

Securing State Funds to Provide Mortgage Assistance

Delaware State Housing Authority
Legislative Advocacy: State Advocacy

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Securing State Funds to Provide Mortgage Assistance to Delawareans

To help homeowners during the challenging financial times created by the pandemic, Delaware State Housing Authority (DSHA) launched a mortgage assistance program on August 10, 2020. DSHA revamped the foreclosure prevention program it already offered to homeowners struggling to pay their mortgage - the Delaware Emergency Mortgage Assistance Program (DEMAP). DEMAP was funded using \$2.5 million from Delaware's Coronavirus Relief Fund (CRF), which received financial support through the Coronavirus Aid, Relief, and Economic Security (CARES) Act in 2020. DSHA saw an opportunity to use this flexible funding to revamp DEMAP and provide much-needed mortgage assistance to Delaware homeowners, and DSHA successfully lobbied for this funding commitment from the state.

DSHA was one of a handful of housing finance agencies in the country to offer direct financial assistance in 2020 to homeowners struggling to pay their mortgage because of the pandemic. DSHA was able to do this in large part due to the financial support received from our state government leaders – Delaware's Governor John Carney and our state budget director Mike Jackson, both of whom supported our suggestion to use the state's Coronavirus Relief Funds (CRF) to finance the program. With the American Rescue Plan Act providing significant mortgage assistance funding to Delaware in the coming weeks, DSHA expects to be able to quickly relaunch DEMAP to once again help homeowners in our state remain in their homes during and after the pandemic.

Anticipating and Prioritizing Legislative Issues and Forging Effective Relationships with State Legislators

In the first few months of the COVID-19 health crisis, Delaware's unemployment numbers rose dramatically. In March, the number of Delawareans filing for unemployment reached 23,764. In April, that number jumped more than 191 percent from the month before with 69,284 Delawareans filing for unemployment. In May, the numbers jumped even more to 74,838. This represents a 15.8 percent unemployment rate in Delaware with nearly one in six Delaware workers unemployed during the month of May. The numbers improved slightly in July and August (when DEMAP was launched), but the state unemployment rate still hovered around 8 percent. In the months before the pandemic, the unemployment rate stood at about 4 percent.¹

DSHA knew many homeowners in our state were unemployed or underemployed as a result of the pandemic, and we felt revamping DEMAP would allow us to directly support these homeowners and help keep them in their homes. Fortunately, our state's leaders agreed with us and saw an opportunity to directly respond to what they saw as an important state legislative issue using state funds.

¹ Local Area Unemployment Statistics; Delaware Department of Labor; 2020; Available at, <https://lmi.delawareworks.com/Content/Information/LAUS.php>.

With Delaware being a small state, our state and federal legislators are extremely accessible, and DSHA often has direct interaction with our state legislators on important housing issues. Our director is also appointed by the Governor, providing our agency a direct link to our state's top official. Having forged these relationships prior to the pandemic proved to be essential in earning support for DEMAP. Our director and other DSHA staff members were able to directly lobby for financial support for the program from state legislators, Governor Carney, and state budget officials.

An Innovative and Replicable Initiative

Under the revamped version of DEMAP, the program provided up to \$10,000 in financial assistance to Delawareans struggling to pay their mortgage due to a pandemic-related job loss or illness. (The program originally offered up to \$8,000 in assistance, but DSHA was able to increase this amount as funding permitted.) All payments are made directly to the mortgage servicer. To be eligible for DEMAP, applicants must own their home in Delaware, and it must be their primary residence. Homeowners must also have a maximum household income at or below 115% of the Area Median Income (AMI) for the county in which they reside. The applicant must also provide documentation showing an impact on their employment or income beginning March 1, 2020 or later that is attributed to the COVID-19 pandemic. This includes such instances as a layoff, reduced work hours, or needing to take unpaid leave due to childcare or other issues arising as a result of the health crisis. The primary goal of revamping DEMAP in 2020 was to assist homeowners in the near-term in order to prevent a wave of foreclosures in the months and years after the pandemic.

The structure of the DEMAP program also included an innovative use of our existing partnerships with several HUD-approved housing counseling agencies throughout the state.

