

HAFP-0106-Arizona
ADOH RESPONSE for Resubmission of Plan to Treasury

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

Completeness

The participant's response(s) to the following questions was/ were either incomplete or unresponsive:

- No questions

Homeowner Needs and Community Engagement

Data

- Please explain how the program expects to serve targeted populations without more specific underlying data.
See HAF Plan PAGE 4 for additional information about data sources.
Response: ADOH is using census tract information to identify high minority communities and the "Mortgage Nonpayments by State" tool on the website for the Federal Reserve Bank of Atlanta: <https://www.atlantafed.org/center-for-housing-and-policy/data-and-tools/mortgage-analytics-and-performance-dashboard> to identify counties with high delinquency rates. Paid marketing and outreach efforts will be specific to those communities and will be language and culturally appropriate. In addition, local electric utilities, local jurisdictions and associations, as well as contracted Housing Counseling and Community Action Agencies have all agreed to provide outreach to communities with high delinquency rates, high minority populations, and low-income households in Arizona's small towns and rural communities.
- Please explain how the plan targeting and outreach reflect the data referenced in your plan.
See HAF Plan PAGES 13 and 14
Response:
Based on the data available, targeting and outreach will focus on low income and high minority communities as well as areas with high mortgage delinquency rates. In addition to direct paid marketing based on a local PR firm's research on Arizona's low income and high minority communities (Pages 13 and 14), ADOH will collaborate with local media, Community Action Organizations, Housing Counseling Agencies, and other local jurisdiction organizations to focus on reaching the targeted populations identified in the plan. Local resources like this will be key to reaching the targeted populations based on their acceptance in the community, hands-on experience, cultural knowledge, and trusted services.

Community Engagement and Public Participation

- In your plan submission, in response to the question asking whether you requested and received input from providers of housing counseling or legal services, you have indicated you did not. Please confirm this is correct and, if so, please explain why you believe the HAF Plan would not be meaningfully informed by input from housing counseling agencies.
Response: This is not correct. ADOH has corrected the response on Treasury's portal for HAF Plan submission.
- 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.
See HAF Plan PAGE 5 / 6
Response: Public input during the plan development process was used to modify our outreach and marketing strategy, expand our accommodations for applications, identify reports and data needed by our partners, and inform the process of intake and exploration of loss mitigation strategies. Some of the questions that prompted clarification or additions to the draft plan are noted in the HAF Plan resubmission.

- Please describe any coordination you intend with Tribes or Tribal entities.
Response: ADOH is communicating with a consultant for local Tribes about Arizona's HAF plan and implementation strategies so the consultant can help guide the Tribes in creating their program.
- 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.

See HAF Plan PAGE 7 / 8

Response: There were 35 questions that were directly addressed and publically posted. These questions and responses provided insight to the proposed program components, funding allocations to rural communities, as well as requests for clarification on sections of the posted draft plan.

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.

See HAF Plan Page 8

Response: The homeowner needs in Arizona, just for mortgage delinquency alone, greatly exceed the amount of HAF funding allocated. However, jobs are coming back and unemployment numbers are dropping, so homeowners have a brighter outlook for their future financial stability. With this in mind, ADOH used its experience with the HHF program as well as the State's recent experience with Emergency Rental Assistance to design a program that will be easy to apply for, prevent foreclosures, prevent utility shut-offs, and place the homeowners in a solid financial position. HAF funding will be used for Reinstatement, Utility/Internet, Monthly Mortgage, Delinquent Property Tax, Association Fee/Lien assistance, Housing Counseling, and application assistance. Budgets for each program were based on bank reported average mortgage delinquencies and the State's experience with average utility delinquencies in the Rental Assistance Program. These were combined to arrive at a maximum assistance amount per household and a maximum monthly assistance amount for fraud prevention. To expand the reach of HAF, agencies assisting with HAF applicants are encouraged to review all mortgage loss mitigation options prior to the client applying for HAF.

- 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)?

