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State of Nevada Homeowner Assistance Fund (HAF)

Program Summary

July 12, 2021

Overview of Treasury Guidance



- ❖ HAF was established as part of the [American Rescue Plan Act \(ARP\)](#) enacted in March 2021. In April 2021, The U.S. Treasury issued [Guidance](#) for the program.

- ❖ HAF funds may be used to assist homeowners who are at risk of foreclosure and/or displacement. Eligible uses may include (but are not limited to):
 - ❖ Mortgage delinquencies and defaults
 - ❖ Mortgage payment
 - ❖ Homeowner utilities
 - ❖ Property taxes and insurance
 - ❖ Homeowner's association fees or liens

- ❖ Eligible applicants must have experienced a qualified financial hardship after January 21, 2020 as a result of the coronavirus pandemic.



Overview of Treasury Guidance (cont.)



- ❖ Treasury has awarded Nevada just under \$121 Million
 - ❖ Nevada may use up to 15% of funds for administrative expenses
 - ❖ Nevada may use up to 5% of funds to support housing counseling and legal service providers in a limited capacity.
- ❖ All funds shall assist homeowners with incomes at or less than 150% of the area median income (AMI).
- ❖ Treasury target requirements:
 - ❖ 60% of funds shall assist homeowners earning no greater than 100 percent of AMI or 100% of the median income for the United States, whichever is greater.
 - ❖ Nevada AMI - \$75,100
 - ❖ United States median income - \$79,900
 - ❖ Prioritization will be made to “**socially disadvantaged individuals**,” which include individuals who have been subjected to racial or ethnic prejudice or cultural bias as defined in the HAF Guidance provided by Treasury.



Needs Assessment:



Nevada has been greatly impacted by the COVID-19 pandemic. Nevada's employment sectors are heavily weighted in the service and tourism industries.

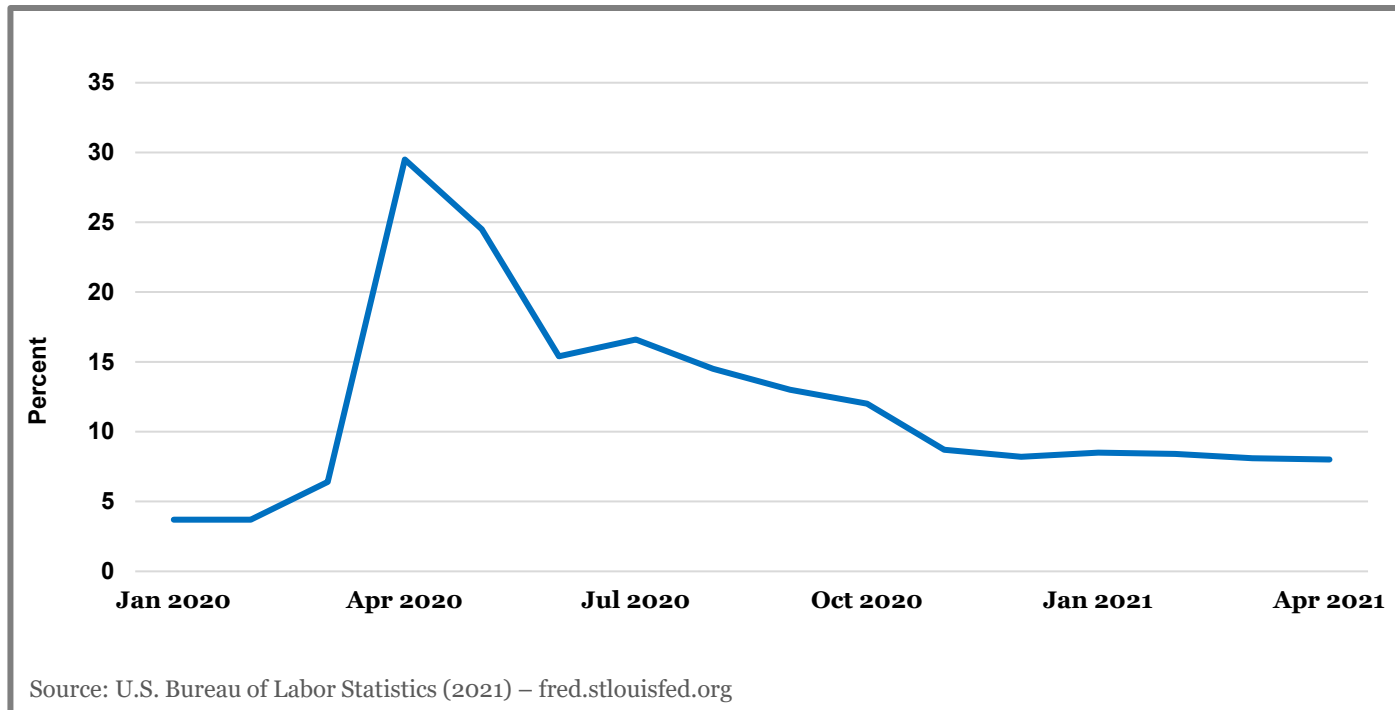
- ❖ As a result:
 - ❖ Temporary closure of the service industry, particularly restaurants, hotels, and casinos, which employ approximately 206,000 workers.
 - ❖ Some of the businesses remain fully or partially closed today.
 - ❖ According to the [Bankrate Housing Hardship Index](#), in September 2020, the tourism-heavy economies of Hawaii and Nevada suffered the most from COVID-19.
 - ❖ Nevada ranked #2 at 20.9% on the Housing Hardship Index, with a 12.6% unemployment rate, and 8.3% delinquency.



