OCTOBER 18, 2021

PENNSYLVANIA HOMEOWNER ASSISTANCE FUND PROGRAM PLAN

PHFA

PA HOUSING FINANCE AGENCY

PA Homeowner Assistance Fund Plan

Chapter 1. General.

§1.1. Overview.

Under section 3206 of the American Rescue Plan Act of 2021 (Pub L. No. 117-2) up to $9.961 billion was provided for states, the District of Columbia, U.S. territories, Tribes or Tribal entities, and the Department of Hawaiian Home Lands to provide relief for our country's most vulnerable homeowners. On April 14, 2021, Treasury released "Homeowner Assistance Fund Guidance" (HAF Guidance) which outlined policy guidelines for states' HAF programs. This included a description of qualified expenses, eligibility criteria, and protocols for HAF Plan submission to Treasury for approval.

The statute required the Department of the Treasury to make allocations for each state, the District of Columbia, and Puerto Rico based on homeowner need, determined by reference to (1) the average number of unemployed individuals; and (2) the number of mortgagors with mortgage payments that are more than 30 days past due or mortgages in foreclosure.[1]

Based on the identified methodology PA was allocated $350.4 million. On June 25, 2021, the PA General Assembly authorized Pennsylvania Housing Finance Agency (PHFA) as the administrator of this program. PHFA has titled this program PA Homeowner Assistance Fund (PAHAF) and under newly released Treasury guidance, dated August 2, 2021 has created this plan document for public comment and input.

§1.2 PAHAF Program Objective & Program Operating Principles.

The purpose of PAHAF is to mitigate financial hardships associated with the coronavirus pandemic by providing funds to eligible homeowners for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, delinquent property taxes, loss of utilities or home energy services, and displacements of homeowners due to financial hardships experienced after January 21, 2020.

§1.3. Program Operating Principles.

a) Maximize assistance to PA eligible households at the greatest risk for mortgage delinquency, default and foreclosure.
b) Utilize proactive outreach and marketing programs to ensure income eligible and socially disadvantaged homeowners are reached.
c) Ensure that the application, approval, and disbursement process is easily accessible, clear, and straightforward.
d) Put homeowners in the best position to succeed in the future while maximizing existing federal, state, and local resources to avoid duplication of services, programs and dollars.

[1] Specific data and methodology for funding can be found here: https://home.treasury.gov/system/files/136/HAF-state-territory-data-and-allocations.pdf

Chapter 2. Key Treasury Guidance & Definitions.

§2.1 Eligible Homeowners.

Homeowners are eligible to receive amounts allocated to a HAF participant under the HAF if they experienced a financial hardship after January 21, 2020 (including a hardship that began before January 21, 2020 but continued after that date) and have incomes equal to or less than 150% of the area median income (AMI) or 100% of the median income for the United States, whichever is greater. PAHAF may provide HAF funds only to a homeowner with respect to qualified expenses related to the dwelling that is the homeowner's primary residence.

§2.2. Targeting.

Not less than 60% of amounts made available to each HAF participant must be used for qualified expenses that assist homeowners having incomes equal to or less than 100% of the area median income or equal to or less than 100% of the median income for the United States, whichever is greater.

Any amount not made available to homeowners that meet this income-targeting requirement must be prioritized for assistance to socially disadvantaged individuals, with funds remaining after such prioritization being made available for other eligible homeowners.

§2.3 Treasury Definitions

100% of the area median income for a household — two times the income limit for very-low-income families, for the relevant household size, as published by the Department of Housing and Urban Development (HUD) in accordance with 42 U.S.C. § 1437a(b)(2) for purposes of the HAF.

150% of the area median income for a household — three times the income limit for very-low-income families, for the relevant household size, as published by HUD in accordance with 42 U.S.C. § 1437a(b)(2) for purposes of the HAF.

Mortgage — any credit transaction (1) that is secured by a mortgage, deed of trust, or other consensual security interest on a principal residence of a borrower that is (a) a one- to four-unit dwelling, or (b) a residential real property that includes a one- to four-unit dwelling; and (2) the unpaid principal balance of which was, at the time of origination, not more than the conforming loan limit. For purposes of this definition, the conforming loan limit means the applicable limitation governing the maximum original principal obligation of a mortgage secured by a single-family residence, a mortgage secured by a two-family residence, a mortgage secured by a three-family residence, or a mortgage secured by a four-family residence, as determined and adjusted annually under §302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. §1717(b)(2)) and §305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. §1454(a)(2)). A reverse mortgage, a loan secured by a manufactured home, or a contract for deed (also known as a land contract) may fall within this definition if it satisfies the criteria in this paragraph, in accordance with applicable state law.

Socially disadvantaged individuals — those whose ability to purchase or own a home has been impaired due to diminished access to credit on reasonable terms as compared to others in comparable economic circumstances, based on disparities in homeownership rates in the HAF participant's jurisdiction as documented by the U.S. Census. The impairment must stem from circumstances beyond their control. Indicators of impairment under this definition may include being a (1) member of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society, (2) resident of a majority-minority Census tract; (3) individual with limited English proficiency; (4) resident of a U.S. territory, Indian reservation, or Hawaiian Home Land, or (5) individual who lives in a persistent-poverty county, meaning any county that has had 20% or more of its population living in poverty over the past 30 years as measured by the three most recent decennial censuses. In addition, an individual may be determined to be a socially disadvantaged individual in accordance with a process developed by a HAF participant for determining whether a homeowner is a socially disadvantaged individual in accordance with applicable law, which may reasonably rely on self-attestations.

Chapter 3. PAHAF Homeowner Needs Assessment.

The Commonwealth used a variety of data sets to determine the extent to which various types of homeowners may be at risk of default, foreclosure, or housing instability. The following combination of public and proprietary data were used to develop estimates of COVID-related homeowner needs in Pennsylvania: Home Mortgage Disclosure Act (HMDA) (12 U.S.C §§ 2801-2811), loan-level data (2007 to 2019), U.S. Census American Community Survey (Census ACS) 5-Year Estimates (2015-19), PHFA borrower records, Bureau of Labor Statistics' Local Area Unemployment Statistics program (2020 to Q1 2021), ZIP Code-level Mortgage Analytics and Performance Dashboard (MAPD) data on loan performance collected and compiled by the private research firm Black Knight, LLC. and accessed from the Federal Reserve Bank of Atlanta (2020 to Q1 2021)[2], tax delinquency data from Allegheny County (courtesy of the Western Pennsylvania Regional Data Center) and the City of Philadelphia (courtesy of OpenDataPhilly), and delinquent utility account information from the Pennsylvania Utilities Law Project.

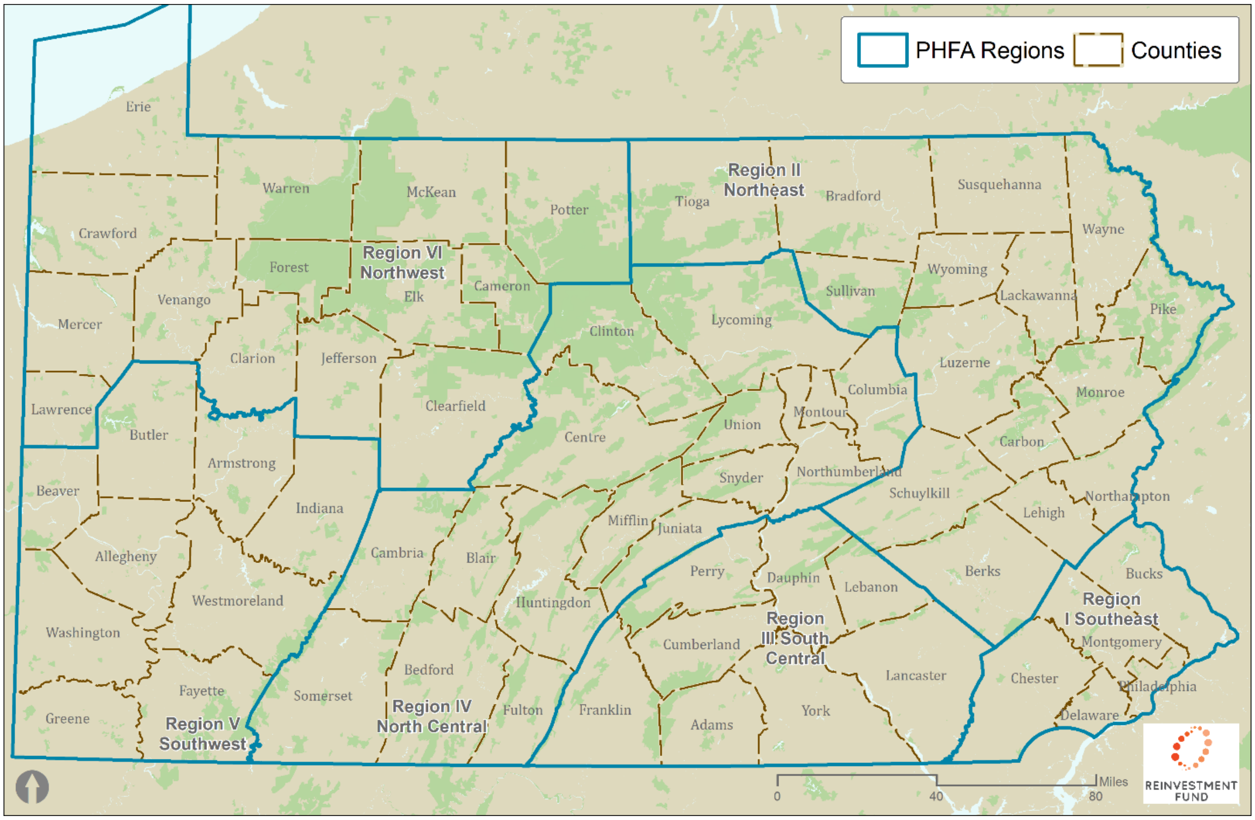
These data were analyzed to understand the contemporary volume of homeowners across the Commonwealth and how homeownership varies across different regions of the state and among different populations. These analyses were developed with a particular focus on estimating the total population of PA homeowners who could benefit from support from the HAF related to mortgage assistance and other housing related costs such as utilities, taxes, condominium association fees, etc.

§3.1. Homeownership Landscape in Pennsylvania.

Pennsylvania is home to 3,480,978 owner-occupied households. The state is divided into six regions established by the PA Housing Finance Agency (see Map 1). These regions are used throughout this document to describe the state's demographic, economic and housing conditions and how they vary geographically.

[2] Atlanta Fed calculations using Black Knight's McDash Flash daily mortgage performance data (available with a two-day lag), U.S. Census Bureau 2017 FIPS Codes.

Map 1. PA Regions



The number of homeowners and homeownership rates vary considerably across the state's different regions – from a high of 71.9% in the Northwest to a low of 65.3% in the Southeast. However, in every region the homeownership rates for households of color are well below those of white homeowners. Homeownership rates for households of color are highest in the Philadelphia region (Southeast) and in the Northeast (See Table 1).

Table 1. Homeowners & Homeownership Rates by PHFA Region

PHFA Region	All Households		Households of Color		
	Owner Occupied Households	Homeownership Rate	Owner Occupied Households	Percent of All Owner Occupied Households	Homeownership Rate
Region I Southeast	1,015,464	65.3%	261,383	25.7%	49.2%
Region II Northeast	621,048	70.7%	62,097	10.0%	43.4%
Region III South Central	533,060	70.4%	39,256	7.4%	38.1%
Region IV North Central	304,921	70.9%	5,725	1.9%	32.2%
Region V Southwest	736,526	69.7%	42,311	5.7%	37.0%
Region VI Northwest	269,959	71.9%	6,696	2.5%	35.9%
Pennsylvania	**3,480,978**	**68.9%**	**417,468**	**12.0%**	**45.0%**

Source – ACS 2015-2019

The vast majority of homeowners in PA live in single-family homes (93.5%). Of the nearly three and half million owner-occupied housing units, about three million (3,253,640) are one-unit detached or attached dwellings. Only about 90,000 units are in small and large multifamily buildings, and about one hundred thirty thousand (133,560) homeowning households live in manufactured homes, both in manufactured home communities (MHCs) and on privately-owned land. (See Table 2.)

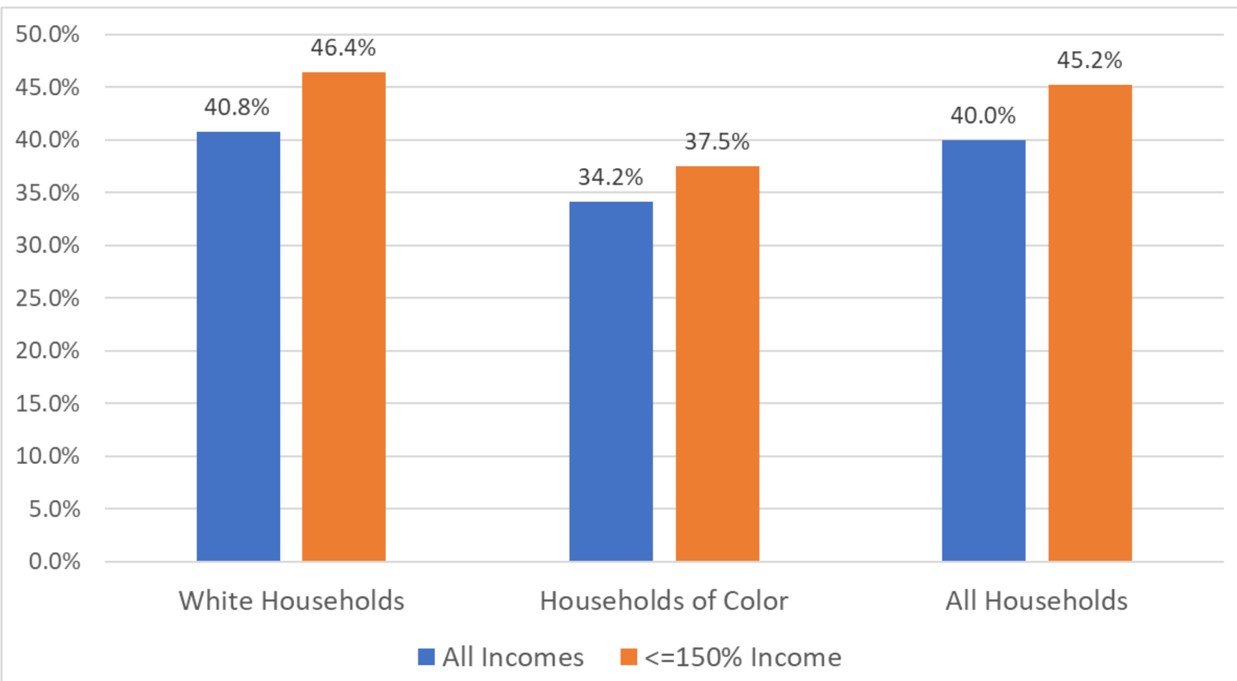
Table 2. Owner-Occupied Housing Types in Pennsylvania

Number and Types of Units	Housing Units		Population	
	#	%	#	%
1 Unit	3,253,640	93.5%	8,455,835	94.9%
2-4 Units	43,829	1.3%	86,869	1.0%
5+ Units	49,053	1.4%	76,685	0.9%
Manufactured	133,560	3.8%	284,795	3.2%
Boat, RV, Van, etc.	896	0.0%	2,016	0.0%
Total	**3,480,978**	**100%**	**8,906,200**	**100%**

Source – ACS 2015-2019

Figure 1 presents the share of PA homeowners who own their homes free and clear.

