

**HAFP-0075-State of Michigan
Treasury Feedback for Resubmission of Plan
Michigan Responses**

Please revise the HAF plan by providing a response to the question(s).

Completeness

- Community Engagement
 - Using the fields provided in the portal, please submit a list of housing counseling services organizations that provided input for your plan. **Michigan posted request for public comment at the end of June 2021. We received 26 written comments and we posted the comments on our www.michigan.gov/mihaf website. Our public engagement comments will be provided through the Treasury portal for your review.**
Since the submission of our plan, we have had multiple calls and meetings with Michigan HUD approved agencies along with the Michigan Poverty Law Program, gathering feed -back and answering questions on how Michigan plans to launch the program and their involvement and assistance needed.
 - Using the fields provided in the portal, please submit a list of community organizations that provided input for your plan. **Public comment report along with original posts are being submitted through the Treasury portal.**
- Your plan lists Mary Townley as the Authorized Official, while the original application for HAF payments was signed by Ann Good. 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. **Authorization for Mary Townley was submitted and approved in order to submit plan. However, Ann Good from our Michigan Department of Treasury, Deputy Treasurer of Financial and Administrative Services is the original Authorized Representative. Ann will submit our program feedback and updated plan as requested.**

Homeowner Needs and Community Engagement

Data

- No questions

Community Engagement and Public Participation

- Your plan notes public input and community engagement in the plan development process. Please explain how community engagement informed your plan's programmatic and outreach design. **Many discussions were had with the Michigan Poverty Law Program, the MSHDA approved Counseling agencies, the Michigan Bankers Association, the Michigan Credit Union League, and the Michigan Mortgage Lenders Association. Monthly meetings have been established with the MBA, MCUL and MMLA members to discuss affordable housing initiatives along with actions that we are taking to launch the MIHAF program. There has been open dialog and open discussion on what is the best plan for Michigan and our office has been pleased with feedback and suggestions were considered and implemented as part of**

the plan. Public comment paper is being attached through the Treasury on-line system.

Ongoing Assessment of Homeowner Need

- No questions

Program Design

- Please explain how the sources of data listed in the section on Homeowner Needs informed the Program Design Elements included in your plan. **The sources we used; Census info from 2019 American Community Survey, US Bureau of Census Household Pulse Survey; HMDA data; Neighborhood Watch Early Warning System from HUD and Federal Reserve/Black Knight data confirmed the required targets by US Treasury. Specific racial groups have a higher delinquency and also have a high percentage of income going towards housing costs. Our research shows those same individuals have little confidence in their ability to make payments. Government loans also tend to have a higher concentration of delinquencies, yet conventional loan volume is on the rise in Michigan. Overall black individuals are showing a 20% delinquency/default rate and 19% are currently in a forbearance.**

All of the data sources were analyzed by our team, and we are committed to marketing to these populations in the geographic areas identified through our mapping.

- 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)? **While programming our IT system we have created “flags” on files to escalate the review process if the homeowner tells us through the intake process that they have a sheriff sale scheduled or a shut off utility notice. This will prioritize our review in order for us to stop a foreclosure. This same process will come into play with any delinquency that may cause a foreclosure (delinquent property taxes, delinquent Condominium fees and loss of utility service). These flags along with a concentrated effort in marketing to our target audience will engage households in need.**
- Please describe how your program will utilize housing counselors or legal services to assist homeowners in evaluating loss mitigation options available for their mortgage. Your description should include:
 - whether your program will connect homeowners with housing counseling or legal services early in the process. **Michigan will be engaging HUD approved counseling agencies for assistance with homeowners that would like to have a face-to-face application process and for those clients that would benefit from foreclosure prevention counseling, and financial capabilities counseling due to a high housing ratio. Applicants will initially contact our call center requesting help and will be directed to a local agency. Counselors will bill Michigan through an existing IT system for either application help and/or counseling help. Both services will be funded at \$150 per applicant.**

Our non-profit legal services will be focusing on loss mitigation services for the clients regardless of if they receive HAF funds or not. Referrals will be made

during the application process or after a denial is issued from MIHAF. They too will be billing through our existing IT system at \$500 per applicant/household.

