Narrative
Vermont's Homeowner Assistance Fund Plan

I. HOMEOWNER NEEDS AND ENGAGEMENT

Vermont's economy continues to struggle in many sectors, contributing to an extended need for mortgage assistance. The number of jobs in Vermont declined by a dramatic 7.6% between March 2020 and March 2021—more than any other New England state. This level of job loss is the highest on record in Vermont and is hitting Vermont's tourism sector particularly severely. Leisure and hospitality made up 12% of all Vermont jobs pre-pandemic, and the sector lost 12,300 jobs, or 34%, in 2020.

Vermonters' employment losses are reflected in missed mortgage payments, which have doubled over the course of the pandemic. Nearly 4.4% of all Vermont mortgages were seriously delinquent in March 2021, compared to just 2.2% at the end of 2019, according to the Mortgage Bankers Association.

The Vermont Housing Finance Agency (VHFA) has a long history of recognizing the critical importance of data-driven decisions when it comes to housing programs. For this reason, the Agency's housing research department runs the Vermont Housing Data website (www.housingdata.org) and conducts in depth housing needs assessments at the state, county and local levels. Unless otherwise noted, data and estimates presented in this plan are based on the Community Profiles and reports provided through this website.

These data are also much richer thanks to the high level of public and partner engagement throughout the development of this program. These contributors supplied valuable data about arrearages and demand for similar programs, including those funded in 2020 by the CARES Act to help stabilize the homes of lower income Vermonters.

A. Data on Homeowner Needs

Vermont has a high rate of homeownership, with an estimated 182,321 homeowners, or nearly 71% of all households, owning their homes. As of 2019, Vermont's homeownership rate was the 7th highest in the nation.

With such a high homeownership rate, Vermont's homeowners make up most of the state's moderate-income households, making homeowner assistance especially critical.

Household income	Owner households	% of all VT households
<150% AMI	112,350	62%
<100% AMI	72,692	56%

Although the depth and breadth of the needs in our state is sometimes masked by its relatively smaller population, many factors highlight the importance of this program. These include:

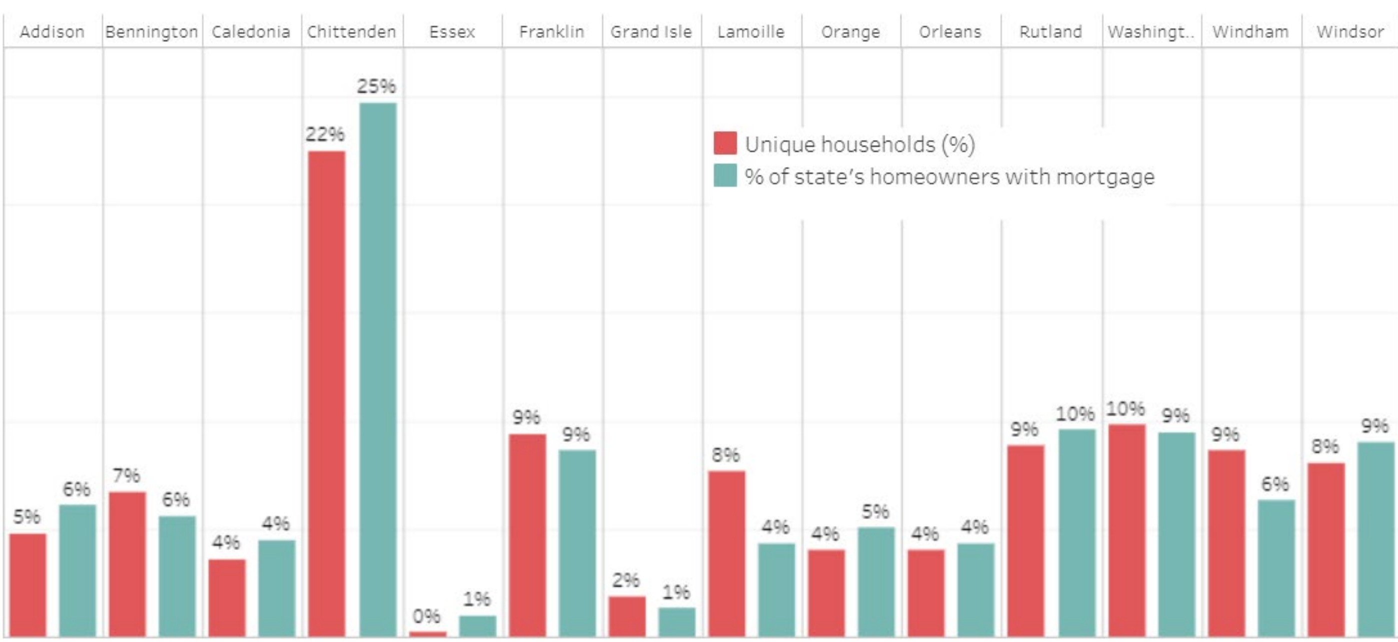
- The high number of manufactured home communities (aka mobile home parks), where many homeowners pay higher mortgage interest rates due to limited lending opportunities;
- Higher than average home utility costs due to Vermont's cold climate and small number of publicly regulated home heating options (Vermonters spend $3,454 on home energy costs on average —3rd highest among all states in the U.S.);
- Poorer quality of residences because of the age of Vermont's homes (9th oldest in the nation), which leads to high home repair and utility costs; and
- Higher costs due to the state's rural nature, low population density and scarcity of local opportunities to receive goods and services. Vermont has the 8th highest per capita consumer expenditure rate in the nation, according to the [Bureau of Economic Analysis, 2019.]

