

**HAFP-0043 - [North Carolina]
Treasury Feedback for Resubmission of Plan**

Please revise the HAF plan by providing a response to the questions below.

Completeness

- Your plan lists Stephanie McGarrah as the Authorized Official, while the original application for HAF payments was signed by Charles Perusse. To ensure prompt payment upon approval, the Authorized Official needs to be the same as the signatory on the original application for HAF payments. If you need to establish a new authorized representative for HAF payments, a request should be submitted by email to HAF@treasury.gov.

Charles Perusse has been listed as the Authorized Official consistent with the signatory on the original application.

Homeowner Needs and Community Engagement

Data

- No Question.

Community Engagement and Public Participation

- Your plan notes public input and community engagement in the plan development process. Please explain if you conducted any outreach with local governments and tribes.

Outreach for comments on the North Carolina Homeowner Assistance Fund (NC HAF) plan includes local governments and tribal entities, including tribal housing providers and the North Carolina Commission on Indian Affairs. The NC Commission of Indian Affairs has coordinated a meeting with tribal representatives and NCHFA staff to be held on December 3, 2021. Meetings were held between North Carolina Housing Finance Agency (NCHFA) staff and the state association of the Department of Social Services (DSS) County Directors, a state department with an office and director in each of NC's 100 counties. NCHFA's Manager of Government and Industry Relations communicated with the Eastern Band of the Cherokee Indians, staff from the NC League of Municipalities and the Metro Mayors Coalition with regard to NC HAF. Additionally, the NC Association of County Commissioners was notified when the plan was published.

- Please describe any coordination you intend with Tribes or Tribal entities.

The NC Commission of Indian Affairs has coordinated a meeting with tribal representatives and NCHFA staff to be held on December 3, 2021. NCHFA intends to inquire as to which tribes in NC have or intend to apply for HAF funding. Because the NCHAF program will serve members of tribes on and off tribal land without regard to whether the tribe has sought their own HAF funds, we plan to have a robust outreach to ensure access to the NCHAF program. NCHFA seeks to collaborate with tribal representatives on outreach efforts to tribal members.

- Please provide an update indicating any public comments you have received since you submitted your HAF Plan, from which organization you received any such comment, and whether you have responded to the comments.

NCHFA initially posted the NC HAF full plan for public comment on June 16, 2021, as well as a program summary document in both English and Spanish. A memorandum highlighting the updates and changes that were made from the initial plan to the NC HAF plan that was submitted to Treasury was posted to the website on August 19, 2021.

NCHFA received 46 public comments, now published on the website, prior to plan submission. Comments received through the website were not responded to individually, but rather NCHFA made adjustments to the plan based on the comments received. Since the State Plan was submitted on August 19, 2021, there have been no additional public comments received via NCHFA's website in response to the published plan or the memorandum.

In August 2021, NCHFA received requests from NCGA's Fiscal Research Division and staff for the Joint Legislative Commission on Governmental Operations for copies of the complete NC HAF plan that was submitted to Treasury. A reconstructed approximation of the NC HAF submission to Treasury was provided as there was no capability to generate a document of the plan from the Treasury portal. NCHFA has also kept key NCGA leadership apprised of HAF developments.

In addition, NCHFA's Manager of Government and Industry Relations has held regular meetings with industry and advocacy stakeholders, including but not limited to the North Carolina Bankers Association, the Mortgage Bankers Association, the Carolinas Credit Union League, NC Realtors, the North Carolina Housing Coalition, Habitat for Humanity, and others to keep them apprised of progress. NCHFA has also conducted two briefings for members of Congress and their staff, and has a third briefing scheduled for November 18, 2021.

On September 9, 2021 NCHFA staff met with and received comments from representatives of the North Carolina Justice Center Consumer Housing & Energy Project and Legal Aid of North Carolina. The consortium provided a list of probable legal services that could potentially be provided to homeowners under the NC HAF program, data on average hours required to perform each level of service and a cost baseline for the approximate time required for about 12-15 attorneys, working full time, with intake and staff support, to intake, competently represent, and close about 1200 complex cases in a year's time.

