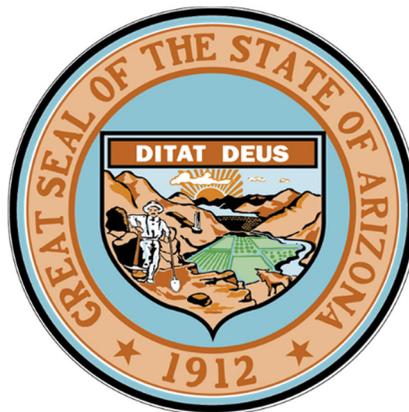




# ARIZONA HOMEOWNER ASSISTANCE FUND PLAN (AZHAF)

*Prepared for the U.S. Department of Treasury by the Arizona Department of Housing.*

August 2021



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## Homeowner Needs and Engagement

Similar to other states, Arizona residents have experienced hardships since the COVID-19 public health crisis that began in January of 2020. Due to pandemic closures, quarantines, and other changes in daily habits, many Arizona residents lost their jobs or experienced significant reductions in income that resulted in accumulated debt. In January 2020, the State of Arizona's unemployment rate was 4.1% and as of June 2021, the unemployment rate has risen to 6.8% (U.S. Department of Labor, 2021). Future financial challenges are unknown, but Arizonans are continuing to financially recover as they return to work.

In preparation for the U.S. Treasury's Homeowner Assistance Fund (HAF), the Arizona Department of Housing (ADOH) has created the following plan for the purpose of mitigating homeowners' financial hardships associated with the coronavirus pandemic. The plan's focus is to provide funds to eligible homeowners that will assist with mortgage delinquencies and prevent defaults and foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020.

### Data-Driven Assessments of Homeowner Needs

The need for mortgage assistance in Arizona is significant. Financial hardship resulting from the pandemic is especially high in rural, low income, and high minority population communities. Below is a summary of mortgage data for Arizona based on reports received from the U.S. Department of Treasury and US Census Bureau:

#### Federal Reserve Bank Mortgage Dashboard

- Statewide Mortgages – 383,245
- 23% of total Mortgages are Low Income Borrowers
- 34% of total Mortgages are High Minority Population Borrowers
- Forbearance Rate – 3.2% / 12,263 loans currently in forbearance
- Statewide Forbearance Rate 3.2% - Low Income 4%, High Minority 4.3%
- Delinquency Rate – 1.1% / 4,216 loans currently delinquent
- Statewide Delinquency Rate 1.1% - Low Income 1.4%, High Minority 1.5%

#### Federal Reserve Bank Mortgage Dashboard – Bank Serviced Portfolio Loans Only

- Statewide Mortgages – 11,126
- Statewide Mortgages in Forbearance – 401
- Statewide Mortgages in Delinquency - 133
- Statewide Forbearance Rate 3.6% - Rural 12%, Low Income 4.5%, High Minority 5.5%
- Statewide Delinquency Rate 1.2% - Rural 3%, Low Income 2.1%, High Minority 2.3%

#### Reports received from Treasury – Arizona FHA, Dept. of Agriculture, VA Loans

- Total loans in Forbearance – 20,224
- Minority Borrowers in Forbearance – 10,672 (53% of all loans in Forbearance)
- Average income in Forbearance - \$49,560 to \$53,567
- USDA/VA Delinquent Amount in Forbearance – \$54,724,345.00
- Loans 90+ days Delinquent not in Forbearance – 78,952
- Minority Borrowers with Loans 90+ days Delinquent - 11,783 (15% of all 90+ days Delinquent)
- 53% of Minority Borrowers with Loans 90+ Days Delinquent are Hispanic
- Over 90% of VA loans in delinquency or forbearance are "Other" Minority Borrowers
- Active Foreclosures – 360

**US Census Bureau – Quick Facts Report for Arizona**

Median household income in 2019 dollars - \$58,945

Median selected monthly owner costs with a mortgage 2015-2019 - \$1,434

Language other than English spoken at home – 27.1%

**Arizona Republic – Primary Newspaper in Arizona**

February 2, 2021 - Over 50,000 residents and businesses in the Valley are behind on utility bills

**Arizona Public Service – Arizona’s largest electricity supplier’s website**

“We recognize the financial impact many of our customers have been facing and we’re here to help. We are suspending service disconnections and waiving late fees from June 1, 2021, to October 15, 2021.”

