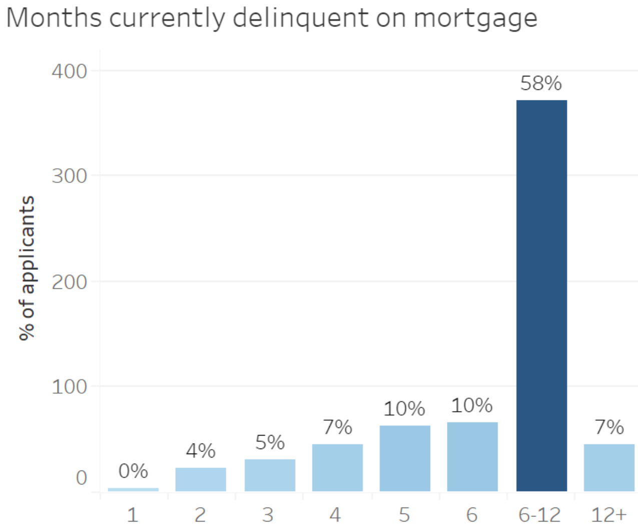
To:	Josh Hanford, Commissioner, Vermont Department of Housing and Community Development
Cc:	Sen. Michael Sirotkin, Chair, Senate Committee on Economic Development, Housing and General Affairs
	Rep. Thomas Stevens, Chair, House Committee on General, Housing, and Military Affairs
From:	Maura Collins, Executive Director of Vermont Housing Finance Agency
Date:	December 15, 2020
Re:	Vermont Emergency Mortgage Assistance Program (MAP)

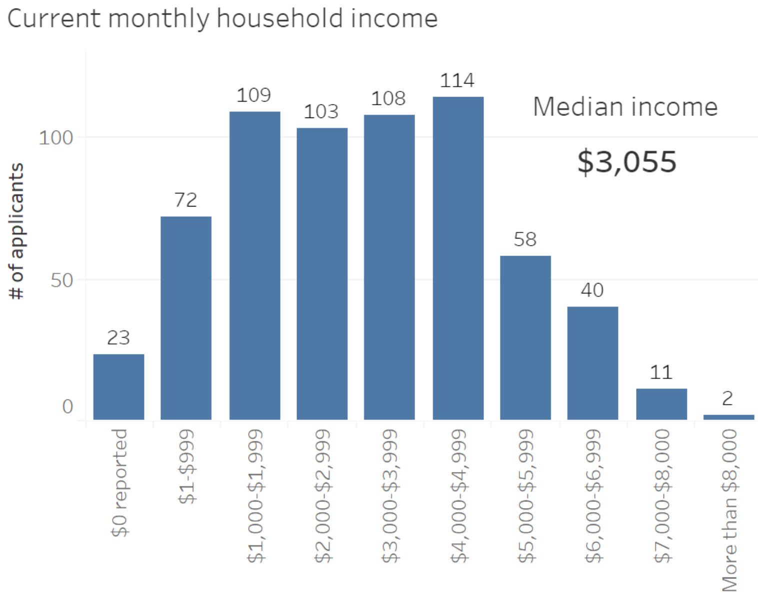
Below is the third update on the Vermont Emergency Mortgage Assistance Program (MAP).

Foreclosures Prevented

The Vermont Housing Finance Agency (VHFA) assisted 645 homeowner households with its Emergency Mortgage Assistance Program (MAP). The median monthly mortgage payment was $1,175 and by far the majority owed more than six months of mortgage payments. With homeowners so far behind on their mortgages, this truly was a foreclosure prevention program because without this infusion of funding those homeowners almost certainly would have faced foreclosure once the moratorium lifts. The median amount of assistance provided was just over $6,000.



As can be seen on the right, the median monthly income of program participants was just over $3,000.



Applicants reported total income for the last 90 days. The data shown is averaged for a single month

About 65% of households had a forbearance agreement – meaning they could skip some mortgage payments – but they are still potentially at risk of foreclosure if the repayment agreement of that forbearance increases their future mortgage payments beyond what they are able to pay. There is more on this at the end of the report.

This program was able to serve Vermonters who are younger, more racially diverse, with larger households, lower incomes, and are more likely to be disabled than the general population.

More demographic details of those served is available on [VHFA's website].