NCHFA's website offers an online sign-up for interested homeowners to be notified when the NC HAF program begins to accept applications. As of November 19, 2021, 6,606 individuals have signed up to be notified. On September 13, 2021 an eblast notification was sent to these potentially eligible homeowners advising them the NC HAF program is still being developed and that NCHFA is committed to acting quickly to open the program as soon as possible. The eblast also encourages homeowners to contact their mortgage servicer for assistance and provides contact information for North Carolina's State Home Foreclosure Prevention Project (SHFPP) and Legal Aid of North Carolina. A second eblast was sent to this group on November 15, 2021. NCHFA intends to continue to update these interested homeowners on the progress of the NC HAF program until program launch.

Ongoing Assessment of Homeowner Need

- Please explain how the program will address changes in homeowner needs in the coming years.

NCHFA conducted a thorough assessment of Homeowner need in North Carolina as part of the initial NC HAF plan development. To inform the distribution of resources and to target communities and

populations in greatest need, NCHFA examined demographics, economic conditions and risk factors for housing instability for the entire state and at the county level.

Risk factors included mortgage delinquencies, foreclosures, unemployment and the loss of utilities or home energy services. Variables were chosen based on what NCHFA staff had access to and what was understood to be key indicators of housing insecurity. These data points will be re-examined as well as additional data sources as they become available.

NCHFA tested several data points and scenarios and found consistency in the list of counties experiencing distress and social disadvantage. As a result, 42 counties and 571 Census tracts with high levels of social disadvantage, economic, and housing distress were identified that will be targeted for enhanced outreach.

NCHFA intends to update the needs assessment six months after NC HAF program launch, and every six months while the program is available. It is anticipated that targeted areas at sub-county levels may alter based on the results of each updated needs assessment, and as such, geographic targeting will be adjusted accordingly. After the NC HAF program is implemented and applications are reviewed and underwritten, NCHFA will periodically review the NC HAF programs' denial rate and analyze reasons for denial. Specific program design and eligibility criteria will be evaluated and adjusted accordingly should the analysis reveal significant amount of denied applications for specific denial reasons that can be curtailed and/or mitigated through change in policy that is consistent with Treasury guidance and program goals/objectives.

Program Design

- Will there be a method in your HAF program, early in the process of engaging with a household, 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 process is designed to gather information about the applicant's current housing situation, specifically the status of mortgage and homeownership costs. Information on the applicant's delinquency status will be used to trigger early notification to servicers and other entities to which homeownership costs are owed, making these entities aware of the applicant's entry into the NC HAF program. Such notification will occur for borrowers who are 90 days or more delinquent on their home loans, facing imminent foreclosure action, or those facing seizure and sale of the home due to property tax delinquency. If there are additional eligible housing related expenses under the NC HAF program that, if seriously delinquent, can threaten homeowner displacement (beyond mortgage and property tax delinquency), the program will consider adding similar triggers to notify those entities as well. Further, applicants will be referred to supportive services through housing counseling and/or legal aid service providers.

Practical applicability of this procedure includes:

1. Questions in application specifically designed to allow the program to assess applicant mortgage and housing cost delinquency statuses.
2. Applicant indicates mortgage balances are 90 or more days past due, a foreclosure notice has been issued, or notice of tax seizure/sale has been received.

3. Call center/case management triage initiated using script to refer applicant to housing counseling and/or legal aid services.
 4. Trigger notification to payee:
 - a. Send the "I" record through CDF to make servicers who use the CDF process aware of the application.
 - b. Send a notice of applicant program participation to servicers and other payees who do not use the CDF process aware of the application. Such notification will include a request for stay of pending actions until the HAF process has concluded.
- Please explain how your program intends to assist homeowners seeking HAF assistance in obtaining information about loss mitigation options available for their mortgage? Will the NC program present a reinstatement option to the homeowner without first supporting them to explore what loss mitigation options are available?