Need for emergency mortgage assistance

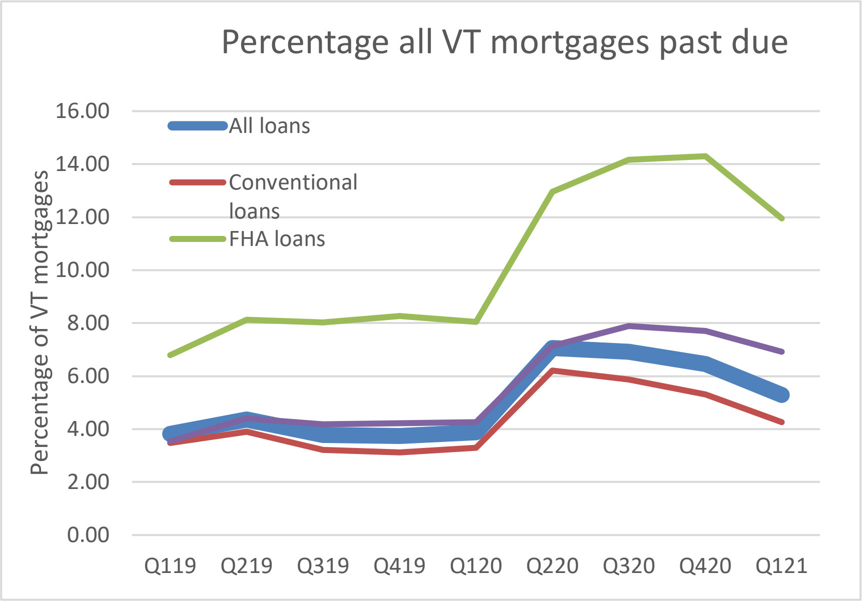
Among Vermont homeowners, approximately 63% have a mortgage on their homes. In July through November 2020 and again in May through June 2021, VHFA administered a CARES Act funded emergency Mortgage Assistance Program which demonstrated the urgent needs among Vermont homeowners harmed by the pandemic. Grants for over 900 households with a median income of $37,000 were made directly to servicers and towns for overdue mortgage payments and property taxes, quickly consuming the $10 million funds dedicated to the program. About two-thirds of these homeowners had mortgages in forbearance when they applied for mortgage assistance.

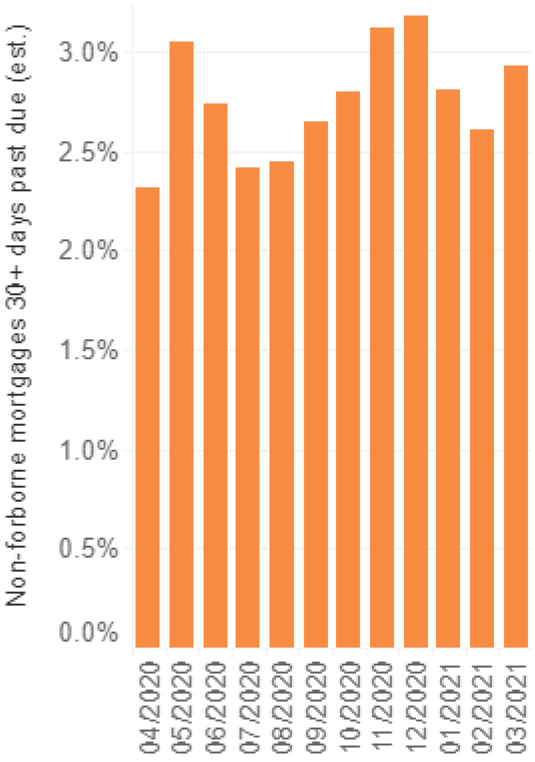
Homeowners who needed emergency mortgage assistance in 2020-2021 were geographically distributed similarly to the state's population of all mortgaged homeowners. While there appears to be a cluster in Lamoille County, this could be an anomaly due to the county's small population.

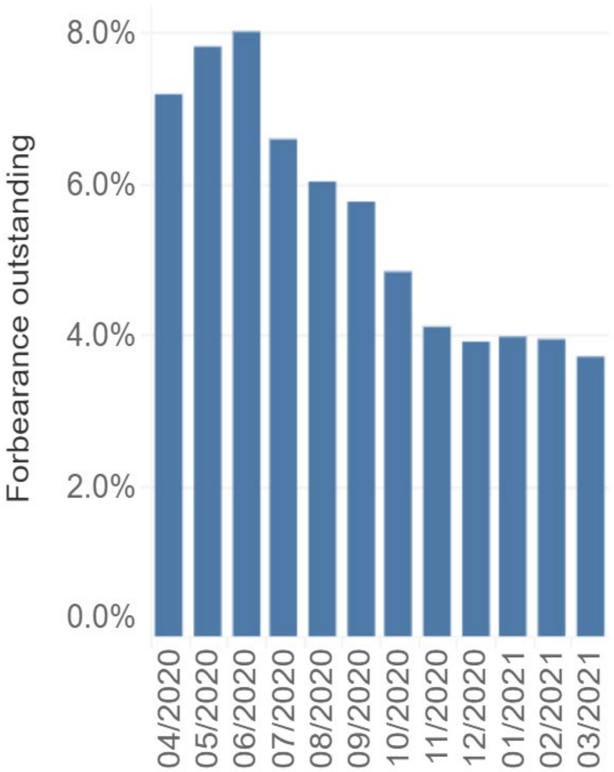
Distribution of homeowners served by Vermont Emergency Mortgage Assistance Program across counties, 2020-2021