See HAF Plan PAGE 10 / 11

Response: Applicants who consult with a contracted Housing Counseling Agency will participate in a comprehensive intake process to determine immediate needs and any loss mitigation assistance that can be applied prior to HAF. Those agencies have partnerships and service contract that enables them to reach out directly to the servicer to stop a foreclosure process and notify of the HAF application. Other threats such as utility disconnection, tax delinquencies, HOA liens, etc. can be flagged in the system by the Agency assisting the applicant and also by an Adjudicator who reviews the application and documentation.

- Please confirm your exclusion of reverse mortgages and explain what steps you have taken to assess the needs of homeowners with reverse mortgages. Please summarize any community feedback or data on which you have based this decision. To the extent, reverse mortgage borrowers are eligible under any program, please adjust your plan to reflect that they are included and explain any limitations that will apply to these borrowers.

See HAF Plan PAGE 8 / 9 & Term Sheet (Delinquent Property Tax (DPT) Payment Assistance)

Response: There has been an addition to an eligible mortgage type where Reverse Mortgages (secured by real estate or a dwelling / permanently affixed to real property and taxed as real estate) is added as an eligible mortgage type. A Reverse Mortgage may be brought current for property charges, which include, property taxes, homeowners hazard insurance premiums, flood insurance premiums, condominium fees, and homeowners' association fees.

- 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.

See HAF Plan PAGE 10

- The role housing counseling or legal services providers will play in supporting homeowners' efforts at engaging in loss mitigation.

See HAF Plan PAGE 10

- 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.

See HAF Plan PAGE 10

Response: Through the HCA standard intake processes and evaluation, an eligible applicant will be able to explore loss mitigation options prior to making application for HAF funding. If the applicant submits on their own, Adjudicators who review the application and documentation will contact the mortgage servicer to see if loss mitigation is an option for the applicant prior to approving HAF payment to reinstate the mortgage.

- How will your program leverage 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 HAF Plan PAGE 10

Response: Through the HCA standard intake processes and evaluation, an eligible applicant will be able to explore loss mitigation options prior to making application for HAF funding. If the applicant submits on their own, Adjudicators who review the application and documentation will contact the mortgage servicer to see if loss mitigation is an option for the applicant prior to approving HAF payment to reinstate the mortgage.

Regarding utility payments, adjudicators will contact utilities directly to verify amounts past due prior to authorizing payment. Additionally, ADOH will continue to collaborate with other State departments, DES and AHCCCS, to coordinate and leverage assistance as well as reduce the opportunity for duplication and fraud.

- 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?

See HAF Plan PAGE 10

Response: ADOH has contracted with Housing Counseling Agencies and through their standard intake process for homeowner counseling services; they will have the opportunity to evaluate whether an applicant would have potential to secure a sustainable monthly payment after HAF-has paid for delinquency resolution.

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

Response: No, Arizona does not typically experience extremely cold temperatures that cause excessive winter energy costs. At this time, we anticipate that HAF utility payments will prevent disconnections associated with unpaid, higher electricity costs experienced over the summer months in the extreme heat of our desert regions.

Eligibility

- Your plan refers to “Arizona AMI”, please note that under the HAF guidance, eligibility is determined based on the household’s address and may be different in different parts of the state. Please refer to the [look-up tool](#) published by the Department of Housing and Urban Development for specific limits at the county or MSA level.

Response: “Arizona AMI” has been removed from the plan – the data collected and being used is from the look-up table published by HUD for specific limits at the county level and is referenced as such on the application portal.

- 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 in active bankruptcy may be ineligible

See HAF Plan PAGE 12

Response: After reevaluation, ADOH has changed the plan to reflect, “Homeowners in active bankrupt may be eligible.”

- Homeowners who previously filed for bankruptcy but are no longer in bankruptcy must provide proof of court ordered “discharge” or “dismissal”

See HAF Plan PAGE 12

Response: They will be encouraged to provide proof of court ordered “discharge” or “dismissal.” In addition to this, waivers and/or exceptions may be provided to accommodate extenuating circumstances, such as disabilities, practical challenges related to the pandemic, or a lack of technological access by homeowners if such documents are inaccessible.

