weekly unemployment benefits provided by the United States Department of Labor (DOL). These additional benefits are set to expire or max-out for many recipients in the months to come. This HAF program can provide these homeowners the additional time and resources needed to recover from their qualified financial hardship.

The Forward Payment Assistance Programs has two mutually exclusive tracks:

1. **Hardship Track**. Where an Eligible Homeowner has a current and ongoing financial hardship, they may receive up to twelve months of payment assistance, not to exceed a total of $15,000 per household.
2. **Stabilization Track**. Eligible Homeowners that do not qualify for the Hardship Track may qualify for the Stabilization Track to increase long-term housing stability. OHCS will not exceed three months of payment assistance, not to exceed a total of $3,750 per household. To qualify for this track, households must be cost burdened by paying more than 35% of their household income toward housing (Eligible Costs).

As with the Treasury sample terms, Oregon's Reinstatement Program requires that borrowers must be able to resume regular payments upon reinstatement unless they are receiving assistance under the Forward Payment Assistance Program. In structuring these two tracks, we believe we are furthering HAF objectives and Oregon homeowner needs by reaching homeowners most at risk of foreclosure or with the greatest need for assistance and stability. Unemployed borrowers are less likely to be reinstated under servicer options and will have additional time to recover under the Hardship Track. Low-income borrowers that are cost burdened will also have limited servicer loss mitigation options and, if they do not have continuing hardships, would otherwise be excluded from the Reinstatement Program. Oregon's needs analysis and stakeholder and public engagement directly influenced the design of these programs, which also further the HAF objectives.

OHCS will not exceed $60,000 in assistance per household between the Reinstatement Program and the Forward Payment Assistance Program. Additional program terms for the Forward Payment Assistance Program are included in the plan appendix.

Below are clarifications and reasoning for potential or actual deviation from Treasury guidance and/or the sample terms in the Forward Payment Assistance Program:

- Oregon constrained eligibility for this program to homeowners with income at or below 100% AMI for two main reasons. First, it will help ensure Oregon meets the Treasury requirement of providing 60% of assistance to homeowners at this income level, doing so in a more administratively feasible way. Second, we believe low-income homeowners have a greater need for payment assistance because they are more likely to be adversely cost burdened and because unemployed or underemployed homeowners will have lower incomes by virtue of their change in income from pre-pandemic levels.

- For the reasons stated above, the Stabilization Track does not require borrowers to provide a statement that they cannot "resume mortgage payments due to unemployment, underemployment, or other continuing hardship." Applicants need not have a continuing hardship. For some borrowers, housing cost burden will be the result of a job change or income loss and may constitute a pandemic-related qualifying financial hardship. For borrowers that were cost burdened prior to the pandemic, suffered a qualifying hardship, but do not have an ongoing hardship, the Stabilization Track will help increase their housing and financial stability, pay down other debt, or rebuild emergency savings. For this tailored track, OHCS believes this deviation furthers the HAF objectives and it was strongly encouraged in Oregon's needs analysis and engagement.
- Oregon will not require borrowers to exhaust all other forbearance options. We received feedback that to do so may unnecessarily increase arrears. We also learned that some servicers are requesting and granting forbearances beyond the covid forbearances. If traditional forbearance options are limited under loan terms, this program rule would require borrowers to use up all possible forbearance options for the loan. It could also cause servicers to term limit forbearance options with unintended consequences for other borrowers. In addition, the Stabilization Track of the Forward Payment Assistance Program does not require an ongoing financial hardship so such a requirement would preclude assistance. Finally, practically, Oregon's Forward Payment Assistance Program will open nearly two years after the hardship date when most borrowers will have exhausted their other forbearance options. Oregon believes this deviation is reasonable to operate the Stabilization Track (more below) and in light of the circumstances and tailored program terms.

Please feel free to contact us if you have any questions about the program terms, actual or potential deviations, or if you identify any deviations not addressed above.

Application Process

OHCS intends for applications to be submitted by borrowers directly, through housing counselors where borrowers need or would like assistance, and by other authorized third parties, such as approved community-based organizations, powers of attorney, or a trustee. Once an application is submitted to the program administrator, it will be processed in the order it was received with prioritization given as identified in the prior section and in program manuals.

OHCS recognizes the importance of making our application for assistance available to our communities in various formats (i.e., paper, mobile accessible, web-based). Applications for the program will be provided in the multiple languages which represent Oregon's demographics. The application will be designed to meet the Treasury eligibility and compliance requirements while reducing the documentation burden of the applicant. A secure portal will be monitored and maintained by the program administrator. Any documentation requested of the applicant will be communicated by the application processing team and the applicant will be able to review the status of the application and funding.