Despite gradual improvement in rates since the pandemic highs of 2020, Vermonters' delinquencies remain well above pre-pandemic levels. FHA loans and VA loans continue to have delinquency rates above 6%, according to the most recent data available from the Mortgage Bankers Association and the Federal Reserve Bank of Atlanta.



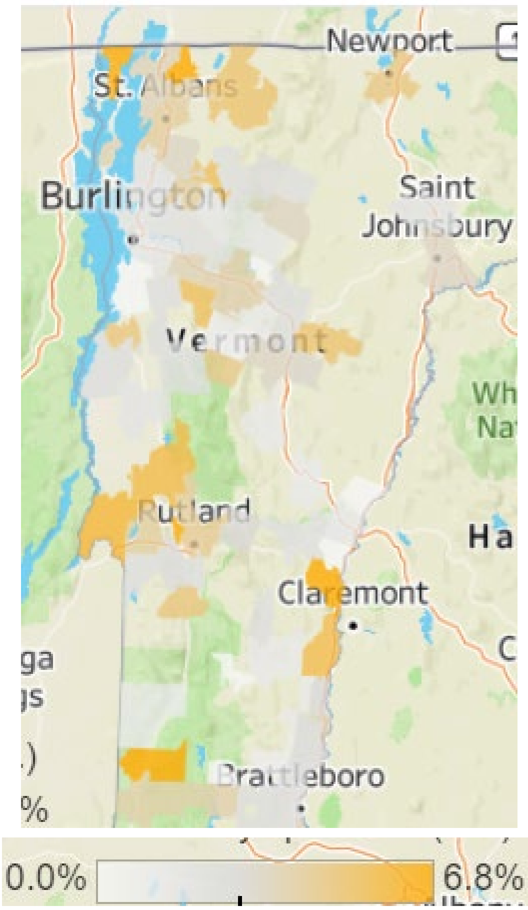




The rate of forbearance among Vermont homeowners has been declining, but remains elevated at 3.7% as of March 2021, according to Federal Reserve Bank of Atlanta's dashboards on mortgage performance.

Geographically, delinquency and forbearance rates and are highest in Vermont's lower income cities, including Bellows Falls, Springfield and Newport as well as in several extremely small towns where estimates must be interpreted with caution, such as Alburgh in the state’s northwestern-most corner on Lake Champlain.

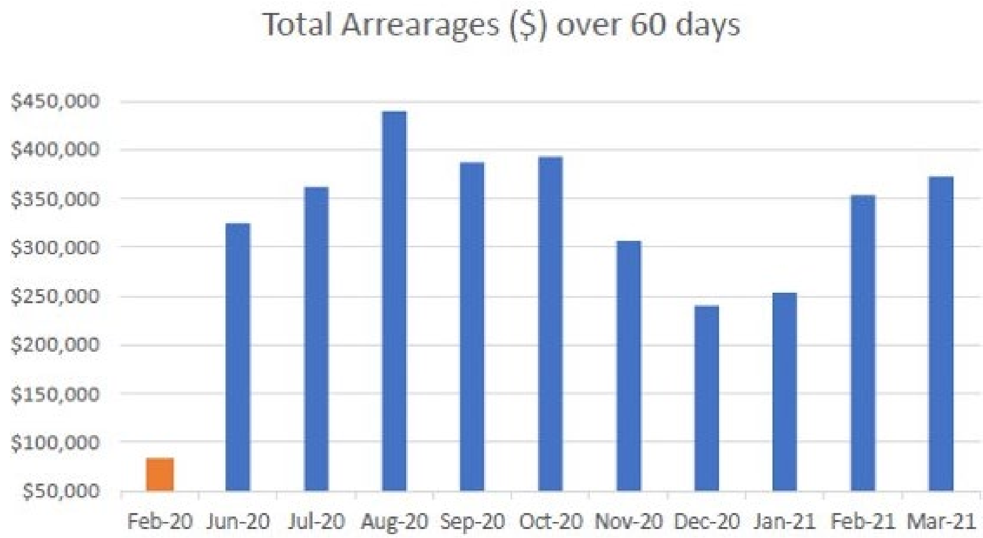
Mortgage loans 30+ days past due (est.)



Mortgage forebearance outstanding (est.)

Need for emergency utility assistance

Many lower income Vermont homeowners have urgent needs for help paying their utility expenses. During the August through December 2020 CARES Act funded program administered by the Vermont Department of Public Service, 5,590 lower income Vermont homeowners needed help due to pandemic hardship paying utility arrearages. This included arrearages for electricity, community water/sewer, natural gas, and land line telecommunication. Although arrearages peaked in August 2020, levels in March 2021 remained significantly higher than pre-pandemic levels, according to information provided by the Vermont Public Utilities Commission.