North Carolina has opted to allow households to be eligible for NC HAF without first exhausting loss mitigation options. For many of our most vulnerable households time is of the essence to avoid foreclosure and eviction. Reinstatement may be necessary before other loss mitigation opportunities are fully identified or realized.

While it is not a requirement that homeowners seek out and or exhaust loss mitigation options prior to receiving assistance through the NC HAF program, the policies and procedures for the program will emphasize that NC HAF may be used to complement other loss mitigation options. Additionally, NCHFA will incorporate access to information on loss mitigation options in a variety of ways. Options NCHFA is taking under consideration range from providing connections to the FHA resource center, housing counseling, and legal aid service providers to creating educational tools and videos (in English and Spanish) to incorporate as part of the application.

NCHFA plans to use a microsite as the center point of program outreach. The microsite is public and openly accessible to anyone who visits it. The microsite will provide information on loss mitigation options that may be available through servicers. This information will be readily available as part of the homeowner resources area but does leave the decision to pursue such options strictly up to the homeowner.

The application portal will also incorporate contact information for housing counseling and legal aid service providers. These providers are expert in financial management and mortgage retention options. Contact information for these service providers will also be provided to homeowners interacting with the program through call center, case management, and application services.

Additionally, NCHFA funds the State Home Foreclosure Prevention Project (SHFPP) that provides extensive foreclosure prevention counseling. SHFPP does not offer direct financial assistance to homeowners but pays for housing counseling sessions for homeowners at the risk of foreclosure and facing some legal costs. SHFPP is anticipated to be heavily used by both HAF eligible and ineligible homeowners as they seek longer term solutions to successfully maintain homeownership.

NC211 is another statewide resource. It is a referral service that can connect homeowners to additional types of assistance they may require. Services to which they may be connected includes local, state, and/or national level programs designed to support citizens who need assistance with a variety of issues.

- Does NC anticipate expending HAF funds on housing counseling and if not, please provide additional detail on the sources that will provide financial support for housing counseling and how those resources will be coordinated with the HAF program.

In accordance with Treasury guidelines, NCHFA plans to utilize other resources for housing counseling, thus preserving more HAF funds to assist homeowners. On September 8, 2021, NeighborWorks America awarded \$88 million to 131 organizations under the Housing Stability Counseling Program (HSCP). NCHFA was awarded \$2.8 million to fund housing counseling services for renters and homeowners facing housing instability. The funding is being sub-awarded to participating counseling organizations to serve 2,520 clients at \$800.00 for three levels of counseling services.

The level 2 services involve counselors assisting homeowners with loss mitigation options through their loan servicer. Also, counselors will be available to assist homeowners with applications for local, state, and federal programs that provide financial housing assistance. When a housing counselor assists a homeowner with the submission of a loss mitigation package or NC HAF application, the counseling services will be billed to the HSCP grant. In addition to the counseling award, the HSCP model includes an additional 30% for counseling program support expenses. Because this level of funding currently appears to be sufficient to provide necessary housing counseling services, NCHFA will preserve available NC HAF funding for direct assistance to homeowners through mortgage reinstatement and housing cost support. This strategy will also prevent duplication of the HSCP grant with NC HAF resources.

Additionally, NCHFA funds and administers the State Home Foreclosure Prevention Project (SHFPP). This statewide program provides homeowners housing counseling services from HUD-approved housing counseling agencies regardless of the homeowner's stage in the foreclosure process. A robust network of housing counseling agencies participate in SHFPP across North Carolina. As mentioned earlier, SHFPP is anticipated to be heavily used by both HAF eligible and ineligible homeowners.

- Your programs set \$40,000 as the maximum amount of assistance per homeowner. Please explain how you determined this amount will be sufficient to resolve housing-related delinquencies and whether the cap will be sufficient in areas with higher housing costs?