Payment Process

Payment will be issued in the form of ACH transfer, with less preferred options including bank check. For ACH transfers, payment data will be prepared by the program administrator, provided to OHCS for reconciliation and verification, and provided to the Oregon State Treasury to initiate transfers. For check payments, payment data will be prepared by the program administrator, provided to OHCS for reconciliation, verification, and payment. Payments from the HAF program will be disbursed directly to loan servicers, HOA, and other entities, depending on the type of expenditure. OHCS does not intend for direct payments to be issued to homeowners.

Quality Assurance

The program administrator will follow up on missing document files and complete a second look at many denials at the eligibility prequalification and underwriting levels. OHCS will internally handle the appeals processes, test a percentage of applications, and complete quality assurance work. For quality assurance, OHCS may conduct additional review of certain approvals or denials based upon specific categories to be determined in the program manuals (e.g., use of documentation exceptions, delinquencies prior to 1/21/20, awards reaching the per item/program/household caps, etc.). Data gathered during the quality assurance process will be utilized to evaluate the performance success of the chosen program administrator.

VII. PERFORMANCE GOALS

For the reinstatement and forward payment assistance programs, OHCS will establish the following joint performance goals because the overarching goal of both program is to reinstate mortgages and avoid foreclosures. OHCS may evaluate performance by breaking out the two programs or by combining the data into an overall report on the performance of these related programs. It is worth noting that Oregon's HAF programs may not have a broad impact on the statewide statistics listed here if HAF is oversubscribed or if many borrowers are unable to reinstate their mortgages. Oregon HAF is one piece of the forbearance, reinstatement, and foreclosure landscape that will all continue to evolve based upon federal, state, and servicer or investor action. It is for these reasons and this uncertainty that Oregon is focusing parallel efforts on informational programming, community-level outreach and education, and legal aid services. Even if homeowners do not access HAF assistance, we hope to provide information for self-help, guided assistance through housing counselors or other trusted groups, and legal aid so borrowers might use one of the many other reinstatement options available.

With this combined approach, OHCS seeks to measure and have a strong impact in the following areas:

Mortgage Goals

We hope that Oregon's HAF programs and its informational programming and outreach, along with other federal, state, and servicer options, will have the following effect on the statewide statistics:

- **Reduce** the statewide average 90+ day delinquency rate of **2.6%** down to the pre-pandemic average of **1.0%**.
- **Maintain** a statewide average foreclosure rate below **0.40% (avg. rate in 2019) after foreclosure moratoria expire**. The average foreclosure rate in Oregon at the peak of the Great Recession was 3.0%.
- **Helping 1,000** homeowners exit forbearance using the HAF programs. Having allocated 40% of our HAF funds to reinstatement, we can reinstate 909 homeowners if each requires an

average of $40,000. One thousand is a conservative estimate but we also do not know the demand as compared to other reinstatement options available.

OHCS hopes to maintain specific performance data on homeowners that received funding through either initial HAF program. We should be able to identify the number of homeowners that reinstated while in the foreclosure process or pipeline. We plan to send surveys to homeowners to see if they remain in their homes and are current in their mortgages one year later. We may also be able to obtain this data from the servicers or public record. This data will be disaggregated by race, ethnicity, gender, income, and geography if provided by the applicant.

Socially Disadvantaged Individuals

Through March 2021, the race and ethnicity reported for Oregon's hardest hit fund homeowners is below. OHSI's priority was speed in a time of high unemployment and negative homeowner equity; there was no charge to address SDI communities. While the borrower data was merely collected and reported to Treasury, it demonstrates the importance of thoughtful planning, engagement, and outreach, even if the process takes longer. OHCS is committed to doing better with HAF, in furtherance of Oregon's SWHP Equity and Racial Justice Priority and Treasury's HAF guidance related to intentional planning and equity considerations for SDI communities. Where this information is provided by homeowners it will be tracked and reported.

It is worth noting that about 85% of the homeowners that reported race were white. This is very nearly the percentage of white homeowners in Oregon. Given the race and ethnicity gap in homeownership in Oregon, it may be difficult to achieve a higher percentage participation of SDIs. According to May 26, 2021 estimates on the Oregon Housing Blog, 13.4% of all owner occupants statewide are presumptively SDIs. We hope that targeted outreach through community organizations and marketing can help preserve homeownership levels in SDI populations (and similarly with other priority or target populations referenced throughout this plan).