According to the U.S. Energy Information Administration's short term outlook, home heating fuel cost estimates increased for northeastern Vermont by 10-40% this winter alone. This will make the Vermont HAF program's assistance for overdue utility bills of even greater importance in stabilizing the housing of homeowners suffering from pandemic hardship.

Need for emergency property tax assistance

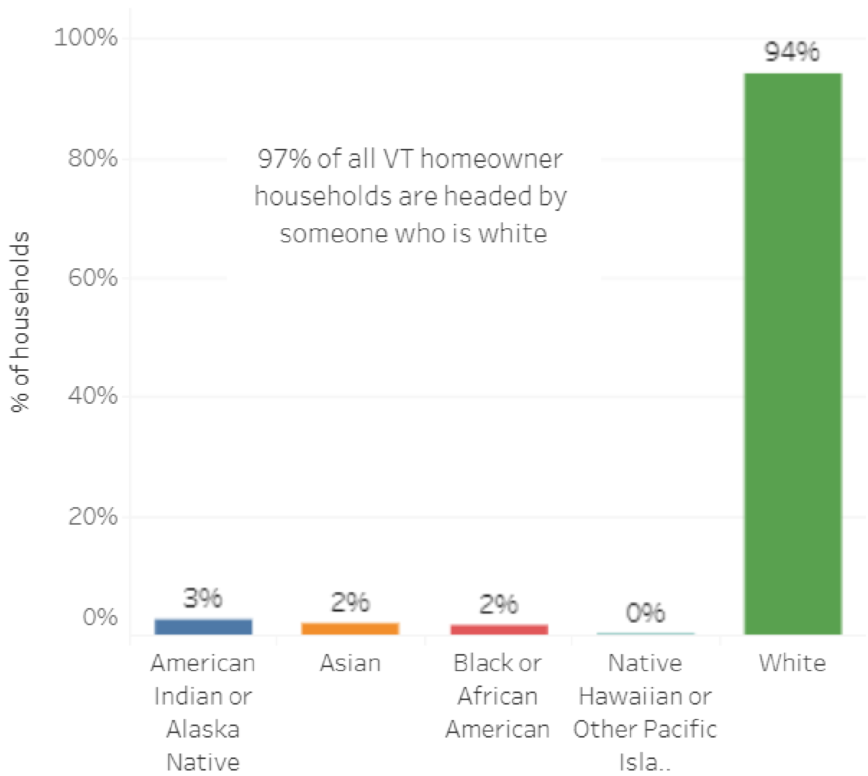
Approximately 55,000 Vermont lower income owner households do not escrow their property taxes or homeowners association fees. Based on VHFA's July 2021 survey of Vermont town clerks, approximately 2.5% of these households have overdue property taxes. With little emergency funding available yet for this expense, we expect the demand for this type of assistance will continue for the next year and then abate slightly as the recovery continues.

Socially disadvantaged homeowners

The COVID-19 pandemic exacerbated racial disparities in outcomes among Vermont homeowners, as it did nationwide. The Federal Reserve Bank of Boston found recently that Black, Hispanic, and Asian borrowers were significantly more likely than white borrowers to miss payments due to financial distress, and significantly less likely to refinance to take advantage of the large decline in interest rates. Furthermore, Black and Hispanic borrowers were significantly less likely to exit forbearance and resume making payments relative to their Asian and white counterparts. Persistent differences in the ability to catch up on missed payments could worsen the already large disparity in home ownership rates across racial and ethnic groups. With even wider disparities in Vermont homeownership rates by race than the nation as a whole, emergency assistance for Vermont BIPOC homeowners is critical.

Vermont is among the least racially diverse states in the nation, with 97% of its owner households headed by someone who is white alone. Despite the low number of households of color who own homes in Vermont, they have a disproportionately high likelihood of needing mortgage and other types of assistance. During the Vermont Mortgage Assistance Program in 2020-2021, people of color comprised 7% of the households assisted, compared to only 3% of homeowners statewide.

VT Emergency Mortgage Assistance Program participants by race, 2020-2021



Homeowners in manufactured home communities

Due largely to the lower cost of buying or renting a manufactured home, this home type houses a sizeable portion of Vermont's lower income households. Manufactured homes present an affordable housing option for many Vermont residents and make up 7.2% of residential housing units in Vermont. Vermont's 2019 Mobile Home Park registry lists the median manufactured home lot rent at $347 as compared to $945 for the median priced rental apartment.

For one-third of the Vermont households who live year-round in a manufactured home they own, most are lower income and most of the homes were built prior to 1979. In addition to their advanced age, units built in this earlier time period are typically of poorer quality because most were built prior to the enactment of national basic safety and quality standards for manufactured housing.

Many of these lower income manufactured homeowners are juggling the higher payments associated with chattel loans, the stress of home repair needs, and sudden economic hardship from the pandemic. In addition to higher interest rates, chattel loans are disproportionately used by BIPOC home buyers and lower income home buyers and are much less likely than traditional mortgages to be refinanced, according to the Consumer Financial Protection Bureau.

About 6,700 Vermont homeowners live in manufactured home communities. More than 85% of these households have low incomes (of less than 80% of the area median), according to the most recent survey conducted.

