

**State of Colorado**

HOMEOWNER ASSISTANCE  
FUND (HAF) DRAFT PLAN

PUBLIC HEARING | AUGUST 4, 2021



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# Agenda

- HAF Overview
- Draft Colorado HAF Program Details
- Public comments and input

## Meeting Etiquette

To ensure that everyone in attendance has a chance to voice their opinion and to make sure we can hear all comments:

- Please keep your comments detailed yet concise to give all attendees an opportunity to make comments.
- Please listen to and respect other viewpoints without interrupting. There are no right or wrong answers in our discussion today.
- If you have more to say, or if you have any other questions, please email us at [frankie@rootpolicy.com](mailto:frankie@rootpolicy.com).

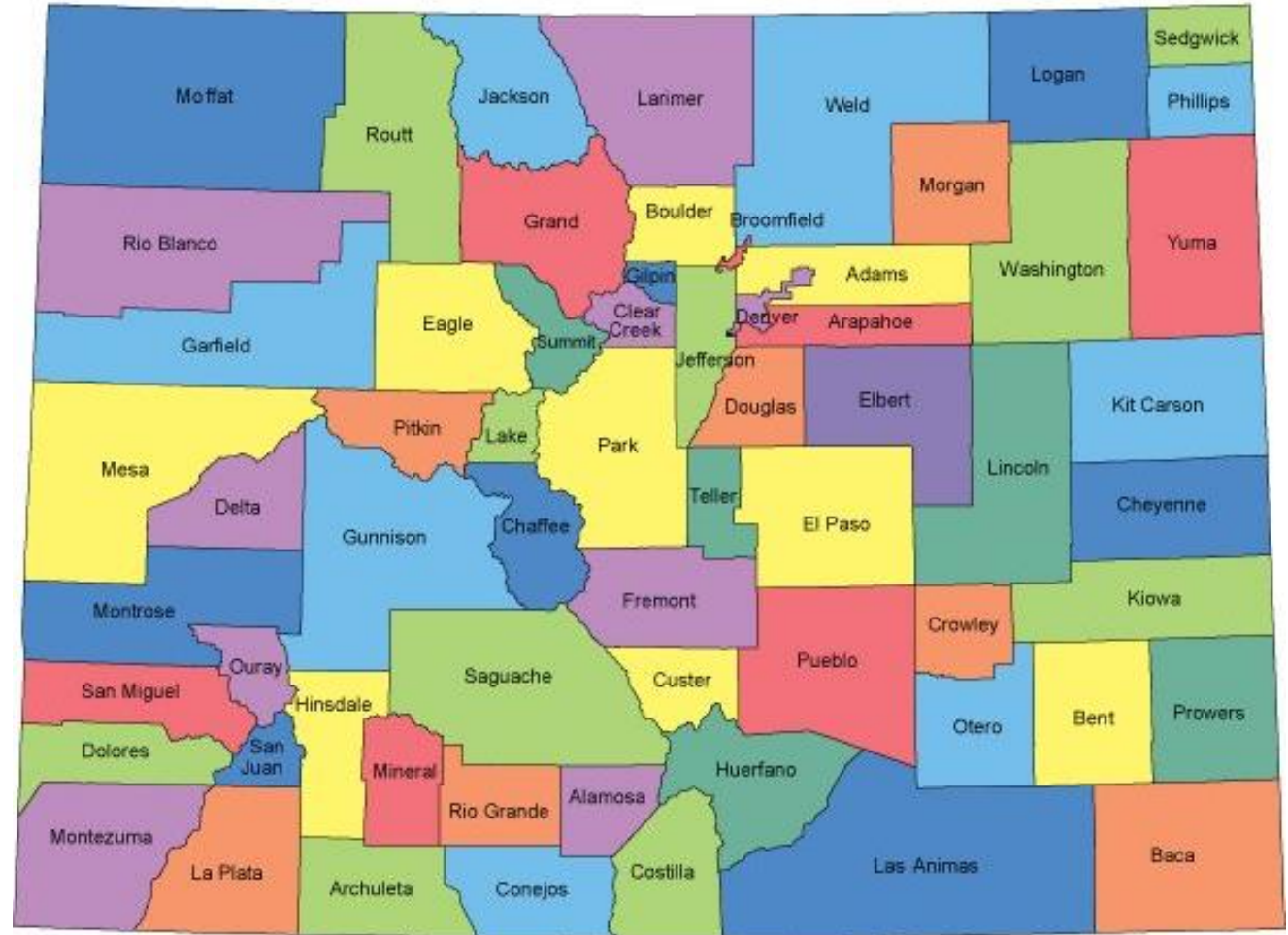
# WHAT IS THE HOMEOWNER ASSISTANCE FUND (HAF)?