OHSI/HHF Race Reported for All Borrowers:	
American Indian or Alaskan Native	1.79%
Asian	2.31%
Black or African American	2.27%
Native Hawaiian or other Pacific Islander	0.66%
White	84.63%
Information Not Provided by Borrower	8.33%

OHSI/HHF Ethnicity Reported for All Borrowers:	
Hispanic or Latino	8.88%
Not Hispanic or Latino	91.01%
Information Not Provided by Borrower	0.11%

In addition to reporting SDI data based upon representation in the HAF program against the HHF data and Oregon's homeowner and overall population, OHCS may be able to collect data based upon the application method used and whether any outreach method was effective. This data would be useful in program planning going forward.

Additional Areas of Interest

OHCS is interested in gathering information on the following:

- The timeline for assistance to be provided to the applicant. This timeline would be measured from the initial inquiry point to the initial disbursement of funds (or denial of application, if applicable). OHCS hopes to identify application barriers and bottlenecks by monitoring this information.
- The percentage ratio of total applicants who receive assistance and total applicants who were denied for each program (and each track of the forward payment assistance program).
- The amount and percentage of Oregon's overall HAF assistance disbursed to rural and SDI communities, including as a representation of homeownership and population across Oregon.
- The amount and percentage of assistance provided to nontraditional mortgage or lending arrangements.
- Any data about demand, participation, or success that we can obtain and release from the informational programming, community outreach and education clinics, and legal aid services aspects of funding.

VIII. READINESS

Hardest Hit Funds Experience

Oregon administered mortgage assistance using the hardest hit funds (HHF), including re-allocation of funds recycled from lien payoffs in a covid program that closed June 30, 2021. While these HHF programs must wrap up and complete their final audits, Oregon's HAF team has learned a lot from the HHF team. Two members of the HAF team gained nearly 15 years of combined experience in the HHF programs and that may increase as HAF continues hiring positions. In addition, when conducting stakeholder and public engagement we have solicited feedback on the HHF programs and administration, including lessons learned, that will be helpful in setting up HAF programs.

As stated above, Oregon is also engaging in national calls with other states, industry groups, servicers, and regulators to determine best practices, improve readiness, and foster uniformity where possible. Oregon is also learning from other states with HHF experience.

Pilot Program

Oregon has received an initial 10% of the state's HAF allocation and is establishing a pilot program to deliver assistance to a narrow segment of borrowers who are most at risk of foreclosure and displacement. As described in the prioritization section above, Oregon will attempt to identify borrowers in active foreclosure, in pre-foreclosure status, and borrowers with no or limited viable loss mitigation options. The agency will solicit, process, and fund applications from these borrowers to manage capacity and target those homeowners most in need. Oregon's goal is to open the pilot program more broadly in phases and seamlessly transition to the Treasury-approved programs run by the program administrator to open the program to all eligible borrowers.

Oregon’s pilot will help avoid foreclosures while we work internally and with our program administrator to build capacity to run the two submitted programs, once Treasury approves them. Existing infrastructure will be used during the duration of the pilot program to administer payment processing.

Oregon’s HAF Pilot Program will implement, in substantially the same form, the Mortgage Reinstatement and Forward Payment Assistance Program’s as detailed within this plan. Throughout the pilot program, data will be monitored to determine if the program terms, caps, eligibility requirements, or other details of the program design should be modified. OHCS will maintain oversight during the pilot program to assist in the development of best practices and fine tune policies and procedures.

Staffing and Systems

Oregon plans to engage a program administrator for HAF to better manage scalability and technology capabilities. OHCS expects to engage this program administrator shortly, for the administrator to have sufficient time to learn about Oregon’s programs, develop the technology system, staff a call center and processing agents, and test the implementation of the programs. Oregon plans for the program administrator to take over from the pilot program in January 2022, which will allow Oregon to complete its phased opening.

Oregon currently expects to have a HAF staff of nine individuals. Four of these positions have been hired and the remainder will be hired between now and January 2022. These employees will conduct outreach, monitor the program administrator, review certain approvals and denials, review and conduct all denial appeals, coordinate issues with the administrator, servicers, payees, and government, as well as conduct payment processing and reconciliation. If the HAF funds are not depleted in the initial two programs, this team will evaluate homeowner needs and consider whether additional programs are warranted during the HAF program term.

Timeline

Planning

- Perform engagement and outreach and support new and traditional partners in doing the same in their communities.
- Change and modify program terms, eligibility criteria, and other components based upon updated Treasury guidance, plan submission response, national calls, and pilot program experience.
- Implement legal aid services and informational programming in order to provide information and assistance to homeowners prior to opening the main program.

Pilot Program

- Launch Pilot Program in November 2021 in phases, initially targeting homeowners most at risk of foreclosure.
- Change and modify program terms, eligibility criteria, and other components based upon updated data gathered during duration of Pilot Program.
- Evaluate efficacy of current programs and other servicer and government options.

