

DATE: December 3, 2021 (revised January 19, 2022)

TO: Deputy Assistant Secretary Noel Poyo
U.S. Department of Treasury
Delivered via Upload to Treasury Portal

FROM: Jessica Thomasson, Executive Policy Director
ND Department of Human Services

RE: Response to Request for Feedback – North Dakota HAF Plan (HAFP-0110)

This memo is being submitted in response to the request for additional information related to North Dakota's Housing Assistance Fund Plan (HAFP-0110). The plan responses have been updated in the portal as noted below.

Completeness

Your plan lists Christopher Jones as the Authorized Official, while the original application for HAF payments was signed by Jessica Thomasson. 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, please submit a request by email to HAF@treasury.gov.

Chris Jones is the authorized official who typically signs documents on behalf of the Department of Human Services. Jessica Thomasson is the person authorized to prepare and submit documents for HAF. Chris will not be accessing the Treasury portal. We will reach out to the Treasury Help Desk to make sure appropriate authorizing officials are listed in the Treasury system.

Homeowner Needs and Community Engagement

Data

In two places (delinquency data and property tax/utility data) you have referenced the narrative version of your HAF plan. Could you please upload this narrative with your resubmission?

I will attempt to re-upload; the document was included with the first submission. I will verify that file size is not an issue with re-submission.

Please explain how the plan targeting and outreach reflect the data referenced in your plan.

U.S. Census Bureau data was paired with mortgage servicer data, and utility and property tax delinquency data. This data was the foundation to measure the number of homeowners financially impacted by the ongoing pandemic. The majority of homeowners that fall within the income limits have mortgages serviced in-state, which will expedite administration of HAF funds to reinstate mortgage payments and provide future payments to ensure financial stability and housing security.

Where applicable through internal reporting systems, minorities and households with the lowest incomes will be targeted first in outreach efforts to enroll them and deliver the assistance they need.

Through the administration of the Emergency Rental Assistance, the ND Dept. of Human Services streamlined the application and enrollment process for residents and utility companies. Housing facilitators have been hired throughout the state to assist participating households in navigating any housing challenges they are experiencing. Partnerships with community agencies provide application counseling services so households who do not have the internet access or who may otherwise struggle to complete their application can successfully apply.

It will be a challenge to educate households who do not self-identify as qualifying for HAF that assistance is available. Informal networks have been developed in rural communities and with minority communities that foster open dialog to reach every North Dakotan that needs assistance and prioritize households that have experienced the most hardship first.

Community Engagement and Public Participation

Your plan did not indicate input from any service provider or community organization that as a primary purpose addresses the impact of housing discrimination in one part of your application but not in others. Can you confirm that this is correct? If not, can you explain how the program is confident in its ability to reach targeted populations without engaging such organizations in planning and implementation?

Community action agencies, housing authorities and one-on-one consultation has taken place in the development of the HAF plan and will continue throughout the implementation process. These entities are actively involved in outreach and enrollment efforts for the states' emergency rental assistance program. Their partnerships will be critical in reaching impacted households including minorities and those experiencing housing cost-burdens.

It is important to note that the ND Dept. of Human Services has long-standing relationships with service providers and community agencies across the state, and everyone is focused on providing immediate assistance to relieve economic instability and provide the on-going services households need to remain in their homes and be able to move forward from hardships.

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

Our goal with the program is to ensure maximum access for all North Dakota residents who need assistance stabilizing their homeownership situation. The North Dakota HAF program is open to both tribal members and non-tribal members, regardless of where their home is located. We are making efforts to stay connected with leadership of each tribal housing authority as they are the agencies designated to delivery housing related services on behalf of each tribal nation.

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.

The majority of the comments received were inquires asking when HAF would be available to reinstate mortgages, utilities and property taxes.

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.

Data was collected for local and national servicers to determine how many income qualified homeowners were impacted by the pandemic. Additional information was gathered from utility companies and county auditors to further understand how many households were delinquent. This information was combined with U.S. Census Bureau data and Federal Home Loan Bank of Atlanta data to identify the threshold of North Dakotans that may have experienced hardships prior to the pandemic and the number of homeowners with mortgages that are delinquent or in forbearance.

Funding levels for each program were designed based on the total number of households within the data samples experiencing mortgage distress, the average monthly payment and the total payments for one-year.

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)?

Yes. Early in the initial application process we ask for a comprehensive summary of needs and issues facing the homeowner. Our system establishes a processing preference for imminent risks of instability (ex. utility shutoff, dates indicating further action on foreclosure or tax proceedings, etc). In addition to prioritized processing, we also connect these households with housing facilitators who work with them to make a plan for how to address the immediate crisis they are facing while at the same time working toward a new post-crisis normal.

Please confirm your exclusion of reverse mortgages and explain what steps you have taken to assess the needs of homeowners with this type of mortgage. Please summarize any community feedback or data on which you have based this decision.

For impacted homeowners who have reverse mortgages, our plan will reinstate past due property taxes and insurance to ensure housing stability.