**Summary**

There is significant need for assistance in Arizona. Arizona has over 33,000 mortgages currently in forbearance and over 83,000 mortgages in delinquency. Both forbearances and delinquencies are significantly greater among rural, low income, and high minority communities. The largest minority community with the greatest need is Hispanic and a significant portion of that community speaks Spanish in the home.

Cities in the largest metro area “the Valley” recently reported over 50,000 residential and business utility delinquencies. The number of electric and gas delinquencies is unknown, but assumed to be similar. Most water and electric utilities have extended pandemic suspensions of disconnections through the Summer months and will resume disconnections in October 2021.

Through various funding sources, many agencies and jurisdictions have been and continue to provide utility, rental, and other assistance to those most affected by the pandemic. ADOH will work closely with other State Departments and local jurisdictions who serve the low income populations affected by the pandemic to leverage assistance and minimize duplication and fraudulent collection of assistance.

## Evidence of Public Participation and Community Engagement

In June 2021, ADOH met with the following City and County jurisdictions, Community Action Organizations, and Housing Counseling Agencies to discuss the implementation of the HAF Program:

Organization Name	Organization Address	Organization Website	Organization Primarily Serves LMI Households	Provider Addresses Impacts of Housing Discrimination
City of Phoenix Human Services Department	200 W Washington St, Phoenix, AZ 85003	<a href="https://www.phoenix.gov/human-services">https://www.phoenix.gov/human-services</a>	Yes	Yes
City Manager’s Office – City of Phoenix	200 W Washington St, Phoenix, AZ 85003	<a href="https://www.phoenix.gov/citymanager">https://www.phoenix.gov/citymanager</a>	Yes	Yes
Maricopa County Human Services Department	234 N Central Ave #3000, Phoenix, AZ 85004	<a href="https://www.maricopa.gov/5270/Human-Services">https://www.maricopa.gov/5270/Human-Services</a>	Yes	Yes
Pima County Community Action Agency	2797 E Ajo Way, Tucson, AZ 85713	<a href="https://webcms.pima.gov/cms/online.aspx?pageId=24795">https://webcms.pima.gov/cms/online.aspx?pageId=24795</a>	Yes	Yes
Western Arizona Council of Governments (WACOG)	1235 S Redondo Center Dr, Yuma, AZ 85365	<a href="https://www.wacog.com/">https://www.wacog.com/</a>	Yes	Yes
Arizona Housing Coalition	1495 E Osborn Rd, Phoenix, AZ 85014	<a href="https://www.azhousingcoalition.org/">https://www.azhousingcoalition.org/</a>	Yes	Yes
Newtown CDC/CLT	2106 E Apache Blvd. #112, Tempe, AZ 85281	<a href="https://newtowncdc.org/">https://newtowncdc.org/</a>	Yes	Yes
Wildfire AZ	340 E Palm Lane, Ste. 315 Phoenix, AZ 85004	<a href="https://wildfireaz.org/">https://wildfireaz.org/</a>	Yes	Yes
Family Housing Resources	3503 N Campbell Ave Ste 501, Tucson, AZ 85719	<a href="https://www.fhrtucson.org/">https://www.fhrtucson.org/</a>	Yes	Yes
Pima County Community Land Trust (Pima County CLT)	17 N Linda Ave, Tucson, AZ 85745		Yes	Yes
NID Housing Counseling Agency (AZ) (NID-HCA)	2111 E. Highland, Ste. 240 Phoenix, AZ 85016	<a href="https://www.nidhousing.com/">https://www.nidhousing.com/</a>	Yes	Yes
Genesis Housing Services	PO Box 1555 Higley, AZ 85236	<a href="https://genesishs.org/">https://genesishs.org/</a>	Yes	Yes

Since May 2021, ADOH staff has participated in weekly HAF calls with National Council of State Housing Agencies (NCSHA). This group included representatives from all States as well as Mortgage servicers to discuss implementation of the HAF Program. To maintain consistency and positive relationships with servicers, ADOH will utilize templates, data sharing agreements, and any other standardized processes resulting from this collaboration.