Monthly Unemployment Rate in Nevada (Jan 2020 – April 2021)



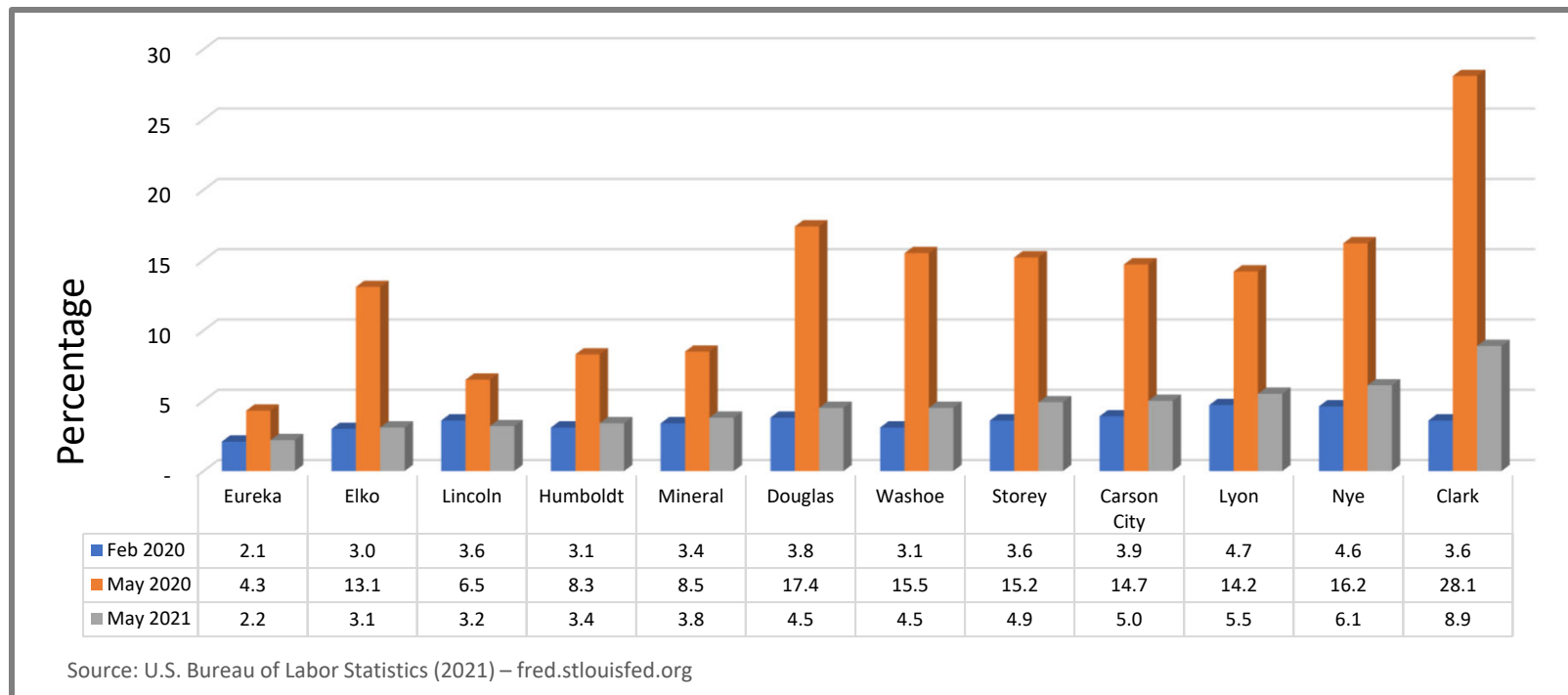
At the peak, Nevada's unemployment rate rose from 3.7% in February 2020 to 29.5% in April 2020. The unemployment rate in the state as of April 2021 was 8%, 6th highest rate in the country and more than double the rate prior to the pandemic.