Ongoing assessment of homeowner need

To address changes in homeowner needs in the coming years, we will analyze and report on Vermont's HAF program activity relative to initial projections and performance goals every 12 months. Specifically, we will compare the HAF assistance provided to Vermont homeowners with our initial demand projections to identify areas in which homeowner needs may have shifted. By confirming HAF usage trends with broader quantitative data sets available through mortgage servicers, the National Delinquency Survey, the Federal Reserve Bank of Atlanta, Vermont's largest utility providers, and the Census Bureau, we will propose any changes warranted to our HAF plan. For example, if the demand for utility assistance through Vermont's HAF program during the first year falls short of initial projections, we will explore why this is occurring and if we confirm that needs have declined, we may submit a HAF plan change request to offer an additional type of assistance not in our original plan, such as help with home repairs.

B. Community Engagement and Public Participation

Vermont Housing Finance Agency has sought feedback to develop the HAF plan from a wide network of organizations. To date, VHFA has held three virtual public meetings, which were publicized on its blog and social media pages. In addition, VHFA directly invited over 60 key stakeholders from across the state, encouraging them to participate in the meetings and/or provide written comment. These include: every HUD-approved homeownership center; the state's network of housing nonprofits, including all five Neighborworks of America partner organizations; state and federal housing agencies; each legal aid group; every town's manager and clerk; banks and credit unions; utility companies; the local United Way organizations; homebuilding associations; agencies serving seniors and people with disabilities, including our state Center for Independent Living; and organizations representing BIPOC Vermonters, including refugee resettlement groups and local NAACP chapters.

Feedback from these stakeholders was varied, though they largely supported the recommendations in the initial HAF Model Plan. Recommendations included requiring minimal documentation to the greatest extent possible to ease the burden on applicants and ensure efficient distribution of funding; making payments directly to third parties such as loan servicers, towns, and utilities; providing applicants additional assistance and non-online options for completing the application when necessary, as a lesson learned from the Emergency Rental Assistance Program; and providing housing counseling. Vermont's aging housing stock and the need to provide funding for necessary repairs was also cited as a major concern. VHFA has incorporated this feedback into this Draft HAF Plan.

In addition to the above feedback, VHFA has been able to draw on its experience with its Mortgage Assistance Fund program, which it administered between July 2020 and June 2021 with federal CARES Act funding. VHFA developed a network to publicize the program among their clients and members and to assist households who had difficulty with the online application process. These organizations were included in its HAF outreach. VHFA anticipates relying on this same network to help deploy HAF funds.

Since submitting the HAF plan in August, we received comments from community-based organizations about ways to make the application process user-friendly and accessible for

Vermont homeowners. Many of these recent comments stem from experiences of organizations involved helping applicants to Vermont's Emergency Rental Assistance Program.

Specific comments can be grouped into the following categories:

1. General needs (re expected program demands) which do not require response.
    - There is a high volume of homeowners already queuing up to use the program including those in mobile home parks
    - High volume of clients who need help with rental applications are taxing the capacity of some community organizations who will likely also serve homeowners through this program.
    - Travel is needed to assist residents of mobile home parks with their applications.

2. Technical program requests which are under discussion, a planned activity, completed, or not planned.
    - There is limited access to computers among mobile home park residents, so applications must be available and accessible to non-computer users.
        - Response: Planned activity -- paper applications are in process of being created
    - There is a need for a single point of contact regarding the HAP program for organizations to use for questions.
        - Response: Planned activity.
    - There is a need for a streamlined application and document upload process so organizations can focus on counseling and other assistance.
        - Response: Completed.
    - The application needs to be available in languages besides English.
        - Response: Planned activity.
    - There is a need for an online program checklist and guide.
        - Response: Planned activity.
    - There is a need for training on the application process for community-based organizations.
        - Response: Planned activity.
    - Partners requested an option to test the application and provide feedback.
        - Response: Completed.
    - Requested meeting with VHFA 3-6 months after launch to provide feedback and opportunity to make process improvements.
        - Response: Planned activity

Comments were provided through meetings we had this fall with representatives from the state's HUD-approved housing counseling agencies, community action program agencies, and organizations that work directly with underserved homeowners including people with disabilities, BIPOC populations and residents of mobile home parks, including:

- Downstreet Housing and Community Development

- Champlain Valley Office of Economic Opportunity
- Opportunities Credit Union
- Windham and Windsor Housing Trust
- Neighborworks of Western Vermont
- US Committee for Refugees and Immigrants (USCRI-VT)
- BROC Community Action
- Vermont Legal Aid
- Champlain Housing Trust

VHFA has responded to comments from these representatives by revising application questions and organization, removing unnecessary questions and adding an 11th language to the options available through the web-based application portal. We have also designed a support system for agencies who will be helping customers with applications that reflects the suggestions these agencies provided this fall, including reimbursement for travel and translation expenses, staff time and having a dedicated VHFA staff person (in addition to the general helpline to be provided by our HAF program vendor) available for questions from these organizations. We have also developed a document checklist and program summary to make available online when the program launches.

