

MEMORANDUM

To: CalHFA Board of Directors

Date: October 8, 2020

From: Claire Tauriainen, General Counsel
CALIFORNIA HOUSING FINANCE AGENCY

Subject: Resolution 20-20: DISCUSSION, RECOMMENDATION, AND POSSIBLE ACTION APPROVING SELECTION CRITERIA FOR HUD INTERMEDIARIES FOR NATIONAL MORTGAGE SETTLEMENT HOUSING COUNSELING PROGRAM

Executive Summary

Since our last report to you on August 13, 2020, we've progressed in the development of the National Mortgage Settlement HUD Counseling Program. I'm excited for the opportunity to present to you today, because we believe the program will have extensive geographic reach throughout California to struggling renters and property owners in communities with the most acute need.

After some feedback from Intermediaries, CalHFA opted to re-publish the application after adding more detail to the selection criteria and some additional clarifying language. Specifically, we re-published an augmented application, requesting that all eligible HUD Intermediaries interested in NMS funding apply. Applicants who initially submitted in August were given the option of submitting a new or expanded application or notifying CalHFA in writing that they would like their existing application to be resubmitted for consideration. The updated application spelled out and defined the criteria upon which applications are assessed. Applications from interested Intermediaries were received on September 28, 2020.

We employed the following six objective criteria for selecting Intermediaries:

1. Capacity Building:
2. Communities Served:
3. Serving Low and Moderate Income Californians:
4. History of Partnering with Other Housing Counseling Entities:
5. Outreach:
6. Efficient Use of Funds:

The definition of these criteria can be found on the sample application attached to this memo.

Review Process:

CalHFA has, and will continue to, hold itself to the highest standards of transparency and the entire NMS Counseling program has been created in compliance with our governing statutes. Applications were received by our project manager, and then forwarded to a staff member who had not previously worked on this initiative. That staff member redacted identifying information about the Intermediary from each application packet so that the evaluation committee could conduct a blind review. The segregation of duties, such as redaction and gathering comprehensive application information insulated the evaluation process and ensured objectivity and fairness by the evaluation committee.

I'd like to recognize all nine of our applicants and applaud them for the wonderful work they do. Now more than ever our housing counselors are a vital tool for assisting Californians who are struggling financially during this unprecedented time.

At the time of publishing the board package, the blind review and selection had not been completed and therefore could not be included in this staff report. The four selected intermediaries will be announced to the Board during the Board Meeting.

The Intermediaries not selected for funding may be offered a one-time counseling and/or capacity building grant to support the crucial work conducted by housing counselors in the state of California.

Receipt of any NMS funding, either ongoing or one-time, is predicated upon the Intermediary entering into negotiated grant agreements.

National Mortgage Settlement Funding - Counseling Services HUD Intermediary Application

CalHFA is re-issuing this application and providing applicants with criteria that will be used during the application evaluation.

Applicants that have previously submitted a completed application have the option to augment their previously submitted application or submit an entirely new application by completing and submitting the application form and required documentation through the smartsheet. Alternatively, an applicant may elect to notify CalHFA in writing that the previously submitted application will serve as their application without changes. The Intermediary's election must be communicated to Rebecca Jenkins at rjenkins@calhfa.ca.gov on or before the deadline for submission.

Fifty million dollars (\$50,000,000) will be administered by the California Housing Finance Agency for the purpose of providing HUD-certified counseling services to homeowners, former homeowners, or renters. Completed applications must be received for participation and must be submitted with the required documentation listed below by 12:00PM PDT September 28, 2020. All applications will be reviewed by a panel of CalHFA staff. Up to four applicants will be selected to participate. Only applicants that meet minimum requirements will be considered.

Applicant Name:							
Address	Street						
	City		State		ZIP		Phone
Authorized Representative	Name				Email		
	Title				Phone		
Primary Contact Person	Name				Email		
	Title				Phone		
Secondary Contact Person	Name				Email		
	Title				Phone		

HUD Intermediary Applicant Minimum Requirements

- Applicant must have capacity to perform counseling services within the State of California, and have office(s) located in California
- Applicant must work with the California based HUD-Certified Housing Counseling Agencies listed on HUD's website
- Applicant must have sufficient organizational stability and capacity to carry out the necessary housing counseling activities for administering funds granted
- Applicant has operated as housing counseling administrators for a minimum of two years prior to the date of application
- Applicant certifies it has the financial stability to administer funds granted
- Applicant demonstrates the ability to reach indigent, underserved, and ethnically diverse communities