Unemployment Rate by County



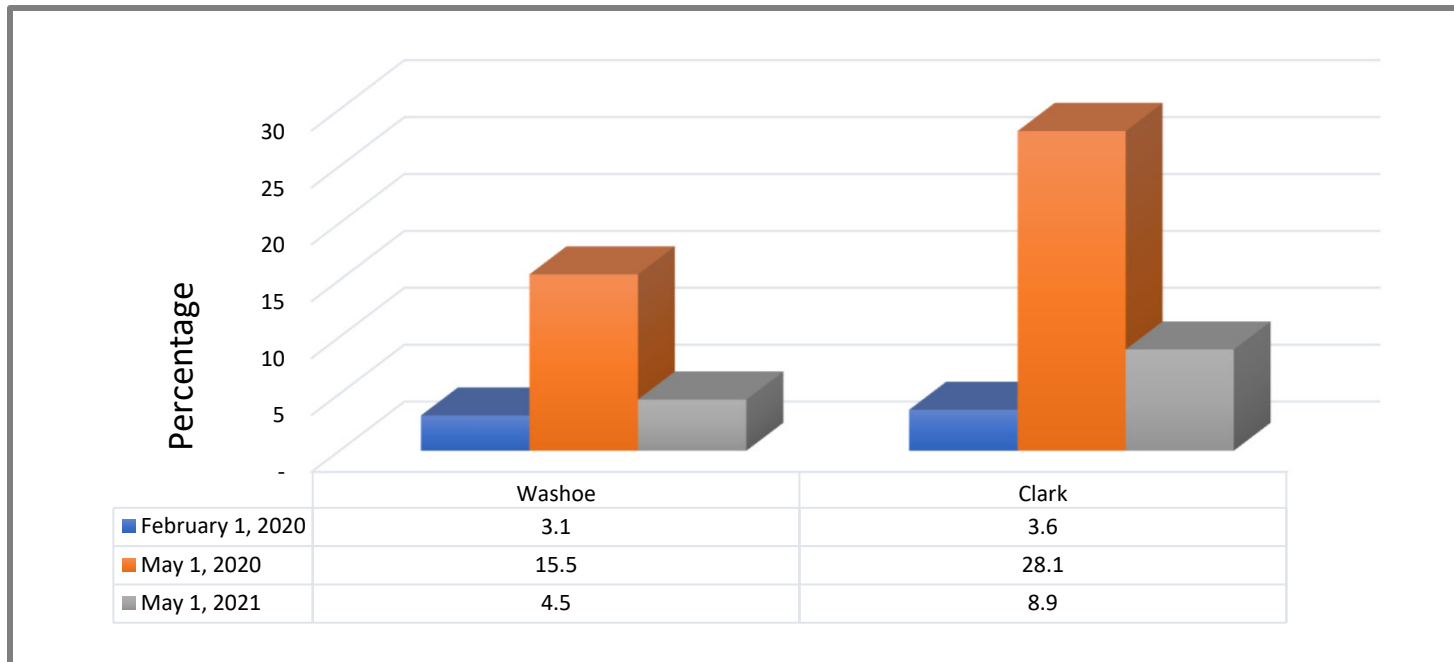
Every county across Nevada experienced increased unemployment rates at the height of the pandemic. The following chart indicates those counties whose unemployment rates have remained higher than pre-pandemic unemployment rates.