ServiSolutions services loans for NCHFA's NC Home Advantage Mortgage program (NC Home Ad). The targeted borrower population for NC Home Ad is similar in nature to the NC HAF targeted population. As of November 3, 2021, delinquency data for ServiSolutions revealed that one half of one percent of delinquent loans were over \$40K delinquent (9 loans total). 86% of the delinquent loans had an outstanding balance below \$20,000 and the average delinquent balance for this same group of loans is \$7,345.

- Are you anticipating increased winter home energy costs and their potential impact on the homeowners that HAF will serve?

NCHFA has initially prioritized mortgage and mortgage-related assistance. While there is a need for assistance with utility and internet costs, the presence of other relief funds within North Carolina designed for these needs informed our decision to start with assistance more closely tied to the cost of mortgages, taxes, insurance, and fees. Other qualified use of HAF funds, as listed in Treasury guidance, that are not included in the initial program may be offered at a later date.

Eligibility

- No Question.

Outreach

- Please explain how the program will target outreach and provide access to homeowners with limited English proficiency.

The NC HAF program marketing is focused on a branded microsite which is available in both English and Spanish. The microsite incorporates Google Translate so viewers can access the information in their preferred language other than English or Spanish. In addition, our initial collateral materials will include a flier, in both English and Spanish, and will provide a statement on the back in 10 additional languages identified as most prevalent in our state to provide homeowners with a way to receive language assistance.

The program administration vendor we have engaged will focus on outreach to homeowners with limited English proficiency and other social disadvantages identified in the NC HAF plan. This outreach could include, but is not limited to, outreach to faith-based community organizations, cultural groups, and cultural centers that cater to the needs of North Carolina citizens who require language assistance. The vendor will seek to employ bilingual call center staff members and may use certified translation services available through translation vendors via phone, web, or video service to ensure language assistance and equal access to the NC HAF program is available for all potential applicants.

- Please explain how the program will provide culturally relevant marketing.

NCHFA has engaged a marketing firm to assist in print, digital, and paid marketing that will encompass the needs of the many cultures represented in North Carolina. Marketing campaigns and materials will be language relevant and provide content that resonates with different cultures in our state. Our program administration vendor plans to engage with cultural centers and faith groups that represent different cultural groups to determine the best way to reach these individuals and families.

For past efforts in reaching homeowners in need, digital advertising was the most successful paid advertising in terms of statewide outreach, cost and return on investment. TV and radio advertising had a much higher cost per applicant. However, based on some of the rural target counties, NCHFA will explore both paid and PSA placements on rural radio stations and in local publications to reach socially disadvantaged individuals who may be among those lacking internet access. NCHFA will pay particular attention to stations and publications that target specific racial and ethnic groups.

Non-traditional and grassroots outreach may prove to be more effective in reaching some of the target populations, particularly methods based on guidance from local partners on what will work best in their communities. NCHFA is compiling a growing list of organizations and stakeholders who serve the targeted counties, census tracts and demographic groups identified for enhanced outreach. The list will continue to expand as successful avenues of outreach are identified.

With previous campaigns, printed materials were critical and used both at in-person events; onsite at libraries, local government, and social service offices; and in strategic mailings. Given that offices may continue limiting visitors and in-person events may not always be feasible, the focus for printed materials will be developing materials to include in both NCHFA and partner mailings. Materials will be provided in both English and Spanish to ensure wider reach to socially disadvantaged individuals with information on how individuals who speak other languages can access personal assistance.

Prioritization

- No Question.

Performance Goals

- Please explain how you intend to communicate your progress towards performance to the public.

NCHFA is developing a dashboard that will be published and maintained on the NC HAF program microsite. The dashboard will include high level detail of program status such as number of applications submitted, number of households assisted, total funds dispersed, average amount of assistance per household, amount of assistance provided by expense type, amount of funds remaining for assistance to homeowners and statistics on types of dwelling assisted. The dashboard will be updated daily. Additional more detailed metrics will be posted to the microsite on a quarterly basis. Quarterly metrics may include number of applications that have received first, second or third disbursements for ongoing mortgage/housing expense assistance and details on assistance provided per county.