Figure 1. Share of Homeowners Who Own Their Homes Free and Clear



	White	Households of Color	All Households
All Incomes	1,244,621	141,425	1,386,046
%	40.8%	34.2%	40%
<=150% AMI	1,027,041	124,496	1,151,537
%	46.4%	37.5%	45.2%

Source – ACS 2015-2019

Approximately 40% or 1,386,046 households do not have a mortgage. A substantially greater share of white households than households of color own their homes unencumbered from mortgage debt; 41% and 34%, respectively. In addition, a greater share of lower income households, regardless of their race and ethnicity, own their homes without a mortgage than the overall population of homeowners; 45% for households making less than 150% of the area median income versus 40% for households of all incomes. (See Figure 1.)

According to Home Mortgage Disclosure Act (HMDA) data on home loans originated between 2007 and 2019, about a third of Pennsylvania homeowners purchased their homes with non-conventional mortgages secured by the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA) or the United States Department of Agriculture's (USDA) Rural Housing Service or Farm Service Agency (RSA/FSA). The overall volume of these non-conventional mortgages is concentrated in the greater Philadelphia area (Southeast), greater Pittsburgh (Southwest), and the Northeast (See Table 3). Because they generally offer more flexible qualification requirements, non-conventional loans are more prevalent among lower income and Socially Disadvantaged borrowers.[3]

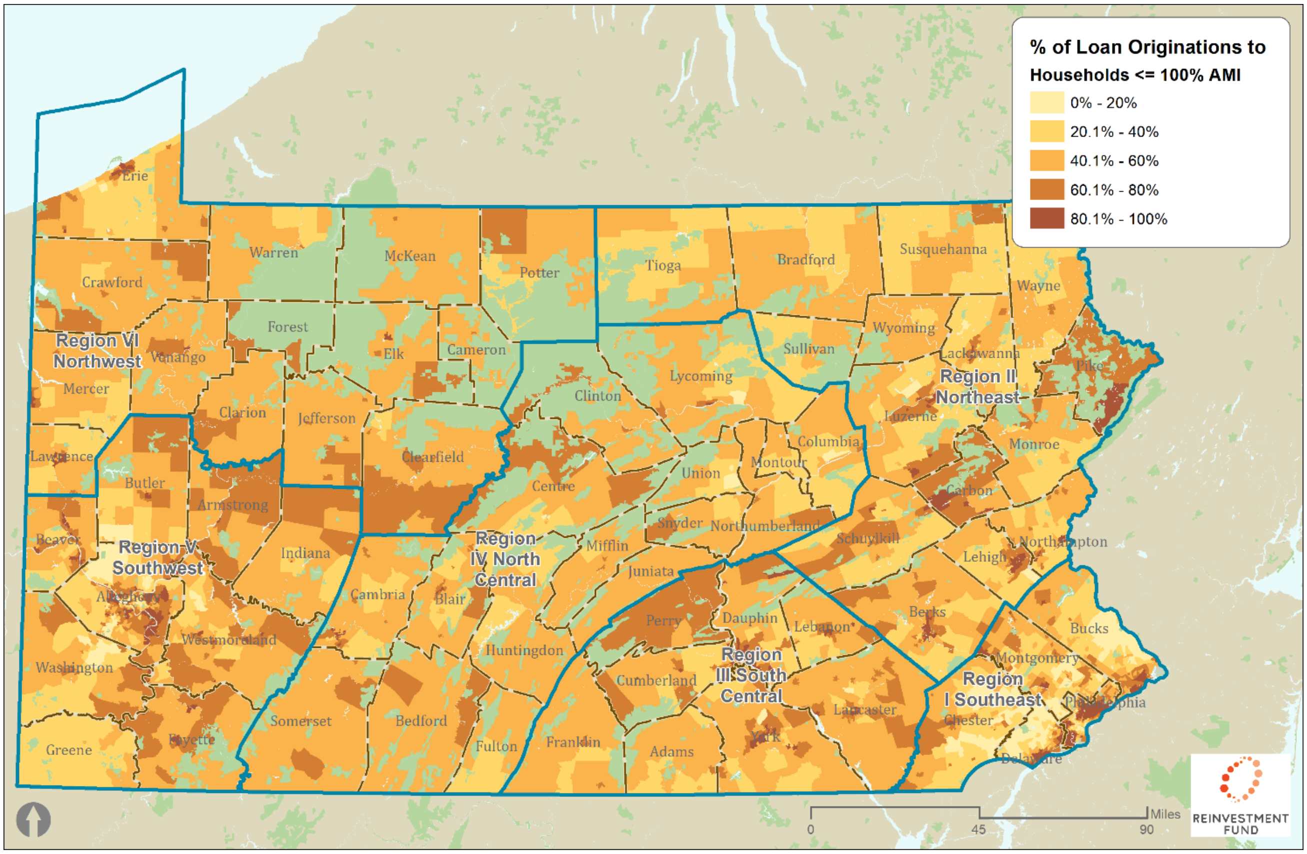
Table 3. Share of Government-Secured Mortgages by Region

PHFA Region	All Originations	Conventional	FHA-insured	VA-guaranteed	FSA/RHS-guaranteed
Region I Southeast	460,247	328,938	112,702	14,764	3,843
	100%	71.5%	24.5%	3.2%	0.8%
Region II Northeast	232,024	140,413	70,712	12,621	8,278
	100%	60.5%	30.5%	5.4%	3.6%
Region III South Central	243,092	147,124	61,580	18,742	15,646
	100%	60.6%	25.3%	7.7%	6.4%
Region IV North Central	88,595	59,532	15,876	6,000	7,187
	100%	67.2%	17.9%	6.8%	8.1%
Region V Southwest	288,416	193,338	74,037	13,684	7,357
	100%	67.0%	25.7%	4.7%	2.6%
Region VI Northwest	73,496	48,337	16,452	4,798	3,909
	100%	67.0%	22.4%	6.5%	5.3%
Statewide	1,385,869	917,681	351,359	70,609	46,220
	100%	66.2%	25.4%	5.1%	3.3%
Source: HMDA 2007 - 2019					

Map 2 presents the Census tract share of all home purchase originations that were made to buyers with incomes at or below 100% of their Area Median Income (areas in green are forests).

[3] https://www.fha.com/fha_loan_requirements

Map 2. Share of Loan Originations to Low-Income Households

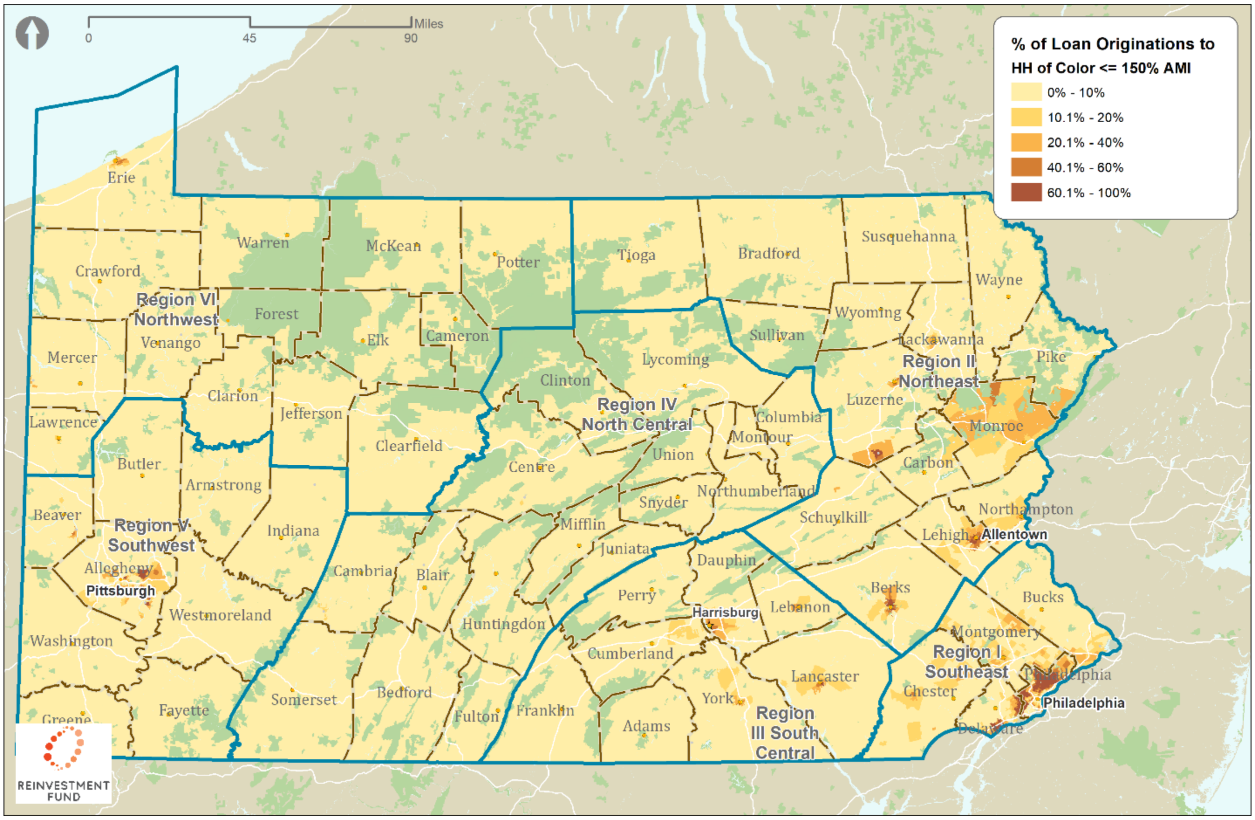


PHFA Regions	Originations to Households <= 100% AMI			Originations to Households > 100% AMI	All Originations
	White Households	Households of Color	Total		
Region I Southeast	150,378 (33%)	60,904	211,282	248,965 (54%)	460,247 (100%)
Region II Northeast	98,661 (43%)	23,905	122,566	109,458 (47%)	232,024 (100%)
Region III South Central	116,853 (48%)	14,664	131,517	111,575 (46%)	243,092 (100%)
Region IV North Central	41,331 (47%)	1,324	42,655	45,940 (52%)	88,595 (100%)
Region V Southwest	126,733 (44%)	9,449	136,182	152,234 (53%)	288,416 (100%)
Region VI Northwest	36,705 (50%)	1,568	38,273	35,223 (48%)	73,496 (100%)
Statewide	570,661 (41%)	111,814	682,475	703,394 (51%)	1,385,869 (100%)

Source: Home Mortgage Disclosure Act, 2007 – 2019.

Approximately 49% of home purchase originations between 2007 and 2019 were for households with incomes at or below their Area Median Income (AMI). Approximately 11% of home purchase originations were for households of color with incomes at or less than 150% of the AMI. Analysis of the data at the census tract level reveals that most of these low-income households, and particularly households of color, are concentrated in cities (Philadelphia, Pittsburgh, Harrisburg, Allentown), as well as the Northeastern part of the state. Map 3 presents the Census tract share of home purchase originations made to households of color with incomes up to 150% of their Area Median Incomes.

Map 3. Share of Loan Originations to Low- and Moderate- Income Households of Color



PHFA Regions	Originations to Households <= 150% AMI			Originations to Households > 150% AMI	All Originations
	White Households	Households of Color	Total		
Region I Southeast	242,264 (53%)	80,214	322,478	137,769 (30%)	460,247 (100%)
Region II Northeast	149,971 (65%)	30,334	180,306	51,718 (22%)	232,024 (100%)
Region III South Central	173,683 (71%)	19,427	193,110	49,982 (21%)	243,092 (100%)
Region IV North Central	64,155 (72%)	2,102	66,257	22,338 (25%)	88,595 (100%)
Region V Southwest	192,320 (67%)	13,529	205,849	82,567 (29%)	288,416 (100%)
Region VI Northwest	54,367 (74%)	2,111	56,478	17,018 (23%)	73,496 (100%)
Statewide	876,760 (63%)	147,717	1,024,477	361,392 (26%)	1,385,869 (100%)

Source: Home Mortgage Disclosure Act, 2007 – 2019.

Overall, the greatest volume of home purchase lending to low to moderate-income households is concentrated in the Southeast, Southwest and South Central regions of the state. The largest volume and share of low to moderate-income homebuyers of color are concentrated in the Southeast and Northeast regions of the state.