II. PROGRAM DESIGN

A. Program Description

1. Program Overview -- The Vermont Homeowner Assistance Fund (HAF) program offers grant assistance for (i) partial or full reinstatement of a delinquent first mortgage (including a forborne amount), principal reduction of a delinquent first mortgage in connection with a modification, or other mortgage related expenses (including tax and insurance escrows and late fees), (ii) delinquent property taxes, (iii) past due homeowner association fees or liens, condominium association fees, and other common charges that are or could become a lien on the property, and (iv) past due utility charges, including electric, gas, home energy, water, and sewer.

2. Program Goal -- To help Vermont homeowners avoid foreclosure or displacement by mitigating financial hardships related to the Covid-19 pandemic.

3. Target Population -- Vermont homeowners having incomes equal to or less than 150% of the area median income, as published by VHFA based on household size. Priority will be given to homeowners with incomes less than or equal to 100% of the area median income, as published by VHFA based on household size, and to homeowners in Historically Underserved Populations. Marketing and outreach efforts also will be created to specifically engage Historically Underserved Populations to ensure they have an opportunity to take part in the program. In addition, at least 60% of HAF grants must be given to households with incomes less than or equal to the area median income.

4. General Eligibility Criteria -- To be eligible, Vermont homeowners must:
• Have experienced a financial hardship after January 21, 2020 associated with the Covid-19 pandemic;

• Have income equal to or less than 150% area median income, as published by VHFA based on household size (assistance will be prioritized for those with income equal to or less than 100% of area median income, as published by VHFA based on household size and for Historically Underserved Populations, and income limits may be reduced to meet the requirement that 60% of all HAF grants be made to household with incomes less than or equal to the area median income, as published by VHFA based on household size);
• Own and occupy as a primary residence the property for which assistance is sought; and
• Submit a hardship affidavit as explanation of a material reduction of household income or material increase in household expenses.

5. Property Eligibility Criteria -- One- to four-family Vermont properties and condominiums in Vermont, including manufactured homes. Property must be the applicant's primary residence.

6. Structure of Assistance -- The Vermont HAF program provides one-time lump sum assistance grants for the benefit of eligible Vermont homeowners. Loans in forbearance are eligible. Funds are paid directly to the existing mortgage servicer, tax authority, lien holder, or applicable utility company(ies).

Assistance can be used to pay, but may not be limited to:

- Delinquent principal, interest and mortgage escrow payments (including tax and insurance escrows), including past due fees and charges, including attorney's fees related to foreclosure/forbearance or similar services
- Delinquent tax and insurance payment advances by Reverse Mortgage holders
- Delinquent property taxes
- Delinquent Homeowner Association fees and other common charges that are or could become liens related to the property
- Past due utility charges, including electric, gas, home energy, water, and sewer
- Delinquencies can include periods prior to January 21, 2020.

7. Per Household Assistance – Up to $30,000 of HAF assistance is available per household across all HAF program grants. This cap is subject to adjustment based on program usage and applicant needs. This limit is based on expected demand for assistance and expected grant amounts based on available data pertaining to combined mortgage, utility, property tax and association fee assistance needs per homeowner. This includes an allowance for future increases in heating fuel costs based on the U.S. Energy Information Administration's short term outlook estimates increased costs for northeastern Vermont by 10-40% this winter alone.

Assistance to any particular household will be prioritized in the following order: mortgage assistance, property tax assistance, assistance with homeowner association fees and other common charges, utility assistance.

8. Program Inception/Duration – Commencing within 45 days after HAF Plan approval by US Treasury and running until September 30, 2025 or until program funds are exhausted.

9. Historically Underserved Populations include Socially Disadvantaged Individuals as defined in [HAF Guidance] provided by the US Treasury and owners of mobile homes in mobile home parks.

10. Counseling and Legal Services Grants – In addition to assistance to homeowners outlined above, up to 5% of the program funds received may be granted to HUD-approved non-profit housing counseling agencies and non-profit legal services providers for efforts targeting households meeting the Eligibility Criteria set forth above related to prevention of foreclosure or displacement. Organizations will be required to apply for funding, and their applications must include:
• a strategic outreach plan;
• a detailed description of how they will assist targeted homeowners under the VT HAF program with application submission; and
• a description of how they will assist borrowers in negotiations with lien holders, mortgage servicers, tax collecting authorities, insurance providers, and investor groups.

B. Application Process

Homeowners must attest that they experienced financial hardship after January 21, 2020. The attestation must describe the nature of the financial hardship (for example, job loss, reduction in income, or increased costs due to healthcare or the need to care for a family member).

For the purposes of determining income eligibility, the VT HAF program will use HUD's definition of "annual income" in 24 CFR 5.609 or use adjusted gross income as defined for purposes of reporting on Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.

Income Verification Requirements.

To confirm income for eligibility and targeting, the homeowner must provide the following:

- A written attestation as to household income, and documentation of income such as paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, or an attestation from an employer
- The Agency may also provide waivers or exceptions to these documentation requirements, as reasonably necessary, to accommodate extenuating circumstances, such as disabilities, practical challenges related to the pandemic or a lack of technological access by homeowners when alternative documentation or income verification is available. In such instances VHFA may rely on fact-based proxies such as whether the homeowner can provide proof of current receipt of benefits under a federal means-tested program which requires income to be at or below that required income for an eligible homeowner under HAF (such as Supplemental Nutritional Assistance Program/SNAP (3SquaresVT) or Medicaid) or the location of the residence in a census tract with one of the following designations:
  a. FHFA Duty to Serve designations of Areas of Concentrated Poverty
  b. HUD designations of Racial and/or Ethnic Areas of Concentrated Poverty
  c. FFIEC designations of distressed, underserved, poverty, remote rural and/or unemployment
  d. HUD designations of Qualified Census Tracts for use in the Low-Income Housing Tax Credit program
  e. Other fact-based proxy eligibilities may be developed as data becomes available.