In addition to the outreach mentioned above, there were other meetings where ADOH staff met with external sources to gather source information and community engagement participation. ADOH staff has reviewed HAF Program implementation plans submitted and drafted by other States through their published online information and summarized it for reference in development of ADOH’s program. ADOH’s Deputy Director, Cindy Stotler met with Jeffrey Zitelman, Product and Policy Development Advisor and Jessica Wright, Sr. Associate, Community Lending/Business Development from Fannie Mae Affordable Lending and Housing Equity Team to discuss program design.

To solicit input on the draft plan, ADOH plans to hold a 7-day public comment period and two virtual public hearings. The draft plan will be posted to the ADOH website, with paper copies available upon request. Additionally, given the high number of Spanish speaking households in AZ, ADOH will provide and make public a Spanish translation of the submitted plan. During each hearing, ADOH will present information on eligible HAF

opportunities and solicit comments from members of the public. ADOH plans to advertise these hearings on its website, an e-mail blast to community partners, and all social media outlets available to the Department (Facebook, Twitter, etc.). In addition to providing information about the public hearings, the advertisements will allow submission of comments in writing to ADOH.

Due to time constraints, ADOH was unable to advertise and post for community public comment nor schedule virtual public hearings prior to submitting the draft plan on August 20, 2021. ADOH will provide multiple opportunities for public comment and virtual hearings after draft plan submission with a deadline for final plan submission by at least September 17, 2021, if not sooner.

## Program Design

HAF funding will initially be used for Reinstatement, Utility/Internet, Monthly Mortgage, Delinquent Property Tax, Association Fee/Lien assistance, and will eventually incorporate Displacement Prevention assistance. The following is a list of program descriptions:

### Performance Descriptions

#### Arizona Homeowner Assistance Fund (AZHAF) - Overview

The Arizona Homeowner Assistance Fund (AZHAF) will provide up to \$25,000.00 per household to eliminate or reduce housing cost delinquency. The \$25,000.00 per household amount was based on a 12 month average mortgage payment (\$1,300.00) for mortgage reinstatement, 12 months of delinquent utilities, and 3 months of mortgage payments going forward. ADOH through its contracted third party will make payments directly to the mortgagor, loan servicer, escrow company, and/or other housing provider. These assistance funds will be in a form of a grant and will not have to be paid back. **ADOH anticipates allocating \$180,000,000.00 to provide direct assistance to low income homeowners.** Assistance types will be applied in order as shown below:

#### Eligible Mortgage Types

- First Mortgages
- Second Mortgages
- Loans Secured by Manufactured Housing (secured by real estate or a dwelling / permanently affixed to real property and taxed as real estate).
- Contracts for Deed or Land Contract (if it is a credit transaction secured by a consensual security interest in the dwelling)

#### Eligible Housing Costs / Assistance Types

##### 1. Reinstatement Assistance Payment (RA)

Reinstatement Assistance will allow a homeowner to reinstate a mortgage up to 12 months in delinquency or to pay other housing-related costs related to a period of forbearance, delinquency, or default. **ADOH anticipates allocating \$111,200,000.00 to Reinstatement Assistance.**

##### *Insurance Assistance Payment (Homeowners, Flood, and/or Mortgage)*

Insurance Payment Assistance will allow payment assistance for homeowner's insurance, flood insurance, and/or mortgage insurance. Payment assistance will provide up to (1) annual homeowner's insurance premium to assist homeowners maintain housing stability. This will apply when insurance fees are not escrowed into the homeowner's monthly mortgage payment. **ADOH anticipates allocating \$3,000,000.00 to Insurance Assistance.**

2. **Utility / Internet / Broadband Assistance Payment (UI)**

Utility / Internet / Broadband Payment Assistance will allow payment assistance for homeowner's utilities, including electric, gas, home energy, and water and payment assistance for homeowner's internet service, including broadband internet access service, as defined in 47 CFR 8.1(b);

The Utility / Internet Assistance Payment will provide payment assistance on delinquent utility payments directly to utility providers. Utilities included are electric, gas, home energy and water in addition to internet. **ADOH anticipates allocating \$18,000,000.00 to Utility/Internet Assistance.**

3. **Monthly Mortgage Assistance Payment (MM)**

Mortgage Payment Assistance will allow a homeowner up to three (3) additional months outside of reinstatement assistance of monthly mortgage payments if not all funds are expended with the above payment assistance that will be provided. **ADOH anticipates allocating \$27,300,000.00 to Monthly Mortgage Assistance.**

