

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Housing

Housing Counseling Assistance

SUMMARY OF RESOURCES

(Dollars in Thousands)

	Enacted/ Requested	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2019 Appropriation	50,000	40,301 ^a	-	90,301	82,010	42,997
2020 Appropriation	53,000	7,350	-	60,350	53,000	52,000
2021 President's Budget	45,000	7,000	-	52,000	45,000	56,000
Change from 2020	(8,000)	(350)	-	(8,350)	(8,000)	4,000

a/ Carryover into 2019 includes recaptures totaling \$0.69 million.

PROGRAM PURPOSE

The Housing Counseling Assistance Program supports a network of Housing Counseling Agencies and counselors to assist consumers in improving their housing quality and affordability through budgeting, saving, use of credit, and understanding the rights and responsibilities of homeownership and tenancy. HUD provides grants to counseling agencies and training for counselors to assist current and prospective homebuyers, homeowners, and tenants on a variety of topics including the purchase and rental of housing, budgeting, credit counseling, foreclosure or eviction prevention, home maintenance, fair housing laws, identifying and reporting predatory lending practices, and requirements and guidance regarding the Home Equity Conversion Mortgage program. In addition, the Office of Housing Counseling (OHC) uses administrative contracts to support education and outreach, enhance agency oversight and grantee compliance, and conduct congressionally mandated activities, including the housing counselor certification testing and validation system. OHC also uses administrative contracts to support the statutorily required Home Equity Conversion Mortgage (HECM) program.

BUDGET OVERVIEW

The 2021 President's Budget requests \$45 million for Housing Counseling, which is \$8 million less than the 2020 enacted level.

This budget supports the program priorities with the following funds available for:

- Grants for Housing Counseling Agencies and Training - \$40.5 million; and
- Administrative Contract Services - \$4.5 million.

JUSTIFICATION

The requested level of funding will permit OHC, through its network of approximately 1,750 housing counseling agencies, to support 930,000 consumers at a cost of approximately \$48 per person.¹ Housing Counseling Agencies generally leverage about six dollars for every appropriated dollar. This would continue service levels requested in the 2020 Budget. Specifically, the request supports the following activities:

¹ The projection methodology involves analyzing previous years actual data to see how well it would have predicted client volume. The percentage difference between actual and projected clients are calculated, and the variance is applied to the desired future fiscal year to estimate total clients served. The current projection methodology uses data from 2013 to the present.

Grants for Housing Counseling Agencies and Training

This funding will support competitive to grants to approximately 1,200 HCAs in HUD's national network to support the direct provision of a holistic range of housing counseling and education services appropriate to local market conditions and individual consumer needs. In addition, training funds will support and strengthen the quality of housing counseling through training for organizations and counselors to increase subject matter expertise. Training grants are competitive and open to nonprofit and government organizations with experience providing housing counseling education. Often training grant providers are national organizations that manage a network of housing counseling agencies and provide education on wide range of affordable housing issues. Training is offered to ensure that housing counseling agencies and counselors are qualified to provide effective tools to consumers to assist them in making responsible choices to address their housing needs. This will address emerging housing needs such as preventing reverse mortgage defaults and disaster prevention and recovery. OHC proposes using up to 10 percent of program dollars, or approximately \$4.05 million, for training grants to allow flexibility to support training.

Administrative Contract Services

This will be used to support outreach and awareness efforts, to improve data and reporting, and reduce administrative burden on counseling agencies and HUD. In addition, funding will enhance agency oversight, ensure program compliance, and support congressionally mandated activities where funding permits, including the housing counselor certification testing and validation system and the provision of HECM and HECM default counseling. HUD also uses administrative contracts to support the Housing Counseling Federal Advisory Committee. The amount proposed for administrative contracts, \$4.5 million, is a maximum figure and may be reduced to respond to administration priorities or market needs.

This funding will support OHC's continued efforts to develop an on-line business improvement interface which will streamline HUD's internal processes, modernize its reporting and analysis capabilities, and document the outcomes of counseling services. OHC will implement the proposed initiatives with guidance from HUD Office of the Chief Information Officer (OCIO) and within its operating policies and procedures. Funding for administrative contracts will also assist OHC to reduce risk in the program by augmenting expertise on financial and program oversight, streamlining HUD compliance activities, and creating a knowledge management system to ensure program information is accurate, consistent, and easily accessible. Administrative contract services continue to support efforts to improve the accuracy of reporting and the efficiency of services provided by housing counseling agencies, with the goal of reducing the administrative burden of agencies and consumers. Administrative contracts are vital to HUD's ability to meet Congressional mandates.

Program Impact

Data collected by HUD through agency quarterly reporting shows the impact of the program, including the positive outcomes clients experience such as improving their housing situation or developing a sustainable budget. The data also reveals shifts in the volume and type of services consumers demand, allowing OHC to assess the benefits to clients and use that information to manage the program and deliver services more effectively.

Through the fourth quarter of 2019, approximately 1,015,911 consumers received individual counseling and education services. Of those, approximately 52 percent were racial minorities (38 percent black/African American and 10 percent multiple race), 18 percent were Hispanic, and approximately 57 percent were low- to moderate-income.

