

Alaska Homeowner Assistance Fund

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Program Overview

The Homeowner Assistance Fund (HAF) program was established under Section 3206 of the American Rescue Plan Act of 2021 (“the ARP”) to mitigate financial hardships associated with the coronavirus pandemic by providing funds to eligible entities for the purpose of preventing homeowner mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020. Homeowners will apply for the program through an online web portal and submit documentation to verify their eligibility to receive funds for qualified expenses related to mortgages and housing. Outreach efforts will target socially disadvantaged homeowners and homeowners who are below area median income.

Homeowner Needs and Engagement

Alaska Housing Finance Corporation (AHFC) conducted a data-driven assessment of homeowner needs across Alaska and held a series of public and partner meetings to inform Alaskans about HAF and gather feedback and input regarding the establishment of a state HAF Plan. Data sources were used to analyze homeowner needs included:

- Housing and poverty data from the American Community Survey
- Homeowner forbearance and delinquency data provided by the Department of Treasury and the Atlanta Federal Reserve
- Housing data from the US Department of Housing and Urban Development
- Housing data from the Federal Housing Administration
- Alaska Housing Finance Corporation’s mortgage portfolio
- The Alaska Survey of Lenders

Over the past 20 years, AHFCs portfolio typically ranges approximately between 9%-15% of the statewide mortgage market. Since AHFCs mortgage portfolio represents a significant proportion of mortgages statewide, AHFC used data from our portfolio to extrapolate potential homeowner needs statewide.

Total Potential Homeowner Needs for Alaska

Based on the 2019 American Community Survey (ACS), Alaska has 319,867 housing units statewide. Just over half (163,272) were owner-occupied homes. A total of 99,293 homes are owner occupied with a mortgage.

Mortgage Status	Housing Units	Share of Homeowner Units
Housing Units without a mortgage	63,979	39.2%
Housing Units with a mortgage	99,293	60.8%
Owner-occupied units	163,272	100%

Table 1
American
Survey

Source: 2019
Community

The rate of mortgage forbearance and delinquencies has fluctuated since the pandemic began. As of August 10, 2021, AHFC's Mortgage Division calculates a Covid-19 impacted loan portfolio rate of 4.8%. This represented 654 single family loans out of AHFC's 13,618 mortgage portfolio. If these data were extrapolated to estimate the non-AHFC portion of the market, the total number of single family owner occupied mortgages adversely impacted by Covid-19 would be approximately 5,583. This estimate is in line with a dataset provided by the US Treasury Department that shows a statewide delinquency rate of 1.6% and a forbearance rate of 3.4% for a total of 5% of loans impacted by Covid-19 (Table 2, statewide forbearance/delinquency rate).

Forbearance Rate							
	Statewide	Rural	Urban	Low-Income	Non-Low-Income	High Minority	Low Minority
ALASKA	3.4%	2.6%	3.6%	3.9%	3.3%	3.7%	3.3%
NATIONAL	3.9%						

Delinquency Rate							
	Statewide	Rural	Urban	Low-Income	Non-Low-Income	High Minority	Low Minority
ALASKA	1.6%	1.1%	1.7%	2.0%	1.5%	1.7%	1.5%
NATIONAL	1.9%						

Data sources.

The datasets used to generate the accompanying dataset are the following:

- Black Knight Data & Analytics LLC provided by the RADAR Group at the Federal Reserve Bank of Philadelphia
- Federal Housing Finance Agency Low Income Areas file
- U.S. Department of Housing and Urban Development ZIP-Tract crosswalk (2021Q1)

The data is a modified version of the publicly-available Mortgage Analytics and Performance Dashboard (MAPD), a joint effort by the Federal Reserve Banks of Atlanta and Philadelphia.

Table 2

From January 1, 2020 through June 1, 2021, AHFC had a total of \$2,406,288 delinquent principle and interest total in its portfolio. In our estimates, we assumed AHFCs portfolio is approximately 15.4% of the statewide total of 99,293 single family owner occupied housing units with a mortgage. Using AHFCs market share of loans to extrapolate these data for the remaining mortgage market, we estimate the potential statewide need to address outstanding delinquencies to be \$15,625,247 if we represent the upper end of our historic market share.

Since AHFC’s market share fluctuates over time we also did an analysis of the market based on an AHFC market share of 9%, 12% and 15% to determine a range that represents the market share of homeowners statewide who may experience or have experienced a Covid-19 hardship. Based on this range, AHFC estimates the total potential cost of loans impacted by Covid-19 to be between \$16,041,921 and \$26,738,536.