In addition to the dashboard, NCHFA has or expects to have certain reporting requirements such as quarterly status reports to Treasury and periodic general administration reporting to state and federal oversight authorities. NCHFA will, at a minimum, provide a summary of these reports on the microsite, after they have been submitted to the relevant oversight entity, but in most cases anticipates posting the reports as submitted.

- Please indicate which three metrics will serve as the best indicators of the success of your program.

The primary goal of the program is for homeowner retention and reduced delinquencies among homeowners receiving assistance. To this end, the three metrics that will serve as the best indicators of success include:

1. Number of homeowners provided financial assistance through the NC HAF program.
 2. Number of socially disadvantaged homeowners provided financial assistance through the NC HAF program.
 3. Exceedance of the minimum 60% Treasury requirement for assistance provided to applicants at or below 100% of the AMI.
- We noted that the performance metrics included sub metrics by SDI status. Please provide additional detail about how/ whether you intend to disaggregate metrics by income, race, gender, etc.

The application will be designed to collect information related to income, ethnicity, race, gender, etc. The provision of some of these details, particularly around race and ethnicity, will be disclosed by applicants voluntarily. To the extent that such information is provided, the program will collect and analyze applicant populations and report against these data to provide disaggregated metrics reporting to Treasury and the public.

- Please consider including as an additional metric the number of homeowners

assisted/foreclosures prevented solely through counseling or legal services without payment of HAF funds to resolve the homeowner's defaults or delinquencies.

Homeowners who do not receive HAF funding are generally not trackable by the program. However, NCHFA will request statistics from counseling and legal service providers related to number of homeowners assisted/ foreclosures prevented through their services. Though NCHFA may request such data, there is no guarantee that such information will be reported consistently or at all. To the extent that such data is available, NCHFA will consider including those metrics in its reporting to Treasury.

Readiness

- Please provide the most recent available information about your program's readiness, including staffing, contractors, etc.

On July 1, 2021 NCHFA contracted with Brasco Marketing. To date, Brasco Marketing has completed NC HAF branding, design and infrastructure of the NC HAF microsite, a media marketing plan and a plan for design and direction of collateral to ensure that we can begin marketing the program as soon as it launches.

An award was made by the NCHFA on November 2, 2021, in response to RFP solicitation #07-2021 for the Administration of the North Carolina Homeowner Assistance Fund Program to Innovative Emergency Management, Inc. (IEM). Kickoff meetings have been held and program design and implementation are now underway. IEM is contracted to provide NCHFA with program support services that include:

1. application design and online portal creation,
2. outreach/marketing strategy support,
3. call center standup, operations, and management,
4. case management services including application intake and eligibility review,
5. coordination of CDF data transfer and other payee notifications,
6. payment of benefits on behalf of eligible homeowners to qualified payees,
7. quality control,
8. appeals processing and file closeout, and
9. reporting.

- Is your program prepared to launch upon approval and, if not, by what date will you be ready to launch following approval?

NCHFA is launching call center services November 29, 2021 and anticipates being ready to deploy full operational launch January 10, 2022 or 30 days after Treasury approval of the HAF Plan, whichever is later.

The program has established a working draft of overarching policies and procedures. Further, task level activities necessary to outreach, intake, eligibility, quality control, CDF transmission, and payment are under development. Standard operating procedures for each of these tasks are also under development. Staff training on program rules, process workflows, systems, and tools is also

under development and will be ready for staff onboarding. Training will also be provided on an ongoing basis.

- Please provide updated information about your progress in spending the initial 10% payment from your jurisdiction's full allocation and the status of any pilot assistance already offered or made available to homeowners.

NCHFA has spent \$202,806 on start-up activities of the total 10% allocation received of \$27,333,724.70. This includes NCHFA administrative expense, outreach and marketing expenses, as well as bilingual communication expenses to support plan development, publication, and program planning. Further, letting of the IEM contract has resulted in a commitment of an additional \$22,964,520.80 over the next 5 years.

Budget

- No Question