Unemployment Rate – Clark and Washoe Counties



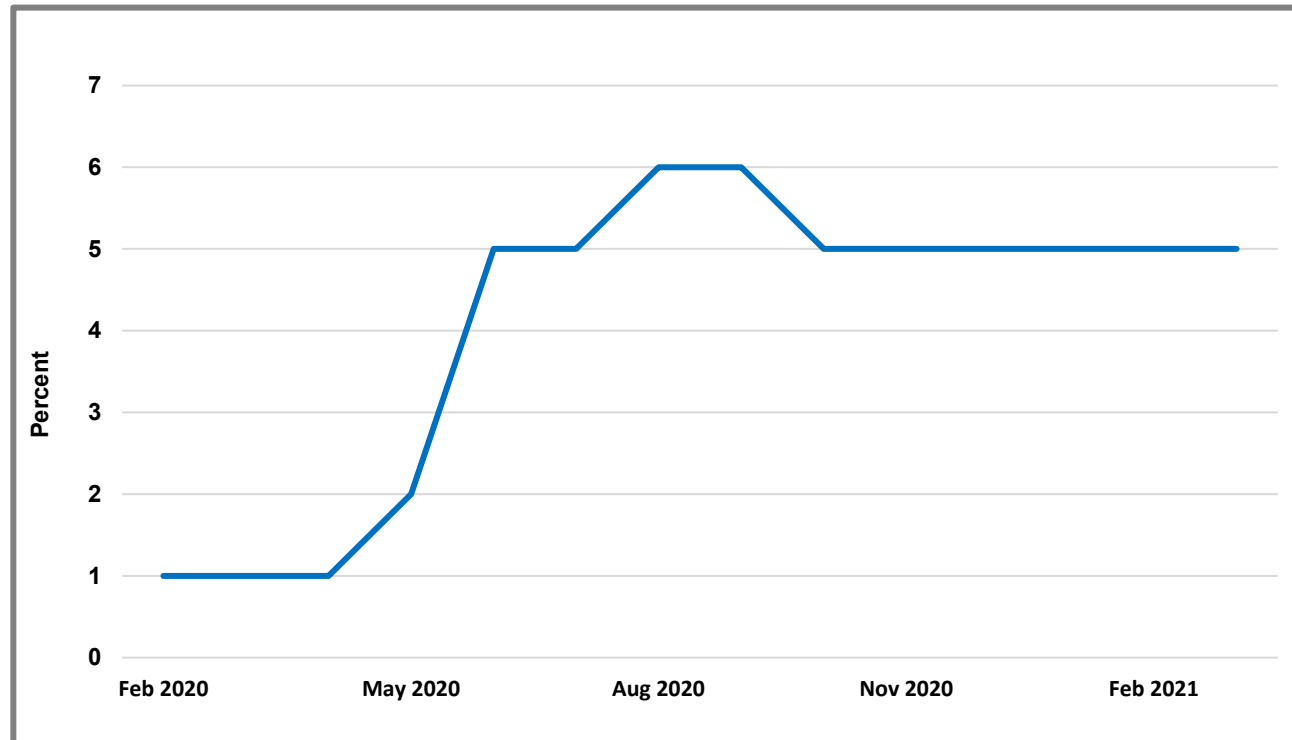
The state will specifically target the most populous counties, Clark and Washoe. Washoe County is in the northern region and Clark County is in the southern region of Nevada, which together account for approximately 90% of Nevada's total population.



90+ Day Delinquency Rate – Nevada (Feb 2020 – Feb 2021)