§3.2. Coronavirus Pandemic Impact.

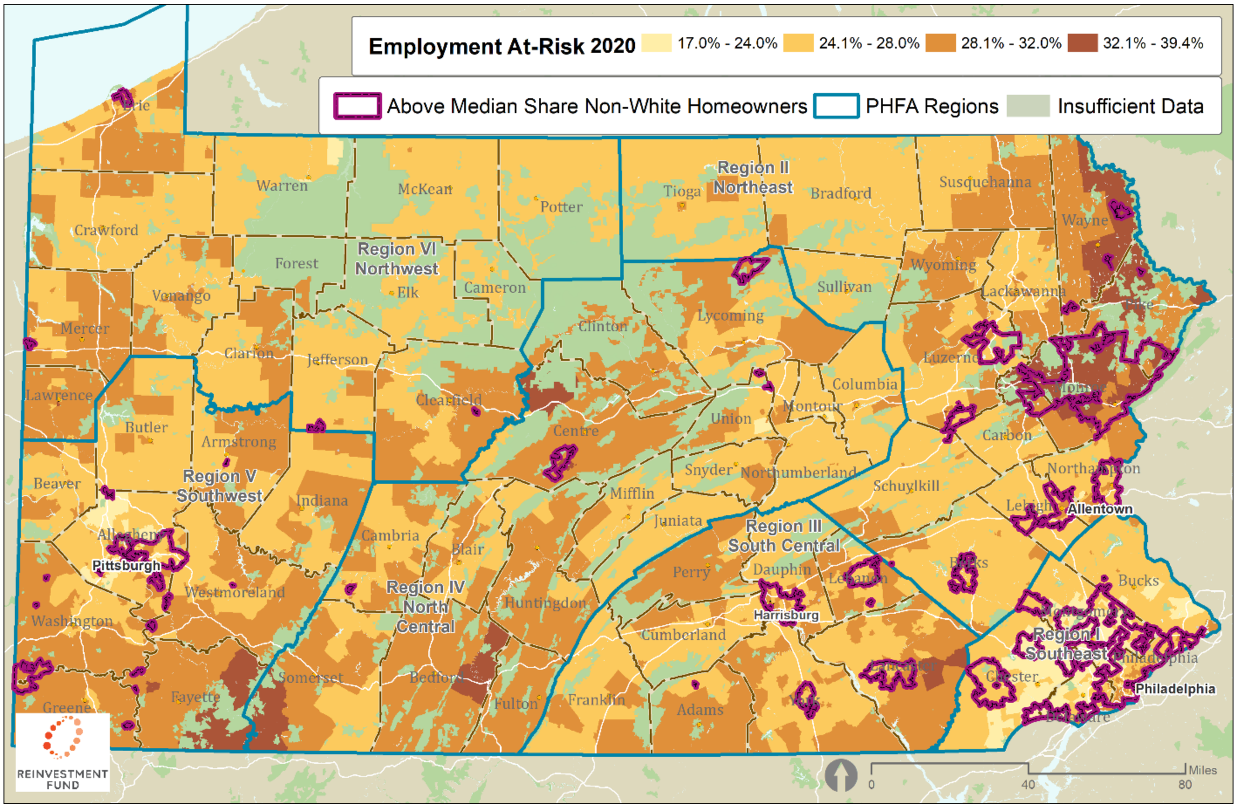
Throughout the Spring of 2020, the health system in the Commonwealth and throughout the country strained against surging COVID-19 cases, and millions of Pennsylvanians followed the stay-at-home order. For some, that meant working from home, but for many, the closure of non-essential businesses and the stay-at-home order meant temporary reduction or loss of income, and in some cases, long-term unemployment. By April 2020, the Pennsylvania economy lost about 926,000 jobs.[4] The State's initial unemployment claims peaked in the first week of April at 390,753.[5] In April 2020, the Philadelphia Federal Reserve developed a methodology to identify workers who would be at the greatest risk of unemployment due to nationwide closures of unessential businesses and shifts to remote work.[6] Maps 4-6 present the distribution of at-risk workers across the Commonwealth, and large urban centers, at the outset of the pandemic.

[4] https://data.bls.gov/timeseries/LASST420000000000003

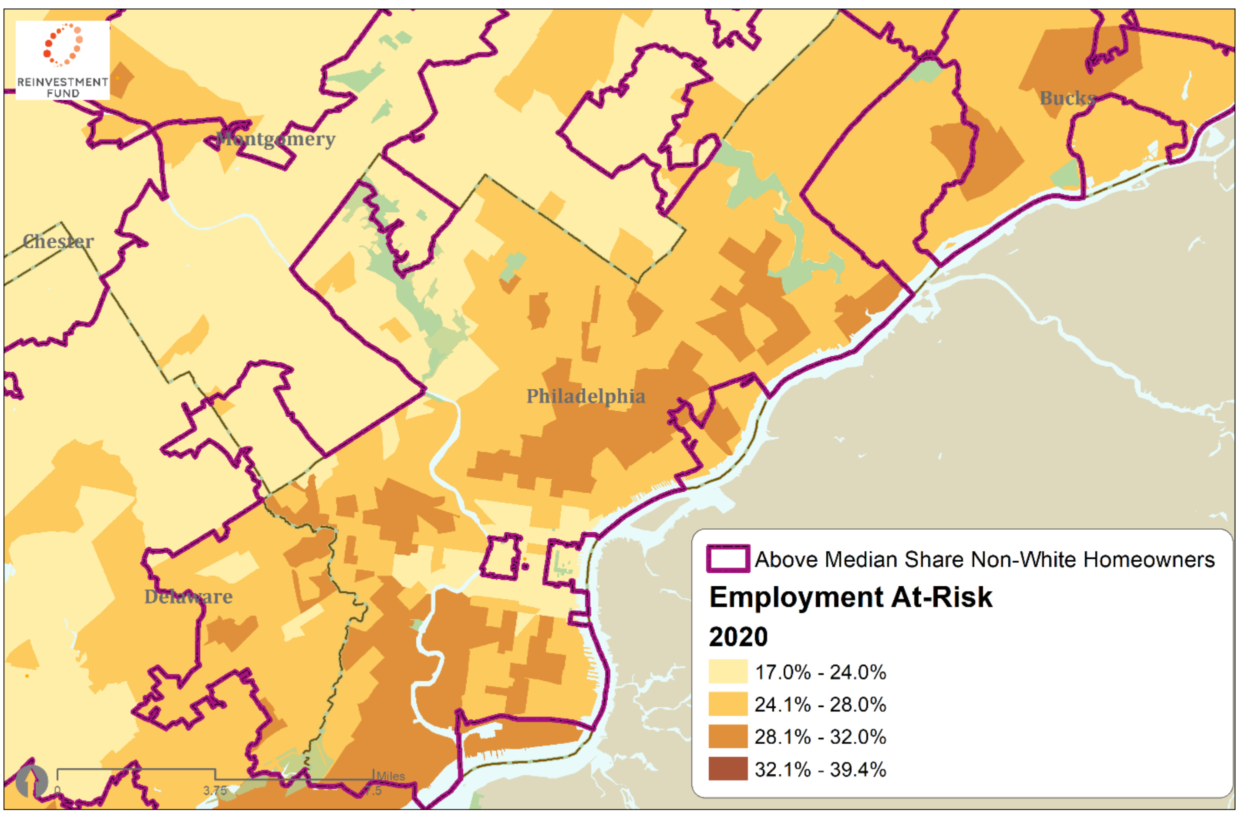
[5] https://www.workstats.dli.pa.gov/Products/UCActivity/Pages/default.aspx

[6] https://www.philadelphiafed.org/community-development/housing-and-neighborhoods/which-neighborhoods-and-households-will-be-most-impacted-by-covid-19; https://www.philadelphiafed.org/community-development/workforce-and-economic-development/which-workers-will-be-most-impacted

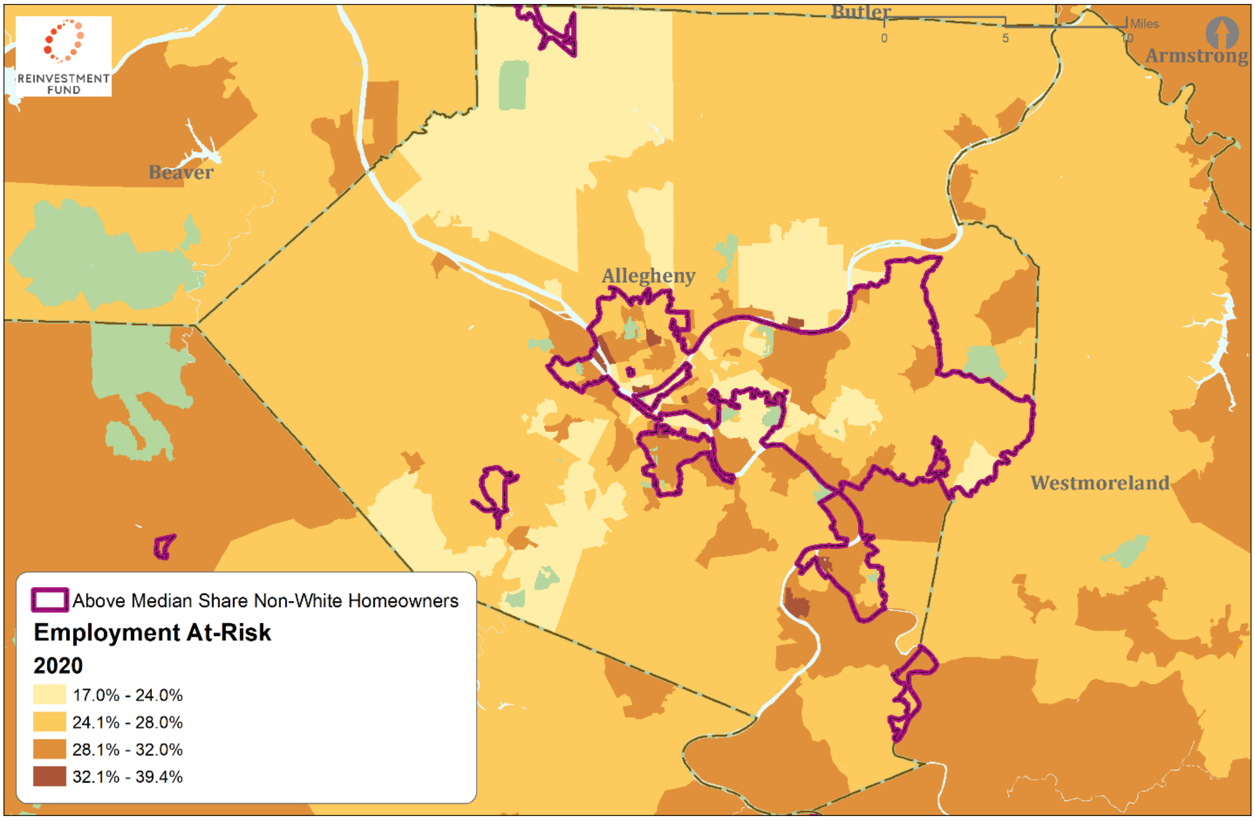
Map 4. Share of Workforce At-Risk of Unemployment, April 2020



Map 5. Share of Philadelphia Workforce At-Risk of Unemployment, April 2020

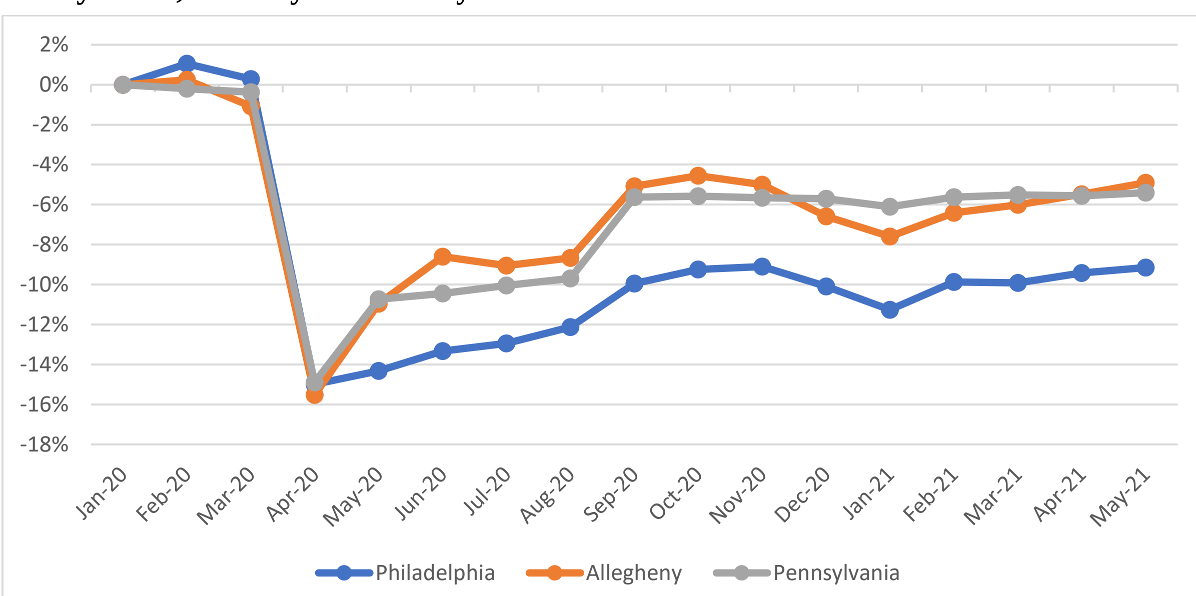


Map 6. Share of Allegheny County Workforce At-Risk of Unemployment, April 2020



Pandemic-related job losses were widespread throughout Pennsylvania, but the pace of the ongoing recovery has varied across Pennsylvania's counties. Figure 2 presents the changes in employment for Pennsylvania, contrasted with Philadelphia and Allegheny counties.