Table 3
Source: AHFC Statewide Survey of Lenders

	Total Monthly Cost of Average Loans (P&I only) 5/24/21	Total Number of Loans 8/10/21	Impacted by Covid-19 8/10/21	Total Cost of Loans Impacted by Covid-19 (P&I only) 8/10/21
AHFC Market Share	\$81,963	13,618	654	\$2,406,288
Non-AHFC Market Share				
91%	\$828,734	137,693	6,613	\$24,330,248
88%	\$601,059.65	99,865	4,796	\$17,646,114
85%	\$464,455.19	77,169	3,706	\$13,635,634
Statewide Market Share				
If AHFC = 9%	\$910,696	151,311	7,267	\$26,736,536.56
If AHFC =12%	\$683,022	113,483	5,450	\$20,052,402.42
If AHFC =15%	\$546,418	90,787	4,360	\$16,041,921.93

Homeowner Needs for 100% AMI and Under

Owner-occupied households at or below area median income (AMI) will be a priority in terms of income targeting. The US median family income is \$79,900 for 2021 and households with income at or below this amount will automatically meet the income guidelines for this program.

The income guidelines for the HAF program are separated into 29 Borough's across Alaska:

https://www.huduser.gov/portal/datasets/il/il2021/select_Geography_haf.odn.

The median income varies significantly across the state. For instance, 100% of AMI in the Bethel Census Area for a family of 4 is \$94,100 while Anchorage AMI is \$104,300. This program will utilize a web-based portal system that will calculate an applicant's local AMI based on their home address and the income limits for the program published on the HUD HAF program website.

Based on Census data, we estimate that there are approximately 45,000 owner-occupied homeowner units that have a mortgage within this income range. Since our needs analysis of owner-occupied mortgages impacted by Covid-19 is approximately 5%, an estimated 2,250 households may be eligible for the target income up to 100% AMI.

Annual Income	Homeowner Units
Below \$75,000	30,311 (30.5%)
Below \$100,000	44,050 (44.4%)
Below \$150,000	70,047 (70.5%)
\$150,000 or more	29,246 (29.5%)

Table 4
Source: 2019 American Community Survey

Homeowner Needs for 100% to 150% of AMI

In order to be eligible for the program, a household must have an income equal or less than 150% of the AMI. AHFC used Census data, internal mortgage data and other income and housing data to estimate the number of potentially eligible households. Since the HAF program income guidelines are separated into 29 different boroughs/census tracts, the income limits vary significantly by region. For instance, in Anchorage, a family of 4 will qualify with an income up to \$156,450 while in Wrangell, the limit is up to \$123,300 for a household of 4. AHFC estimates the potential number of homeowners with a mortgage who income qualify is up to about 70,000 Alaskans. Given the estimated rate of about 5% delinquencies and forbearance, the total estimated need for households up to 150% AMI is approximately 3,500.

Socially Disadvantaged Homeowners

Outreach to socially disadvantaged homeowners will be a priority. Materials will be available in English and Spanish and the Call Center will be equipped to support additional languages as needed.

Homeowners 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 are considered socially

disadvantaged. 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 borough, meaning any borough 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.

Based on 2010 Census data, approximately 2% (3,060) of homeowners are Black or African American and 11% (17,310) are American Indian or Alaska Native (Table 5). Through self-attestation and demographic information collected from the program application, AHFC will target and prioritize assistance for socially disadvantaged homeowners who have experienced a Covid-19 hardship.

Housing Type	Alaska	Percentage
Owner occupied:	162,765	
Householder who is White alone	129,210	79%
Householder who is Black or African American alone	3,060	2%
Householder who is American Indian and Alaska Native alone	17,310	11%
Householder who is Asian alone	5,345	3%
Householder who is Native Hawaiian and Other Pacific Islander	513	0%
Householder who is Some Other Race alone	1,506	1%
Householder who is Two or More Races	5,821	4%

Table 5

Source: 2010 Decennial Census

Comparing the 2010 householder data to the current race and ethnic demographics illustrates the statewide potential of socially disadvantaged populations (Table 6).