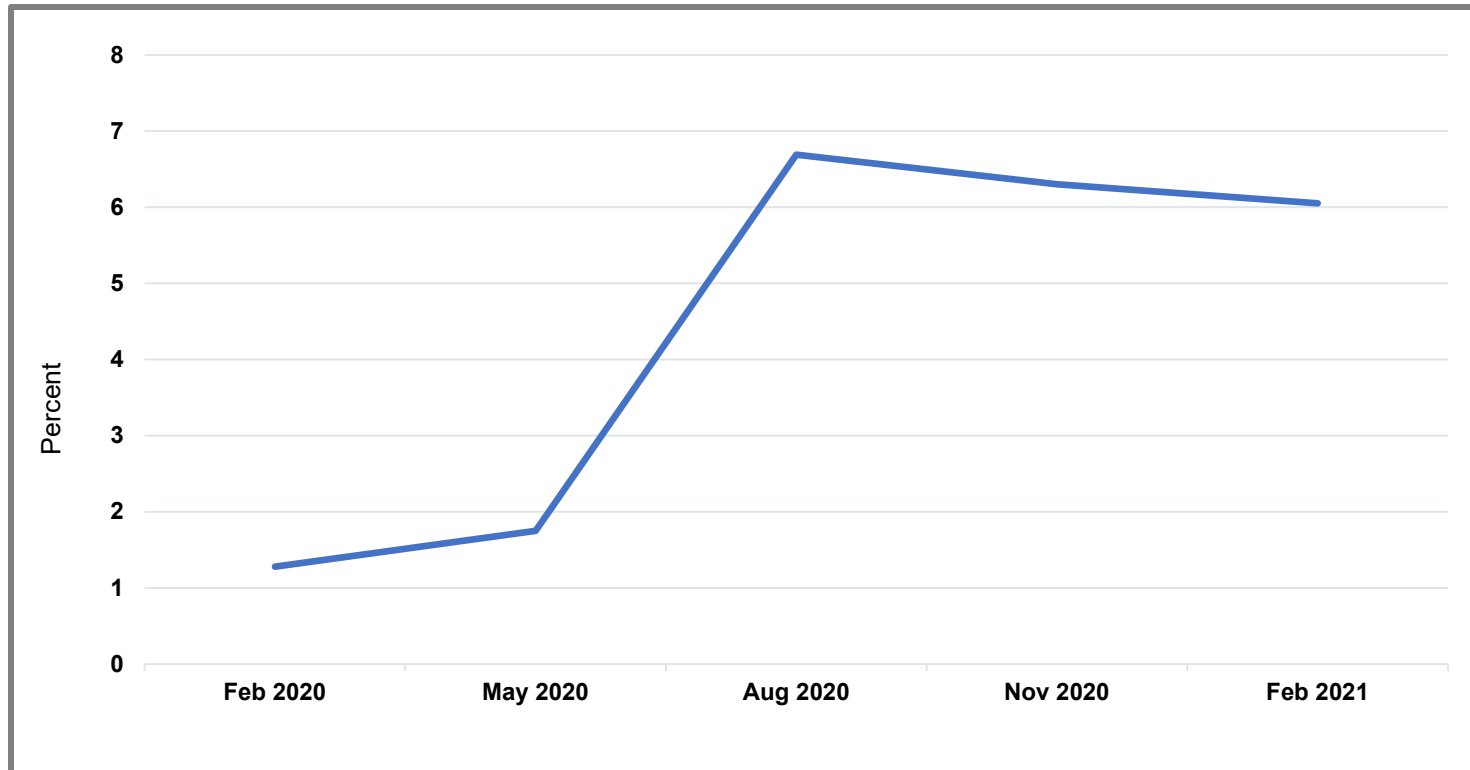
Nevada's delinquency rate rose from 1% in April 2020 to 6% in August 2020 and is currently remaining steady at 5%.



90+ Day Delinquency Rate – Clark County (Feb 2020 – Feb 2021)



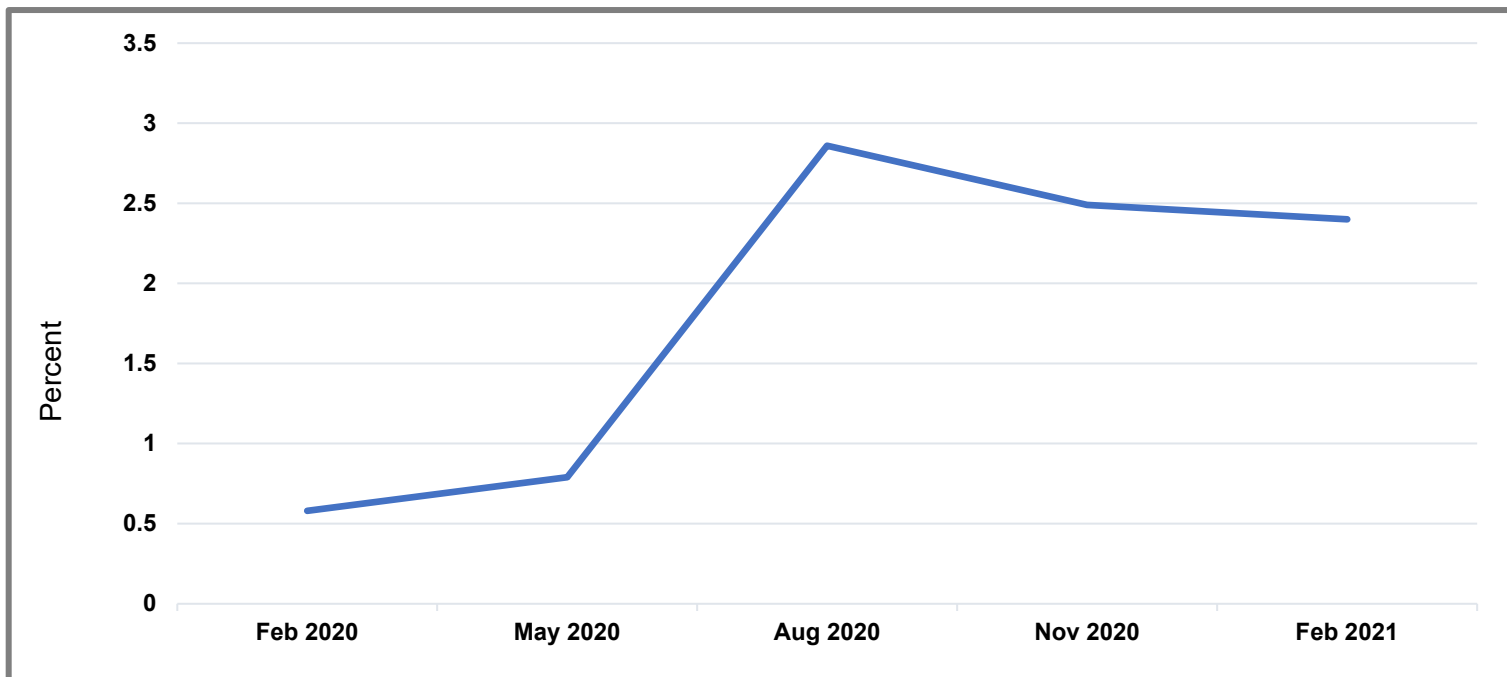
Clark County's delinquency rate rose from approximately 1% in February 2020 to 6.7% in August 2020 and is currently remaining relatively steady at 6% as shown below.



