
Chapter 7:

HOUSING

TOOLS

Housing Counseling Assistance

By Melody Imoh, Policy and Program Director, National Housing Resource Center

Administering Agency: HUD's Office of Housing Counseling

Year Started: 1968

Number of Persons/Households Served: More than 1.2 million households in FY16

Populations Targeted: Low- and moderate-income households, people of color, people with limited English proficiency, and rural households

Funding: \$50 million in FY19

The Housing Counseling Assistance (HCA) Program provides grants to nonprofit, HUD-approved housing counseling agencies, which are distributed through a competitive grant process.

HISTORY

The HUD Housing Counseling Program was first authorized by the "Housing and Urban Development Act of 1968," "to provide counseling and advice to tenants and homeowners, both current and prospective, to assist them in improving their housing conditions, meeting their financial needs, and fulfilling the responsibilities of tenancy or homeownership."

In 2010, the Obama Administration signed the "Dodd-Frank Wall Street Reform and Consumer Protection Act" into law. The new law made important changes to the HUD Housing Counseling program, including the creation of the Office of Housing Counseling (OHC) within HUD and mandated that all counseling by HUD-approved counseling agencies be provided by certified counselors. Effective 2017, OHC promulgated a rule around counselor certification requiring all counseling provided by HUD-approved agencies be done by certified counselors by 2020.

PROGRAM SUMMARY

Since its inception, HUD-approved housing counseling agencies that receive grants through the HCA program have been on the frontlines of helping predominantly low and moderate-income households achieve their housing goals, whether by purchasing their first home, saving their home from foreclosure, or finding safe and affordable rental housing (in FY 2016, 73.1 percent of counseled households had incomes below 80 percent of area median income). In addition to addressing housing-specific issues, counselors also work to improve their clients' general financial outlook by teaching skills such as household budgeting, paying down debt, and increasing savings. Unfortunately, due to a lack of public awareness of housing counseling availability and value, many do not take full advantage of such services. Effective public education and advocacy are necessary to increase the visibility and access of these valuable services.

HUD-approved counseling agencies provide both counseling services and educational programs. Housing counseling is conducted one-on-one with a household and delivers personalized information including a review of income, credit, household budget, and saving. Education programs deliver generalized information in a group workshop setting or online. In FY16, two-thirds of all clients of HUD-approved counseling agencies sought one-on-one counseling and one-third sought group education.

All one-on-one counseling begins with an in-depth review of household finances, including income, expenses, credit, and debts. When the counselor and client have a better understanding of the client's financial picture, they work together to create an action plan to address the client's specific housing needs. Two-thirds of counseling clients are seeking to either purchase a home, often for the first time, or resolve or prevent a mortgage delinquency or default. The

remaining one-third of counseling clients seek assistance with rental housing or homelessness, are seniors interested in a reverse mortgage (which requires counseling from a HUD-approved agency), or are homeowners seeking home maintenance and financial management assistance.

Most clients who seek group education services from HUD-approved counseling agencies attend a pre-purchase homebuyer education workshop (49 percent) or a financial literacy workshop (36 percent), which includes information on home affordability, budgeting, and understanding use of credit.

HOUSING COUNSELING ASSISTANCE FUNDING

The HCA program was funded at \$55 million in the FY17 budget, which was an \$8 million increase over the \$47 million from FY16. Unfortunately, the increase in funding for the HCA program was offset by the elimination of the National Foreclosure Mitigation Counseling (NFMC), which had been funded at \$40 million in FY16. In FY18, Congress continued the HCA funding level of \$55 million and \$50 million in FY19.

It is important to note when discussing federal funding for housing counseling that overall funding has declined significantly in recent years, from a peak of \$87.5 million in FY10. Congress also appropriated \$65 million for the NFMC program in FY10 for a total of \$152.5 million in federal funding for housing counseling. Advocates will ask Congress to restore some of this lost funding by including \$65 million for HCA in the FY20 appropriation.

Federal funding for housing counseling has been the single biggest legislative fight for advocates in recent years. In 2018, advocates fought heavily to restore some of the HCA funding that has been lost since FY10 by pushing Congress to fund HCA at \$60 million in their FY19 appropriation.

Another focus for housing counseling advocates will be integrating counseling into FHA mortgages. FHA-insured mortgages are the most

common mortgage for people of color and low- and moderate-income buyers. Although there have been proposals in the past to incentivize FHA borrowers to participate in housing counseling programs, by providing discounts on the required mortgage insurance, this is not currently FHA's practice. Any discussion on how to address FHA performance and solvency of the FHA Insurance Fund will be an opportunity to raise the issue of greater support for and integration of housing counseling in FHA lending and servicing.

Housing counseling advocates will remain involved in a wide range of housing policy advocacy, including expanding language capacity in the lending and servicing industries for people with limited English proficiency, expanding homeownership opportunities and bridging the wealth gap for people of color, and integrating housing counseling into the mortgage process. If Congress revisits the question of housing finance reform and what should be done with Fannie Mae and Freddie Mac, there will be opportunities to include housing counseling in the reform solutions. Disaster recovery legislation should include housing counseling services and CDBG-DR funding authorization should be year-round rather than requiring separate authorizations for each disaster, delaying recovery funding and housing counseling services.

TIPS FOR LOCAL SUCCESS

When talking to legislators, keep your advocacy as locally-focused as possible.

- Discuss the local communities you serve, why people from those communities are seeking housing counseling services, and the outcomes you are helping them to achieve.
- Describe some of the local trends you are seeing (e.g., are more first-time homebuyers seeking out pre-purchase counseling or are large numbers of folks still seeking delinquency and default counseling?)
- Focus on the real-life impact that HUD-approved counseling agencies are having

on people in the state/district. Include counseling clients in meetings. Meeting first-time homebuyer or a former client of a housing counseling agency can have a lasting impact on a legislator or his or her staff. Offer to be help constituents who call the district office for help on housing issues.