Items to Submit:

1. Completed application
2. List of California HUD-Certified Housing Counseling Agencies (sub-grantees) with which the applicant plans to or has an existing contract; Include the sub-grantee's location and their proven ability to reach underserved and ethnically diverse communities (e.g. African American, Latino, Asian, Native American, etc.)
3. Oversight plan for employing sub-grantees & plan of action for counseling services
4. Most recent two years of Audited Financial Statements with single audits if applicable.
5. Organizational Chart identifying personnel and role of those assigned to this program
6. HUD 9902 report of California clients served in the last 3 years including location (city, county, zip MSA)
7. Program plan on how your organization will use funds if selected, for intermediary operational oversight and compliance and any HCA program related support, marketing and capacity building. Maximum use of funds allowed beyond your counseling services are as follows: <ul style="list-style-type: none"> • A maximum of 10% funds may be used by intermediaries for operational oversight. • A maximum of 15% designated, for sub-grantees, may be used for program related support or capacity building which may be used for marketing, technology upgrades, funding monitoring, client privacy protection, best practices, personnel activity/training and client reporting on HUD 9902. Applicants must use the " Budget for Operational and Capacity Building Plans " worksheet.

Criteria to be used for Selecting Intermediaries
Capacity Building:
- Capacity building for California offices may include expanding capabilities or increasing the current number of counselors that would assist in expanding existing network services to underserved, ethnic, and low-income California homeowners, former homeowners and renters.
- This includes an estimated budget using the " Budget for Operational and Capacity Building Plans " worksheet. Needs may include budget, technology upgrades, funding agreement/processes, monitoring, overview of performance reporting, client privacy protection, personnel activity/training, etc.
Communities Served:
- History of serving California's underserved and ethnically diverse communities (e.g. African American, Latino, Asian, Native American, etc.) per 9902 HUD reports.
- Plan of action to expand services to California's underserved and ethnically diverse communities (e.g. African American, Latino, Asian, Native American, etc.).
Serving Low and Moderate Incomes (LMI):
- History of serving California's low and very low-income populations per 9902 HUD reports.
- Experience serving renters and former homeowners who are rent burdened; Experience serving homeowners in need of mortgage assistance. Demonstrated history of results via the HUD 9902.
- Plan of action to expand services to California's low and very low-income populations.
Partnerships with Other Housing Counseling Entities:
- History of partnering with other California HCAs that resulted in a collaborative reach to multiple geographic areas within California (i.e., multiple counties and/or MSAs)
- Plan of action to partner with other California based HCAs resulting in a collaborative reach to multiple geographic areas within California (i.e., multiple counties and/or MSAs)
Outreach:
- Existing footprint of California housing counseling agencies showing the intermediary's coverage in California. This includes their current California offices, partner HCA California offices and current number of counselors.
- Plan of action to increase existing footprint of California offices by partnering with other HCA California offices and counselors.

- A marketing plan detailing how the intermediary will ensure that underserved and hard-to-reach California populations that are struggling financially know that these counseling services are available to them through the intermediary's network of California offices.

Efficient Use of Funds:

- History of intermediary using grant funds efficiently. This includes a review of funds for administrative activities compared to funds used for counseling services to clients.

Applicant Commitment of Responsibility

I, an individual authorized by my organization to submit this application, hereby certify that if approved by CalHFA for an NMS Settlement funding allocation for counseling services,

(applicant name) _____ shall adhere to program requirements and the following:

- A. Has the authority to operate business in California and sub-grantees are all properly licensed in areas of operation
- B. Has the authority to undertake the activities applied for and meets the Applicant Requirements
- C. It possesses the legal authority to apply for the allocation and to execute this application
- D. The applicant and sub-grantees do not have any unresolved audit findings for prior HUD- or federally funded housing or community development projects or programs
- E. There are no pending lawsuits that would impact the implementation of this program
- F. It can perform the duties for the activity(s) applied for
- G. Maintain complete and accurate records of all Program disbursements to ensure adherence to proper accounting procedures for counseling, which may be verified in a future fiscal and programmatic audit

The information, statements, and attachments contained in this application are, to the best of my knowledge, true and correct.

All information contained in this application is acknowledged to be public information.

I further acknowledge that selected applicants shall be required to execute a Grant & Services Agreement.

Signature: _____

Title: _____

Printed Name: _____

Date: _____