**Other Eligible Housing Costs / Assistance Types**

1. **Delinquent Property Tax Assistance Payment (DPT)**

Delinquent Property Tax Payment Assistance will allow taxes up to three (3) years of delinquent property tax payment assistance for delinquent property to prevent homeowner from tax foreclosures. This will apply when these property tax fees are not escrowed into the homeowner's monthly mortgage payment. **ADOH anticipates allocating \$9,000,000.00 to Delinquent Property Tax Assistance.**

2. **Association Fees & Lien Assistance Payment (AFL)**

Association Fee & Lien Assistance will allow payment assistance of one (1) annual premium for homeowner's association fees or liens, condominium association fees, or common charges. This will apply when association and/or lien fees are delinquent enough that there is a risk of displacement of an eligible homeowner.

Homeowner Association liens or fees, Condominium Association liens or fees, common charges, and similar costs payable under a unit occupancy agreement by a resident member/shareholder in a cooperative housing development may be determined to be an eligible housing cost if there is a risk of displacement of an eligible homeowner. **ADOH anticipates allocating \$9,000,000.00 to Association Fees & Lien Assistance.**

3. **Displacement Prevention Assistance Payment (DSP)**

Displacement Prevention Assistance will be considered and allocated for. However, this component will not be launched at program startup. ADOH will revisit this allocation and disbursement of funds as it gains more experience with the program and the need within the targeted geographic areas. **ADOH anticipates allocating \$2,500,000.00 to Displacement Prevention Assistance.**

## Eligibility Requirements

Homeowners are eligible to receive funding under the AZHAF if they:

- (1) Attest that they experienced a financial hardship after January 21, 2020 associated with the COVID-19 pandemic;
- (2) Provide income documentation and are found to be at or below 150% of Arizona's Area Median Income (AMI); and
- (3) Currently own and occupy a primary residence in Arizona.

Eligible properties include single-family residential properties, 1-4 unit condominiums and townhomes, resident member/shareholder in a cooperative housing development and manufactured homes permanently affixed to real property and taxed as real estate.

## Income Determination

ADOH will use adjusted gross income as defined for purposes of reporting on Internal Revenue Service (IRS) Form 1040 series for individual federal annual income tax purposes.

ADOH's income determination approach will be based on documentation submitted and uploaded (tax returns, bank statements, pay stubs, etc.) with an attestation as to household income. If the applicant has not filed taxes for the previous year or does not have access to tax documents, they will be given an option to provide a written attestation as to household income, and upload documentation of income such as paystubs, W-2s or other wage statements, IRS Form 1099s, tax filings, depository institution statements demonstrating regular income, or an attestation from an employer.

Waivers and/or exceptions may be provided to accommodate extenuating circumstances, such as disabilities, practical challenges related to the pandemic, or a lack of technological access by homeowners.

## Intended Impact on Eligible Homeowners

The intended impact of AZHAF is eliminating or reducing past due housing payments and other housing related costs, while helping avoid foreclosure, alleviating the burden of delinquency, while ultimately maintaining homeownership. It is projected that AZHAF may assist up to 15,000 unduplicated households to prevent foreclosure in the next 24 months.

## Application Process / Equity and Accessibility

Applicants will apply through an online portal created by ADOH's contracted vendor, Speridian Technologies. Applications will be offered in English and Spanish and will be available online only. ADOH has collaborated with Housing Counseling Agencies, Community Action Organizations, and Maximus Inc. This will provide additional options and opportunities for those homeowners who require assistance filling out and submitting applications while target vulnerable groups. The portal is 508 ADA compliant and makes it easier for applicants with physical disabilities to apply online.

Homeowners will be given the ability in the online application to attest that they experienced financial hardship after January 21, 2020. The attestation must describe the nature of the financial hardship (for example, job loss, reduction in income, or increased costs due to healthcare or the need to care for a family member). The online application will also provide the ability to applicants to upload documentation required for the program such as IRS 1040 Form, W-2, Pay stubs, Mortgage statements, Tax statements for property fees, HOA Statements and Utility bills.

## Conditions and Limitations

Funding will be limited to \$25,000.00 per household to reinstate delinquent mortgage payments up to 12 months, cure any other eligible housing costs, and provide an additional 3 months of monthly mortgage assistance after eligible delinquencies are cured. Total monthly mortgage and utility assistance is limited to \$3,500 per month for the three additional months. Per Treasury guidelines, 60% of funds will be set aside for the homeowners having incomes equal or less than 100% of the Arizona AMI or less than 100% of the median income for the United States, whichever is greater, and 40% of funds will be available for 150% Arizona AMI and below and will be prioritized for those who are socially disadvantaged.