Figure 2: Change in Employment in Philadelphia, Allegheny County (Pittsburgh), and Pennsylvania, January 2020 – May 2021

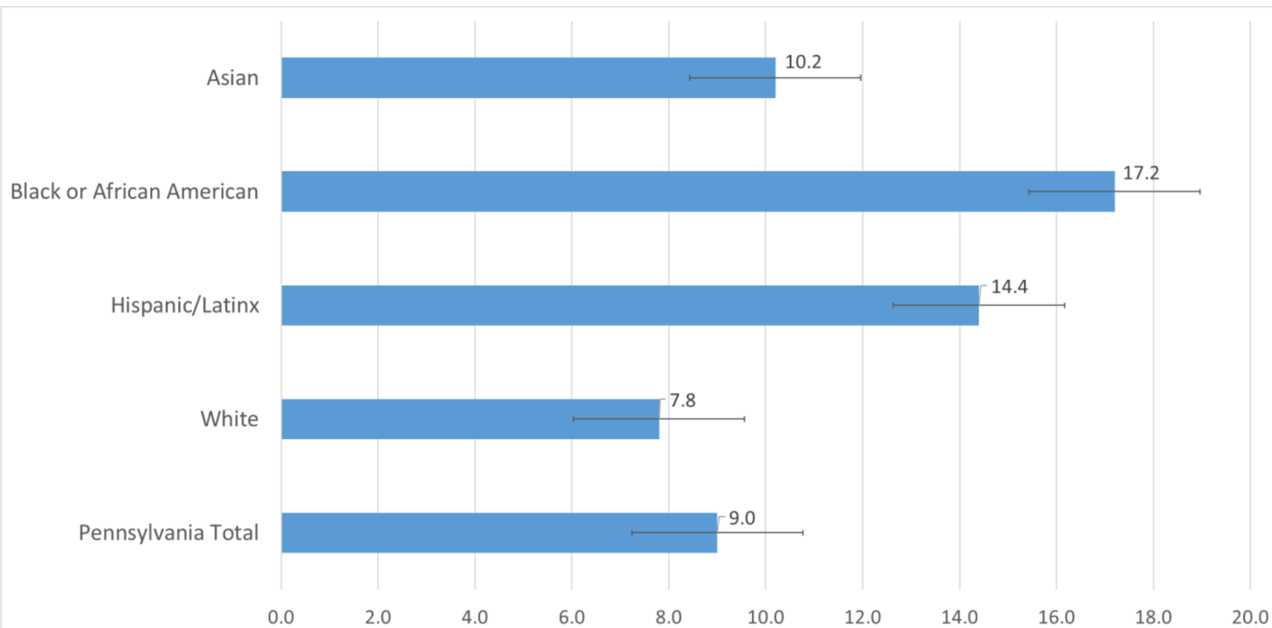


Source: Bureau of Labor Statistics' Local Area Unemployment Statistics

Employment levels bottomed out in April 2020, when employment was down 15% statewide compared to January 2020, before the pandemic hit. Employment in Philadelphia (-15%) and Allegheny (-16%) counties declined by about the same share as statewide. Philadelphia has recovered job losses more slowly than the rest of the State or Allegheny County. As of May 2021, employment had rebounded to 5% below pre-pandemic levels in Allegheny County and statewide but were still 9% below pre-pandemic levels in Philadelphia.

The impact of pandemic-related job losses in Pennsylvania has been felt disproportionately by people of color. Black and Hispanic Pennsylvanians have faced much higher unemployment rates than white Pennsylvanians. Figure 3 presents the 2020 annualized unemployment rates for PA residents of different racial and ethnic groups and the margin of survey error in those rates.

Figure 3. Annualized Unemployment Rates for PA Residents, 2020



Source: Bureau of Labor Statistics' Local Area Unemployment Statistics

Black Pennsylvanians had an annualized unemployment rate of 17.2% in 2020, and Hispanic Pennsylvanians had an annualized unemployment rate of 14.4%, compared to a 7.8% unemployment rate for white Pennsylvanians.[7] The annualized unemployment rate for Asian Pennsylvanians was also higher (10.2%) than white residents, although within the survey margin of error.

[7] https://www.bls.gov/lau/ex14tables.htm

§3.3. Estimating Target Populations for HAF Support.

ACS 2015-19 records provide the most reliable way to identify areas in Pennsylvania with high populations of low income and Socially Disadvantaged homeowners, both with and without mortgages, who may be eligible for assistance under one of the PAHAF programs. Table 4 presents the number of owner-occupied homes with and without a mortgage, disaggregated by pre-pandemic income and Socially Disadvantaged status.

Table 4. Households in Owner-Occupied Housing Units by Mortgage Status, Income, and Socially Disadvantaged Status

	Homeowners with a Mortgage	Homeowners w/o a Mortgage	Total
All Households	2,079,022	1,386,046	3,465,068
<= 100% AMI	881,392	935,422	1,816,814
100-150% AMI	512,701	216,115	728,816
TOTAL <= 150% AMI	**1,394,093**	**1,151,537**	**2,545,630**
Socially Disadvanted Households	272,280	141,425	413,705
<= 100% AMI	153,351	107,521	260,872
100-150% AMI	54,351	16,975	71,326
TOTAL <= 150% AMI	**207,702**	**124,496**	**332,198**

Source: ACS 2015-2019

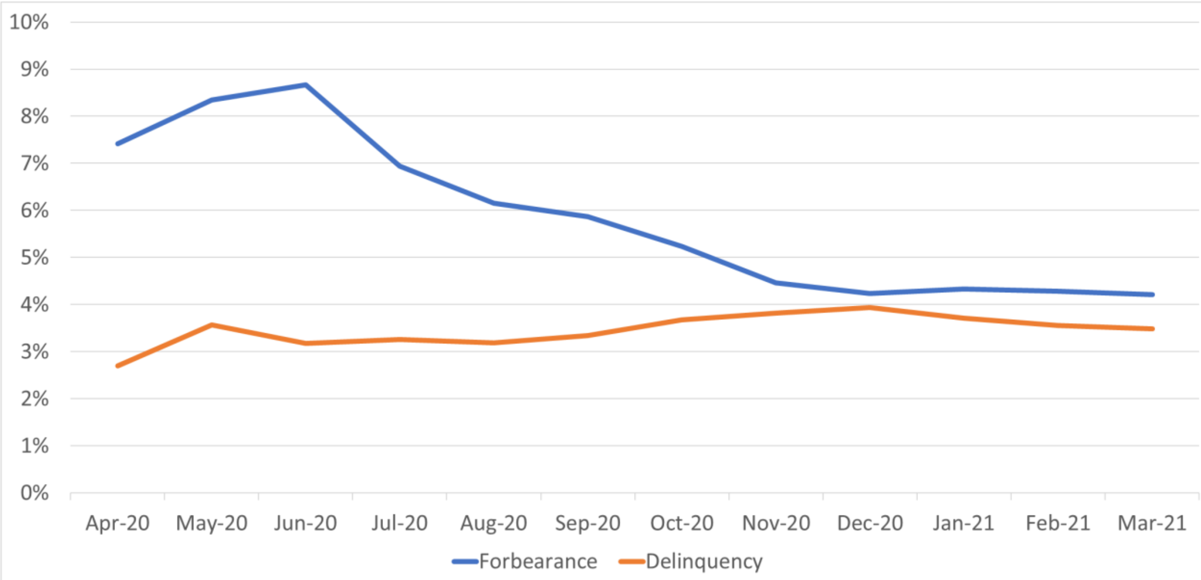
Using the estimated target populations in Table 4, each population segment was further broken down by their vulnerability to foreclosure. Target populations who are the most likely to need assistance may be homeowners with a mortgage who are coming out of a forbearance plan; homeowners without a mortgage who were unable to pay their real estate tax obligations; homeowners who may be delinquent on their home loan; or homeowners in condominiums who are delinquent on association fees.

§3.4. Estimating At-Risk Homeowners.

The federal CARES Act, passed in March 2020, provides forbearances for homeowners with federally backed mortgages. The Mortgage Analytics and Performance Dashboard (MAPD) data, which was compiled by the private research firm Black Knight and provided to PHFA by the Federal Reserve Bank of Atlanta, shows that for a sample of 600,000 mortgages, the statewide delinquency rate increased from 2.7% in April 2020 to 3.5% by January 2021. The forbearance rate peaked in June 2020 at 8.7% and has declined steadily since to 4.2% in March 2021 (See Figure 4).

According to data from the Mortgage Bankers Association (MBA), about 6.6 percent of mortgages in the state were delinquent in Q4 2019, prior to the pandemic. By Q4 of 2020, the delinquency rate had increased to almost 9 percent among Pennsylvania homeowners (See Figure 4).

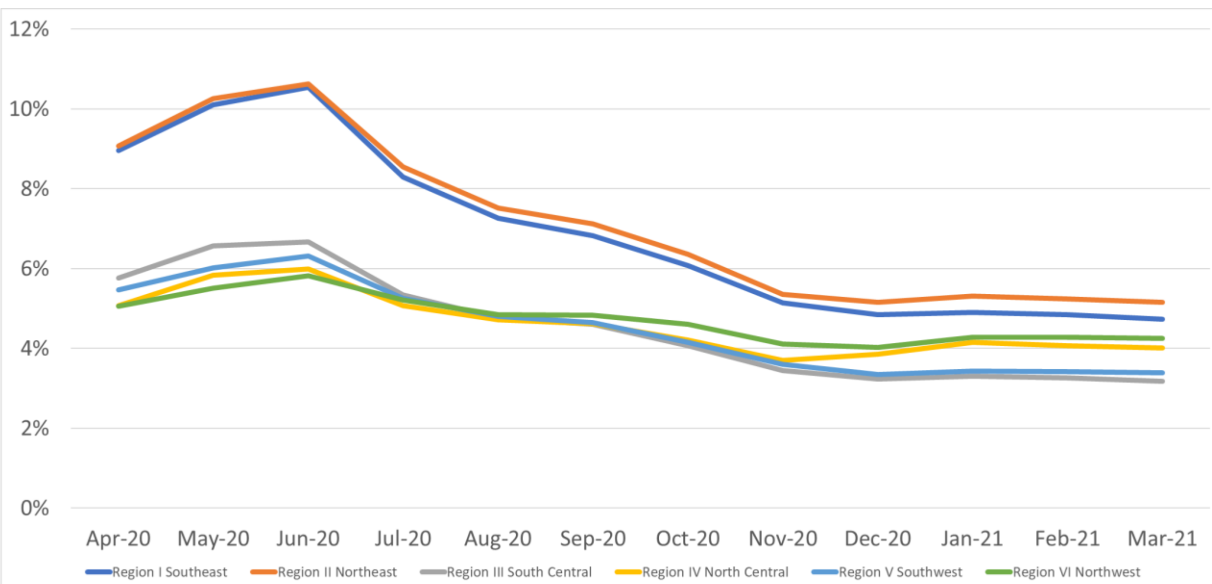
Figure 4. Pennsylvania Forbearance & Delinquency Rates, April 2020 – March 2021



Source: Black Knight; Federal Reserve Bank of Atlanta

Figure 5 shows that forbearance rates were (and remain) much higher in the Philadelphia (Southeast) and Northeast Regions compared to the rest of the state. Forbearance rates began trending up in the North Central and Northwest regions towards the end of 2020 and into 2021.

Figure 5. Forbearance Rates by Region, April 2020 – March 2021



Source: Black Knight; Federal Reserve Bank of Atlanta

Applying a combined average mortgage forbearance and delinquency rate observed in Figure 4 (10.5%) to the population of PA homeowners with incomes below 100% of AMI (See Table 4), approximately 28,676 PA owner-occupied households were delinquent and 62,633 were in forbearance in the first quarter of 2021. In total, an approximated **91,309** owner-occupied households with incomes below 100% of AMI are currently in forbearance or delinquent on their mortgages. Table 5 presents the estimated number of households in delinquency and forbearance across different racial and ethnic groups, using nationally estimated delinquency and forbearance rates for different racial and ethnic groups.[8]

Table 5. Estimated Count of Income Eligible Households in Delinquency or Forbearance by Racial/Ethnic Groups

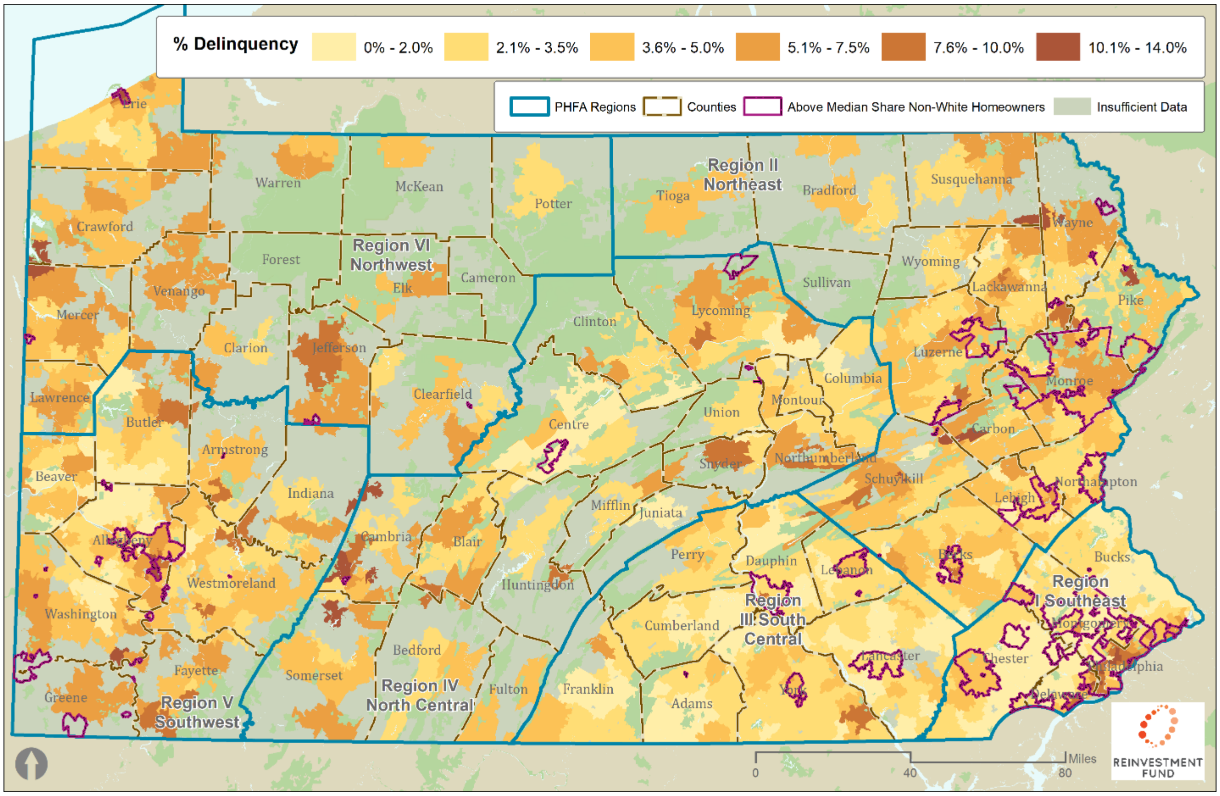
	Total Households
Black	11,870
Hispanic	18,262
Asian	4,565
Other Race	1,826
White	54,785
Total	91,309

Source: IPUMS (ACS 2015-2019), Mortgage Bankers Association, Federal Reserve Bank

Table 5 suggests that roughly 36,500 socially disadvantaged homeowners' mortgages are either in forbearance or delinquent. Map 7 presents the ZIP Code level geographic distribution of the combined delinquency/forbearance rate across the Commonwealth, along with ZIP Codes with elevated populations of socially disadvantaged households (i.e. above the state median).

