

Housing Counseling

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Administering agency: HUD's Office of Housing Counseling in the Single-Family Support Division of the Office of Housing

Year program started: 1968; Office of Housing Counseling started in 2012

Number of persons/households served: More than 1.6 million households

Population targeted: Low and moderate income households, rural populations, people of color, and people with Limited English Proficiency (LEP)

FY14 funding: \$45 million

Housing counseling agencies are critical resources for communities and low income families. For the past 40 years, housing counselors have worked to help people achieve a broad spectrum of goals related to housing, from renting or purchasing a home to setting a budget and accessing resources to help stay in a home. Housing counselors were on the front lines during the recent housing crisis, working to help families stay in their homes and connect their communities to important resources. Housing counseling agencies are also important providers of affordable, high-quality homebuyer education and counseling and post-purchase counseling, which prepare potential borrowers for the processes of purchasing and owning a home. According to HUD's Office of Housing Counseling (OHC), HUD-approved housing counseling agencies assisted more than 1.9 million households in 2011. The Office of Housing Counseling at HUD provides crucial support for housing counseling agencies, including regulatory guidance, certification and training, and grant funding.

HISTORY

The HUD Housing Counseling program was 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." HUD is authorized to provide grants and to contract with public and private organization to provide housing counseling services to homeowners and tenants; HUD is also authorized to provide Home Equity Conversion Mortgages (HECM) counseling by the National Housing Act.

The 2010 Dodd-Frank financial reform legislation outlined the creation of a new HUD Office of Housing Counseling, as part of the broader "Expand and Preserve Home Ownership through Counseling Act." OHC was established in 2012, and consists of three offices: the Office of Policy and Grant Administration, the Office of Outreach and Capacity Building, and the Office of Oversight and Accountability. The new office aims to monitor market conditions and program execution, in order to create effective, responsive programming.

PROGRAM SUMMARY

The Office of Housing Counseling is supported by almost 70 staff from the Single Family Support Division of HUD's Office of Housing. OHC staff work at sites across the country, supporting HUD's national network of housing counseling agencies in order to carry out OHC's mission to help families "obtain, sustain, and retain their homes."

OHC provides several key services for housing counseling agencies. OHC is in charge of certifying housing counseling agencies as HUD-approved, and ensuring that HUD-approved agencies continue to meet HUD's performance and service delivery standards. OHC also approves housing counseling intermediaries, which provide housing counseling services through networks of affiliates. Intermediaries manage pass-through funding, ensure compliance with program standards, and cultivate best practice through peer learning. Finally, OHC supports housing counseling agencies through grant funds, which are a key source of financial support for agencies that often provide services free of charge to their clients. In 2013, HUD awarded \$40 million in grants to housing counseling agencies, which supported those agencies' work counseling homeowners and tenants.

OHC is working to streamline the process of granting and maintaining HUD-approval for Housing Counseling agencies and the process of distributing grant funds. OHC has also formed several interdisciplinary teams to develop

recommendations and solutions to challenges facing housing counselors and housing counseling intermediaries. Finally, OHC also released a proposed rule in late 2013 to certify housing counselors at HUD-approved agencies.

FUNDING

\$45 million is appropriated to HUD housing counseling programs for FY14, split between Comprehensive Housing Counseling funds for service provision and Housing Counseling Training funds. This is equivalent to 2013 pre-sequester funding levels and is a significant cut from peak funding levels of \$88 million in FY 2011. The Administration's FY15 budget request to Congress seeks \$60 million: \$52.5 million for direct provision of housing counseling services; \$3 million for training; and, \$4.5 million for administrative contract services to streamline internal processes.

2014 FORECAST

In 2014, OHC is expected to release a final rule on certification standards for housing counselors working at HUD-approved counseling agencies, and intends to better track industry and program outcomes in 2014 through updated data collection and impact reporting. OHC is also working with the Federal Housing Administration to integrate housing counseling into FHA policy; the FHA sees housing counseling as a potential risk mitigator that can help to strengthen loan portfolios that can also help more families achieve their homeownership goals. Finally, OHC will continue to improve the efficiency of the grant funding process and the performance and visibility of HUD counseling agencies.

TIPS FOR LOCAL SUCCESS

One significant challenge facing housing counseling agencies is a lack of awareness about the existence and advantages of housing counseling and homebuyer education among communities that could benefit greatly from their services. Advocates should find out whether there are HUD-approved housing counseling agencies in their area and raise awareness about the valuable resources that housing counseling agencies can provide to their communities. HUD links to two different search methods, one by state (<http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>) and the other by zip code (<http://www.consumerfinance.gov/find-a-housing-counselor/>).

WHAT TO SAY TO LEGISLATORS

Raising awareness about the value of housing counseling services is especially crucial as housing finance reform efforts move forward in Congress, since opportunities may arise to further integrate housing counseling and homebuyer education in a new housing finance system. Advocates should emphasize the strong evidence backing the value of pre-purchase homebuyer education and post-purchase counseling as tools for mitigating borrowers' risk of default and delinquency. For example the Freddie Mac Working Paper, April 2013 "The Benefits of Pre-Purchase Homeownership Counseling," and the Urban Institute's "National Foreclosure Mitigation Counseling Program Evaluation, Final Reports Rounds 1 and 2," prepared for Neighborworks America, December 2011.

Given cutbacks to housing counseling programs in recent years, advocates should encourage lawmakers to support new housing counseling business models and innovations, including distance learning and online technology-based programs. Advocates should also continue to urge Congress to fully fund HUD programs that provide crucial services to families, including the Office of Housing Counseling and its programs.

FOR MORE INFORMATION

- HUD's Office of Housing Counseling website has relevant resources for housing counselors, advocates, homeowners, and tenants looking for services in their area, <http://1.usa.gov/1iiUkem>
- The Consumer Financial Protection Bureau recent released a new tool to help consumers find housing counselors in their area, <http://1.usa.gov/1qzvVDO>
- The National Industry Standards for Homeownership Education and Counseling outline guidelines for high-quality homebuyer education and counseling programs, <http://bit.ly/1nmV3eX>
- Housing Partnership Network, 617-720-1999, <http://www.housingpartnership.net>