- **the role housing counseling or legal services providers will play in supporting homeowners' efforts at engaging in loss mitigation. From our past experience with federal foreclosure prevention funding, our counselors tend to have the role of face-to-face application help and working directly with lenders through loss mitigation. Our non-profit legal services fill the role of negotiating on the behalf of homeowner with their lender through the loss mitigation process. Both organizations will work for the best outcome of the homeowners through their financial troubles. HAF funding will be provided to both organizations on a per household basis.**
- **In situations where the HAF assistance includes or will be limited to payments for mortgage reinstatement, please explain whether and how you will assess whether a similar or more appropriate alternative loss mitigation option is available through the servicer. Michigan will be using the previously created Lender Custom Data File (CDF). Through this system and in open dialog with the homeowners we will determine if previous discussions were had with the lender on modification options. Also, we have had numerous conversations with lenders on the HPC calls through NCSHA and during these calls, lenders do not want us to wait until the modification is already underway. They would prefer that we communicate through the CDF the homeowner's eligibility, then they will accept funds placing them in the correct spot to create a workout. Per Julienne Joseph with HUD, "our servicers are to make the decision on where HAF funds fit ". It is Michigan's request to view each client's situation, then reach out to lenders for the best possible option to remedy their delinquency.**
- **How will your program leverage any resources available through a loss mitigation process to benefit eligible homeowners and how will your program avoid using HAF funds in ways that duplicate relief that available loss mitigation options might provide? See comment above. We are not requiring our applicants to obtain loan modification before our funding. By requiring this we would be adding many months of delinquency to the homeowner, when we should be partnering with lender to come up with the best option to the homeowner.**
- **Please explain what steps, if any, your program will take to assist the homeowner in determining whether a HAF-resolution will result in a sustainable monthly payment? Michigan as part of our eligibility review will calculate the homeowners housing ratio. Michigan will flag the account for a referral to a HUD approved agency for financial capabilities counseling and re-budgeting counseling. On all file approvals we will send an e-mail to homeowner providing them a link to our HUD approved counselors.**
- **Are you anticipating increased winter home energy costs and their potential impact on the homeowners that HAF will serve? We do not anticipate any problems with this item. We will be funding delinquent utility costs regardless of high usage in the winter months, basing our decision on homeowner eligibility of program up to the maximum state amount of assistance of \$25,000. Michigan plans to work with other state agencies (Michigan Department of Health and Human Services) who were awarded a significant dollar amount of utility assistance.**

Eligibility

- Please provide the rationale for establishing the following additional eligibility requirements specified in your plan, including how you determined these requirements will not create unnecessary barriers to participation by eligible homeowners:
 - Homeowners who have previously filed bankruptcy must provide proof of dismissal or discharge. **After our initial plan submission, we reevaluated this requirement and plan to strike it from our program term sheets.**
 - Homeowners who are currently in bankruptcy proceedings must obtain trustee approval for using HAF funds. **In order to avoid servicer delays in accepting our HAF funds, we will require bankruptcy court approval of our funding. Bankruptcy courts may view this funding as income. This practice was followed during our Hardest Hit program and relationships were built with all bankruptcy trustees.**

Outreach

- Please explain how the program will target outreach and provide access to homeowners with limited English proficiency.
 - **Print advertising and media relations efforts targeting *La Prensa* (Spanish), and *Arab American News* (Arabic) will help us reach households that speak those languages. As we have in the past, we would have our ads translated into Spanish and Arabic for these publications.**
 - **Direct mailers in the language of the target audience can be created. Direct mail lists for households in which foreign languages are spoken are also available. These lists can be screened against homeowners and income. Using an income level of less than \$73k (the median Michigan income according to HUD) yields the following:**
 - **Spanish - 45,776**
 - **Arabic - 13,944**
 - **Farsi - 1,306**
 - **Cantonese - 403**
 - **TOTAL = 61,249**
 - **Digital advertising in the language of our target audience can also be created. Digital media buying allows for targeting of foreign language speakers. For example, Facebook lists numerous languages, including all of the top languages spoken in Michigan.**
 - **If television proves to be a viable option, we can buy commercials in programming targeting non-English speakers, and deliver creative content that includes translated voiceover and/or closed captioning.**
- Please explain how the program will provide culturally relevant marketing.
 - **With respect to the culturally relevant question, we see two primary opportunities. On one hand, we want to use a tone and message that our target audience finds appealing**

and that engenders trust. In short, we want to position MSHDA as an ally. To that end, we should consider testing our messaging among our target audience segments. This could be accomplished using surveys or interviews with the MSHDA mortgage holders targeted during the soft launch period. Alternatively, focus groups or online surveys of target segments outside of those who hold MSHDA mortgages could be fielded.

- Another option is to remove or reduce cultural relevance as a factor in the communication. Instead of messaging that seems to go out of its way to appeal to a given culture or audience segment, we use messaging focused entirely on program benefits. Or rather than using photos depicting a target culture, race, or ethnicity, we use culturally neutral graphics or images. A good bit of our work has relied on this approach to communicate effectively while avoiding potentially complicating factors such as the race of who depict in a photo.

