

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**HOUSING**  
**HOUSING COUNSELING ASSISTANCE**  
**2020 Summary of Resources**

*(Dollars in Thousands)*

	<b>Enacted/ Requested</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2018 Appropriation	55,000	4,217 <sup>a</sup>	-	59,217	18,575	50,869
2019 Annualized CR	55,000	40,232 <sup>b</sup>	-	95,232	95,000	56,843
2020 Request	45,000	-	-	45,000	45,000	57,000
Change from 2019	(10,000)	(40,232)	-	(50,232)	(50,000)	157

a/ Carryover into 2018 includes recaptures totaling \$0.24 million.

b/ Carryover into 2019 excludes \$0.41 million that expired at the end of FY 2018.

**1. Program Purpose and Budget Overview**

The 2020 President’s Budget requests \$45 million for the Housing Counseling Assistance program, which is \$10 million less than the 2019 Annualized Continuing Resolution (CR) level. Funding at this level will permit the Office of Housing Counseling (OHC), through its network of approximately 1,840 housing counseling agencies, to assist more than 958,000 consumers to improve their housing quality and affordability through budgeting, saving, use of credit, and understanding the rights and responsibilities of homeownership and tenancy.

**2. Request**

This funding request supports the following priorities:

- Grants to local providers of \$38.5 million: To distribute competitively to support the direct provision of a holistic range of housing counseling and education services appropriate to local market conditions and individual consumer needs.

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- Training of counselors funding of \$2 million: To strengthen the quality of housing counseling through training for organizations and counselors that increase subject matter expertise. This supports the statutory requirement that housing counselors associated with HUD programs become HUD-certified by August 1, 2020.
- Administrative contracts funding of \$4.5 million: To support education and outreach, enhance agency oversight, and conduct congressionally mandated activities where funding permits, including the housing counselor certification testing and validation system. In addition, HUD uses administrative contracts to support the statutorily required Home Equity Conversion Mortgage (HECM) housing counseling program and housing counselor certification.

### 3. Justification

#### Impact of Housing Counseling

Housing Counseling ranges from addressing the crises of homelessness or foreclosure, to planning for first-time home purchases or setting up matched savings accounts. OHC has measures in place to demonstrate the impact of housing counseling services provided by its HUD-approved housing counseling network. Program activity is reported to the Department by HUD-approved housing counseling agencies and published quarterly on the website. The following reflects OHC's data through the third quarter of 2018:

- Nearly 817,000 consumers received individual counseling and education services. Of those, approximately 54 percent were racial minorities, 18 percent were Hispanic, and nearly 60 percent were low- to moderate-income;
- Delinquency and foreclosure prevention counseling continue to decline as a percentage of all other services offered. These services represented 16 percent of all services in the third quarter of 2018, down from 20 percent for 2017;
- Pre-purchase counseling continues to show an upward trend. In the third quarter of 2018, pre-purchase counseling represented 28 percent of services, up from 20 percent in 2017;
- Approximately 10,500 households received homeless assistance counseling;
- Nearly 7,800 homeless or potentially homeless households obtained temporary or permanent housing;
- Nearly 120,500 households improved their financial capacity (e.g. increased discretionary income, decreased debt load, increased savings, or increased credit score);
- Counselors helped 212,800 households develop sustainable budgets; and

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- Approximately 118,000 households gained access to resources to help them improve their housing situation (e.g. down payment assistance, rental assistance, utility assistance, etc.).

Housing Counseling plays a critical role in providing valuable services to underserved communities across the country. For families affected by disasters, housing counselors provide access to public and private resources and assist with the difficult decision of whether to rebuild or relocate. HUD has expanded the resources available for housing counselors working with victims of disasters, providing flyers in several languages, training, and support for the unique challenges faced by victims of hurricanes and fires. HUD housing counseling agencies are often selected by local governments to play a critical role in long-term disaster recovery, and HUD provides technical assistance when requested.