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

ND Dept. of Human Services is contracting with community agencies to provide application counseling services so that households that do not have internet access or who may otherwise struggle to complete their application can successfully apply for HAF. Housing facilitator services are offered to assist participating households navigate other housing challenges they may be experiencing due to the pandemic or may be ongoing issues creating economic or housing instability. This work is supplemented with financial planning and other community programs and resources that promote long-term financial stability.

We recognize that each homeowner's situation is unique. For applications that are particularly complex, and/or situations where a homeowner is at imminent risk of housing loss, the program case review team will make a connection to a contracted housing counselor / housing facilitator very early in the process (i.e., as soon as the risk is identified). Their work happens in parallel with the review of the application for payment eligibility. Also of note, while we do not require that 100% of our applicants work with a housing counselor, we do make the service available to 100% of people who participate in the program.

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.

As part of the application we will ask if the homeowner has been offered other loss mitigation options by their servicer. Throughout the application process we work to ensure that duplication of benefits does not occur; however, in North Dakota, HAF is NOT requiring that a homeowner utilize another option that may be available to them BEFORE coming to HAF.

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?

ND and its housing counseling partners will work with loan servicers to determine loss mitigation options for homeowners that could create sustainable monthly payments or allow for sale of homes that could be better options than HAF. For ND HAF reinstatement and payment assistance will likely be the best options for homeowners with other loss mitigation options through the servicers possibly being the option to create sustainable payments.

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?

The housing facilitators and housing counselors working with the applicants will utilize thresholds established by ND Housing Finance Agency when assessing the financial sustainability of ongoing housing obligations. This assessment of housing stability will also include the option of identifying alternative housing (i.e., selling the home). A homeowner will have overlapping considerations that factor in to their decision making, including the condition of their home, their earning potential and regularity of projected income, their family's health status, etc. Our overarching goal is long term housing stability, which includes protection and maintenance of the applicant's credit (by avoiding future foreclosures/delinquencies).

In addition to the numerical analysis described above, to help facilitate this conversation we will also include a question on our application for assistance that asks if the homeowner will be able to make their normal mortgage payment after receiving assistance. If the answer is no, the application will be flagged and referred to a housing counselor for follow up discussion.

Our intent would be to make sure that the homeowner has evaluated their options before proceeding with HAF assistance. For some households, other loss mitigation options should perhaps be considered before proceeding with HAF payment of past due/forbearance amounts. In other cases, the more immediate resolution provided by HAF, along with access to a limited number of prospective payments, may be the most prudent course.

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

North Dakota leverages numerous federal and state winter heating programs that are already being promoted to income qualified households. Additionally, utility companies are actively communicating with customers, encouraging them to apply for assistance as energy costs are anticipated to increase this winter.

Based on the information received on utility delinquencies, the HAF program budget was developed to acknowledge needs related to utility assistance. North Dakota's goal is to route applicants to the most appropriate source of utility assistance, based on their needs, and on fund availability.

The Department of Human Services administers the emergency rent and homeowner assistance programs, as well as the regular and COVID-funded Low Income Home Energy

Assistance Program; the department is working on a combined marketing effort for utility assistance options.

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?

This was based on the highest single payment known to us tempered by the average payments we gathered from NDHFA and other servicers information.

Please provide an overview of your Home Repair Program's policies and procedures and steps, including measures to ensure quality control, and address the risk of fraud.

ND's HAF Home Repair program will borrow from HUD housing rehab operating practices where practical. The homeowner will, upon application, indicate their biggest concerns relative to the condition of their home. The application will guide them through a self-assessed scope of work by asking questions about each of the core systems that are eligible for inclusion in a HAF home repair project. During application review, the case reviewer will assess level of need as defined by the program and, if indicated, will flag the application for further processing either as high, medium or low priority relative to their home repair needs.

After initial review, the homeowner will be asked for further information, including information related to project readiness. This will include information related to availability of contractors in their area. Given the large distances that the ND HAF program covers, we will ask the homeowner to submit pictures to help communicate current conditions, until such time as an on-site visit is scheduled.

ND HAF will contract with specialized home repair case reviewers whose focus will be to establish a formal scope of work for each HAF Home repair project and to identify additional funding sources to help further support the home repair work needed (ex. LIHEAP for weatherization, Medicaid for disability-related modifications). They will work with in-community partners to facilitate walk throughs and inspections of each property as needed. When accessibility improvements are included as an identified homeowner need, the program will include review/assessment by individuals who can appropriately assess and define the scope that would be needed to accomplish the desired outcome.

ND HAF will, through ND Housing Finance Agency and the Department of Human Services, offer training and support to these case reviewers to ensure appropriate cross-program subject matter knowledge.

All payments for home repair projects will be made directly to contractors upon verification that work has met pre-defined milestones and/or been completed. Scopes of work will be drafted to align with generally accepted practices as outlined in state or local building codes. Each applicant's case file will include documentation (written and photographic) related to various project milestones described above.

Eligibility

No questions.

Outreach

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

The program will ensure that base information is available in English, French and Spanish, with additional translation and interpretation available as needed. Relative to outreach, the program has established contracts with several community-based organizations who have deep and authentic connections to communities of people most likely to have limited English proficiency.