Payment Assistance is limited to include up to three (3) years of delinquent property taxes and/or one (1) annual homeowner's insurance premium to assist homeowners maintain housing stability. Homeowner Association liens or fees, Condominium Association liens or fees, or common charges, and similar costs payable under a unit occupancy agreement by a resident member/shareholder in a cooperative housing development may be determined to be an eligible housing cost if there is a risk of displacement of an eligible homeowner.

Payment assistance for multiple eligible housing costs per household award shall not exceed \$25,000.00.

Home Equity Line of Credit (HELOC) loans are ineligible.

Homeowners in active bankruptcy may be ineligible. Homeowners who previously filed for bankruptcy but are no longer in bankruptcy must provide proof of court ordered "discharge" or "dismissal".

## Payment Process

ADOH through its contracted third party will disburse HAF assistance directly to the mortgage lender/servicer, manufactured/mobile home lender, county treasurer or local taxing authority, utility companies, and/or condominium/homeowners' association via check or electronic funds transfer.

## Methods for Targeting HAF Funding

Through the HAF planning process and during previous Treasury funded programs ADOH formed relationships with mortgage servicers as well as agencies that will provide an advantage to the required target populations. ADOH plans to collaborate with Community Action Organizations, Housing Counseling Agencies, and other local jurisdiction organizations to focus on reaching the targeted population geared toward income, race and ethnicity demographics, and/or geographic areas including those rural communities in greater need as required by the U.S. Department of Treasury. The already existing relationship between Housing Counseling Agencies will provide outreach to individuals seeking education services and budget assistance; relationship with mortgage servicers will be similar to those while administering Hardest Hit Funds. A request to provide program information on monthly mortgage statements to homeowners will provide a wide outreach to all homeowners.

The plan is to effectively target homeowners with

1. 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; and
2. Socially disadvantaged individuals, as required by the U.S. Department of Treasury.

**Treasury definition** "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 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.”

Additional targeting includes rural, low income, and high minority population communities. All information and applications will be translated into Spanish and the call center will be staffed with Spanish speakers. In addition, media and outreach will focus on rural and minority communities, accessing local newspapers, newsletters, radio and television stations as well as community organizations directly serving the target populations.

### Best Practices and Coordination with Other HAF Participants

ADOH referred to the National Council of State Housing Agencies (“NCSHA”) when taking account for best practices and coordination with other HAF participants. NCSHA provided a memorandum titled “Best Practices in HFA Mortgage Program Designs: Lessons Learned from HHF and CRF” this resource was an excellent collaboration between the states sharing their biggest challenges while administering HHF funds. The top three challenges were staffing, securing servicer participation, and acquiring and integrating the right computer software and information technology for the program. These three challenges existed for Arizona while administering HHF funding, and in addition to having firsthand knowledge of the setbacks the source was a great outlook on how other states shared the same disadvantages.

The following requirements were a top priority for ADOH while developing the HAF plan and researching other HAF participants and their previous program setbacks.

1. **Begin assistance with Reinstatement of delinquency** followed by covering overdue housing related expenses; this approach would provide homeowners with a better position to work through other non-housing delinquencies while their housing delinquency is relinquished.
2. **Simple documentation requirements** and the development of clear program guidance that are similar to the guidance of other HFAs.
3. **Structure HAF assistance to be in the form of a Grant** and not a loan. Several states shared that grant structured assistance would be more effective and require less documentation and paperwork.
4. **Established infrastructure before program rollout** – the need to start administering the funds can become a number one priority for agencies. But if staffing and systems are not in place and state programs feel they can just plan as the time goes by this can cause all parties to become overwhelmed. States can find themselves overwhelmed with applications while homeowners seek assistance and become frustrated in delays with technical programs and lack of development.
5. **Outsource program as a whole.**

In addition to the above, there have been discussions with Fannie Mae that emphasized reinstatements as a priority for HAF.

### Other Available Sources of Assistance for Targeted Homeowners

AZHAF will be the only program in the State that is providing a Mortgage Assistance Program to reduce delinquency and prevent foreclosures for Arizona homeowners.