For homeowners requesting assistance reinstating a mortgage or other property-secured loan (including a forward mortgage or reverse mortgage, a chattel loan on manufactured homes, a land contract or other installment loan), the homeowner will be required to provide information regarding the loan and the loan servicer, including a copy of their most recent statement. Servicers will be required to confirm the delinquent balance and provide information confirming that the original loan balance did not exceed then-applicable conforming loan limits

Homeowners requesting assistance with respect to property taxes, homeowner association fees, utilities, and other homeowner costs will be required to provide information regarding past due amounts and a copy of the most recent related statement. The relevant taxing authority, homeowner association, utility, etc. will be required to confirm the delinquent balance.

To evaluate immediate threats to the housing stability of applicants, which may need to be addressed under an expedited or prioritized timeline (e.g., HOA liens, tax delinquencies, utility shut off), the application asks homeowners to indicate if they are at risk of losing their home or of utility shut off within the next 30 days. If they answer "Yes", their application will be prioritized with the intent of keeping them in their home with as minimal utility service interruption as possible.

C. Methods for Targeting HAF Funding

In connection with its management of its Mortgage Assistance Program, VHFA developed a network of non-profit partners to publicize the program among their clients and members and to assist households who had difficulty with the online application process. These organizations were included in all HAF Plan outreach so far. VHFA anticipates relying on this same network to help deploy HAF funds. Applicants with household incomes less than 100% of area median or who are members of Historically Underserved Populations will be given priority in the application review and approval process.

Although we plan to launch the program with eligibility up to 150% AMI, we will continually monitor the portion of approved grant amounts paid on behalf of applicants above 100% AMI. If this reaches 30%, we will reduce affordability to 100% AMI for applicants who are not socially disadvantaged as a way of ensuring we will remain within program limits. In addition, applications from Socially Disadvantaged Individuals will be prioritized to ensure that grants to these homeowners are paid as quickly as possible.

98% of Vermont residents speak only English or speak English very well in addition to another language. However, there is a growing population of people with limited English proficiency in Vermont due to a robust Refugee Resettlement program. The HAF program will target outreach and provide access to homeowners with limited English proficiency through a multi-pronged approach: (1) bringing in as HAF program affiliates the two community-based organizations that most closely serve new Americans in VT: Vermont Association of Africans Living in Vermont (AALV) and the U.S. Committee on Refugee and Immigrants (USCRI-VT) who will ask ambassadors to share information about the HAF program with LEP communities; (2) building a relationship with the Ethiopian Community Development Council branch that just opened in VT; (3) translating program marketing materials into the top 10 non-English languages spoken in Vermont including digital search and display advertising, short videos, and program flyers; (4) translating application portal content, paper applications in 10 languages and providing Call

Center operators in all languages; and (5) monitoring applications to add promotional activities for towns and population segments that are under-represented.

VHFA has started and will continue to obtain regular feedback on HAF marketing approaches through its network of 17 community-based organizations serving socially disadvantaged individuals, homeowners with limited English proficiency and homeowners with low incomes. In addition to helping homeowners with applications, these organizations will use their networks and proven outreach strategies to disseminate HAF program information in culturally relevant ways. In addition, VHFA has developed connections to several hundred other statewide and local organizations that will use platforms and networks tailored to their mission and customers to share HAF program information.

D. Informing about housing counseling, legal services and loss mitigation options

The VT HAF application will encourage applicants who are uncertain about the affordability of their monthly payments in the long run to seek housing counseling and will connect applicants requesting counseling with HUD-approved counseling agencies. Vermont's housing counselors are well equipped to help each homeowner they work with to make the adjustments needed to ensure that their housing is stable and their monthly housing expenses affordable and sustainable in the long run.

For both legal and housing counseling, the HAF application will describe the potential benefits of these services and provide several opportunities throughout the application to request them. This will include a section that asks the applicant whether they expect to be able to afford their housing payments in the long run, given their expected future income. To the extent that they have concerns about this, the application will encourage them request housing counseling.

Vermont's HAF program will connect dedicated staff at the Vermont Legal Aid Office of every applicant who indicates a need on their application for legal services. Similarly, the program will notify a HUD-approved housing counseling agency when an applicant requests counseling services. As needed, housing counselors and Vermont Legal Aid attorneys will support HAF applicant engagement with mortgage servicers regarding loss mitigation.

Vermont's providers of housing counseling have limited capacity. For this reason, we are also in the process of arranging for the option of phone counseling via a national HUD-approved housing counseling provider.

The VT HAF application will advise applicants requesting mortgage assistance of the availability of loss mitigation options and ask them to describe their communication with mortgage servicers including the status of options the servicer has offered. This information will be used by providers of housing counseling and legal services who will facilitate applicant engagement with mortgage servicers regarding loss mitigation as appropriate.

