

## **Additional Program Design Information – UPDATED 1-20-2022**

Please explain how the sources of data listed in the section on Homeowner Needs informed the Program Design Elements included in your plan.

We set the per household limits on mortgage assistance based on what our data from our previous Hardest Hit Fund program, SC HELP, showed to be a reasonable cap. Lessons from the Hardest Hit Fund were also used to decide which documents would be required to determine eligibility.

We included unemployment as an eligible hardship because the data from SC Works showed a large rise in unemployment following the onset of the pandemic. SC Housing was able to determine which housing counseling agencies would have the capacity to assist applicants for this program by examining the HUD 9902 forms provided by the seven housing counseling agencies listed.

Similarly, data from the Center for Heirs' Property Preservation (CHPP) helped us evaluate what resources would be needed to help homeowners clear title to property. We took this into account when budgeting for legal services.

CHAS data, resources like Tracktherecovery.org, and Urban Institute data showed that it may be justified to waive income documentation in certain geographic areas with extremely low incomes, and it may become necessary to do so if assistance is not being delivered in a timely manner. To allow for this possibility, we included a "reasonable fact-based proxy" as a potential alternative to traditional forms of income documentation.

Data from utility providers and county tax collectors confirmed that homeowners needed assistance to repay debts to both of those entities. However, when we compared these issues with the need for mortgage assistance that we estimated using data from the Treasury, CoreLogic, and the Federal Reserve Bank of Atlanta, we decided that neither should be as high of a priority as mortgage repayment.

**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, additional questions regarding housing and financial threats will be added to the intake form when applicants apply for the program. Requirements will also be added for the necessary supporting documentation to be attached (e.g., tax delinquency notices, utility shut off notices, etc.) to meet the requirement.

Additionally, we will ask the following questions to determine during the application process to identify and address immediate threats to housing stability:

Is your home currently in foreclosure? If you answered yes, please check the appropriate reason:

- a. I'm delinquent on payments to the lender
- b. I'm delinquent on my HOA / POA dues
- c. I'm delinquent on paying my property taxes
- d. Other: explain \_\_\_\_\_

Obtaining answers to these questions will assist us in prioritizing applications, and allow us to escalate cases already in foreclosure.

Similarly, to customers whose utilities are in danger of being disconnected, we will ask the following questions:

- a. Please state the name of utility provider(s) and account numbers on which you are delinquent: \_\_\_\_\_
- b. Are you delinquent on your electricity account?
- c. Are you delinquent on your water account?
- d. Are you delinquent on your natural gas/propane account?
- e. Are you delinquent on another utility account? Please explain

As with foreclosure cases, applicants whose imminent utility disconnects will be addressed first.

**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.**

Our service level agreements (SLA) with servicers will require them to attest that they have engaged in the complete loss mitigation process. Our outreach efforts will include information about the distinction between loss mitigation and the HAF program.

Additionally, we will work with third-party organizations to offer housing and loss-mitigation counseling to all applicants, to help them understand their rights and options relating to their mortgage. We will also rely on community partnerships—just as we have in the rental assistance program—to raise awareness of the mortgage assistance program. Moreover, our agreements with servicers will require as a condition of accepting HAF funds on the applicants' behalf, that they have provided reasonable loss-mitigation strategies to the applicant.

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?

This will be the servicers' obligation because SC Housing cannot supervise their internal data and processes as they relate to loss mitigation.

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?

We will ask appropriate questions as part of the application to determine whether the homeowner has overcome the underlying problem causing delinquency. We will also encourage applicants to discuss the matter with a local housing counseling agency if they have concerns. However, because we infer that the financial stability of homeowners will be significantly improved—both directly and indirectly—by

participation in the program, we will not bar applicants because of an unstable or poor financial position.

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

According to the South Carolina State Energy Profile published by the US Energy Information Administration, "Winters [in South Carolina] are generally mild, and overall demand for heating in the state is relatively low." Therefore, we hypothesized that there would not be substantial increases in utility debt during winters.

Although utility arrearage data were inconsistently and infrequently published, where data were available they seemed to support this claim. During the winter of 2020-2021, available totals showed utility arrearages remaining steady or decreasing. For example, total arrears for Duke Energy Progress and Duke Energy Carolinas were \$46,712,396 in August 2020 and \$44,272,000 in February 2021. Likewise, arrears to Electric Cooperatives totaled \$7,169,922 in December 2020 and \$5,274,300 in June 2021.

Therefore, we are not anticipating that winter home energy costs will cause a substantial impact on South Carolina homeowners.

Your application states that all applications will be approved or denied within 21 days of receipt. Please provide additional information on how this target will be met.

Tracking mechanism has been put in place, based on the 21-day timeframe after receipt of complete application, to review and make determinations. Dashboard notifications of applications approaching deadlines are also developed, to ensure timelines are met and applications are expedited as necessary to meet deadlines.

### **Additional Questions**

**Your HAF Plan states that 50% of homeowners receiving mortgage and utility reinstatement assistance will be Socially Disadvantaged Individuals (SDIs). Please provide additional information on how this target will be met.**

We will gather statistical data during the application process to determine if the applicant meets the SDI designation. We will also rely on our communications team to intensify public outreach in socially-disadvantaged areas based on SDI qualifications. Finally, we have state-specific statistical data from the ERAP program that we'll also use to raise public awareness in communities that meet the SDI requirements.

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

Metric #1: Total funds distributed: \$120,730,439.95

Metric #2: Quantity of funds approved and paid to eligible applicants based on area/national median income guidelines: \$72,438,263.97

Metric #3: Quantity of funds approved and paid to SDI-eligible applicants:  
\$45,302,463.31

**Please add an additional \$1 to your HAF budget in Salesforce so that your administrative expenses are within the 15% limit.**

Done.