[8] https://files.consumerfinance.gov/f/documents/cfpb_characteristics-mortgage-borrowers-during-covid-19-pandemic_report_2021-05.pdf

Map 7. ZIP Code Level Mortgage Delinquency/Forbearance Rates



There are ZIP Codes across the Commonwealth with combined delinquency/forbearance rates above 10% - from Philadelphia to Scranton, Johnstown, in the Southwest and Northwest. The greatest concentrations of ZIP Codes with elevated populations of Social Disadvantaged households tend to be clustered in the Southeast (Philadelphia), Northwest (Erie), South-Central (Harrisburg and York), Northeast (Monroe), and Pittsburgh areas.

§3.5. Anticipated Needs for Property Tax Assistance.

Many Pennsylvania homeowners without mortgages have income losses from the COVID-19 pandemic that have resulted in property tax arrearages, including many socially disadvantaged homeowners. Based on American Community Survey, 2015-2019 data from Integrated Public Use Microdata Series (IPUMS), an estimated 935,422 Pennsylvania homeowners are income eligible at 100% of AMI and do not currently have a mortgage, including 107,521 socially disadvantaged homeowners. Socially disadvantaged homeowners without a mortgage live predominately in Philadelphia (43%), Allegheny (8%), Montgomery (7%), and Delaware (7%) counties. Income-eligible Hispanic homeowners without a mortgage also commonly live in Berks (9%) and Lehigh (8%) counties.

Tax delinquency data from Philadelphia and Allegheny counties suggest that homeowners with COVID-related income losses could be thousands of dollars behind on property taxes. Tables 7 and 8 show the number of tax delinquent homeowners in these counties and the distribution of property tax arrearages.

Table 7: Property Tax Delinquency in Philadelphia County

When Delinquent	Count Delinquent	Avg. Amount Behind	Q1 Amount Behind	Median Amount Behind	Q3 Amount Behind
Before 2020	11,973	$7,783	$1,538	$3,898	$9,293
In 2020	2,271	$1,153	$117	$661	$1,580
Total	14,244	$6,252	$826	$2,648	$7,080

Table 8: Property Tax Delinquency in Allegheny County

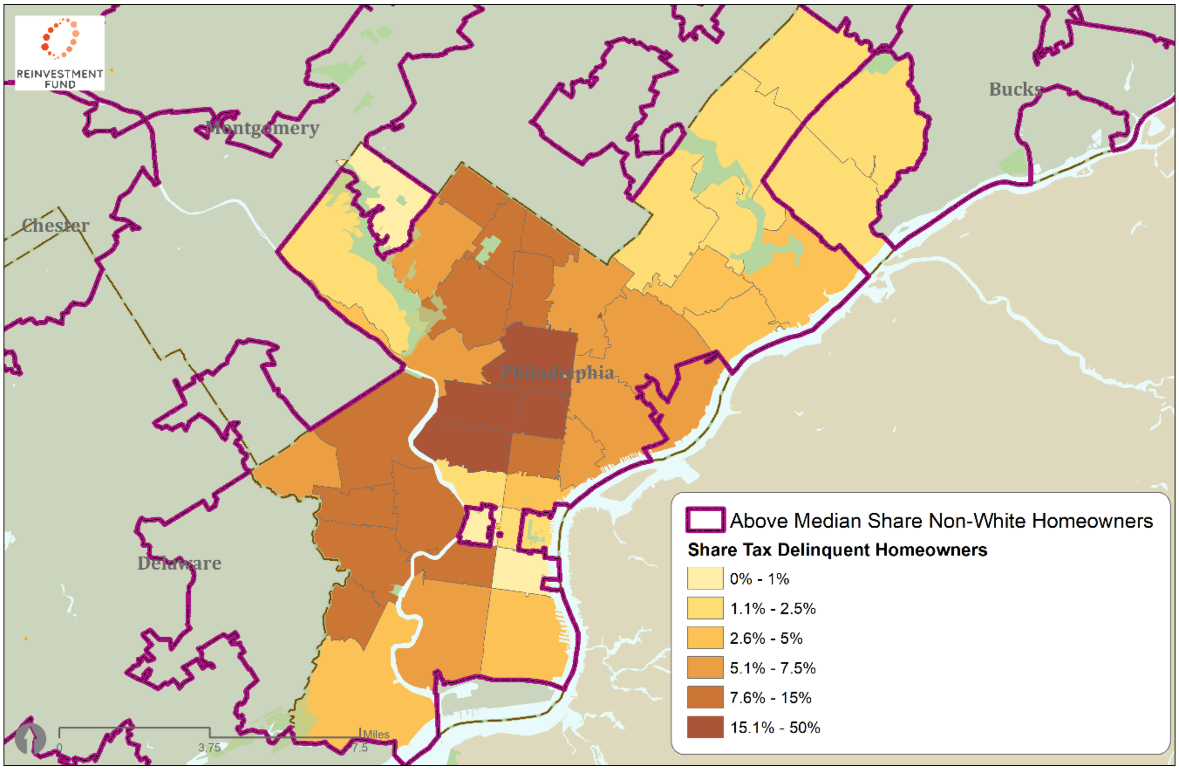
When Delinquent	Count Delinquent	Avg. Amount Behind	Q1 Amount Behind	Median Amount Behind	Q3 Amount Behind
Before 2020	12,544	$3,034	$431	$1,410	$3,750
In 2020	700	$1,743	$490	$1,172	$2,515
Total	13,244	$2,966	$437	$1,395	$3,603

In Philadelphia, 2,271 homeowners became newly delinquent on property taxes in 2020, possibly because of COVID-related income losses. These homeowners were typically about $611 dollars in arrears, although the average is almost twice that amount ($1,153). In Allegheny County 700 homeowners were newly tax delinquent in 2020,[9] with a median delinquency arrearage of $1,172 and average of $1,743.

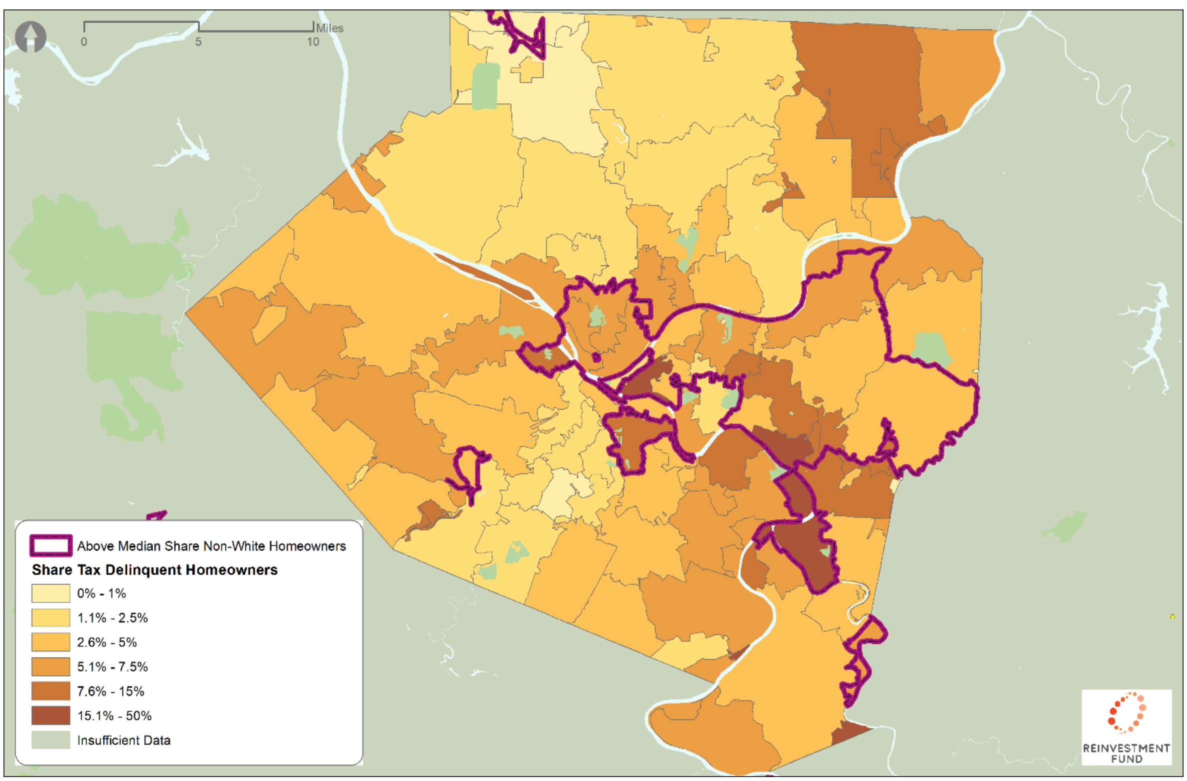
Map 12 shows where in Philadelphia homeowners behind on their taxes live and shows that likely the majority of these homeowners are socially disadvantaged. The geography of property tax delinquency in Allegheny County (see Map 13 below) also suggests that many socially disadvantaged homeowners may need assistance with property tax arrearages.

[9] Not all municipalities in Allegheny County had reported 2020 tax liens by the time of this writing, so this number understates the extent of need for property tax assistance there.

Map 12: Property Tax Delinquency in Philadelphia County



Map 13: Property Tax Delinquency in Allegheny County



§3.6. Anticipated Needs for Utility Assistance.

In addition to household need for mortgage assistance and tax arrearages, a great deal of low to moderate income households in PA could also benefit from support for utilities arrearages incurred due to income losses associated with the COVID-19 pandemic. Accessing reliable data for utility arrearages is challenging due to the diverse range of providers, both public and private, across the Commonwealth. However, the Pennsylvania Utility Law Project (PULP) collects a range of data points from the Commonwealth's largest utility providers on a semi-annual basis to track 'at risk' accounts and dollar values of arrearages associated with these accounts.

In February 2021 there were 814,508 'at risk' accounts associated with $852,054,166 in outstanding debt reported by most of the state's largest utility providers to PULP. This represents roughly 16% of all PA households. While it is not possible to know which of these delinquent accounts are associated with renters and those associated with homeowners, a conservative estimate of 10% of the income eligible owner-occupied households in PA in need of utilities assistance would represent roughly 182,000 households. Additionally, a recent report from Philadelphia's Community Legal Services and the PA Utility Law Project found that utility delinquencies are disproportionately concentrated among socially disadvantaged residents.[10]

[10] https://clsphila.org/wp-content/uploads/2021/03/CLS_UtilityReport_20200324.pdf

Chapter 4. Stakeholder Engagement and Public Comment.

Pennsylvania has a robust network of non-profit Legal Service Providers operating across the Commonwealth with whom PHFA has established a close working relationship. PHFA held a meeting on July 6, 2021 and received comments from PA Legal Service Providers June 15, 2021 and July 20, 2021 related to all elements of the Treasury guidance and PA HAF plan development.

In addition, PHFA has an active and engaged Housing Counseling Network and administers its own funding along with grant funding from HUD and Neighborworks to 65 agencies across the state. PHFA held three virtual meetings with the Housing Counseling network in July with a turnout of over 164 participants. Housing Counselors were encouraged to provide ongoing feedback and input into the PAHAF plan elements.

The Agency has also held conversations with many other individual community and stakeholder groups, including numerous state elected officials, briefing them on various aspects of the program plan and implementation.

Furthermore, PHFA held two statewide hearings to provide information on Treasury's program guidance and the PAHAF Draft Plan. The forums were virtual public meetings designed to solicit feedback from community members, legal service providers, advocates, and housing counseling agencies, as well as the public. PHFA partnered with 19 community and government agencies, with a particular focus on including organizations that coordinate services for socially disadvantaged homeowners, to encourage their local program partners and constituents to attend the hearing and provide feedback. Those community agencies sent email blasts, social media posts and organized in-person sessions for those without internet access to attend the on-line public forum.

The public meeting was advertised through PHFA's social media and email list serve. A PHFA HAF page was created and a list of interested parties has been accumulating. The webpage was updated to include notice a of the Public Hearings. A public notice was issued in the PA Bulletin, on the PHFA website and distributed widely to community groups.