Funding Results

While originally awarded $5 million for the program, by late October the application rate for new assistance was such that VHFA estimated there could be approximately $300,000 in unspent funding for this program. VHFA and the Agency of Commerce and Community Development (ACCD) entered a grant amendment to return that amount to the state, and we were told that funding would go to support the "red tagged" oil tanks for homeowners with heating systems that were not up to code and could potentially result in unsafe and instable housing this winter.

With $4.7 million available for the program the Agency used all but $36,000, as of December 15. $4.07 million was disbursed to loan servicers; $167 thousand has been reviewed by staff, deemed eligible, and the loan servicers are reviewing the details so that this can be paid before the end of the month; and the remaining $423 thousand was spent administering and marketing the program.

VHFA accepted applications through November 6th to allow staff and servicers time to process all the information before the late December deadline. For applicants who had not already exhausted their full six months of benefits through their November mortgage payment, then missed December mortgage payments were covered by the program funds, meaning the November deadline did not shorten the amount of assistance provided to eligible applicants.

Administrative Lessons Learned

Standing up a new program and administering it within six months takes considerable staff time and effort. For VHFA, this meant that since the program launched over 20% of our entire Agency's staff time was spent administering this program, despite this being the smallest funded program we administered during that time.

Creating an online application portal was critical to the program's success. Through this, VHFA staff could communicate with applicants and all communication was saved for future reference to ensure consistency. Applicants could check on the progress of their application's review. There were eligibility checks built into the system that could alert applicants if they did not qualify, saving time and hassle for everyone.

As a mission-driven lender it was imperative that eligible homeowners have equal access to this resource. To do this, VHFA:

- Translated application guides into nine languages other than English. One hundred guides were downloaded as can be seen in the table.
- Funded the state's five Homeownership Centers, which serve the full state, to sit with households who had no computer access, or needed assistance with their application.
- Funded the Vermont Center for Independent Living and AALV to provide assistance for their clients applying for assistance.
- Measured the demographic characteristics and geographic distribution of applications and made marketing decisions accordingly to increase participation in underserved areas. We also made all this data public so the media, policy makers, and the public could monitor the outcomes. That information is still available online at www.vhfa.org/partners/initiatives/map.

#	Language
26	French
21	Arabic
15	Spanish
13	Mandarin
7	Vietnamese
6	Somali
5	Swahili
4	Nepali
3	Burmese
100	*Total*

Overall the biggest lesson that was clear throughout this program was the deep dedication and heartfelt commitment to low- and moderate-income Vermonters held by the VHFA staff. At every step of the way they were champions of the mission and intention of the program serving those hardest hit by COVID's economic impacts.

Policy Lessons for the Future

Looking forward – knowing that the full economic impact of the pandemic will not be clear for months or years – it is important to pause and be clear about the need and impact of this program, so that it can inform future decisions.

First, **providing emergency mortgage assistance in 2020 stabilized hundreds of Vermont homeowners** who were precariously on the edge of eventually losing their homes and due to their job loss or income reduction, would have certainly struggled to regain their footing. This program served the intended audience that we heard the Governor's administration and legislature agree were the target: lower-income homeowners at risk of foreclosure and losing their homes due to COVID-19. With two-thirds of those assisted being more than six months in arrears on their mortgage, that is a hole that few can dig out of before foreclosure actions begin. By paying up to six months of mortgage payments, these households will emerge from 2020 closer to whole.

Second, if job loss or income reductions continue in 2021, **additional assistance will be needed**. So many Vermont households live on the brink, financially, and prolonged economic hardship caused by COVID-19 will stress household budgets and likely show a need for additional mortgage assistance. There are proposals in Congress designed to address this need, and VHFA is working with our Congressional delegation and national networks to encourage their passage.

Third, the decisions by Fannie Mae and Freddie Mac – who own about 45% of the nation's mortgages – to broadly offer forbearance agreements to homeowners so that they can skip six, or up to 12, months of mortgage payments, has greatly helped those struggling because of the pandemic. As stated when we designed the program: there are over 45,000 lower-income Vermont homeowners with mortgages. If even 10% of those had a pandemic-related economic disruption making them eligible for assistance, we would have expected demand for this program to be far higher than those who applied. It is our opinion that i**t was the immediate payment relief of forbearance agreements that led most of these owners to not apply for MAP funding**.

To the extent that these agreements result in extended loan terms (meaning that the missed payments are tacked on to the end of the mortgage) as opposed to higher monthly payments so that the missed payments are repaid quickly, this will help ease the financial burden of forbearance. For those Vermonters with mortgages not covered by or eligible for this type of forbearance agreement, there is still a high risk of foreclosure.