

Alaska Housing Homeowner Assistance

HAF Plan Amendment

Introduction

The Alaska Housing Homeowner Assistance program is currently processing homeowner applications for mortgage payment assistance and reinstatement while also providing utility and other expense assistance for homeowners that do not have a mortgage. As of October 4, 2022, Alaska has assisted 992 households that are past due on their mortgage with \$6,559,209 of assistance to bring them current, 4,011 households that are current on their mortgage payments with \$9,429,608 of future payment assistance and 881 households with \$1,186,957 in utility and other homeowner expense assistance. \$13,266,091 in program obligations remain for the current application process. Alaska anticipates approximately \$16,000,000 in HAF funds remaining after all current obligations are expended.

After reviewing the current HAF guidance, state housing data and talking to our HAF program partners, **Alaska would like to request an amendment to our HAF Plan to include life/safety homeowner repairs as an eligible expense** of Alaska Housing Homeowner Assistance.

Alaska proposes to re-open the current mortgage reinstatement program for applicants that are delinquent or in foreclosure on their mortgage or are at risk of default or displacement. In addition to re-opening the program to applicants that are past due on their mortgage payments, Alaska proposes to establish a new HAF activity to help Alaskans with home repairs to help address life safety issues associated with the Covid-19 pandemic.

Past Due Assistance

The first part of the amendment is to target any additional applicants that may still need assistance with past due mortgage payments. Although the program application period officially ended on April 4th, applicants can still enter the program through our appeals process and past due applicants may be considered eligible for assistance.

Alaska would like to continue providing mortgage assistance and begin a new outreach effort to focus specifically on assisting Alaskans who are past due on their mortgage payments between January 21, 2020 and April 4, 2022 due to a Covid-19 hardship. This proposal would only be available for Alaskans that are delinquent or in foreclosure or at risk of losing their home. The terms of assistance will remain the same as the currently operating mortgage assistance program including the requirements that a loan needs to be current as of January 21, 2020, the loan must have originated by March 1, 2022 and commercial loans are ineligible.

MONTH	2022						2021				
	30 DAYS	60 DAYS	90 DAYS	120+ DAYS	TOTAL		30 DAYS	60 DAYS	90 DAYS	120+ DAYS	TOTAL
JAN	2.02	0.82	0.38	1.68	4.86		1.99	1.00	0.72	2.78	6.48
FEB	2.02	0.80	0.50	1.59	4.91		2.03	1.11	0.66	2.71	6.52
MAR	1.90	0.68	0.36	1.71	4.64		1.46	0.86	0.56	2.57	5.46
APRIL	1.94	0.81	0.36	1.62	4.73		1.55	0.78	0.55	2.40	5.27
MAY	1.98	0.74	0.39	1.62	4.73		1.68	0.77	0.51	2.30	5.27
JUNE	2.02	0.87	0.41	1.54	4.84		1.69	0.74	0.47	2.11	5.01
JULY	1.77	0.81	0.37	1.51	4.46		1.78	0.59	0.48	2.04	4.89
AUG	1.60	0.67	0.42	1.42	4.11		1.49	0.67	0.45	1.89	4.60
SEPT							1.73	0.67	0.49	1.84	4.73
OCT							1.54	0.65	0.44	1.74	4.36
NOV							3.38	0.59	0.38	1.73	6.07
DEC							1.94	0.70	0.32	1.67	4.63

Table 1 – Delinquency – All active AHFC loans

In the current application round, 881 applications received past due mortgage assistance for a current total of \$6,195,391. 3,912 applicants have received two months of future assistance and were current on their mortgage payments. Based on the experience from this program and other housing indicators, we believe that there are a limited number of potential applicants remaining that are delinquent on their mortgage payments.

Alaska Housing Finance Corporation (AHFC) manages a mortgage portfolio that is estimated to be approximately 15% of the mortgage market in Alaska. In table 1, we see a reduction of delinquent mortgages from January 2021 at 6.48% to the current delinquency rate of 4.11% in August 2022. This data indicates a downward trend in homeowner delinquencies and a limited number of delinquent homeowners that will be eligible for the Alaska Housing Homeowner Assistance program.

Finally, after analysis of current market trends, we believe that there will not be enough delinquent homeowners to spend all of the remaining HAF funds. Typically, Alaskan homeowner delinquencies trend downward when the Alaska Permanent Fund Dividend (PFD) is dispersed in September. This year, \$3,284 per Alaskan was distributed in September via the PFD which typically helps Alaskans catch up with their bills and helps reduce homeowner delinquencies.