DSHA promotes the program through our website and provides contact information for the HUD-approved housing counseling agencies. The homeowner contacts the housing counseling agency directly to get started on the application process. Alternatively, they can contact DSHA directly, and we will help connect them with a housing counseling agency. Once the housing counseling agency helps the homeowner complete the application materials, the application package is then sent to DSHA staff. DSHA staff then verifies income eligibility, reviews the necessary documentation, and processes the payment to the mortgage servicer. DSHA worked with about 10 housing counseling agencies in our state throughout the duration of the program. In order to launch this quickly, DSHA engaged with organizations with staff who had the appropriate skills, including housing counselors familiar with working with income verification, financial coaches and knowledge of foreclosure prevention processes. In exchange for processing the applications for DSHA, the housing counseling agency received \$125 per fully processed application, providing much-needed financial support for these worthy organizations.

Most housing agencies across the country have close ties with housing counseling agencies in their state and could easily replicate the process established by DSHA for DEMAP.

Identifying Potential Ramifications of Issues and Providing Benefits that Outweigh Costs

Delaware's Governor John Carney, state budget leaders and legislators, and other officials recognized that the overall benefit of assisting Delawareans with mortgage payments during the pandemic outweighs the cost associated with supporting DEMAP with state CRF dollars. Providing state funding for the program was key to helping prevent foreclosures for many of our state's homeowners who continue to face challenging economic situations due to the pandemic. Several of our state legislators and Governor Carney were hearing directly from Delawareans who needed mortgage assistance, and providing state funds to quickly restructure the existing foreclosure prevention program to help those households made sense in many ways.

DSHA, state legislators, Governor Carney, and state budget officials knew that if we are able to prevent foreclosures in at least some of these cases in both the near-term and the future, it will be more than worth the state expense, and we will consider the assistance program a success.

Achieving Strategic Objectives and Demonstrating Effective Use of Resources to Reach Target Audiences

In total, DSHA approved more than 300 applications for mortgage assistance and provided nearly \$2 million in mortgage assistance funding while the program was in operation from August 10 through December 30, 2020.

Utilizing the existing relationships we had with housing counseling agencies proved to be an effective use of our resources and allowed us to reach our target audience – homeowners struggling financially due to the pandemic. We received many compliments from DEMAP recipients, including a recipient named A. Williams who was so thankful for receiving mortgage assistance and the help of the housing counseling agency that she wrote DSHA a letter stating, "The housing counselor was very knowledgeable on the steps necessary to complete my application. Likewise, his warm and personable demeanor made it easy for me to ask questions about the process...I am certain it was his attention to detail and timely execution of the application that helped me to secure the financial assistance granted through DEMAP."

Without the existing partnerships in place with the housing counseling agencies, state legislators, Governor Carney, and state budget officials before the COVID-19 crisis, DSHA would not have been able to successfully restructure DEMAP or continue offering the program in the coming months. These partnerships and the financial support from state officials were crucial to our ability to provide mortgage assistance to Delawareans in the first few months of the pandemic.

As stated previously, DSHA plans to continue providing mortgage assistance using an estimated \$50 million in funding from the American Rescue Plan Act. We are finalizing our plans for those funds now and hope to announce the reopening of DEMAP shortly.

Visual Aids

- Graphics (English and Spanish) used for social media and other marketing materials



- Selected media coverage of the launch of the Delaware Emergency Mortgage Assistance Program (DEMAP)

1. Governor Carney, DSHA, New Castle County Announce \$40 Million in Housing Assistance

[Delaware State Housing Authority](#) | [Governor John Carney](#) | [Office of the Governor](#) | Date Posted: Monday, August 10, 2020 <https://news.delaware.gov/2020/08/10/governor-carney-dsha-new-castle-county-announce-40-million-in-housing-assistance/>

Governor John Carney and Delaware State Housing Authority (DSHA) Director Anas Ben Addi on Monday [announced](#) the reopening of the Delaware Housing Assistance Program (DE HAP), which provides financial assistance for renters affected by COVID-19, and announced that emergency mortgage assistance is now available for homeowners who have missed payments due to the pandemic.

The State of Delaware and New Castle County will contribute a combined \$40 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to provide payments for qualified applications to both the rental and mortgage assistance programs.

“We know many Delawareans continue to face a very challenging time as they struggle with the economic effects of the COVID-19 crisis,” said Governor John Carney. “By reopening the rental

assistance program and providing similar financial assistance to homeowners, we hope to help more Delaware families stay in their homes both during and after the pandemic.”