## Performance Goals

Overall Metrics		
AZ Homeowner Assistance Fund (AZHAF)	Successfully administer funding to targeted vulnerable groups while assisting homeowners maintain housing stability.	<b>Program Types/Components:</b> <ol style="list-style-type: none"> <li>1. Reinstatement Assistance Payment (RA)</li> <li>2. Utility / Internet Assistance Payment (UI)</li> <li>3. Monthly Mortgage Assistance Payment (MM)</li> </ol> <b>Other eligible housing costs:</b> <ol style="list-style-type: none"> <li>1. Delinquent Property Tax Assistance Payment (DPT)</li> <li>2. Association Fees &amp; Lien Assistance Payment (AFL)</li> </ol>
	Targeting Vulnerable Groups	Track and prioritize applications submitted by race/ethnicity of head of household. Track and prioritize applications submitted by income level (150% AMI). Track and prioritize applications submitted by geographic area.
	Reducing Mortgage Delinquencies	Applications approved and funded by race/ethnicity of head of household
Program	Metric of Success	Goal <i>(see chart below for information associated with numbers referenced – these are estimations and are subject to change)</i>
Reinstatement Assistance (RA)	Avoid home losses due mortgage delinquency.	Prevent 6,600 home losses within 24 months; Targeting Vulnerable Groups; and Cure Mortgage Delinquencies
Utility / Internet Assistance (UI)	Avoid utility/internet service disconnections.	Prevent 4,600 households from utility/internet disconnection within 24 months; Targeting Vulnerable Groups; and Reducing Mortgage Delinquencies
Monthly Mortgage Assistance (MM)	Further assist households in addition to the 12-month delinquencies previously paid.	Allow 6,500 households additional funding to regain stability within 24 months; Targeting Vulnerable Groups; and Preventing Further Mortgage Delinquencies
<b>Other Eligible Assistance:</b> (if household assistance amount has not yet expended under RA, UI, MM)		
Delinquent Property Tax Assistance (DPT)	Avoid tax-related delinquencies at risk of displacement.	Prevent 200 homes from falling into tax foreclosure within 24 months; Targeting Vulnerable Groups; and Reducing Property Tax Delinquencies
Association Fees & Lien Assistance (AFL)	Avoid home loss due to delinquent association fees & lien delinquencies.	Prevent 1,250 homes from falling into foreclosure within 24 months; Targeting Vulnerable Groups; and Reducing Mortgage Delinquencies
Displacement Prevention Assistance Payment (DSP)	Displacement Prevention Assistance will be considered and allocated for. However, this component will not be launched at program startup. ADOH will revisit this allocation and disbursement of funds as it gains more experience	

## Performance Goals Breakdown

		Avg Mo. Pmt	# of Assistance Pmts (mo)	Assistance per Component	Total Allocation	Potential HH Assisted (24 mo)
<b>Mortgage Assistance includes:</b>						
	Reinstatement fees	\$ 1,394	12	16,728	\$ 111,200,000	6,648
	Mortgage payments	\$ 1,394	3	4,182	\$ 27,300,000	6,528
	Insurance- home, flood, mortgage	\$ 258	12	3,100	\$ 3,000,000	968
	Homeowner's Insurance (annual)	1,453				
	Flood Insurance (annual)	720				
	Mortgage Insurance (annual)	927				
	Association fees	\$ 200	36	7,200	\$ 9,000,000	1,250
	Property taxes	\$ 1,356	36	48,816	\$ 9,000,000	184
<b>Utility Assistance</b>		\$ 323	12	3,873	\$ 18,000,000	4,648
	Electric	114				
	Gas	63				
	Water	71				
	Garbage	14				
	Internet	60				

### Sources:

**Mortgage Payment (PITI)** <https://www.businessinsider.com/personal-finance/average-mortgage-payment>

*This figure includes a mortgage payment, as well as insurance costs, property taxes, utilities, and HOA fees where necessary.*

**Homeowner's Insurance** <https://quotewizard.com/home-insurance/average-cost-of-homeowners-insurance>

**Flood Insurance** <https://quotewizard.com/home-insurance/average-cost-of-flood-insurance>

**Mortgage Insurance** <https://quotewizard.com/home-insurance/arizona>

**Association Fees** <https://www.investopedia.com/terms/h/homeowners-association-fee-hoa.asp>

*Up to 3 years of Association Fees*

**Utility Costs** <https://www.move.org/utility-bills-101/>

## Readiness

ADOH has extensive and relevant experience in delivering federally funded housing assistance to Arizonians through the administration of U.S. Treasury's Hardest Hit Fund and other programs. Through the support of ADOH's contractors, network of Housing Counseling Agencies and Community Action Organizations, ADOH's considerable experience, Arizona is prepared to deliver HAF.