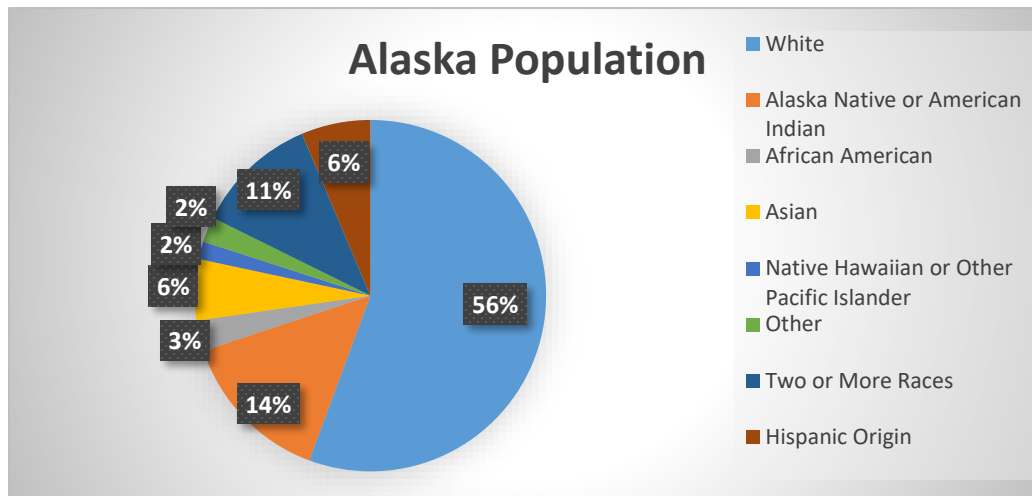


Table 6

Source: Alaska Population by Race and Hispanic Origin, and Borough/Census Area, April 2020

Public Engagement

In developing this draft Plan, Alaska Housing Finance Corporation staff has engaged with the public to solicit questions and comments about the statewide needs. Meeting held are noted below:

- Data Survey with Servicers Meeting
– June 18, 2021 from 11:00a.m.-12:00p.m.
10 attendees
- Association of Alaska Housing Authorities
– June 23rd, 2021 from 9:00a.m.-10:00a.m.
14 attendees
- Homeowner Assistance Fund Public Hearing
– June 24th, 2021 from 2:00p.m.-4:00p.m.
12 attendees
- Homeowner Assistance Fund Draft Plan Public Hearing
– September 21, 2021

Program Design

Homeowner Assistance Eligible Uses of Funds

Funding will provide financial assistance to eligible Alaskan homeowners to eliminate or reduce past due payments associated with homeownership and ongoing payments for homeowners that continue to experience financial hardship related to Covid-19. AHFC will administer a program that provides financial assistance to help homeowners reinstate a mortgage in forbearance, delinquency or default. Mortgage payment assistance will also be available to assist homeowners with ongoing payments. Both program components may include assistance for non-mortgage eligible uses including taxes, insurance, utilities, association fees, and land contracts.

Eligible uses may include:

- Existing first mortgage lien loan payment (principal and interest), escrow shortages.
- Land Contract monthly payment (P&I).
- Manufactured/mobile home loan monthly payment (P&I) and lot rent, if applicable
- Utilities, including electric, gas, home energy and water, if arrearages not otherwise covered from another source of funds.
- Homeowner's association fees, condominium association fees or common charges, including for lien extinguishment.
- Homeowner's hazard, flood and/or mortgage insurance
- Delinquent real estate property taxes
- Homeowner counseling/application assistance costs

Maximum Household Assistance

Maximum homeowner assistance may not exceed \$20,000 per household.

Assistance Type

Assistance will be structured as a grant. AHFC will, directly or through partners, disburse HAF assistance directly to mortgage lender/servicer, land contract holder,

manufactured/mobile home lender/park (lot fees), county treasurer or local taxing authority, condominium/homeowners' association, and utility providers.

Homeowner Eligibility

Eligible homeowners for Alaska's HAF Reinstatement programs must meet the following criteria:

- Experienced a Qualified Financial Hardship after January 21, 2020.
 - Qualifies Financial Hardship - a material reduction in income or material increase in living expenses associated with the coronavirus pandemic that has created or increased a risk of mortgage delinquency, mortgage default, foreclosure, loss of utilities or home energy services, or displacement for a homeowner.
- Homeowner must attest that they experienced a financial hardship after January 21, 2020. The attestation must describe the nature of the financial hardship.
- Must currently own and occupy the property as their primary residence.
- Household income equal to or less than 150% of area median income.
- Homeowners who have previously filed for bankruptcy but who are no longer in bankruptcy must provide proof of court ordered "discharge" or "dismissal".
- If in forbearance or delinquency, homeowner must complete and sign Affidavit, Application, Disclosures, and 3rd Party Authorization forms.
- Homeowner must agree to provide all necessary documentation to satisfy program guidelines within timeframes established by AHFC including self-certification or attestation of socially disadvantaged status.
- Co-owners are not permitted to separately apply for HAF Program assistance.