“We know that many of our neighbors remain unemployed or underemployed and are struggling to keep a roof over their heads,” said DSHA Director Anas Ben Addi. “Today’s announcement builds on our efforts to prevent evictions and foreclosures resulting from the pandemic and will allow DSHA and our partners the opportunity to better assist both renters and homeowners throughout the state with their housing needs.”

“No one should be thrown out on the street due to the inability to pay their rent or mortgage during a public health emergency,” said New Castle County Executive Matt Meyer. “Since day one of the COVID-19 pandemic, our county government has focused on protecting New Castle County’s most vulnerable residents. We have partnered with the state on these efforts throughout the pandemic, and I am thankful for the leadership Governor Carney and Director Ben Addi have shown by reopening the rental assistance program and the start of emergency mortgage assistance. I am proud that \$20 million of our CARES Act funding will go to support these programs that will continue to enable so many families to have a place to call home.”

DE HAP provides financial assistance to renters affected by shutdowns, closures, layoffs, reduced work hours, or unpaid leave due to the COVID-19 health crisis. Under the revised program guidelines, eligible households can now receive up to \$5,000 in assistance, with payments made directly to the property owner. The program was first launched in March and temporarily paused in late April due to overwhelming response and to allow DSHA to review federal funding opportunities provided by the CARES Act.

To be eligible for DE HAP, applicants must reside in Delaware and have a maximum household income post-pandemic at or below 60 percent of the Area Median Income (AMI) for the county in which they reside. Income eligibility per county for DE HAP can be found on [DSHA’s website](#).

With the relaunch of DE HAP, applications must now be submitted by landlords or property owners on behalf of tenants through a newly created application portal on [DSHA’s website](#). DSHA’s website provides a step-by-step tutorial video and [Frequently Asked Questions](#) for landlords submitting applications to DE HAP.

On July 1, Governor Carney released a modified order lifting the moratorium on foreclosure and eviction filings in place since March but ordered that all evictions would continue to be stayed to permit the Justice of the Peace Courts to determine whether the parties would benefit from a court-supervised mediation or a newly created alternative dispute resolution program.

The reopening of the DE HAP program, coupled with the Court’s mediation and alternative dispute resolution programs, will allow DSHA to assist renters at risk of eviction and help keep many of them in their homes in the months to come.

“Many Delaware families are one missed rent payment away from facing an eviction filed against them that could result in homelessness,” said Housing Alliance Delaware Executive Director Rachel Stucker. “Housing Alliance Delaware is very happy to see DSHA and New Castle County responding to this important housing need. If we can keep Delaware families in their homes, we can help them avoid the trauma of homelessness and the significant risks associated with not having a safe home during a public health emergency.”

DSHA is also providing emergency housing assistance to homeowners affected by the COVID-19 pandemic through the organization’s existing Delaware Emergency Mortgage Assistance Program (DEMAP). The program will assist homeowners who are at risk of losing their homes to foreclosure because of a pandemic-related job loss, reduced work hours or unpaid leave. Eligible homeowners can apply for up to \$5,000 per household, paid directly to the mortgage servicer.

To be eligible for the emergency mortgage assistance, the applicant must own their home in Delaware and it must be their primary residence. Homeowners must also have a maximum household income post-pandemic at or below 80 percent of the Area Median Income (AMI) for the county in which they reside. In Kent and Sussex counties, the maximum household income limit is \$65,520 and in New Castle County, the maximum household income limit is \$77,280.

DSHA is working closely with several HUD-approved housing counseling agencies throughout the state, including First State Community Action Agency, who will be processing applications for the emergency mortgage assistance program.

“First State Community Action Agency is honored to partner with DSHA to help assist homeowners throughout our state who are struggling with their mortgage payments due to the pandemic,” said Executive Director Bernice Edwards. “The COVID-19 crisis has had a significant impact on almost every industry in our state, and we know many Delawareans are facing difficult financial decisions right now. We are hopeful this assistance will help those households stay current on their mortgage during the health crisis.”

More information on the COVID-19 rental and mortgage assistance programs is available at www.destatehousing.com/covid19.