The HAF was established under section 3206 of the American Rescue Plan of 2021.

The fund was established to mitigate financial hardships associated with the coronavirus pandemic by providing funds to eligible entities for the purpose of preventing mortgage delinquencies, defaults, foreclosures, loss of utilities or home energy services, and displacements of homeowners experiencing financial hardship after January 21, 2020, through qualified expenses related to mortgages and housing.

# ELIGIBILITY CRITERIA

HAF funding is available to homeowners in the state of Colorado who have experienced a financial hardship due to the pandemic and have incomes equal to or less than 150% of the area median income.



# What can the funds be used for?

- Mortgage payment assistance
- 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
- Mortgage principal reduction, including with respect to a second mortgage provided by a nonprofit or government entity
- Facilitating mortgage interest rate reductions
- Payment assistance for homeowner's utilities, internet service, homeowner's insurance, flood insurance, homeowner's association fees or liens, condominium association fees, or common charges; down payment assistance loans provided by nonprofit or government entities

# What can the funds be used for?

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- Payment assistance for delinquent property taxes to prevent homeowner tax foreclosures
  - Measures to prevent homeowner displacement, such as home repairs to maintain habitability of a home or assistance to enable households to receive clear title to their properties
  - Counseling or educational efforts by housing counseling agencies approved by HUD, or legal services, targeted to households eligible to be served with funding from the HAF related to foreclosure prevention or displacement
  - Reimbursement of funds expended by a state, local government, or other eligible entity for a qualified expense
  - Planning, community engagement, needs assessment, and administrative expenses related to the HAF participant's disbursement of HAF funds for qualified expenses

# DATA-DRIVEN ASSESSMENT OF NEEDS

Colorado homeowners need approximately \$429 million to cure all past due loans.

Homeowners with FHA loans are more likely to be further behind on their mortgage payments and are also more likely to be representative of socially disadvantaged populations in the state (e.g., more than 60 percent of Black/African American households have FHA or VA loans).

Seriously delinquent loans (more than 90+ days past due) make up the greatest share of delinquent loans across all loan types.

# COMMUNITY ENGAGEMENT

Three public meetings and one survey (344 survey responses, 198 homeowners and 136 housing stakeholders). 93 percent of homeowner respondents had a household income of less than 150 percent AMI.

Greatest current housing challenge for survey respondents was paying the mortgage, as well as mortgage reinstatement, mortgage principal and interest reduction, and paying past due utilities. We also heard from meeting participants that paying HOA fees and delinquent property taxes were also major housing challenges.

Survey respondents reported that the most impactful use of HAF funds would be 3-6 months of mortgage assistance and paying delinquent mortgage payments.



# Colorado HAF Draft Programs

Program	Funding Allocation
Homeowner Stabilization Program Mortgage Reinstatement Program	Up to <b>70%</b> of total funding Approximately <b>\$122.5 million</b>
Down Payment Assistance (Opportunity) Program	Up to <b>10%</b> of total funding Approximately <b>\$17.5 million</b>
Housing Counseling and Support Program	Up to <b>5%</b> of total funding Approximately <b>\$8.7 million</b>
Administration, including planning, community engagement, staffing, etc.	Up to <b>15%</b> of total funding Approximately <b>\$26.3 million</b>
Total	Approximately <b>\$175 million</b>

# HOMEOWNER STABILIZATION PROGRAM

Provides one-time funding for up to 3 months of direct mortgage payment assistance and/or financial assistance to homeowners to cure non-mortgage-related arrears.