Eligible Properties

- Single-family (attached or detached) properties
- Condominium units
- 1 to 4-unit properties where the homeowner is living in one of the units as their primary residence. Assistance will be limited to the owner's residence.
- Manufactured homes permanently affixed to real property and taxed as real

estate

- Mobile homes not permanently affixed to real property
- Land Contracts

Ineligible Properties

- Vacant or abandoned
- 2nd homes
- Investment property
- Commercial property

Homeowner Prioritization

AHFC will prioritize funding to the following populations:

- Not less than 60% will 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.
- Funding for homeowner households between 100% and 150% of the income limit will be prioritized for assistance to socially disadvantaged individuals.
 - “Socially Disadvantaged Individuals” are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities.
- All remaining funds not otherwise prioritized will be made for other Eligible Homeowners between 100% and 150% of the income limit.

AHFC will use data collected from the Treasury Department, the Atlanta FED, Census data, the American Community Survey, the AHFC Consolidated Survey of Lenders, and AHFC Housing Market Indicator data to target Alaskans whose income is at or below 100% of AMI and Socially Disadvantaged individuals.

Payout of HAF Assistance

AHFC, directly or through partners, will disburse HAF assistance directly to mortgage lender/servicer, land contract holder, manufactured/mobile home lender/park (lot fees), county treasurer or local taxing authority, condominium/homeowners' association, utility provider, internet and/or broadband service providers.

AHFC will disburse the amount due or owed that is quoted by the lender/servicer; any discrepancies to be resolved by the homeowner and lender/servicer.

If homeowner's past due amount exceeds the amount that AHFC can provide, homeowner may pay the difference, and AHFC will pay the max limit.

Eligibility Verification Requirements

- Photo identification
- W-9
- 2020 Tax Returns or 4506-T IRS Request for Transcript of Tax Return Form
- Proof of homeowner related expenses e.g. utility bills, homeowner association fees, etc...
- Attestation of lost income or increased expenses due to Covid-19
- Signed application and disclosures
- If applicable, signed 3rd party release of information authorization

Performance Goals

Program requirements include goals and benchmarks intended to measure program performance and effectiveness. The primary objective is to reduce mortgage delinquency among targeted population.

Performance goals that AHFC will use to track and measure performance may include:

1. Reduction of delinquency and foreclosure
 - 15% reduction in total estimated delinquencies
2. Outreach to homeowners below 100% AMI
 - At least 60% of funds allocated to homeowners below 100% AMI

3. Outreach to socially disadvantaged homeowners
 - 25% of application submitted by socially disadvantaged homeowners
4. Reduction of forbearance
 - 15% reduction in total estimated forbearances

Readiness

AHFC has the planning and implementation capacity to design and execute this program. Additionally, AHFC has procured an IT service provider, Gere Tactical, to support the design and operation of the program. Most recently, AHFC and Gere Tactical developed the Alaska Housing Rental Relief program which has allocated over \$125 million dollars to landlords and utility companies across the state.

AHFC will be responsible for project management, program administration, and marketing and call center operations.

Partner and community organization that specialize in social services such as housing counselling, case management and community development will be utilized to help homeowners connect with additional community resources.

AHFC will host a website with HAF information including the HAF Plan, public participation opportunities and the program application. Applicants, partners and community members can sign up to receive program updates prior to the HAF Plan implementation at: <https://confirmsubscription.com/h/y/94AB16E2B37AD82A>

Reporting and Compliance

AHFC will submit quarterly reports to Treasury in addition to an annual program report. Reports will include financial, program and targeting data to insure compliance with policies and regulations.

AHFC will develop and implement internal controls that include policies and procedures that address financial, program effectiveness and efficiency, quality control, records management and security of personal information. Additionally, AHFC will develop an

Anti-Fraud, Waste and Abuse process to ensure that program funds are only allocated to eligible homeowners.