PHFA also took into consideration stakeholder comments from PA Mortgage Bankers, Community Development Financial Institutions (CDFIs), Community Development Corporations (CDCs), community-based non-profits that serve the target audience, elected officials, legal service providers and housing counseling agencies. Additionally, separate meetings have been held as requested to address specific issues related to socially disadvantaged individuals.

The PAHAF statewide virtual hearings were held on September 8th and September 14th. The audience was robust with 134 attendees comprised of Community Partners Assisting Homeowners, Housing Counselors, Legal Services Providers, Homeowners in Need, Elected Officials or Staff, PA State Agencies and CDFI personnel. In addition, the recording was viewed by another 63 interested parties. The comments and questions varied across these topics: Types of Assistance & Timing, Outreach, Housing Counseling & Legal Service Providers Role in the Program, Specific Eligibility determination & requirements within the Plan and a few unrelated comments. A special meeting was also held to review the PAHAF Plan with Pennsylvania Health Access with 90 registered attendees. The questions and comments followed the same as above with one additional question in reference to accessibility for those with loss of vision.

The public comment period was open from September 11, 2021 to October 11, 2021. Public comments were recorded and addressed, informing the final version of the PAHAF Plan.

The public could submit written comments regarding PAHAF Plan to HAFComments@phfa.org. The plan and information about submitting public comments is also posted on the PHFA website www.phfa.org/haf/.

We received five written comments to the HAFcomments@phfa.org mailbox from the following:

- Community Legal Services (CLS) in Philadelphia & Philadelphia Legal Assistance,
- Pennsylvania Utility Law Project & Energy Unit of CLS
- Regional Housing Legal Services
- The Energy Association of PA
- PA Save Our Home Coalition (a consortium of 41 organizations)

A few homeowners also inquired as to the availability and timing of funds but did not submit any comments specific to the draft plan.

The comments covered a variety of topics to address program details for low-to-moderate income homeowners and cited concerns about the possible administration of the program. Listed below are some of the recurring themes that were covered:

- Include a Fact-Specific proxy
- Allow for broader utility assistance & lessen requirements for application timing from other utility sources
- Require fewer documents for eligibility
- Recommended changes in process flow in-order to expediate application processing
- Provide higher cap limits and longer forward payment assistance
- Broaden and open-up the pilot program
- Change specific language for clarity in reference to administration of the program
- Ensure a greater focus on socially disadvantaged in marketing and outreach

All comments have been reviewed and evaluated for inclusion in the PAHAF Program.

§4.1 Housing Finance Agency Coordination.

The National Council of State Housing Agencies holds meetings twice a week with mortgage servicers and state agency leaders to discuss best practices, coordination of activity where applicable, and review program requirements. Several members of the Pennsylvania Housing Finance Agency team have actively participated in these meetings. In addition, one-on-one meetings have been held with a number of states, particularly those that administered Hardest Hit Funds, in order to ascertain best practices and lessons learned from those programs that would apply to the PAHAF program.

Chapter 5. PAHAF Program Design.

§5.1. Definitions.

The following words and terms shall have the following meanings:

Applicant — A homeowner or a program partner applying on behalf of a homeowner.

Homeowner — The owner-occupant of a dwelling consisting of one-to-four-unit dwelling who has experienced a material reduction in income or material increase in living expenses after January 21, 2020, associated with the coronavirus pandemic. This term is interchangeable with the term "mortgagor."

Household — A household consists of all persons who occupy a single property. The occupants may be a single family, one person living alone, two or more families living together, or any groups of related or unrelated persons who share living arrangements.

Income — The term income will refer to annual household income as calculated using adjusted gross income as defined for purposes of reporting on Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.

Lender — A mortgagee whose debt is secured by a first lien on the property of a homeowner. This term is interchangeable with the term "mortgagee."

Mortgage — Any credit transaction (1) that is secured by a mortgage, deed of trust, or other consensual security interest on a principal residence of a borrower that is (a) a one- to four-unit dwelling, or (b) a residential real property that includes a one- to four-unit dwelling; and (2) the unpaid principal balance of which was, at the time of origination, not more than the conforming loan limit. For purposes of this definition, the conforming loan limit means the applicable limitation governing the maximum original principal obligation of a mortgage secured by a single-family residence, a mortgage secured by a two-family residence, a mortgage secured by a three-family residence, or a mortgage secured by a four-family residence, as determined and adjusted annually under section 302(b)(2) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(b)(2)) and section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act (12 U.S.C. 1454(a)(2)). A reverse mortgage, a loan secured by a manufactured home, or a contract for deed (also known as a land contract) may fall within this definition if it satisfies the criteria in this paragraph, in accordance with applicable state law

Mortgagee — A lender whose debt is secured by a first lien on the property of a homeowner. This term is interchangeable with the term "lender."

Mortgagor — The owner-occupant of a dwelling consisting of a one- to four-unit dwelling, who has experienced a financial hardship after January 21, 2020, due to the COVID-19 pandemic. This term is interchangeable with the term "homeowner."

Reconsideration — PAHAF applicants who believe a denial is due to an error, incorrect, missing, or inconsistent information in accordance with eligibility guidelines will be eligible for a "reconsideration review" to appeal that decision.

Socially disadvantaged individuals — are those whose ability to purchase or own a home has been impaired due to diminished access to credit on reasonable terms as compared to others in comparable economic circumstances, based on disparities in homeownership rates in the HAF participant's jurisdiction as documented by the U.S. Census. The impairment must stem from circumstances beyond their control. Indicators of impairment under this definition may include being a (1) member of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society; (2) resident of a majority-minority census tract; (3) individual with limited English proficiency; (4) resident of a U.S. territory, Indian reservation,, or Hawaiian Home Land; or (5) individual who lives in a persistent-poverty county, meaning any country that has had 20% or more of its population living in poverty over the past 30 years as measured by the three most recent decennial censuses. In addition, an individual may be determined to be socially disadvantaged individual in accordance with a process developed by HAF participant for determining whether a homeowner is a socially disadvantaged individual in accordance with applicable law, which may reasonably rely on self-attestations.

Qualified Financial Hardship — a material reduction in income or material increase in living expenses associated with the Coronavirus pandemic that has created or increased the risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner. The homeowner has experienced a material reduction in income and/or a material increase in living expenses associated with the COVID-19 pandemic that began, continued or worsened any time after January 21, 2020 (including a hardship that began before January 21, 2020, but continued after that date).

§5.2. Eligible Homeowners

Eligible Homeowners must meet the following criteria:

a) Homeowner must be a natural person or trustee of a living trust that holds title to the property. Heirs, equitable owners, and successors-in-interest, as that term is defined in section 1024.31 of Title 12 of the Code of Federal Regulations (12 CFR 1024.31), meet this ownership requirement. A reverse mortgage, a loan secured by a manufactured home, or a contract for deed (also known as a land contract) may fall within this definition.
b) Homeowner must have experienced a Qualified Financial Hardship after January 21, 2020 (including a hardship that began before January 21, 2020 but continued after that date).
c) Homeowner must currently own and occupy the property as their primary residence and be located in Pennsylvania.
d) Homeowner must meet the Homeowner Income Eligibility Requirements.
e) Homeowner must agree to provide all necessary documentation to satisfy program guidelines within timeframes established by the State, including self-attestation.
f) The original, unpaid principal balance of the homeowner's first mortgage or housing loan, at the time of origination, was not greater than the conforming loan limits in effect at time of origination.
g) PA HAF funds may be used to supplement other loss mitigation measures offered by the servicer or where HAF funds are necessary for the homeowner to qualify for other such loss mitigation measures. To the extent applicants are able to use other loss mitigation resources in a timeline consistent with the timeline of the application for HAF assistance, utilizing other loss mitigation resources first is encouraged.

Note that for income eligibility, the program may elect to use a fact-specific proxy to reduce paperwork barriers to program entry. In the event a fact-specific proxy does not qualify a homeowner or data is otherwise unavailable to conduct the fact specific proxy for a homeowner location, the IRS 1040 method of calculating annual income will be used. This will require applicants to submit income documentation such as the most recently filed tax return or other wage and income documentation. Additional details on this process will be included in the program policies and procedures.

§5.3. Qualified Expenses.

HAF participants may use funding from the HAF only for the following types of qualified expenses:

a) Expenses that are for the purpose of preventing homeowner mortgage delinquencies, homeowner mortgage defaults, homeowner mortgage foreclosures, and displacements of homeowners experiencing financial hardship:
   1) financial assistance to allow a homeowner to reinstate a mortgage or to pay other housing-related costs related to a period of forbearance, delinquency, or default;
   2) Forward payment assistance for a period of 6-months forward.

   Assistance is available for a first mortgage on the property of an eligible homeowner, subject to all other eligibility criteria. PAHAF Funds will be used to bring accounts fully current, with no remaining delinquent amounts, and to repay amounts advanced by the lender or servicer on the borrower's behalf for property charges, including property taxes, hazard insurance premiums, flood or wind insurance premiums, ground rents, condominium fees, cooperative maintenance fees, planned unit development fees, homeowners' association fees or utilities that the servicer advanced to protect lien position. Payment may also include any reasonably required legal fees. Homeowners in bankruptcy may be considered with bankruptcy court approval.

b) Expenses that are for the purpose of preventing homeowner mortgage foreclosures, and displacements of homeowners experiencing financial hardship for those homeowners that currently do not have a mortgage or have a reverse mortgage on the property.
   1) Property taxes; and
   2) Property Insurance.

c) Expenses for past due utility bills, particularly for those utility bills where no program currently exists in PA to assist the homeowner that could result in liens, possible foreclosure and homeowner displacement. Homeowners will be encouraged to apply for identified utility assistance when applying for the PA HAF utility portion of the program. Utility assistance awarded through HAF must not duplicate grant assistance provided through other federal and state programs

§5.4. Estimating Anticipated Program Costs to Meet Need.

Assistance will be limited to a maximum of $30,000 or 24 months of mortgage assistance per household over the life of the program. Based on available data related to the monthly mortgage costs for income eligible borrowers (roughly $1,219) [11] and the length of delinquency or forbearance (almost half of eligible owners were behind 3 months or fewer as of March, 2021),[12] the estimated total cost of catching up all income-eligible homeowners in delinquency, forbearance, and foreclosure would be roughly $1.1 billion[13].

Approximately $50 million of the HAF funds will be used to develop and administer the program, and for housing counseling and legal services. After accounting for Administrative and Housing Counseling & Legal Service Provider expenses to develop and administer the fund, PA HAF will have approximately $300 million available for eligible homeowners in PA.

To maximize the number of homeowners that can receive assistance under the PAHAF program, three separate scenarios were analyzed to identify a cap for the amount of support individual homeowners could receive under the program: $20,000; $30,000; and $40,000. These cap levels were selected under the assumption that these amounts of support should be sufficient to meet the needs of the vast majority of income-eligible homeowners in the Commonwealth.

Building estimates of homeowner supports per household to each cap level involved the following steps:

a) Assign eligible homeowners in need a 'number of months' behind. Although nearly half of qualifying owners were behind three months or fewer, the Federal Reserve Bank of New York[14] estimates that one in eight owners is behind 11 months or more. For the 91,309 eligible households the number of months behind was assigned based on estimations from 100 simulations that assigned a months-behind on the basis of the share of homeowners with varying months behind using forbearance and delinquency records from the NY Fed – duration of forbearance and delinquency ranged from one to 11-months; after the number of months in forbearance or delinquency was assigned, 9 additional months were added to account for the gap between the March, 2021 delinquency records available for the needs assessment and December, 2021 – the anticipated start of the PAHAF program;
b) Assign a monthly owner cost, sampled from the 2015-2019 ACS microdata for income eligible homeowners with a mortgage;
c) Homeowner total costs = (months behind+1) multiplied by monthly owner costs;
    1) One additional month was added to the 'months behind' to ensure that supports provided would fully cover outstanding costs for homeowners & timing difference between application & fund disbursement.
d) Limit benefits for homeowners over the cap.

[11] IPUMS (ACS 2015-2019), adjusted to 2021 dollars. In 2021, the median monthly costs for income-eligible owners with a mortgage, including principal, interest, taxes, insurance, and utilities was $1,219.

[12] Mortgage Bankers Association, Federal Reserve Bank

[13] This estimate assumes all 91,309 income eligible homeowners have an average of 9 months of delinquency or forbearance and would be brought current on their existing mortgages.

[14] https://libertystreeteconomics.newyorkfed.org/2021/05/whats-next-for-forborne-borrowers.html

Table 6 presents the amount of assistance, the number and share of eligible homeowners who could be supported, and the number and share of eligible homeowners whose need would fall above the $30,000 cap limits for direct PAHAF support for homeowners.