## Eligible costs will include:

- Past due utilities and internet service
- Delinquent property taxes
- Past due homeowner's insurance, HOA and condominium association fees
- Other housing-related common charges

# Homeowner Stabilization Program

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- **Targeted populations include:**
    - Homeowners who have incomes equal to or less than 100% of area median income.
    - “Socially disadvantaged” homeowners.
    - Eligible homeowners who do not have mortgages or own their homes free and clear yet have not been able to keep up with related housing costs.
    - Assistance will be structured as a **grant**.

# MORTGAGE REINSTATEMENT PROGRAM

Provides financial assistance to homeowners to avoid foreclosure.

This program is for homeowners who have not been able to achieve an affordable loss mitigation solution from loan servicers.

**Eligible costs will include:**

- Partial or full reinstatement of principal
- Accumulated interest
- Private mortgage insurance (PMI)

# Mortgage Reinstatement Program

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- **Targeted populations include:**
    - Homeowners with delinquent mortgages or who were denied or missed the opportunity to enter forbearance and who have incomes equal to or less than 100% AMI.
    - Homeowners with FHA, VA, or USDA loans and homeowners who have mortgages made with the proceeds of mortgage revenue bonds or other mortgage programs that target low- and moderate-income borrowers.
    - Assistance will be structured as a **zero-interest, deferred payment loan.**

# OPTION 1: DOWN PAYMENT ASSISTANCE OPPORTUNITY PROGRAM

Provides down payment assistance to eligible low-income households to help them be competitive in the housing market and attain their first home.

## Eligible costs will include:

- Down payment assistance which will enable eligible applicants to qualify for a mortgage in order to purchase a home.

# Option 1: Down Payment Assistance Opportunity Program

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- **Targeted populations include:**
    - All funding allocated to this program will be prioritized for “socially disadvantaged” households with incomes equal to or less than 150% of area median income.
    - Assistance will be structured as a **zero-interest, deferred payment loan** that is due upon sale or transfer of ownership.

## **OPTION 2: DOWN PAYMENT ASSISTANCE PROGRAM**

**Provides financial assistance to eligible low-income households to help them pay outstanding down payment assistance loans provided by nonprofit and government entities.**

**Eligible costs will include:**

- **Financial assistance for outstanding down payment assistance loans.**



## Option 2: Down Payment Assistance Program

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- **Targeted populations include:**
    - Homeowners with delinquent mortgages or who were denied or missed the opportunity to enter forbearance and who have incomes equal to or less than 100% AMI.
    - Assistance will be structured as a **grant**.

# HOUSING COUNSELING AND SUPPORT PROGRAM

Provides funding to help borrowers develop a strategy to mitigate displacement and/or retain ownership of their home.

## Eligible costs will include:

- Additional direct mortgage payment assistance if homeowner enrolls in housing counseling program.
- Mortgage and personal finance counseling services with HUD-approved housing counseling agency or other approved entities to prevent foreclosure and displacement.

## **Housing Counseling and Support Program**

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- **Targeted populations include:**
    - Homeowners with delinquent mortgages or who were denied or missed the opportunity to enter forbearance and who have incomes equal to or less than 100% AMI.
    - Assistance will be the provision of counseling services to eligible homeowners.

# ENGAGING PARTNERS AND HOMEOWNERS

- DOH will market the HAF programs through the Colorado Housing and Finance Authority (CHFA) participating lender network, DMI customer service, and housing counseling agencies.
- DOH will also leverage partnerships with non-profit partners, community navigators, Area Agencies on Aging, local housing councils, NAHREP and other realtor associations, and other community leaders to promote the HAF programs.
- Outreach methods will include press releases, media interviews, flyers, and discussion panels at community events. DOH will also conduct outreach in a manner that is culturally and linguistically relevant to targeted communities.

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# YOUR INPUT TODAY

What do you like about the program structure?

What might you change about the program structure?

What else should be considered for the program that hasn't already been included?

How can we better inform and educate eligible homeowners about the program?

What is important to your community that hasn't been discussed today?

## What can the funds be used for? (reminder)

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