E. Best Practices and Coordination with Other HAF participants

VHFA will draw on its experience managing its Mortgage Assistance Program in developing processes and procedures for HAF. In addition, through its affiliation with the National Council of State Housing Authorities ("NSCHA"), VHFA has been communicating with peer housing agencies on a regular basis since it was selected to administer the HAF program. The weekly meetings between staff of state housing finance agencies have provided a platform for sharing best practices and innovative ideas. VHFA has relied on the availability of a common template library, through which states can share draft templates of programs, applications, requests for proposals ("RFPs") and other documents. These resources have aided VHFA in developing its draft program. VHFA has also been engaged in the NCSHA joint meetings with mortgage servicers in developing a common data platform for exchanging information regarding delinquent mortgages.

F. Performance goals

To communicate our progress to the public in meeting performance goals, we will display a live web-based dashboard of program activity and impact metrics on the program website. For a similar mortgage assistance program funded with CARES Act funding in 2020 and 2021, this dashboard was available online and updated weekly. You can see that site here: https://www.vhfa.org/partners/initiatives/program-impacts/map

In addition, we will prepare annual reports on the impact of Vermont's HAF program relative to performance goals and community wide trends. The Vermont Agency of Commerce and Community Development will also out on Vermont's progress toward HAF performance goals. This will include reporting the number of HAF applicants assisted solely through counseling or legal services without payment of HAF funds to resolve the homeowner's defaults or delinquencies.

These three metrics will be the most indicative of the program's success:

1. Households assisted by income level (<50% AMI, 50-80% AMI, 80-100% AMI, 100-150% AMI) in comparison to homeowner households statewide by income level.
2. Distribution of households assisted by county relative to distribution of total population of homeowners.
3. Portion of households assisted who are BIPOC as compared to portion of all VT homeowners who are BIPOC.

G. Readiness

VHFA has chosen a vendor for development of an application portal and application management, and we have been working with them to develop systems and processes. VHFA has assigned various existing staff members to its Homeowner Assistance Program team and has hired one dedicated staff member for the program. Additional staff may be hired as needed. We are actively negotiating agreements with outreach partners, legal services, and HUD-approved housing counseling agencies. We have met with the state's largest utility provider to plan out the utility arrearage payment process, and have closely followed the national discussions with major servicers and plan to adopt the standardized process agreed upon by state housing agencies and loan servicers.

So far, the initial 10% payment of Vermont's total HAF allocation has been used for payments to our vendor for development of the application portal and for development of systems and processes to manage the program and for staff planning and program development. As of this time, $1,057,315 has been spent for these purposes. Because VHFA had just completed a round of CARES Act funded mortgage assistance which closed in June 2021, no pilot program was offered using Homeowner Assistance Fund money to allow for the Agency to focus on developing the Homeowner Assistance Program. Additionally, the state used CARES Act funds to provide well over $15 million in utility arrearage funding to households and businesses through a program that was open through October 2021.

III. Budget estimates

The demand for assistance from Vermont homeowners is expected to exceed Vermont's $50,000,000 HAF allocation. The following estimates were developed by VHFA's research department based on input from utility providers, town clerks, community and state home repair programs and housing counseling and legal service providers. Additional sources for these estimates include experiences during the 2020 Vermont Mortgage Assistance Program and Vermont Utility Arrearage Assistance Program and actual and projected mortgage delinquency rates.

Projected expenditures ($)	2021	2022	2023
Mortgage reinstatement +		9,603,045	9,224,647
Utilities		4,512,667	6,068,790
Internet service		1,246,645	857,586
Insurance		1,206,608	1,159,216
Association fees		2,315,152	2,223,926
Property taxes		3,656,332	3,512,258
Home repairs or accessibility improvements		1,680,924	1,680,924
Counseling/legal		683,000	698,000
Program grants (total)		*24,904,374*	*25,425,346*
Administrative expenses	5,000,000	2,267,304	232,696
Annual total	$5,000,000	$27,171,678	$25,658,042
Cumulative total	$5,000,000	$32,171,678	$57,829,720

Due to the limited funds available through the HAF, VHFA proposes prioritizing funding for expenses which put vulnerable Vermont homeowners most at risk of foreclosure and/or housing displacement and for counseling and legal services to ensure that program access and support extends fully to socially disadvantaged individuals and residents of manufactured home parks. Due to the direct lien consequences that occur when delinquencies occur with regard to mortgages, utilities, association fees and property taxes, VHFA plans to dedicate funds for these programs first. Utility assistance through HAF will begin after the current CARES-Act funded Vermont Department of Public Service program ends. As shown below, focusing on the top priority programs is expected to consume Vermont’s total HAF allotment of $50 million in 2023.

Projected expenditures ($)	**2021**	**2022**	**2023**
Mortgage reinstatement +		9,603,045	9,224,647
Utilities		4,512,667	6,068,790
Association fees		2,315,152	2,223,926
Property taxes		3,656,332	3,512,258
Counseling/legal		683,000	698,000
Program grants (total)		*20,770,196*	*21,727,621*
Administrative expenses	5,000,000	2,267,304	232,696
Annual total	$5,000,000	$23,037,500	$21,960,317
Cumulative total	$5,000,000	$28,037,500	$49,997,817