ADOH assessed the following subsections as assurance of its ability to effectively deliver and administer the proposed programs.

- Oversight resources and program management.
- Contractor staffing availability and ramp up.
- Policies and procedures documentation.
- System configuration and preparedness, including reporting requirements.
- Program rollout schedule, dependencies and implementation milestones.
- Identify risks and possible impact to program goals and timeline.

ADOH's implementation of HAF will significantly differ from the HHF program. ADOH will use successful HHF policies and procedures as a framework and will revise and update accordingly for the HAF program. In a key difference from HHF, ADOH will be using an online application and payment system to streamline processes and deliver HAF assistance quickly. Additionally, ADOH will be using templates and implementing procedures that have been developed collaboratively for HAF by the National Council of State Housing Agencies (NCSHA) and mortgage servicers.

## Staffing and Systems

ADOH will be contract with Speridian Technologies while using the same platform as Arizona's Emergency Rental Assistance Program (ERAP) for administering the HAF program. Speridian Technologies will provide its technology solution Financial Aid Management System (FAMS) to ADOH and its partners for managing various aspects of the program as listed below. FAMS solution is already deployed at the Arizona Department of Economic Security (DES) for managing the Emergency Rental Assistance Program (ERAP). FAMS solution is configured to meet all requirements of HAF program and is being deployed in multiple HAF agencies across the US along with Arizona.

1. Microsite for the program awareness with content such as general program rules, pre-screening, frequently asked questions, and resources.
2. Multi-lingual and mobile friendly application Intake for online applications.
3. Case Management Portal for phone and paper application intake, managing application and case processing, program eligibility, case adjudication and payment disbursements.
4. Management of Service providers such as Mortgage companies, HOAs, Utility providers and Insurance companies. It also provides integration with service providers via Common Data File (CDF).
5. Reporting and Analytics component for generating Treasury and State reports.

## Contracts and Partnerships

The primary partnerships to implement Arizona's HAF allocation are the AZ Department of Housing, Speridian Technologies, Maximus, the Arizona Department of Economic Security (DES), and the Arizona Health Care Cost Containment System (AHCCCS).

Speridian Technologies will provide and manage an online application and payment program, the Financial Assistance Management System (FAMS). Maximus will provide call center and case management/adjudication services. ADOH will continually work closely with DES to leverage their experience with the ERAP program to learn from their successes and setbacks while sharing information. ADOH will be the oversight entity for the two contracts and will be responsible for the overall performance of the program.

Throughout the course of the planning process and during previous Treasury funded programs ADOH has formed relationships with mortgage servicers as well as agencies that will provide services under HAF funding such as Community Action Organizations, Housing Counseling organizations, and other jurisdictions in the State assisting homeowners. Finally, the State has established relationship with utility providers during the implementation of its Emergency Rental Assistance Program (ERAP). ADOH will use the same contracted partner that formed the ERAP infrastructure to remit assistance for approved applicants to utility providers. In addition, ADOH will continue to collaborate with other State departments, DES and AHCCCS, to coordinate and leverage assistance as well as reduce the opportunity for fraud.

ADOH understands that maintaining good relationships with mortgage servicers will be critical to the successful implementation of the HAF Program. To this end, ADOH participated in weekly National Council of State Housing Agency (NCSHA) HAF calls, as well as met with Fannie Mae reps to understand the concerns of the servicers and plan our implementation. ADOH is prioritizing reinstatements, as requested by the mortgage servicers. Reinstatements will be a quick process whereby the homeowner applies for assistance, the servicer confirms the forbearance amount, and payment is processed. Similar streamlining efforts for other assistance will be implemented to reduce the need for time-consuming negotiations so funds can be disbursed efficiently and effectively. In addition, ADOH will maintain consistency and positive relationships by using agreement templates developed by the NCSHA collaboration and approved by servicers. ADOH is committed to continuing to participate in the collaborations, communicating with mortgage servicers, and will adjust processes at any time if needed.

