Housing: Homeowner Assistance Fund

Almost $10 billion for qualified expenses

- $30 million will be allocated among the territories based on population. There is a separate set-aside for tribes based on the CRSSA passed in December.
- The funds remaining will be allocated to states based on homeowner need as determined by a formula developed by Treasury that accounts for the state’s unemployment and number of mortgages that are delinquent or in foreclosure. States, DC and Puerto Rico will each receive at least $50 million.

How funds can be used

Treasury will issue guidance regarding the use of funds, but here’s what we know now about how funds can be used:

- For mortgage payment assistance; financial assistance to reinstate mortgage payments or pay other housing related costs during a period of forbearance, delinquency or default; to pay down principal; to facilitate interest rate reductions (ie refinancing); to pay for utilities (electric, gas, home energy and water), internet service, and insurance, or for homeowner’s association or condo fees and common charges.

- To reimburse states and local governments for funds disbursed beginning Jan. 20, 2020 to provide housing or utility assistance to homeowners or to prevent foreclosure, mortgage delinquency or loss of housing or utilities.

- Any other assistance to promote housing stability for homeowners as determined by the Secretary.

This could be incredibly flexible -- we will track Treasury guidance around this.
How funds can be used (cont'd)

- At least 60% of funds received by a state must be used to assist homeowners with incomes at or below 100% of the area median income for their household size, or at or below 100% of the U.S. median income, whichever is greater.
- The remainder of the funds must be prioritized to assist socially disadvantaged individuals.
- Treasury may use up to $40 million for administration, oversight and technical assistance.
- Up to $2.6 million may be used by the Treasury’s Inspector General to oversee the program.

How the funds flow

- States, territories and tribes must notify the Treasury that they request their allocation and that they will use the funds as allowed.
- Within 45 days of enactment (that is, by April 26th, 2020), the Treasury must make payments to any state that has submitted its notice.
  
  This is a hard deadline -- urge your state to request funds or those funds will be lost

- If a state does not request allocated funds by the 45th day, the state is not eligible for a payment, and the Treasury will reallocate funds among those states that requested them.
- The Treasury must reallocate all funds by six months from enactment.
- In reallocating funds, the Treasury can also consider the state’s remaining needs and its record in assisting homeowners who are disproportionately at risk of default, including those with incomes below 100% of the area median or 100% of the U.S. median income, and minority homeowners.

This is a particular opportunity for us to promote equity, preserve homeownership and prevent hardship in communities of color.