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# Chapter 8:

# 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 24 million counseling units from 2006-2020

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

**Funding:** \$57.5 million in FY2022.

The Housing Counseling Assistance (HCA) Program provides competitive grants to nonprofit HUD-approved housing counseling agencies.

## HISTORY

HUD’s Housing Counseling Assistance Program was originally authorized by the “Housing and Urban Development Act of 1968” “to provide counseling and advice to tenants and homeowners, to assist them in improving their housing conditions, meeting their financial needs, and fulfilling the responsibilities of tenancy or homeownership.”

Later, the Obama Administration signed the “Dodd-Frank Wall Street Reform and Consumer Protection Act” into law in 2010. This legislation made significant changes to HUD’s Housing Counseling Assistance program, including the creation of the Office of Housing Counseling (OHC) within HUD. It also required all housing counselors in HUD-approved counseling agencies to become certified by August 2021. As a result, there is a shortage of HUD-certified housing counselors to help meet the high demand for services nationwide.

## PROGRAM SUMMARY

HUD-approved housing counseling agencies have been on the frontlines of helping predominantly low and moderate-income households achieve their housing goals including purchasing their first home, saving their home from foreclosure, and affordable rental housing. Housing counselors also work to improve their clients’ financial outlooks by teaching them household budgeting skills, steps on paying down debt, and ways to increase savings.

HUD-approved counseling agencies provide both counseling services and educational programs. Housing counseling is conducted one-on-one with clients to deliver personalized information including a review of income, credit, household budget, and savings. Almost two-thirds of all clients of HUD-approved counseling agencies seek out one-on-one counseling and over one-third engaged in 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. Education programs deliver general information in a group workshop setting or online.

Two-thirds of counseling clients seek to either purchase a home, often for the first time, or resolve or prevent mortgage delinquency or default. The remaining one-third of counseling clients who seek assistance with rental housing or homelessness are seniors interested in a reverse mortgage, homeowners seeking home maintenance, and financial management assistance.

## HOUSING COUNSELING ASSISTANCE FUNDING

Federal funding for housing counseling is a constant legislative effort among advocates,

especially in recent years. At its peak, federal funding for HUD's HCA program was \$87.5 million for FY2010. Unfortunately, since the elimination of the National Foreclosure Mitigation Counseling (NFMC) program, and major reductions to HUD HCA allocations, the housing counseling field has had to manage operations with lower overall funding, staff cuts, and significant 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 & FY 2022, congressional funding was \$57.5 million. The program was flat-line funded two years in a row, which acts as a program cut in today's inflationary environment.

Housing counseling advocates will remain involved in a broad 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, bridging the wealth gap for minorities, eviction prevention, and integrating housing counseling into the mortgage process. There will be opportunities to include housing counseling in various federal government programs and housing initiatives.

Disaster recovery legislation is a major concern for housing advocates. Disaster recovery efforts should include housing counseling services to help families meet their housing needs. 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.

- Schedule meetings with House Republicans leaders and Senate Democrat leaders to

discuss HCA funding

- Discuss the local communities served by advocates, why people from low-moderate income communities are seeking housing counseling services, and the outcomes housing counselors are helping them to achieve. Quantify any outcomes if possible or share client stories when appropriate.
- 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. 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 an ongoing and valued relationship 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 to 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](#) (the fourth quarter data is the full data for the year).

## WHAT TO SAY TO LEGISLATORS

The profile and perception of housing counseling have 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 demonstrate 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, advocates must 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 Cristy Villalobos-Hauser at NHRC about a strong housing counseling supporter at [cvillaloboshauser@hsgcenter.org](mailto:cvillaloboshauser@hsgcenter.org). NHRC will follow-up on your good work.

## TALKING TO APPROPRIATORS

When talking to appropriators or their staff, 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.
- Additional funding could help create more housing counseling jobs and further increase

the capacity of local agencies to meet high demand of services among local communities.

- Demand for pre-purchase counseling and rental assistance is soaring. Potential homebuyers must be 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 your agency).

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).

## 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).