Budget

AHFC has developed a budget for the Mortgage Payment Assistance and Mortgage Reinstatement programs. The budget outlined in Table 6 also includes funding for program administration, planning and development.

<i>Program Design</i>	<i>Amount</i>
Mortgage Reinstatement	\$20,000,000
Mortgage Payment Assistance	\$25,000,000
<i>Sub-total</i>	\$45,000,000

<i>Administrative, Planning and Information Technology</i>	<i>Amount</i>
<i>Sub-total</i>	\$5,000,000

Table 7

Mortgage Reinstatement Program Term Sheet

<u>Criteria</u>	<u>Terms</u>
<u>Brief description</u>	<p>Provide funds to eliminate or reduce past due payments and other delinquent amounts, including payments under a forbearance plan, on forward mortgages, reverse mortgages, loans secured by manufactured homes, or contracts for deed.</p> <p>HAF funds may be used to bring account 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.</p> <p>HAF funds may be used to supplement other loss mitigation options offered by the servicer under investor requirements or where, without HAF funds, the homeowner would not qualify for that loss mitigation option.</p>
<u>Maximum amount of assistance per homeowner</u>	Each Homeowner will be eligible for up to \$20,000 through this program to be used only for the homeowner's primary residence.

<u>Criteria</u>	<u>Terms</u>
<u>Homeowner eligibility criteria and documentation requirements</u>	<p>Same as General Eligibility Requirements plus:</p> <ul style="list-style-type: none"> • Statement of current ability to resume any required regular payments after account is reinstated (OR) Ability to resume any required regular payments with assistance from Grantee Mortgage Payment Assistance Program. • For reverse mortgages, Homeowner is either in default due to property charges or has entered a repayment plan to repay such charges, and homeowner otherwise qualifies. <p>Indicate documentation requirements listed here:</p> <ul style="list-style-type: none"> • Photo identification • W-9 • 2020 Tax Returns or 4506-T IRS Request for Transcript of Tax Return Form • Proof of homeowner related expenses e.g. utility bills, homeowner association fees, etc... • Attestation of lost income or increased expenses due to Covid-19 • Signed application and disclosures • If applicable, signed 3rd party release of information authorization
<u>Loan eligibility criteria specific to the program</u>	Delinquent by at least one payment, including any payments during a forbearance period or, in the case of a reverse mortgage, has outstanding property charges whether in default or in repayment plan.
<u>Form of Assistance</u>	Assistance will be structured as a non-recourse grant.
<u>Payment requirements</u>	Payments may be made directly to the lender or servicer, as appropriate.

Mortgage Payment Assistance Term Sheet

<u>Criteria</u>	<u>Terms</u>
<u>Brief description</u>	<p>Provide full or partial payment assistance to homeowners unable to make full mortgage payments due to a continuing financial hardship associated with the Coronavirus pandemic.</p> <p>HAF funds may be used to reduce a homeowner’s monthly mortgage/loan payments for a period up to 12 months or until the Maximum Amount of Assistance is reached.</p> <p>HAF funds may be used for mortgage assistance and 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.</p> <p>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.</p>
<u>Maximum amount of assistance per homeowner</u>	<p>Each Homeowner will be eligible for up to \$20,000 through this program with respect to the applicant’s primary residence, including a dwelling to be made habitable so it may serve as the homeowner’s primary residence.</p>
<u>Homeowner eligibility criteria and documentation requirements</u>	<p>Same as General Eligibility Requirements plus</p> <ul style="list-style-type: none"> • Statement of current inability to resume mortgage payments due to unemployment, underemployment or other continuing hardship. <p>Indicate documentation requirements:</p> <ul style="list-style-type: none"> • Photo identification • W-9 • 2020 Tax Returns or 4506-T IRS Request for Transcript of Tax Return Form • Proof of homeowner related expenses e.g. utility bills, homeowner association fees, etc... • Attestation of lost income or increased expenses due to Covid-19 • Signed application and disclosures • If applicable, signed 3rd party release of information authorization

<u>Criteria</u>	<u>Terms</u>
<u>Loan eligibility criteria specific to the program</u>	Experienced a Qualified Financial Hardship after January 21, 2020
<u>Form of Assistance</u>	Assistance will be structured as a non-recourse grant.
<u>Payment requirements</u>	Payments will be made directly to the lender or servicer, as appropriate.

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