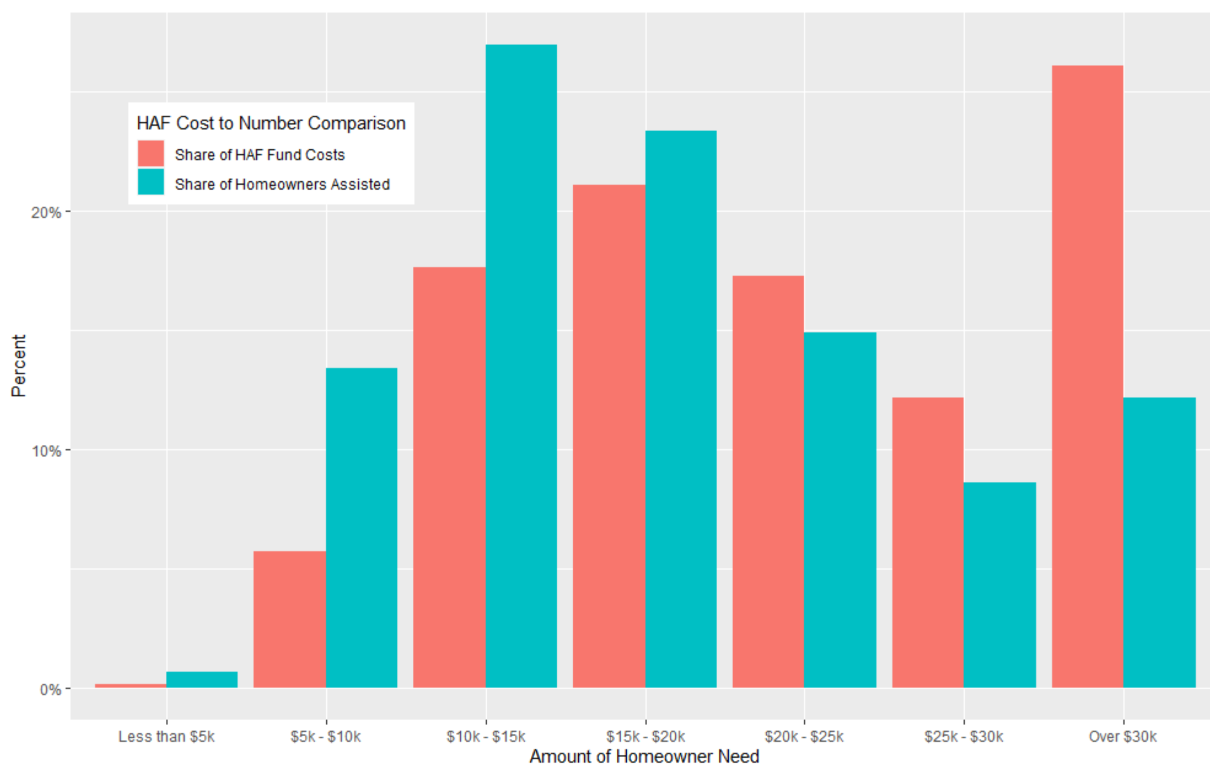
Table 6. Average Assistance and Homeowners Supported by $30,000 Assistance Cap

Average Assistance Provided	$18,623
Total Homeowners Assisted	16,109
% of Income Eligible Homeowners Assisted	17.6%
Income Eligible Homeowners Above Cap	12,307
% of Income Eligible Homeowners Above Cap	13.5%

Sources: IPUMS (ACS 2015-2019); Mortgage Bankers Association; Black Knight; Atlanta & New York Federal Reserve

Table 6 suggests that direct HAF assistance for eligible PA homeowners could support 16,109 homeowners – roughly 18% of all income eligible homeowners in the Commonwealth. Additionally, about 14% of income eligible homeowners would likely need support above the $30,000 cap for HAF supports. Based on these estimates, the greatest share of HAF supports will likely go to homeowners with needs below the $30,000 cap – although roughly a quarter of HAF funds may be deployed to support a smaller number of homeowners who will require a greater share of the overall HAF supports. Figure 6 presents the estimated share of homeowners and the share of HAF costs that will be deployed at different levels of support under the proposed HAF program with a $30,000 cap.

Figure 6: Share of Homeowners and Share of HAF Costs by Amount of Homeowner Assistance Need



As seen in Figure 6, just under 90% of homeowners in need would require assistance below the $30,000 cap, accounting for roughly 75% of available HAF funds. The 13.5% of homeowners in need of assistance above $30,000 will account for roughly 25% of the total HAF funds committed under the proposed program.

Chapter 6. Marketing and Outreach.

§6.1. Marketing and Outreach Campaign.

PHFA has direct experience marketing housing programs and services to socially disadvantaged populations and has built strong relationships with business partners tied to these communities. As a primary provider of affordable housing for low- and moderate-income families in Pennsylvania, PHFA has established credibility and trust in the communities the PAHAF was created to serve.

PHFA will implement a marketing and outreach strategy that widely reaches all eligible Pennsylvania homeowners and relevant stakeholders to properly amplify the program's clear call to action: **apply now.**

While efforts will be made to raise general program awareness across the Commonwealth, PAHAF will strategically focus additional marketing and outreach resources to ensure Pennsylvania's most vulnerable populations can equitably access PAHAF assistance. From start to finish, PHFA will regularly collect, review, and incorporate new data to best reach Pennsylvania's housing insecure residents who may benefit from this assistance.

PHFA will leverage existing relationships with loan servicers, housing counseling agencies, community officials, elected officials, local business, and other key amplifiers to help share and promote the program.

Program Branding and Presence

PHFA will use existing agency branding standards for PAHAF to build program legitimacy and trust among Pennsylvania homeowners, mortgage servicers, housing advocates, and other key stakeholders by showcasing an already established and recognizable brand.

Branding consistency will be key to raise program awareness across Pennsylvania and increase visibility in the Commonwealth's most socially disadvantaged communities.

Outreach Materials

PHFA will create easy-to-understand user guides, program fact sheets, process flyers, application checklists, press releases, web content, and social media messaging and graphics to inform and regularly communicate program updates to the public.

To increase program reach and visibility, PHFA will encourage community buy-in and engage external partners by creating a community partner toolkit that can be easily employed to amplify PAHAF messaging. PHFA will offer opportunities for stakeholder engagement throughout the program, by coordinating virtual and in-person town halls to local leaders can properly market the program to our state's most vulnerable populations. By identifying program champions and working with respected community leaders, PHFA will increase its local footprint and grow its network of program amplifiers.

Equity/Accessibility

Treasury requires HAF participants such as PHFA to design programs to be as accessible as possible to homeowners in different circumstances, including offering multiple intake formats, engaging with nonprofit organizations to provide additional pathways into the program, and providing culturally and linguistically relevant outreach.

PHFA will ensure all marketing materials be made available in English and Spanish with the potential for additional language as needed to best reach targeted audiences. These materials will be shared with community leaders, elected officials, and other stakeholders with access to minority populations to help increase program awareness through trusted channels. Printed materials will be available at in-person events and targeted community gathering places. PHFA will make necessary accommodations for individuals with disabilities and access and functional needs to ensure equitable access to PAHAF services. A focus will be made to increase accessibility by offering in-person intake or informational sessions as permitted with current COVID-19 conditions.

Marketing and Outreach Campaign

PHFA will engage and share PAHAF materials and content through a variety of channels and means, including:

- **Website:** User and mobile-friendly PAHAF website that provides an easy to access online application portal.
- **Social Media:** Regular social media engagement (e.g., Nextdoor, Facebook, Twitter, Instagram, LinkedIn). Messaging will include calls to action to drive prospective applicants to the PAHAF website and/or call center.
- **Paid Media:** Launch a strategic media buy that includes search ads, display ads, billboards, transit, and other media platforms.
- **Earned Media:** Develop news releases, and pitch radio and television interviews, noting rural areas with limited Internet will primarily rely on radio and television advertising.
- **Direct Marketing:** Trade and niche publications, direct mail, email marketing, and text messaging to reach key targeted jurisdictions, including rural areas and socially disadvantaged groups**.**
- **Community Partner Toolkits:** Develop custom marketing resources for community partners (e.g., nonprofits, government, legal aid) and state and local elected officials to provide easy-to-implement messaging and graphics with a clear call to action that will help amplify the program's presence through trusted networks. Materials provided to PHFA partners for their clients and constituents will help further increase program outreach and engagement.
- **PAHAF Intake Centers:** Offer in-person application assistance in strategically placed locations that increase accessibility to rural and the socially vulnerable.
- **PAHAF Customer Call Center:** Over-the-phone application support that includes translation services and special needs accommodations. The PAHAF Customer Call Center will also increase outreach efforts through outbound call campaigns to potentially eligible Pennsylvania homeowners. In addition, the Call Center has the ability to offer assistance in other languages besides English and Spanish through a translation service.

- **Mobile Intake Operations:** Conduct mobile-intake at high-traffic community locations (e.g., grocery stores, food banks, community centers, libraries, social services offices) to raise awareness of PAHAF services and offer on-site application assistance.

Stakeholder Engagement

From day one, PHFA will routinely inform and engage key stakeholders and housing advocates to help amplify PAHAF messaging to reach all affected homeowners in Pennsylvania. The stakeholder groups and partnerships that will be leveraged to help promote the program, include, but are not limited to:

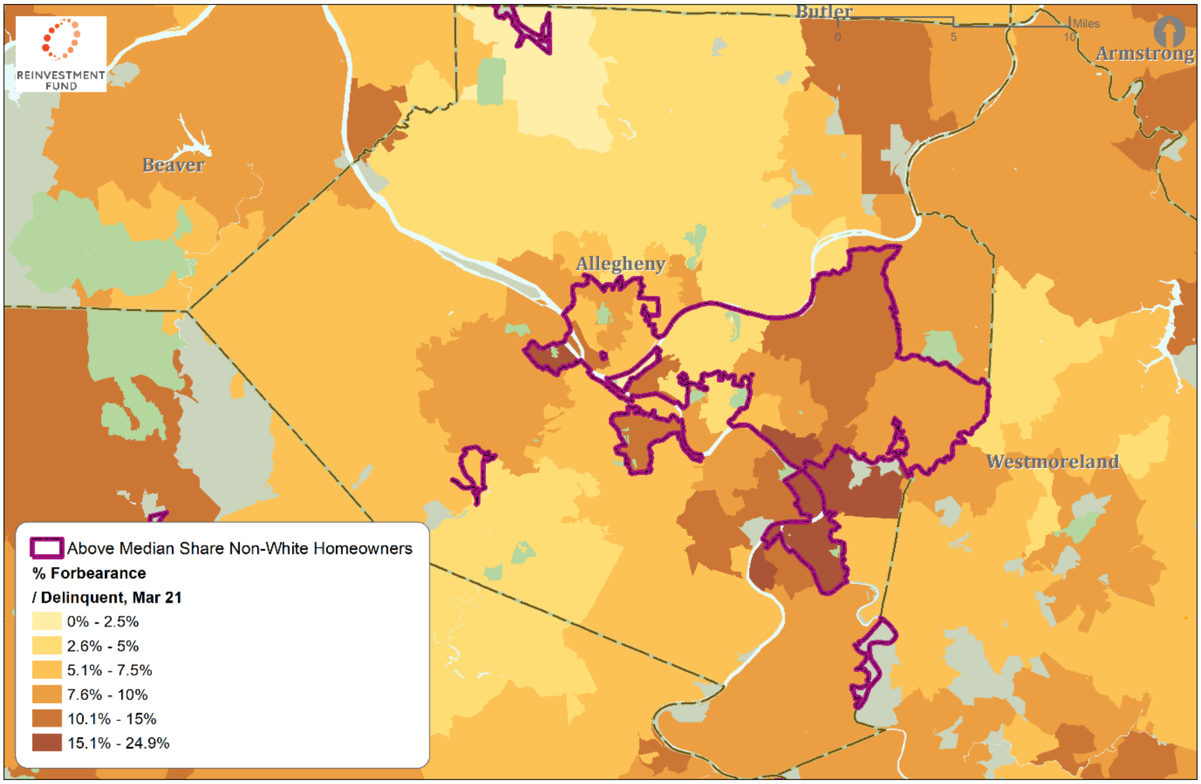
- Minority and rural advisory boards, nonprofits, legal aid, community organizations, housing counselors and faith-based organizations;
- Community leaders and local elected officials;
- Mortgage providers that serve low- and moderate-income homeowners, including banks, servicers, Community Development Corporations (CDCs), Community Development Financial Institutions (CDFIs), and other nonprofits that offer affordable housing programs to low, very low- and moderate-income homebuyers; and
- Other agencies across Pennsylvania that can help educate homeowners about program options and facilitate program entry.

§6.2. Data Driven Methodology for Marketing Approach to Reach Socially Disadvantaged

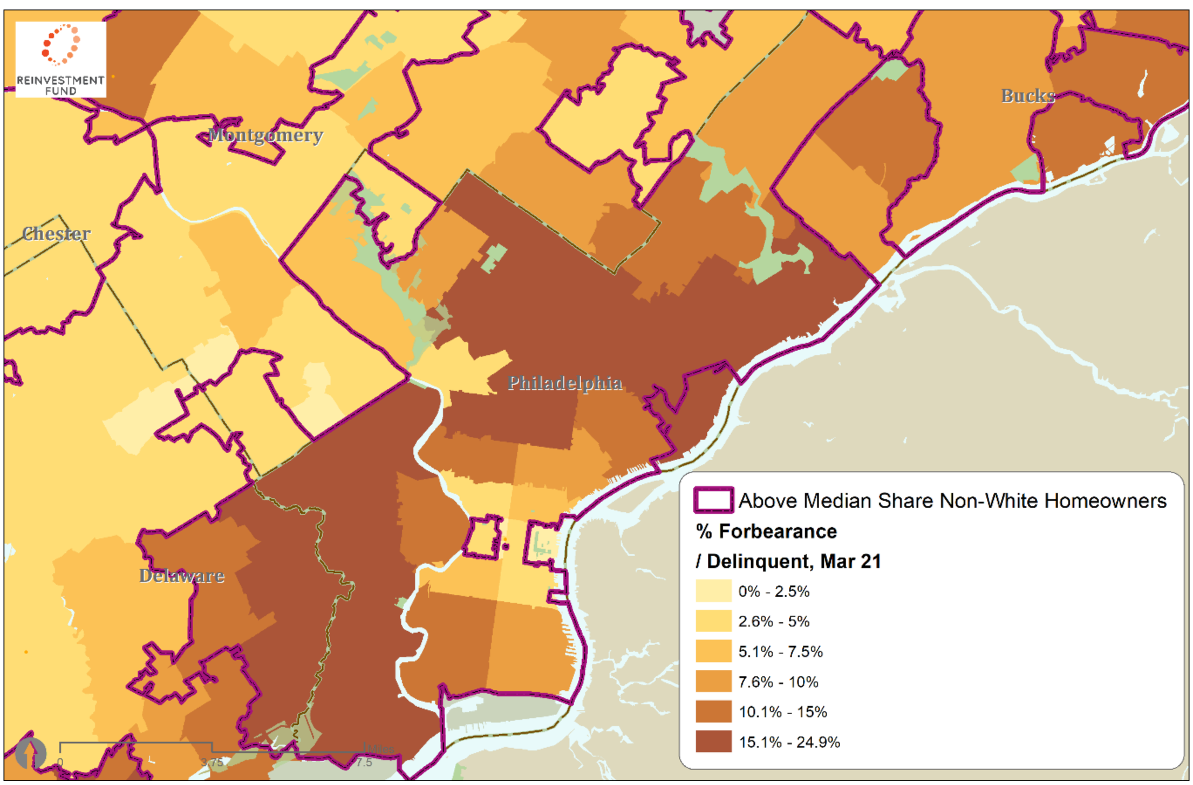
The PAHAF program will utilize a data driven approach to targeting the most at need low-to-moderate homeowners earning less than 150% of AMI and socially disadvantaged. By using this data driven approach PAHAF will focus messaging to target audiences to maximize marketing dollars.