Do not assume every congressional office is aware of the HUD-approved counseling agencies in their district or state. Provide a list of HUD-approved counseling agencies that serve the relevant communities of the lawmakers you meet with (you can search for HUD-approved counseling agencies by state using the HUD search tool at <https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm> or by zip code using the CFPB search tool at <https://www.consumerfinance.gov/find-a-housing-counselor/>). When providing a list of local agencies to staff, explain its value for their constituents calling the legislative office about housing issues.

Finally, data is always a powerful tool to showcase impact. Every HUD-approved counseling agency provides data to HUD (9902 data), including client income level, race and ethnicity information, and types of counseling sought. In addition to HUD 9902 data, you can ask local counseling agencies for specific data that you can present at your meetings.

WHAT TO SAY TO LEGISLATORS

The profile and perception of housing counseling has improved in recent years, particularly among legislators and their staff on the Republican side of the aisle. With the creation of the OHC, past concerns about HUD's administration of the program seem to have dissipated and housing counseling advocates are generally well-received by both Democratic and Republican offices. That said, advocates should adjust their messaging appropriately for the office with which they are meeting.

- **Have a concrete ask.** If you are talking with a member of the Appropriations Committee, “Please support \$65 million for HUD Housing Counseling in the FY20 budget.” If you are talking with a legislator, “Please tell your

Appropriations Committee leadership that you support \$65 million for HUD Housing Counseling in the FY20 Budget.”

- **Focus on local issues.** Focus on the local impact counseling has in the legislator's state or district, including using localized data if possible (please see “Tips for Local Success,” above).
- **Use current data and research.** Make sure the data you use demonstrates the effectiveness and value of counseling. Advocates should be prepared to point to one or two studies and talk to their representatives about the value of housing counseling services, not just for consumers but for all participants in the housing process (i.e., benefits to lenders, investors, servicers, etc.). OHC has a comprehensive review of research into the effectiveness of housing counseling at <https://www.huduser.gov/portal/sites/default/files/pdf/Housing-Counseling-Works.pdf>.
- **Connect program effectiveness to funding.** Highlight the overall decline in federal funding for housing counseling (please see “Funding,” above) and the need for additional support.
- **Be a resource.** Some legislators and their staffs will come to a meeting with little knowledge of counseling, in which case you will have to start at the beginning and give them a clear understanding of what housing counseling is. Highlight how your agency can serve as a resource to your lawmakers to whom they can refer their constituents who come to them with issues you may be able to help resolve.
- **Build a champion.** The overall goal when meeting with legislators is to win them over as champions for housing counseling who will be willing to tell leadership that fully funding counseling is a top priority. Try to approach your meetings with legislators as an opportunity to give that legislator a reason to want to be a champion for housing counseling.

- **Stay on message.** Not all lawmakers understand or support housing counseling assistance. Do not let this deter you from sticking to your goal. Explain what a typical counseling session looks like. Focus on the holistic approach counseling takes to improve clients' overall financial well-being and sustainability. Emphasize stories and data from the local district.
- **Tell NHRC if you find a housing counseling champion.** Contact Melody Imoh at NHRC if you find a strong housing counseling supporter at mimoh@hsgcenter.org.

TALKING TO APPROPRIATORS

When talking to appropriators or their staffs, you are likely to hear either that they are unable to fully fund all of the programs because spending levels are too low or that they would love to fully fund HCA but do not have much say because they are in the minority.

There are several responses to this, including:

- It is critical that Congress lift spending caps in order to ensure that critical programs such as housing counseling are able to meet the existing demand that exists in their district.
- Federal funding for HCA is down significantly since 2010 (please see "Funding," above) and funding for foreclosure mitigation counseling was eliminated in the FY17 spending bill.
- Although foreclosures are down from their peak, default and delinquency continue to be a major share of our work (if that is true for your agency).
- As the housing market has recovered, demand for pre-purchase counseling is soaring. It is critical that potential homebuyers are given the tools they need to become successful homeowners.

RESOURCES FOR HOUSING COUNSELING

HUD's OHC website has relevant resources for housing counselors, advocates, homeowners,

and tenants: <https://www.hudexchange.info/programs/housing-counseling/>.

Find housing counseling in your area: <https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm> (to search by state) or <https://www.consumerfinance.gov/find-a-housing-counselor/> (to search by ZIP code)

HUD 9902 quarterly reports (these are the quarterly reports each HUD-approved counseling agency is required to submit and include data on client demographics and types of counseling provided): <https://www.hudexchange.info/programs/housing-counseling/9902-quarterly-reports/>.

OHC has an excellent summary of research into the effectiveness of housing counseling: <https://www.huduser.gov/portal/sites/default/files/pdf/Housing-Counseling-Works.pdf>.

A particularly helpful study on pre-purchase counseling: <https://www.huduser.gov/portal/periodicals/cityscape/vol18num2/ch4.pdf>.

A particularly helpful study on foreclosure prevention counseling: [http://www.neighborworks.org/Documents/HomeandFinance_Docs/Foreclosure_Docs/ForeclosureCounseling\(NFMC\)_Docs/2014_NFMC_UrbanInstituteReport.aspx](http://www.neighborworks.org/Documents/HomeandFinance_Docs/Foreclosure_Docs/ForeclosureCounseling(NFMC)_Docs/2014_NFMC_UrbanInstituteReport.aspx).

National Housing Resource Center is an advocacy organization for the nonprofit housing counseling community and has resources for counselors and advocates: www.hsgcenter.org.