## Existing Pilot Program

ADOH did not implement a HAF pilot program, but is currently winding down its Hardest Hit Fund (HHF) Program in anticipation of implementing HAF.

As previously stated under “Best Practices and Coordination with Other HAF Participants”. The plan for improvement and clearly taking note of HHF challenges were top priority for ADOH while developing the HAF plan. The following were taking into consideration while comparing HAF distribution to HHF distribution.

1. Begin assistance with Reinstatement of delinquency;
2. Simple documentation requirements;
3. Structure HAF assistance to be in the form of a Grant;
4. Established infrastructure before program rollout; and
5. Outsource program as a whole.

The need for a pilot program was not necessary since over the course of the last ten (10) years ADOH has administered \$303,278,099.00 in funds for the U.S. Department of Treasury’s Hardest Hit Funds program; these federal funds were used to assist with foreclosure prevention & down payment assistance programs. ADOH complied with all of the U.S. Department of Treasury’s requirements and in the course of the program, ADOH assisted a total of 11,689 homeowners facing foreclosure through principal reduction, second mortgage settlement, reinstatement / unemployment / underemployment assistance, short sale assistance, and down payment assistance. A total of \$269,707,494.00 dollars were committed through Hardest Hit Funding to assist these homeowners and provided housing and market stability. The breakdown of homeowner assistance for the total dollars committed to Hardest Hit Funds is as follows:

### HHF Budget and Commitments Analysis, as of June 30, 2021

Component	Budgeted	Committed
Principal Reduction Assistance	\$ 88,846,080	\$ 91,569,810
Second Mortgage Settlements	\$ 12,803,697	\$ 12,461,113
Under/Unemployment/Reinstatement Mortgage Assistance	\$ 70,239,398	\$ 70,321,317
Short Sale Assistance	\$ 1,011,877	\$ 934,365
Down Payment Assistance	\$ 86,465,923	\$ 94,420,889
Program Budget	\$ 259,366,975	\$ 269,707,494
Administration/Counseling/Partners Support	\$ 36,779,745	\$ 33,570,605
Total Budget	\$ 296,146,720	\$ 303,278,099

## Budget

The U.S. Department of Treasury allocated \$199,000,000.00 to Arizona under the Homeowner Assistance Fund. The Arizona Department of Housing is proposing that the allocation be applied to the following programs and costs:

<b>Homeowner Assistance Fund Program Working Budget</b>					
<b>(assumes 2 year program)</b>					
		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Grand Total</b>
<b>Administration</b>					
ADOH Staff - costs to diminish over 3 years					
	Deputy Director (@25% year 1)	30,000			
	Fin Administrator (@10% year 1)	11,000			
	Project Manager (@100% year 1)	100,000			
	Accounting (@100% year 1)	100,000			
<b>Total ADOH Staff</b>		<b>241,000</b>	<b>190,000</b>	<b>100,000</b>	<b>531,000</b>
Speridian Contract (per bid)		7,400,000	5,700,000		13,100,000
Housing Counseling Contracts		1,000,000	500,000		1,500,000
Community Engagement - media cost		569,000	300,000		869,000
Contingency (year 3 to complete program)				3,000,000	3,000,000
<b>Total Administration</b>		<b>9,210,000</b>	<b>6,690,000</b>	<b>3,100,000</b>	<b>19,000,000</b>
<b>Program</b>					
<b>Mortgage Assistance includes:</b>					
	Mortgage payments	13,650,000	13,650,000		27,300,000
	Reinstatement fees	55,600,000	55,600,000		111,200,000
	Insurance- home, flood, mortgage	1,500,000	1,500,000		3,000,000
	Association fees	4,500,000	4,500,000		9,000,000
	Property taxes	4,500,000	4,500,000		9,000,000
	DPA loans				
	Principal reduction				
	Interest Rate reduction				
<b>Utility Assistance</b>		<b>9,000,000</b>	<b>9,000,000</b>		<b>18,000,000</b>
Displacement prevention (repairs, etc)		1,250,000	1,250,000		2,500,000
<b>Total Program</b>		<b>90,000,000</b>	<b>90,000,000</b>	<b>-</b>	<b>180,000,000</b>
<b>Grand Total</b>		<b>99,210,000</b>	<b>96,690,000</b>	<b>3,100,000</b>	<b>199,000,000</b>