90+ Day Delinquency Rate – Washoe County (Feb 2020 – Feb 2021)



Washoe County's delinquency rate rose from approximately 0.5% in February 2020 to 2.9% in August 2020 and is currently remaining relatively steady at 2.5%.



HAF Programs Proposal:



Nevada will launch two programs:

- ❖ **Unemployment Mortgage Assistance Program (UMA)**

UMA will provide temporary financial assistance to eligible Nevada homeowners who wish to remain in their homes but have suffered a loss of income due to unemployment or underemployment.

- ❖ **Mortgage Reinstatement Assistance Program (MRAP)**

MRAP will provide funds to help income-qualified homeowners cure their delinquent first mortgage loan arrearages, which may also include payments needed to reinstate their loans from foreclosure.



Unemployment Mortgage Assistance Program (UMA)



- ❖ Experienced involuntary job loss due to COVID-19
- ❖ Receiving Nevada Unemployment Insurance Benefits (UIB) or Nevada Pandemic Unemployment Assistance (PUA)
- ❖ Benefit/Assistance – Up to \$3,000 per month for up to 12 months
- ❖ Includes taxes, HOA fees, and utilities
- ❖ Will include reinstatement of delinquent first mortgage loan, non-escrowed taxes, HOA fees, and utilities if delinquency occurred on or after January 21, 2020
- ❖ Up to \$54,000 per household
- ❖ Estimate number of participating households – 4,766
- ❖ Average funding per participating household - \$12,568



Mortgage Reinstatement Assistance Program (MRAP)



- ❖ Experienced an eligible financial hardship due to COVID-19
- ❖ Applies to first mortgage loan
- ❖ Includes delinquency of taxes, HOA fees, and utilities that occurred on or after January 21, 2020
- ❖ Up to \$35,000 per household
- ❖ Estimate number of participating households – 2,222
- ❖ Average funding per participating household - \$17,998



Performance Goals:



- ❖ **Approximately \$100 million to 6,988 households**
 - ❖ FY22 - \$22.5 million – Appx 1,905 households
 - ❖ FY23 - \$35.7 million – Appx 2,350 households
 - ❖ FY24 - \$24.9 million – Appx 1,690 households
 - ❖ FY25 through end of term - \$16.9 million – Appx 1,043 households



Budget:



Nevada will receive **\$120,917,256** in funds to be distributed as follows:

- ❖ Assistance to homeowners - **\$99,979,668 (82.7%)**
- ❖ Counseling and educational efforts by housing counseling agencies and legal aid services - **\$2,800,000 (2.3%)**
- ❖ Planning, community engagement, needs assessment, and administrative expenses - **\$18,137,588 (15%)**