Main Program

- Perform program administration testing beginning December 1st.
- Launch Main Program in January 2022.
- Evaluate efficacy of current programs and discuss necessity of additional programs on a quarterly basis throughout HAF term, based upon reports to UST and OHCS.

Contracts and Partnerships

OHCS intends to work closely with housing counselors, legal aid attorneys, culturally specific community partners, non-profit organizations, vendors, mortgage servicers, tax assessors, other qualified payees under HAF, the Oregon Foreclosure Avoidance program, and Oregon's court systems. Subject to evolving needs, Oregon will need contracts for its program administrator, legal aid, housing counselors or other intake agencies, outreach clinics, organizations to conduct informational programming, a fraud hotline, a service to complete title research, loan signings, and recordings, and other services that may not be within the scope of program administration (or have not been considered yet). The agency expects to contract with these providers on a pay-for-performance basis.

IX. BUDGET

Of Oregon's $90,937,920 allocation, it is initially allocating 40% to its reinstatement program ($36,375,168) and 30% to its forward payment assistance program ($27,281,376). With a reservation of 15% for administrative costs and 5% for counseling, legal, and education, this leaves some funds as a buffer to the extent the pilot program does not allocate a full 10% of the initial funds. This budget is subject to change pending evolving requirements or program terms, negotiation of vendors, service, and grant awardees, staffing needs and timing, and demand for each of the programs, including the pilot program. An estimated projection of the budget based upon the qualified expense categories is:

Qualified Expenses

Qualified Expense	Mortgage Reinstatement Program ($36,375,168)	Forward Payment Assistance Program ($27,281,376)	Total Budget for Both Programs
Mortgage Payment Assistance (including escrowed costs and subsequent mortgages)	$0	$23,481,376	$23,481,376
Mortgage Reinstatement (including escrowed and advanced costs and subsequent mortgages)	$28,875,168	$0	$28,875,168
Mortgage Principal Reduction	$0	$0	$0
Facilitate Mortgage Interest Rate Reduction	$0	$0	$0
Utility Assistance	$0	$0	$0

Internet Service Assistance	$0	$0	$0
Homeowner Insurance Assistance (separate from escrow)	$500,000	$300,000	$800,000
HOA Fees or Liens Assistance (separate from escrow)	$3,000,000	$2,000,000	$5,000,000
Down Payment Assistance Loans Assistance	$1,000,000	$500,000	$1,500,000
Property Tax and Lien Assistance (separate from escrow)	$3,000,000	$1,000,000	$4,000,000
Other Measures to Prevent Displacement	$0	$0	$0
Subtotal	$36,375,168	$27,281,376	$63,656,544

* This budget does not reflect de minimis payments for some of the $0 budget categories that may occur under a program exception or waiver. In addition, these programs are combined to estimate each qualified expense category budget on the portal submission, which is why the column at right is included here.

Counseling, Education, or Legal Services

Counseling or Educational Services	$500,000
Legal Services	$1,500,000
Subtotal	$2,000,000

Reimbursement of Funds Expended After January 21, 2020

Expense Type	$0
Subtotal	$0

Allocation of Administrative Expenses

Instate Travel (outreach clinics, seminars, etc.)	300,300
Office Expenses	37,000
Telecommunications (staff phones)	21,220

Data Processing (program management costs)	3,675,129
Publicity and Publications (marketing, outreach, documents)	345,000
Professional Services (temps; interpretation)	225,000
Intake Assistance	50,000
IT Professional Services (phone conference service)	2,100
Attorney General Legal Fees	20,000
Dues and Subscriptions (constant contact, efax, domain, secure email and software license fees)	52,896
Facilities Rent & Taxes (office space)	10,714
Agency Program Related S&S (lien and satisfaction recording fees)	787,860
Expendable Property $250-$5000	21,000
IT Expendable Property	21,000
INDIRECT S&S	2,948,665
S&S Total	8,517,884
Personal Services (9 FT staff/benefits 4 yrs. and est. indirect time allocations to HAF)	4,811,070
Admin Total	**13,328,954**
Admin Budget = 15%	$13,640,688

* This administrative budget is subject to change based upon changing needs, the rate of program deployment, and development with OHCS' program administrator. The program may wrap up earlier than expected or may require agency subsidization.

III. CONCLUSION

OHCS is excited to work with the Treasury, its program administrator, and its vendors, housing counselors, culturally specific organizations, and legal aid attorneys to help prevent the foreclosure and displacement of eligible Oregon homeowners. Please contact us with any questions or concerns about this HAF Plan using the contact information in the Treasury portal. Please find Oregon's submitted Mortgage Reinstatement Program and Forward Payment Assistance Program term sheets attached to this HAF Plan.