For instance, Maps 8 – 11, below present forbearance/delinquency rates in Philadelphia, Allegheny, Lackawanna, and Monroe counties, and identify areas with a high concentration of homeowners that will be a target population for the PAHAF program. In addition, we have also identified high concentrations of target population homeowners with no mortgage in the following counties: Philadelphia, Allegheny, Montgomery, Delaware, Chester, Bucks Lehigh, Berks, Dauphin, and Monroe counties. PHFA will continue to refine these data to ensure marketing resources are focused on reaching the most vulnerable for the PAHAF program.

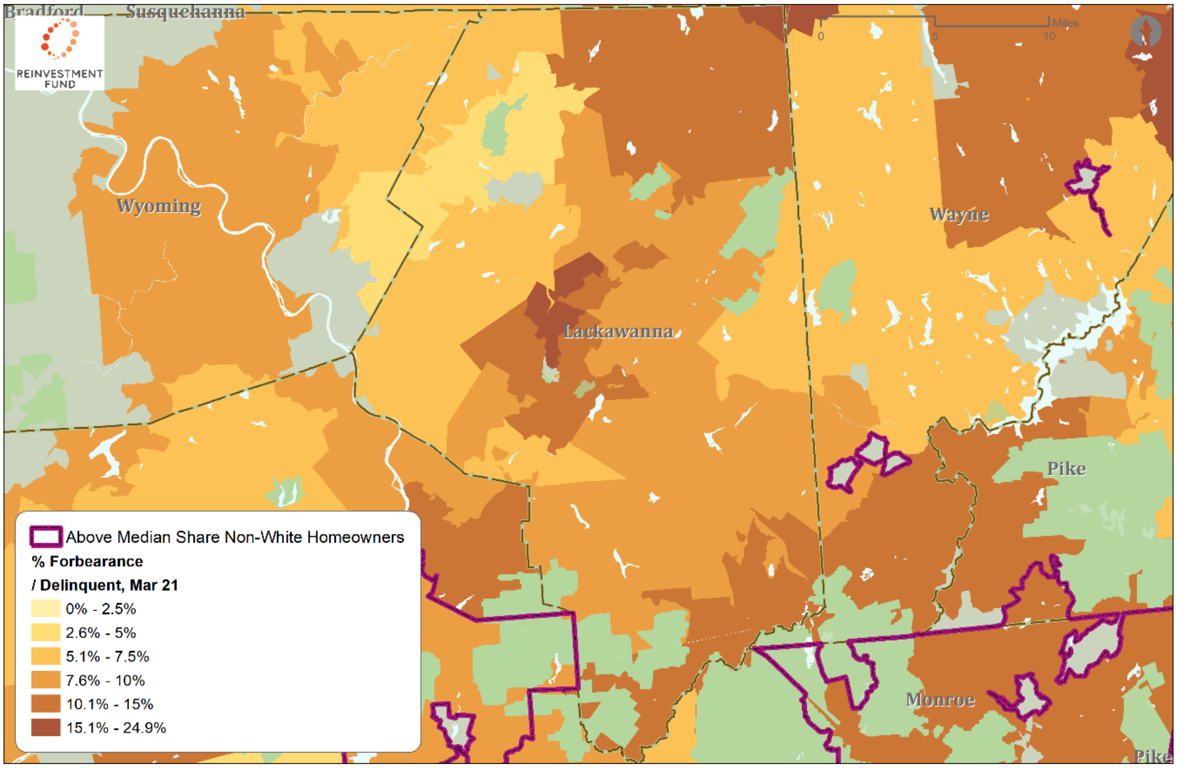
Map 8. ZIP Code Level Mortgage Delinquency/Forbearance Rates (Allegheny County)



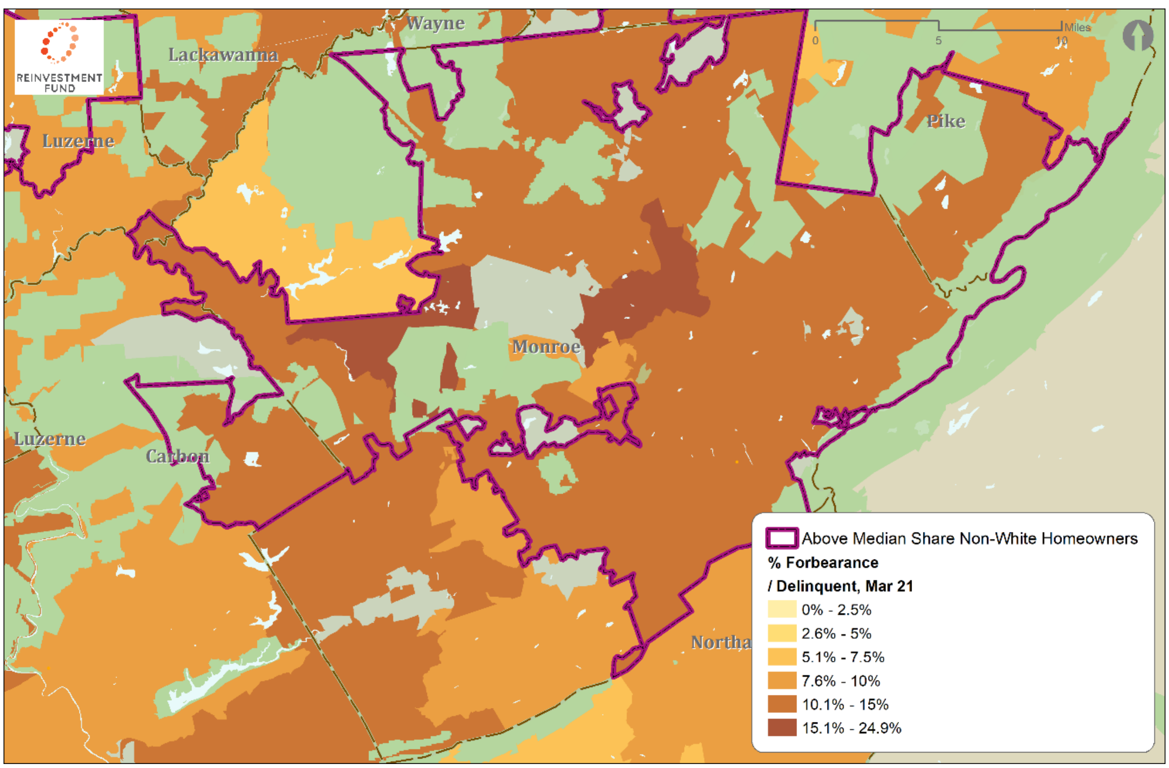
Map 9.ZIP Code Level Mortgage Delinquency/Forbearance Rates (Philadelphia County)



Map 10.ZIP Code Level Mortgage Delinquency/Forbearance Rates (Lackawanna County)



Map 11. ZIP Code Level Mortgage Delinquency/Forbearance Rates (Monroe County)



Feedback will be a critical component of the Marketing/Community Outreach Campaign. Listening to impacted homeowners and trusted partners will ensure a more impactful campaign and help fine tune the marketing approach to reach the target audience. PHFA will be constantly monitoring the different dimensions of the marketing program and will make adjustments, as needed, to ensure a successful PAHAF program.

Chapter 7. Performance Goals.

Treasury requires that each HAF participant establish goals and benchmarks by program and by targeted population for assistance using HAF funds. The performance goals must identify how they address homeowner needs identified by the PHFA in the HAF Plan.

Performance goals must be disaggregated by key characteristics such as mortgage type, racial and ethnic demographics, and/or geographic areas (including rural communities), as appropriate for the jurisdiction. Each HAF participant must include a goal focused on reducing mortgage delinquency among targeted populations.

PAHAF has been established to reduce mortgage delinquency across the following groups:

- Homeowners at or below 100% of the AMI, or national median income, whichever is greater
- Socially disadvantaged groups, as defined by Treasury

Performance measures that PHFA will track to measure performance of the HAF, as designed, may include:

- Outreach saturation to targeted populations (# outreach activities completed, impressions made, inquiries received, applications initiated, applications completed categorized by geographic and demographic profiles)
- Reduction of delinquency and foreclosure (# homeowners served through mortgage reinstatement and exiting delinquency or foreclosure status)
- Reduction of forbearance (# homeowners exiting forbearance programs as a result of PAHAF assistance bringing loans current)
- Dollar value and number of assistance awards provided to households with Federal Housing Administration (FHA), Department of Veterans Affairs (VA), or U.S. Department of Agriculture (USDA) mortgages and homeowners who have mortgages made with the proceeds of mortgage revenue bonds or other mortgage programs that target low- and moderate-income borrowers.
- Dollar value, number of assistance awards, and percentage of assistance total assistance demographic groups, particularly those designated as Socially Disadvantaged
- Rate of assistance provided (average duration of time applicant is in the program from initial application completion to assistance payout)

Additional reporting requirements for the PAHAF have been imposed through the Pennsylvania legislative process. PHFA will comply with those reporting requirements in addition to reporting against the above stated performance goals.

Chapter 8. Readiness, Including Staffing and Systems, Contracts and Partnerships and Existing and Pilot Programs.

PHFA is the administrator for the Homeowner's Emergency Mortgage Assistance Program (HEMAP) which was created by Act 91 of 1983, and was designed to protect Pennsylvanians who, through no fault of their own, are financially unable to make their mortgage payments and are in danger of losing their homes to foreclosure. HEMAP provides for assistance with mortgage arrearage and forward payments up to 24 months or a maximum of $60,000. PHFA was also the designated administrator for the former PA Mortgage Assistance Program (PMAP) created under the CARES Act, to assist borrowers with mortgage payments up to six months.

The Treasury guidance for the Homeowner Assistance Fund encouraged states to conduct pilot programs prior to full-plan approval. Given the extensive experience in administering mortgage assistance programs, application and processing systems in place, and with extension of the foreclosure eviction moratorium, HEMAP staff was charged with conducting a PAHAF pilot program.

The PAHAF pilot program began in August 2021, in order to test design options, alignment to borrower's need, and implementation feasibility for the full plan prior to submission to the Treasury for approval. The pilot program is currently targeting a limited pool of borrowers who have exhausted loss mitigation options and are at greatest risk for default and foreclosure, as well as, borrowers who have received an Act 6 or Act 91 notice of intent to foreclose. As PHFA has secured a third-party vendor for overall PAHAF program operations, the pilot program will be moved to the vendor while the Treasury reviews the full plan.

PHFA has secured partnerships with 44 HUD-approved housing counseling agencies and the PA Legal Aid Network (PLAN) to provide assistance to eligible homeowners. The program partners will be assisting homeowners with making the PAHAF application, loss mitigation options and financial counseling, title issues, outreach to targeted homeowners, etc.

PHFA's program management vendor will provide the online screening and application system, call center, applicant services, eligibility review, quality control, payment processing, and reporting support. The service provider and PHFA staff have worked collaboratively to develop the program framework and define program policies and procedures.

PHFA will maintain PAHAF Policies and Procedures, which will be hosted on the program website. These will be updated and maintained throughout the life of the program.

In addition, Standard Operating Procedures for every task associated with the grant process will be developed. All staff will be trained on the overall program policies and procedures as well as task specific standard operating procedures. At a minimum, standard operating procedures will cover:

- Call Center Operations and Customer Service
- Application Intake and Completion
- Case Management
- Eligibility Review
- Quality Control
- Payment Processing
- Anti-fraud, Waste and Abuse

Chapter 9. Budget.

PHFA has executed a contract to outsource this program to a highly qualified Third-Party vendor to manage highly interactive human-centered design software and administrate the overall operations including the key task identified below to utilize their expertise in rapid deployment of critical funds to eligible homeowners.

A total of $35 million is allocated for administrative expenses, which include PHFA administrative cost and Third-Party Vendor cost, as defined below:

a) Administration of intake, eligibility review, escalations, disbursal of assistance.
b) Application portal creation and management.
c) Call center operations, including language line and accessibility services.
d) Marketing and outreach by organizations with experience and capacity for reaching low-to-moderate income homeowners and socially disadvantaged populations.
e) Data analysis and reporting, compliance and technical assistance
f) Technology

Allocation of 5% ($17.5 million) for Housing Counseling and Legal Aid Services Funds are to be made available for the provision of holistic foreclosure prevention housing counseling and non-profit legal aid services to homeowners to prevent foreclosure and/or displacement, and to aid homeowners who may be eligible for HAF in applying. Agencies funded to provide general housing counseling (as distinct from legal assistance) must be HUD approved.

Funds disbursed under the program $297.9 million.

The administrative budget for this program based on Treasury and PA legislation is expected to be $35 million. However, PHFA and our supplier partners that are administering this program, are committed to our responsibility as fiscal stewards of these funds and will work together to manage costs with a focus on providing as much assistance as possible to our communities.

Robin L. Wiessmann

Date: October 18, 2021

ROBIN L. WIESSMANN
Executive Director & Chief Executive Officer