2. Delaware rolls out financial aid for renters, homeowners late on rent, mortgage payments

Sarah Gamard, Delaware News Journal Published 9:40 a.m. ET August 11, 2020

<https://www.delawareonline.com/story/news/politics/2020/08/10/delaware-rolls-out-aid-renters-homeowners-late-payments/3337339001/>

Delaware is going to spend \$40 million to help residents who are struggling to pay rent or mortgages during the coronavirus pandemic.

Eligible renters and homeowners can get up to \$5,000 in aid. The money would be paid directly to the property owner or mortgage servicer.

Gov. John Carney and the Delaware State Housing Authority announced Monday that the state is resurrecting the Delaware Housing Assistance Program to help people who are missing payments because they lost income due to the coronavirus pandemic.

The program was originally launched in late March but then halted a few weeks later because it was [swamped with applications](#). At the time, they received requests from three times more tenants than they originally set aside funds to help.

The \$40 million to pay for this program comes from the federal CARES Act, which Congress passed in late March to help states and local governments cover coronavirus-related expenses. The state is paying half from its share of the federal money and New Castle County is paying the other half.

Using weekly Census surveys, the financial consulting firm Stout Risius Ross LLC found about 29% of renters in Delaware at the end of July had no or only slight confidence in their ability to pay the next month's rent. That firm also estimated a monthly shortfall of \$10 million in rent statewide.

To be eligible for the rent assistance, renters have to live in Delaware and have a maximum household income post-pandemic that is at or below 60 percent of the Area Median Income for the county they live in. You can find out more about income eligibility per county on the state housing authority's website at http://www.destatehousing.com/OtherPrograms/ot_dehap.php.

Applications for rent assistance now have to be submitted by landlords or property owners on behalf of tenants. The application is available on the state housing authority's website, which also has a step-by-step tutorial video and a list of frequently asked questions for landlords submitting the application.

The state is helping homeowners who are struggling to pay their mortgage through an existing program called the Delaware Emergency Mortgage Assistance Program. The program will help people at risk of foreclosure because of income loss due to the pandemic.

To be eligible for mortgage assistance, the homeowner's home must be in Delaware and their primary residence. They have to have a maximum household income post-pandemic that is at or below 80 percent of the Area Median Income for the county they live in. In Kent and Sussex counties, the income limit is \$65,520. In New Castle County, the income limit is \$77,280.

3. Officials earmark \$40 million for rent, mortgage assistance

August 11, 2020 by The Associated Press

<https://apnews.com/article/virus-outbreak-mortgages-business-delaware-dover-a3bcc11543b70b53ba57da40541c02b6>

DOVER, Del. (AP) — Delaware officials are using \$40 million in federal coronavirus relief funds to help people struggling to make their rent or mortgage payments because of the pandemic.

Officials announced Monday that they were reopening the Delaware Housing Assistance Program, which provides financial assistance for renters affected by COVID-19. The program was initially launched in March but halted in April following an overwhelming number of applications.

The program offers money to renters affected by coronavirus-related business closures, layoffs, reduced work hours, or unpaid leave.

The HAP initially offered up to \$1,500 for rent or utilities for those with a maximum post-pandemic household income at or below 80 percent of the area median for the county in which they live. Under the revised program, up to \$5,000 will be available for those with a maximum household income post-pandemic at or below 60 percent of the area median. Applications must now be submitted by landlords or property owners on behalf of tenants, and payments will be made directly to the property owners.

The Delaware State Housing Authority also is providing emergency assistance of up to \$5,000 to homeowners affected by the COVID-19 pandemic through the Delaware Emergency Mortgage Assistance Program, which was established several years ago. Funds will be made available for homeowners with a maximum post-pandemic household income at or below 80 percent of the area median who are at risk of losing their homes to foreclosure because of a pandemic-related job loss, reduced work hours or unpaid leave.

Funding for the housing assistance is being split equally between the state and New Castle County.

Delaware's state government received more than \$927 million in Coronavirus Relief Funds under the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, while New Castle County received about \$323 million.

State officials expect to use up to \$500 million of CRF funding to cover unemployment benefits for the tens of thousands of Delawareans who lost their jobs after Gov. John Carney ordered that businesses be closed or restrict operations in an effort to stem the spread of the virus.

Direct response costs, including testing and contract tracing, are expected to eat up \$150 million or more in CRF funds, with a similar amount in coronavirus relief funds earmarked for essential child care providers.