Our experience suggests that personal connection is more effective than formal marketing in engaging individuals whose experience and/or circumstances cause them to feel marginalized and/or disconnected from traditional mainstream resources. We will continue to recruit and support additional organizations as advisors and outreach partners in this effort throughout the life of the program. This work will only truly be successful with ongoing, grass-roots efforts to connect.

Please explain how the program will provide culturally relevant marketing.

All of our marketing efforts will be developed with representation in mind. The goal of our programmatic marketing is to establish affinity – to help the viewer/consumer of the content “see themselves” in the messaging.

Our language is intended to normalize the idea that everyone struggles from time to time, and that seeking assistance can help your family stabilize and be ready for whatever the future holds. We believe this is a universally appropriate message and work hard to assure that any imagery/methods we use support the campaign’s underlying goal of establishing affinity.

Prioritization

If your program intends to serve households who are over the 100% AMI threshold, how will your program prioritize Socially Disadvantaged Individuals (SDIs)? Please also provide the specific definition of SDIs that North Dakota will be using for their HAF program?

The ND HAF program has limited availability to households whose income exceeds 100% AMI (i.e., eligible to receive mortgage reinstatement assistance). North Dakota’s definition of a “socially disadvantaged individual” will include any homeowner with limited English proficiency, who has a disability, and/or is a racial or ethnic minority.

Performance Goals

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

We will work towards having a public facing dashboard on our website to communicate core statistics related to program utilization and reach, including number of payments to ND households by type of payment with some indicators related to geography as well (subject to confidentiality considerations).

We will take the opportunity presented by HAF to broaden understanding of housing stability supports by highlighting the various elements of the HAF program (mortgage assistance, tax/insurance assistance, home repairs for habitability and accessibility, housing counseling and financial planning for economic wellbeing). Our plan includes dollars to measure the impact of housing stability services on overall household economic well being. Our sincere hope is that we are also able to communicate how investments in housing stability have benefits that go beyond housing.

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

- 1. Number of borrowers reinstated to a current mortgage status*
- 2. Geographic distribution of assistance*
- 3. Housing stability retained as a result of stabilization supports (home repair, housing counseling)*

Please indicate whether you intend to disaggregate metrics by income, race, gender, etc.

Yes. All program metrics will be disaggregated by income, race, gender and geography.

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.

We will track this in the system and will include the as part of our report-out related to stability supports.

Your performance chart indicates that you expect to assist 200 homeowners through the Home Repair Program. However, given that the maximum amount of Home Repair assistance is \$30,000, assisting 200 homeowners would result in disbursements no greater than \$6,000,000, less than the \$10,000,000 budgeted for this program. Do you anticipate assisting more than 200 homeowners within this program, and if not, do you plan to reduce the allocation of the Home Repair Program in favor of programs with greater demand?

Volume of home repair assistance will depend not only on applications/need but also on availability of resources in community to complete the required work. If our experience indicates greater demand for mortgage reinstatement, for example, we will adjust allocation of funds to accommodate that need. Our program goal is to stabilize the housing situation of

homeowners in our state; we are committed to monitoring program utilization to align resources as demand indicates.

Readiness

In your application, you noted that some key operational components needed to implement and govern the HAF program were still in development. Please update us on your progress in relation to:

- o Hiring additional staff
- o Information technology system updates
- o Developing internal policies and procedures

We have 20 trained case reviewers currently working with emergency rent assistance. Their skill set will translate to the front-end eligibility determinations needed for HAF. In December/January we will onboard staff who will develop expertise specific to HAF, including knowledge relevant to mortgage servicing, costs/fees associated with homeownership, and home repairs.

We are working to add HAF functionality to the base system ND implemented to support emergency rental assistance. The anticipated implementation timeline projects that online applications will be available by January 15, 2022 with full system implementation by mid-March 2022.

Internal policies and procedures will be further refined during the system requirements process in December and January to assure alignment between documents.

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

We anticipate being ready to begin accepting and adjudicating applications by January 15, 2022. This includes readiness of marketing and outreach materials associated with the go live.

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.

ND has been planning for launch but has not yet expended funds. In 2021 Q4 we will be obligating some of the funds associated with program infrastructure, including the technology platform and outreach partnerships.

Budget

According to the [HAF Guidance](#), Administrative Expenses may not exceed 15% of overall allocation, or \$7,500,000 for North Dakota. Your plan indicates an Administrative Expense budget of \$7,508,000 exceeds the program cap by \$8,000. Please revise your budget to reflect the maximum allocation amount.

We have revised the Administrative Expense budget line to \$7,500,000.

According to [HAF Guidance](#), 5% of your HAF allocation may be used to cover counseling or education efforts by housing counseling agencies approved by HUD or a Tribal government, or legal services. Your plan indicates a Counseling or Legal services Expense budget of \$2,509,200 which exceeds 5% of your allocation (\$2,500,000). Please revise your budget to reflect the maximum allocation amount. Please note, that to the extent that counseling services from legal services provider is providing services related to planning, community engagement, needs assessment, or administrative expenses, these amounts may count towards the 15% limit on Administrative Expenses.

We will revise the Housing Counseling related budget line to \$2,500,000.