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# Chapter 7:

## HOUSING TOOLS

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# Housing Counseling Assistance

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**Administering Agency:** HUD's Office of Housing Counseling

**Year Started:** 1968

**Number of Persons/Households Served:** More than 957,58 households in FY20

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

**Funding:** \$57.5 million in FY2021

**T**he Housing Counseling Assistance (HCA) Program provides grants to nonprofit, HUD-approved housing counseling agencies. Grants 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. HUD required that by August 2021 all HUD-approved housing counseling agencies must provide counseling services via certified counselors.

## 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 2020, 72% of counseled households had incomes below 80% 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 FY20, almost two-thirds of all clients of HUD-approved counseling agencies sought one-on-one counseling and a little more than 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 seek 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 (47%) or a financial literacy workshop (41%) that covers home affordability, budgeting, and understanding credit.

## HOUSING COUNSELING ASSISTANCE FUNDING

Federal funding for housing counseling is a constant legislative push for advocates, especially in recent years. At its peak, federal funding for the HCA program was \$87.5 million for FY2010. However, since the elimination of the National Foreclosure Mitigation Counseling (NFMC) program and the lowering of HUD Housing Counseling Assistance allocations, the housing counseling field has had to deal with lower overall funding, staff reductions, and agency closings. For FY2019, the Housing Counseling Assistance program was funded at \$50 million. For FY2020, the House and Senate Conference funded the program at \$53 million. For FY2021, Congressional funding was \$57.5 million.

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. As of the writing of this publication, there is legislation to incentivize FHA borrowers to participate in housing counseling programs by providing discounts on the required mortgage insurance. That legislation, the “Housing Financial Literacy Act of 2019,” has passed the House and may be introduced in the Senate.

Housing counseling advocates will remain involved in a wide range of housing policy advocacy, including the expansion of 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, eviction prevention, and integrating housing

counseling into the mortgage process. If Congress revisits housing finance reform of Fannie Mae, and Freddie Mac, there will be opportunities to include housing counseling in that conversation.

Finally, disaster recovery legislation should include housing counseling services. The bipartisan “Reforming Disaster Recovery Act” would permanently authorize Community Development Block Grant Disaster Recovery funding and make it year-round rather than requiring separate authorizations for each disaster, speeding up the availability of recovery funding and housing counseling services.

## TIPS FOR LOCAL SUCCESS

When talking with legislators, keep advocacy as locally focused as possible.

- Discuss the local communities served by advocates, why people from those communities are seeking housing counseling services, and the outcomes advocates are helping them to achieve.
- Describe some of the local trends that advocates 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 have on people in the state/district. Include counseling clients in meetings. Meeting a 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 help constituents who call the district office with housing issues, which is the best way to develop a lasting bond with the legislator.

Do not assume that 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 relevant communities (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 who call 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, local counseling agencies can provide their local data to present at advocate meetings. The national 9902 data is available [here](#) (fourth quarter data is the full data for the year).

## WHAT TO SAY TO LEGISLATORS

The profile and perception of housing counseling has improved in recent years. 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 talking with a member of the Appropriations Committee, “Please support \$100 million for HUD Housing Counseling in the upcoming budget.” If talking with a legislator, “Please tell your Appropriations Committee leadership that you support \$100 million for HUD Housing Counseling in the upcoming budget.”
- **Focus on local issues.** Focus on the local impact counseling has in the legislator's state or district, including using localized data as often as possible, if available (please see “Tips for Local Success,” above).
- **Use current data and research.** Make sure any data presented 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 connection between funding levels and the ability to start, continue, and/or expand operations to serve their communities (please see “Funding,” above).
- **Be a resource.** Turnover is very common on the Hill, so many legislators and their staff may hold a meeting with very little knowledge or understanding of housing counseling. In these instances, it's critical that advocates position themselves as a resource for the office. Highlight how an agency can be of assistance to their office, either for constituent services or if they need housing data for internal or external policy documents.
- **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 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. Explain what a typical counseling session looks like. Be specific but clear. 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 the National Housing Resource Center (NHRC) about a housing counseling champion.** Contact Bruce Dorpalen at NHRC about a strong housing counseling supporter at [bdorpalen@hsgcenter.org](mailto:bdorpalen@hsgcenter.org). NHRC will follow up your good work.

## TALKING TO APPROPRIATORS

When talking to appropriators or their staffs, advocates 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:

- Housing counseling is a much cheaper investment than unnecessary foreclosures and evictions.
- Housing counseling is a small program with a high return on investment.
- Demand for pre-purchase counseling is soaring. It is critical that potential homebuyers are given the tools they need to become successful homeowners.
- Although foreclosures are down from their peak, default and delinquency continue to be a major share of our work (if that is true for the agency).

## 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 a specific 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/cityscpe/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).

NHRC is an advocacy organization for the nonprofit housing counseling community and has resources for counselors and advocates: [www.hsgcenter.org](http://www.hsgcenter.org).