State finance secretary Rick Geisenberger said direct coronavirus relief spending by the state through early last week totaled about \$104 million, with a large portion going for child care payments. That figure does not include the allocation for housing assistance funds announced Monday.

4. Delaware will use \$40M in CARES Act funding to keep people in their homes

DJ McAneny Aug 10, 2020: https://www.wdel.com/news/delaware-will-use-40m-in-cares-act-funding-to-keep-people-in-their-homes/article_bea6d3c-db39-11ea-a04e-7b75b6bfb213.html

With the onset of the novel coronavirus COVID-19 pandemic, businesses were shuttered and jobs disappeared as stay-at-home orders were issued for public safety.

On Monday, August 10, 2020, Delaware officials announced a \$40 million shot in the arm to assist homeowners and renters struggling to meet the demands of bills that continued when jobs didn't. Governor John Carney said the Delaware Housing Assistance Program (DEHAP) and the Delaware Emergency Mortgage Assistance Program (DEMAP) will focus on getting funds to individuals who need assistance maintaining a roof over their heads.

Surrounded by Anas Ben Addi, Director, Delaware State Housing Authority, Matt Meyer, New Castle County Executive, State Senator Elizabeth "Tizzy" Lockman, State Representative Kendra Johnson, and Paul Calistro, Executive Director, West End Neighborhood House, Governor John Carney announced the restart of those two important programs.

"Part of our effort has been--a concerted effort by so many--to assist those who have been unemployed, those who are not working the hours that they did before, and don't have the resources to either pay their mortgage or to pay their rent," said Governor John Carney. "We've had several emergency orders which have stopped evictions and foreclosures, and we've had great cooperation from the private sector."

Those in need could be eligible for up to \$5,000 in assistance to help make ends meet. The DEHAP program was put on hold temporarily due to demand and funding issues, but the supplemental CARES Act funding will provide the government the opportunity to provide more assistance.

"It was overwhelming," said Anas Ben Addi, director of the Delaware State Housing Authority. "What happened now with the \$40 million is we are reopening the program. We're making it a little bit more streamlined, easy to use. So, it's \$5,000 assistance for rentals. Who qualifies? Anybody who is a resident of the state of Delaware. There is an income guidelines and, if you fit the income guidelines, you can work with your landlord to submit an application through our online portal."

Applicants must have a maximum household income post-pandemic at or below 60% of the Area Median Income for the county in which they reside. Ben Addi said there's a video available on their site to walk visitors through the application process.

For the DEMAP program, applicants must own their home in Delaware and it must be their primary residence, and they must have a maximum household income post-pandemic at or

below 80% of the Area Median Income for their county. For Sussex and Kent counties, that cutoff is \$65,520, while in New Castle County it's \$77,280.

To fund the programs, the state will use \$20 million from its Coronavirus Aid, Relief, and Economic Security (CARES) Act funding, with another \$20 million coming from New Castle County's allotment.

"No one should lose their home, no one should be thrown out on the street, due to the inability to pay their rent or mortgage during a public health emergency," said New Castle County Executive Matt Meyer. "Six thousand applicants applied within the first three weeks [of the program's first run.] The program was, I think it's fair to say, overwhelmed. And it's really impressive leadership when we regroup, we recognize a good program that had a shortfall of funds, and we come together from different governments and we say how do we expand this program to benefit our residents?"

The programs are all about taking care of the First State's families and ensuring they continue to be able to live here, work here, and call Delaware home, Carney said.

"This, indeed, is about Delaware families. It is about the single mom trying to raise her child, uncertain about the opening of schools--we're working really hard on that. It's about families across our state that are living with uncertainty and fear around COVID-19 pandemic. Our obligation as public servants is to address both their health needs, as well as their economic and social needs," Carney said. "This is an important part of that. It's about addressing the fear and anxiety and concern about being able to stay in your rental house, or to be able to pay your mortgage and get to the other side. We will get to the other side. We're going to crush this virus; we're going to flatten that curve; we're going to get healthier; we're going to get our children back to school in front of teachers getting the kind of instruction that they need and deserve; we're going to get people back to work. We're going to get through all this."

For more information, visit [DEStateHousing.com's COVID-19 information page](https://DEStateHousing.com).