Home Repairs for Life Safety

Adequate housing in rural Alaska has been a consistent challenge while the Covid-19 pandemic has made living in rural Alaska more difficult. Many communities experience significant deferred maintenance and substandard housing in addition to a shortage of housing. While HAF funds will not be used to supplant disaster funds, recently, Typhoon Merbok – a Presidential Declared Disaster -- has caused significant damage to about 1,000 miles of western Alaska coastline, exacerbating the housing challenges that many rural Alaskan communities already experience but providing opportunities for partnership with regional and tribal organizations.

Recognizing these challenges, Alaska would like to **amend the HAF Plan to include assistance for home repairs that address life safety and provide funds to cover reasonable home repair expenses to Alaskan homeowner's primary residence as necessary to restore the property to habitable condition or to resolve housing/property code violations.** HAF funds will not be used to supplant disaster funds.

Alaska has significant housing needs with homes that are in disrepair and that lack facilities such as a complete kitchen (defined as having a stove or range, refrigerator and sink with running water), and indoor plumbing (defined as having hot and cold water, a shower or tub and a flush toilet). This is particularly true in rural Alaska¹.

Pindus, Kingsley, Biess, Levy, Simington, and Hayes (2017), in a national report on housing needs of American Indians and Alaska Natives, summarized problems as follows:

Clearly, physical housing problems have been all but eliminated for U.S. households nationally, but that is certainly not true for American Indian/Alaska Native populations in tribal areas, where problems remain widespread².

The report found that of all tribal areas, Alaska had the worst physical housing condition problems, with 36 percent of units surveyed having some type of problem. American Community Survey data only reports on housing units lacking complete plumbing and/or kitchens and not general condition problems but information from AHFC's Alaska Retrofit Information System (ARIS) database tells a similar story as the national report: rural Alaska faces significant housing challenges.

¹Nathan Wiltse, Dustin Madden. (2018). 2018 Alaska Housing Assessment, Statewide Housing Characteristics. Cold Climate Housing Research Center. Retrieved from https://www.ahfc.us/application/files/4815/1638/5461/2018_Statewide_Housing_Assessment_-_Part_2_-_Housing_Characteristics_011718.pdf

²Pindus, N., Kingsley, G. T., Biess, J., Levy, D., Simington, J., & Hayes, C. (2017). Final Report: Housing Needs of American Indians and Alaska Natives. Urban Institute. Retrieved from https://www.huduser.gov/portal/native_american_assessment/home.html

Statewide, an estimated 3.5 percent of housing units lack a complete kitchen and 4.4 percent of housing units lack indoor plumbing. In the rural regions of Calista and Bering Straits, 25.9 percent and 16.3 percent of housing units lack a complete kitchen and 34.2 percent and 20.9 percent of housing units lack indoor plumbing, respectively¹.

Alaska's HAF program also coordinates with other HAF recipients in Alaska including the Regional Housing Authorities (RHA) and other Alaska Native organizations. Many of the other HAF recipients have also determined that home repairs are in high need and are being incorporated into their HAF Plans.

HAF home repairs will provide assistance to rural areas in Alaska that received a smaller portion of the current HAF funds and Rental Relief funds than Alaska urban areas. A collaborative statewide effort to use HAF funds to repair substandard housing will help address housing needs across Alaska. Based on the geography of need for repairing substandard housing, we expect most of this funding to go to socially disadvantaged households as defined in the Treasury HAF Guidance.

Summary

After processing all of the current HAF applications, we anticipate approximately \$15 million remaining in HAF funds for Alaska. We plan to re-open the application process to Alaskans who are delinquent on their mortgage payments and anticipate that \$2,000,000 will address the needs of the remaining Alaskan homeowners who are past due on their mortgage and experienced a Covid-19 hardship. We propose to use the remaining \$13,000,000 for home repairs to address the critical deferred maintenance and life safety needs across urban and rural Alaska.

Budget

Measures Preventing Displacement	Current Budget	Amendment 1
Payment Assistance Utilities	\$ 1,125,000	\$ 1,300,000
Financial Assistance	\$ 22,500,000	\$ 16,000,000
Mortgage Payment Assistance	\$ 21,375,000	\$ 14,200,000
Home Repair for Habitability	\$ -	\$ 13,500,000
Total Measures Preventing Displacement	\$ 45,000,000	\$ 45,000,000
Administration	Current Budget	Amendment 1
Salaries and fringe benefits for Project-based staff	\$ 1,200,000	\$ 1,200,000
Computer Maintenance Contract	\$ 500,000	\$ 500,000
Consulting Services for Information Technology and Advertising	\$ 1,800,000	\$ 1,800,000
Temporary staffing for call center from Temp Agencies	\$ 1,500,000	\$ 1,500,000
Total	\$ 5,000,000	\$ 5,000,000