

## MEMO: CHANGES TO PAHAF PROGRAM GUIDELINES

*Date of submission to U.S. Treasury: May 2, 2022*

General provisions applicable to the PAHAF are being updated in conjunction with terms of individual program elements. Below, these updates are described in more detail.

### General Provisions Update

The program previously prioritized mortgage reinstatement and forward paying mortgage assistance over assistance for utilities, taxes, insurance, homeowner / condominium association fees and common charges (other eligible homeownership costs). PAHAF will now prioritize the other eligible homeownership costs over forward paying mortgage assistance.

The original term sheet description of the program stated:

*The maximum amount of assistance for any homeowner under the PAHAF is \$30,000 or up to 24 months of assistance. For homeowners without a mortgage, the maximum allowance for delinquent property taxes is 24 months of assistance or \$5,000; for insurance premiums is 24 months of assistance or \$3,000; and homeowner/condominium fees is 24 months of assistance or \$5,000. This means that assistance will be capped at whichever limit is reached first (24 months of assistance of the designated maximum allowance). For homeowners with a mortgage whose property charges are not in escrow, the same limits apply; however, this assistance will only be made available if there is remaining funding under the maximum \$30,000/24 month cap after reinstatement and/or mortgage payment assistance have been provided.*

This language is being modified to **remove the clause “however, this assistance will only be made available if there is remaining funding under the maximum \$30,000/24 month cap after reinstatement and/or mortgage payment assistance have been provided.”** Removal of this clause from the program description allows PAHAF to prioritize assistance for the other eligible homeownership costs over forward paying mortgage assistance.

### Program Element Changes

1. **Mortgage Payment Assistance** – PAHAF will continue to provide forward paying mortgage assistance for qualifying applicants who also have a qualifying mortgage arrearage and who receive mortgage reinstatement assistance under the program, when such assistance is within program maximums. The updated requirement for qualification of forward mortgage payment assistance is a housing payment to monthly income ratio of greater than 40%. Income documentation will be required for forward paying mortgage assistance. The income documentation requirement will be the same as existing documentation requirements for non-proxy applicants.
2. **Utility Assistance** – PAHAF will continue to provide utility assistance for qualifying applicants with utility delinquency. Previously, the assistance maximum for utility assistance was capped at \$3,000 of assistance or 24 months, whichever limit was reached first. PAHAF has removed the 24-month cap on

this assistance based on new information obtained during the first few months of full program delivery, including:

- 1) Utility providers move in a relatively quick time frame to institute shut-offs outside of moratorium periods. Many applicants were given payment plans for past delinquency that aggregate all delinquency without designation of dates delinquency began. Tracking down the initial start period of that delinquency would be a barrier to providing timely assistance due to the difficulty obtaining this information across the myriad of utility providers in the state. This increased time delay would result in disconnection of critically needed utility services to applicants.
  - 2) Unlike the CDF there is no consistent mechanism across all of the providers to obtain initial start date of delinquency. Obtaining verification of the initial date of the delinquency will vary across all utility providers and will slow down the process to verify the delinquent debt, delaying vital assistance to homeowners.
  - 3) PAHAF has received a number of applicants with recent shut-off notices. Given the tight time frame, the procedure to set up the utility as a service provider and the added procedure to verify the initial date of the debt is likely to result in applicants approved for assistance who still have utility service terminated. The goal of this change is to prevent this situation from occurring.
3. **Utility Assistance** – PAHAF will continue to provide utility assistance for qualifying applicants with utility delinquency. Previously, the assistance maximum for utility assistance was capped at \$3,000 of assistance or 24 months, whichever limit was reached first. The new cap on utility assistance is \$8,000 and does not include a cap on the number of months of assistance. The original \$3,000 cap was created based on limited available data and prior to the significant rise in cost of utilities. Further, the original estimate did not account for the aggregation of delinquencies across multiple utility types. With actual applicant data now available, PAHAF has performed an analysis of the sufficiency of the original \$3,000 cap and found that:
- 1) Utility costs have risen dramatically, and the applicant balances are much higher than anticipated.
  - 2) Applicants are requesting assistance for two to three types of different utilities, which was not anticipated.
  - 3) The current data indicates that raising the cap to \$8,000 would capture approximately 90% of all applicant utility debt, placing homeowners with these large balances in a better position to obtain housing stability.
4. **The overall program cap of \$30,000 for mortgage reinstatement plus any sub-program element assistance remains intact, even with the increase of the individual utility program element cap.**