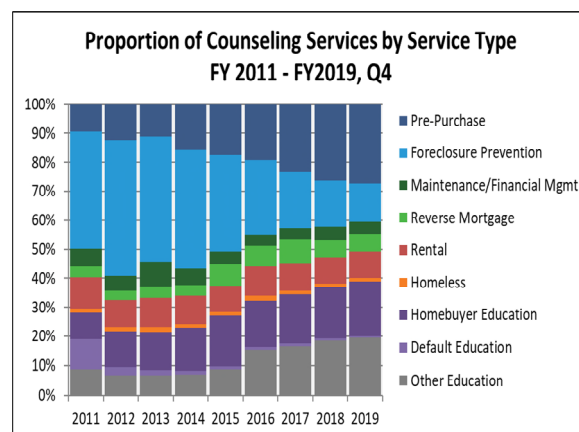
- Pre-purchase counseling continues to show a slight upward trend, from 23 percent of all housing counseling activities in the fourth quarter of 2017, to 26 percent in the fourth quarter of 2018, and to 27 percent in the fourth quarter of 2019.
- Delinquency and foreclosure prevention counseling decreased slightly as a percentage of all other services offered. These services represented 13 percent of all services through the fourth quarter of 2019 as compared to 16 percent the fourth quarter of 2018 and 19 percent the fourth quarter of 2017.
- Approximately 12,900 households received homeless assistance counseling and 10,350 homeless or potentially homeless households obtained temporary or permanent housing;
- Counselors helped approximately 360,000 households develop sustainable budgets;
- More than 152,370 households improved their financial capacity (e.g. increased discretionary income, decreased debt load, increased savings, and increased credit score); and more than 149,813 households gained access to resources to help them improve their housing situation (e.g. down payment assistance, rental assistance, and utility assistance).
- Agencies served 113,423 clients in rural areas.
- Research conducted by third parties supports the effectiveness of housing counseling. HUD has reviewed approximately 50 studies of the program and most show a positive correlation between housing counseling and better credit, reduced debt, greater savings, higher satisfaction with the mortgage process and fewer foreclosures.²

Counselor Certification

By August 1, 2020, all housing counselors are required to be certified by HUD to provide quality housing counseling services. The certification requirement is Congressionally mandated. To comply with this mandated certification, Housing Counseling has created a landing page to increase awareness to the certification deadline³. The landing page provides information on the examination process, application to certification, tracking page of agencies meeting this goal, best practices and success stories, frequently asked questions about the final rule, and a countdown to the deadline. Housing Counseling will continue tracking and making this final rule visible for housing counselors requiring certification.

Key Partners and Stakeholders

HUD continues to work on issues affecting seniors with the Consumer Financial Protection Bureau (CFPB), Treasury Department (Treasury), and the National Reverse Mortgage Lenders Association. HUD also works on default prevention with the Financial Services Roundtable, the HOPE NOW alliance, the Mortgage Bankers Association, the Coalition of HUD Intermediaries, the National Housing Resource Center, as well as other federal agencies including the CFPB, Treasury, Federal Housing Finance Agency, and the Government-Sponsored Enterprises. Also, OHC has worked with mortgage industry leaders and real estate trade associations to incorporate and pay for counseling as part of the home purchase process. The Housing Counseling Federal Advisory Committee (with 12 members representing the mortgage companies, housing counseling agencies, real estate sectors, and clients) has been highly engaged and effective. In response to the Committee's recommendations,



² Marina Myhre PH. D Social Science Analyst, Program Evaluation Division, HUD Office of Policy Development and Research in comments before the October 4th Financial Education and Literacy Committee (FLEC) chaired by the Secretary of Treasury

³ Housing Counselor Certification

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

HUD has successfully launched activities to expand visibility and awareness of the program, provided social media training for housing counseling agencies, and identified program models for public and private partnerships. The Office of Housing Counseling is now a member of the Financial Literacy and Education Executive Committee (FLEC). HUD's Office of Housing Counseling will have primary responsibility for coordinating FLEC's housing related efforts, including adopting metrics to demonstrate the effectiveness of housing counseling.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2019 Budget Authority	2018 Carryover Into 2019	2019 Total Resources	2019 Obligations	2020 Appropriation	2019 Carryover Into 2020	2020 Total Resources	2021 President's Budget
Housing Counseling Assistance	45,500	35,811	81,311	78,645	48,500	2,850	51,350	40,500
Administrative Contract Services	4,500	4,490	8,990	3,365	4,500	4,500	9,000	4,500
Total	50,000	40,301	90,301	82,010	53,000	7,350	60,350	45,000

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposals

The 2021 Budget supports the following legislative proposal and will seek changes through the authorization process rather than the appropriations process:

- **Tribal Entities:** The 2021 Budget supports a legislative change that adds Indian tribes and tribally designated housing entities to the list of eligible grantees under Housing Counseling.

APPROPRIATIONS LANGUAGE

The 2021 President's Budget includes proposed changes in the appropriation language listed below. New language is italicized, and language proposed for deletion is bracketed.

For contracts, grants, and other assistance excluding loans, as authorized under section 106 of the Housing and Urban Development Act of 1968, as amended, [~~\$53,000,000~~] *\$45,000,000*, to remain available until September 30, [2021] *2022*, including up to \$4,500,000 for administrative contract services [and up to \$3,000,000 for the certification of housing counselors as required under 12 U.S.C. 1701x: Provided, That grants made available from amounts provided under this heading shall be awarded within 180 days of enactment of this Act]: Provided [further], That funds shall be used for providing counseling and advice to tenants and homeowners, both current and prospective, with respect to property maintenance, financial management or literacy, and such other matters as may be appropriate to assist them in improving their housing conditions, meeting their financial needs, and fulfilling the responsibilities of tenancy or homeownership; for program administration; and for housing counselor training: Provided further, That for purposes of providing such grants from amounts provided under this heading, the Secretary may enter into multiyear agreements, as appropriate, subject to the availability of annual appropriations. (Department of Housing and Urban Development Appropriations Act, 2020.)