Prioritization

- If your program will intends to serve households who are over the 100% AMI threshold, how will your program prioritize Socially Disadvantaged Individuals? **Michigan built our IT system asking three questions of applicants; 1) Do you self- attest, Yes or No and we inserted the exact language provided by Treasury “those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities and circumstances beyond their control”. 2) Are you an applicant that is not English proficient, Yes or No and 3) do you pay more than 30% of your income for shelter expenses, Yes or No. We will also be flagging specific demographics for the targeted areas of concentration to capture low income (less than 100% AMI) as defined by our market analysis.**

Performance Goals

- Please explain how you intend to communicate your progress towards performance to the public. **A reporting template will be created to show; application numbers, files in process, files approved and funded, AMI income ranges of funded transactions, SDI numbers and forms of assistance provided (mortgage assistance, taxes, condominium association fee’s, mobile home and/or lot rent, land contracts and utilities). This reporting will be posted on our MSHDA website on a quarterly basis in a dashboard template.**
- Please indicate which three metrics will serve as the best indicators of the success of your program. **Michigan will use as metrics of success; 1) our ability to expend all funds prior to program deadline of September 30, 2026; 2) More than 45% of funded transactions are on government loans; and 3) more than 60% of funded transaction have identified as being qualified as SDI and at 100% or less AMI, and 60% of SDI households at more than 100% AMI.**
- Please indicate whether you intend to disaggregate metrics by income, race, gender, etc. **Michigan will disaggregate statistical information on the entire population of funded loans providing details on mortgage type, racial and ethnic demographics, AMI income ranges and geographic areas so that we can focus on our indicators of success. We will modify our outreach if we are not targeting the population that needs the most help and if we are not meeting Treasury mandated targets.**

- 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. **Michigan has concerns with this request. Our office can refer ineligible clients to either a HUD approved counseling agency for foreclosure prevention assistance or to a non-profit legal service to aide in other foreclosure prevention efforts, however obtaining what could be considered as personal information on a homeowner would violate PII data protections. What we will and can do is provide financial assistance using this program to aid in the work being done by these agencies. Michigan has an on-line billing system where we will draw down funds allocated for counseling agencies and non-profit legal services from HAF, and we will require confirmation of those clients funded with HAF and those without HAF funding. No homeowner detail will be required by these agencies.**

Readiness

- Please provide the most recent available information about your program's readiness, including staffing, contractors, etc. **Michigan is still on track to launch program as soon as possible and upon approval of program. Leadership team has been hired and currently working on setting up the program. Forty new employee postings have expired, and we currently have 59 applicants who have applied for technician positions that will complete file intake and approvals based on program eligibility criteria. IT system fully programmed along with CDF mapping and marketing is well underway to ensure we are promoting the program to those most in need. We are holding off start dates for new employees until we obtain full Treasury approval, then we will establish start date, create training schedule of new staff and then establish full public launch.**
- Is your program prepared to launch upon approval and, if not, by what date will you be ready to launch following approval? **Launch date will be dependent on Treasury approval. State Legislators have approved half of our state allocation and if approval is received in November, we will strive to launch within 2-3 weeks of approval. This will give us the time to train staff in anticipation of a high file volume. The second half of state allocation will be granted by legislation once we have program up and running and funding is underway.**
- 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. **At time of initial plan submission, Michigan did not plan to launch a pilot program. Since that time, we have re-evaluated a pilot and just launched on November 3, 2021, for existing delinquent MSHDA homeowners. This pilot will allow us to test our program design, ensure our IT system is programmed correctly and that we are gathering all of the required data to adequately complete necessary reporting. To date we have not used any of our 10% administrative wired funds, however we expect to draw funds from our previously received 10% from US Treasury in the next 30 days.**

Budget

- Your plan indicates the following program design elements will be offered with no corresponding budget allocation. Please provide a budget allocation by each program design element. Alternatively, you may group similar types of program design elements, i.e., mortgage-related program design elements (i.e., payment assistance, principal reduction, or reinstatement), taxes and insurance (outside of mortgage), etc. **Michigan did not design their**

program with multiple term sheets. We have one term sheet which includes all forms of assistance with breakdowns on the type of assistance captured within our IT system to ensure we report correctly. In order to answer this question, we will separate these elements with expected amount of funding in each bucket.

- mortgage payment assistance, principal reduction, and payment assistance for escrow shortages (homeowners' insurance, flood insurance and mortgage insurance) down payment assistance loans **\$123,651,767 using maximum financing will assist 4,946 households**
- Land Contract payment assistance, mobile home and mobile home lot rent **\$10,304,314 using maximum financing will assist 412 households**
- payment assistance for delinquent property taxes to prevent homeowner tax foreclosures **\$68,008,472 using maximum financing will assist 2,720 households**
- payment assistance for homeowner's association fees or liens, condominium association fees, or common charges **\$2,060,862 using smaller household amount will assist 206 households**
- payment assistance for homeowner's utilities, including electric, gas, home energy, and water combined with internet/broadband services **\$2,060,862 using a smaller household amount will assist 4,121 households**