- Please provide the rationale for not using a fact-specific proxy as one method for establishing eligibility under your plan, including how you determined that without such a proxy, your program can avoid unnecessary barriers to participation by eligible homeowners.

See HAF Plan PAGE 11

Response: The application portal designates priority levels for attested household incomes during the application process and performs a fact-specific proxy for household income, providing households below 100% of AMI high priority for adjudication and those households at 150% low priority.

- Your programs set \$25,000 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?

See HAF Plan PAGE 8

Response: The \$25,000 per household amount was based on a 12-month average mortgage payment (\$1,300) for mortgage reinstatement, 12 months of delinquent utilities, and 3 months of mortgage payments going forward. This estimate is consistent with one of our largest lenders reporting an average of 9 months delinquent and \$11,000 in arrears per household as of August 2021.

Outreach

- Please explain how the program will target outreach and provide access to homeowners with limited English proficiency.
See HAF Plan PAGE 13 for marketing, targeting, and outreach details.
- Please explain how the program will provide culturally relevant marketing.
See HAF Plan PAGE 13/14

Prioritization

- If your program intends to serve households who are over the 100% AMI threshold, how will your program prioritize Socially Disadvantaged Individuals?
See HAF Plan PAGE 11
Response: The application portal designates priority levels for attested household incomes during the application process and performs a fact-specific proxy for household income, providing households below 100% of AMI high priority for adjudication and those households at 150% low priority. HAF payments by income levels and racial demographics will be closely monitored and adjustments may be made in the future to further target these households by revising thresholds.

Performance Goals

- Please explain how you intend to communicate your progress towards performance to the public.
See HAF Plan PAGE 16
Response: ADOH plans to communicate its performance to the public by publishing a real-time dashboard on its application portal as well as on the Department's website.
- Please indicate which three metrics will serve as the best indicators of the success of your program.
See HAF Plan PAGE 17
Response:
 - Number of home losses prevented
 - Number of utility disconnections prevented
 - Percentage of total assistance provided to low income (<= 100% AMI) minority households
- 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.
See HAF Plan PAGE 16
Response: ADOH added the number of home losses prevented via other loss mitigation measures without the use of HAF assistance funds to its performance metrics.

Readiness

- Please provide the most recent available information about your program's readiness, including staffing, contractors, etc.
See HAF Plan PAGE 18
Response: ADOH is ready for program launch. Application portal launched on November 1, 2021 and has received 1647 submitted applications to date.
- Is your program prepared to launch upon approval and, if not, by what date will you be ready to launch following approval?
See HAF Plan PAGE 18-21
Response: ADOH is ready for immediate full program launch. A pilot application portal was launched on November 1, 2021 and has received 1647 submitted applications to date.

- 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.

See HAF Plan PAGE 21

Response: To date ADOH has drawn down a total of \$4,480,432.97 of the initial 10% payment disbursed to the Department and holds a balance of \$15,218,000.93.

Budget

- Please confirm that you will not be allocating any funds to housing counseling or legal services. If so, please explain your rationale for not doing so.

See HAF Plan PAGE 21

Response: ADOH has allocated \$2 million to housing counseling services. These partnerships will provide additional options and opportunities for homeowners who require assistance filling out and submitting applications while also directly targeting and serving vulnerable populations through outreach events in local communities.

- Your budget indicates \$2.5 Million for Displacement Prevention Assistance Payment – a program which you are considering. Please note that Treasury will not approve funds for a program design element without your providing a description of the program, including term sheets, sufficient to confirm that the program is permissible under HAF guidelines. You may request a partial amount of your total allocation and submit a plan for the remainder or a portion of the remainder at a later time.

See HAF Plan PAGE 21

Response: ADOH has removed the funding set aside for Displacement Prevention Assistance and reallocated it under Monthly Mortgage Assistance. At this time, ADOH anticipates utilizing all available funding for the prevention of foreclosures and utility disconnections. ADOH will reconsider the inclusion of Displacement Prevention Assistance after twelve months of experience with the current HAF Program.