



## **Pa. takes over troubled mortgage relief program from contractor after complaints, backlogs**

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**Story by Charlotte Keith of Spotlight PA**

HARRISBURG — In an abrupt change, Pennsylvania's struggling mortgage relief program will no longer work with the private company originally hired to run it and will temporarily stop accepting new applications starting Feb. 1 while it makes the transition.

The move comes less than a week after a [Spotlight PA investigation found](#) that the program has been struggling to get the information it needs from mortgage companies, leaving homeowners grasping for answers and waiting months to get help. As a result, some applicants had their utilities shut off and saw their credit scores plummet.

The application pause — announced with only a few days' notice — will give the program time to address a backlog of pending applications and handle the transition from the contractor's software systems, according to the Pennsylvania Housing Finance Agency.

It is unclear how long the program will be closed to new applications. Homeowners with pending applications will not have to resubmit them, but they will need to register with the new system, a spokesperson for the agency said in a news release. The agency said applicants will receive an email with follow-up information.

The agency did not respond to questions from Spotlight PA about why it made the change.

The program, funded by \$350 million in federal pandemic aid, launched last February and covers mortgage and utility debt, delinquent property taxes, and other housing costs, as well as ongoing mortgage payments for some homeowners.

But problems coordinating with mortgage companies left the program falling short of its internal goal to get help to homeowners within 60 days of applying. The average wait time, as of mid-December, was more than twice as long.

As of Jan. 30, the program had paid out roughly \$94 million, about a quarter of the money available. In its first six months, Pennsylvania's spending rate was similar to those of other states, many of which have faced [similar difficulties](#).

After Pennsylvania lawmakers decided the housing agency would oversee the program, officials there [outsourced the day-to-day administration](#) because of the "massive effort" involved in quickly ramping up a new and complex program, according to an agency newsletter.

In October 2021, PHFA signed a five-year contract worth \$27.5 million with Innovative Emergency Management, Inc., a company with a long track record of running disaster relief programs. IEM was also hired to run equivalent mortgage programs in North Carolina, Puerto Rico, and Virginia.

The housing agency signed off on program policies and retained oversight, while IEM was responsible for processing applications, paying out the money, marketing, and providing a call center to field applicants' questions, according to the contract.

Complaints about poor communication from IEM caseworkers have dogged the program. Nearly two dozen applicants told Spotlight PA they had difficulty getting updates from the program, compounding their frustration and anxiety during the long wait. Homeowners said their assigned caseworkers stopped responding to calls and emails, and that the call center provided only vague updates.

As part of the overhaul, applicants will be assigned new contacts the week of Feb. 6, according to [FAQs](#) posted online by PHFA. Included among the questions: "I've been waiting for my application to be processed for a year now. How much longer will it take to process?"