There are currently approximately 225 HECM-certified counseling agencies, up from 195 agencies at the start of 2018. These agencies employ about 470 counselors who served nearly 96,000 seniors seeking reverse mortgage counseling. About 200 of these agencies provide default counseling services for forward and reverse mortgage borrowers. Overall, about 1,500 agencies provide default counseling. These agencies served nearly 220,000 families and individuals seeking counseling services aimed at preventing delinquency and foreclosure.

### Information Technology Modernization to Streamline Operations

Administrative contract services are supporting the development of recommendations to improve the accuracy of reporting and the efficiency of services provided by housing counseling agencies, with the goal of reducing the administrative burdens of agencies and consumers. OHC is working to implement the recommendations from the contractor by developing an online technology solution (using only in-house staff), which will streamline HUD's internal processes, modernize its reporting and analysis capabilities, and document the outcomes of counseling services. Additionally, funding for administrative contracts will continue to 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. As well, OHC will continue to work on increasing the public's awareness of the benefits of housing counseling through an increased emphasis on social media, video, flyers, and other visible materials.

### Key Partners and Stakeholders

The funding requested will also support the congressionally-mandated Housing Counseling Federal Advisory Committee. The Committee has been highly engaged and effective. In 2018, the Committee met twice and made a dozen recommendations to improve

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the program, many of which were accepted by HUD. In response to the Committee's recommendations, HUD has launched activities to expand visibility and awareness in the program, to provide social media training for housing counseling agencies, and to identify program models for public and private partnerships.

HUD works on issues affecting seniors with the Consumer Financial Protection Bureau (CFPB), National Council for the Aging, AARP, the National Reverse Mortgage Lenders Association, and other experts on housing for the aging. HUD also works on default prevention with the Financial Services Roundtable, the HOPE NOW alliance, the Mortgage Bankers Association, the Financial Literacy and Education Commission, the Coalition of HUD Intermediaries, the National Housing Resource Center, and others, and fellow federal agencies including the CFPB, Treasury, Federal Housing Finance Agency, and government-sponsored enterprises. In addition, OHC works closely with other HUD programs and the Federal Housing Administration (FHA) to facilitate full implementation of counselor certification in those programs by 2020 as required in the certification rule.

OHC has engaged in projects that increase the visibility and quality of HUD-approved housing counseling and worked to incorporate counseling into the mortgage process. OHC efforts with the Mortgage Industry Standards Maintenance Organization (MISMO) provide lenders, servicers, and other members the technical data standards to program their automated systems for the transfer and exchange of borrower, client, mortgage loan, servicing, demographic, counseling, and investor information.

In addition, OHC works with many federal, state and local programs and private initiatives to leverage dollars and resources to improve the housing situation of individuals and families. Agencies raise \$6 of private or non-federal funding for every dollar of federal funding. Funding remains a significant challenge for organizations. Therefore, HUD is researching whether similar program models benefiting from private funding could be replicated throughout the HUD housing counseling network. In 2020, HUD also intends to explore whether it can leverage its existing grantmaking infrastructure to reduce the costs of grantmaking by other public and private entities.

Recently, organizations such as Fannie Mae and Wells Fargo have launched new loan programs requiring the use of HUD-approved housing counseling agencies. OHC worked to incorporate housing counseling questions and a housing counseling acknowledgement into the Uniform Residential Loan (URLA), which was recently redesigned and planned for release in 2019.

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**Other Legislative Proposals and Programmatic Improvements**

The 2020 Budget supports the following legislative change that will result in programmatic improvements. HUD will seek this change through the authorization process rather than the appropriations process. This legislative change adds Indian tribes and tribally-designated housing entities to the list of eligible grantees under Housing Counseling.

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Summary of Resources by Program**

*(Dollars in Thousands)*

<b>Budget Activity</b>	<b>2018 Budget Authority</b>	<b>2017 Carryover Into 2018</b>	<b>2018 Total Resources</b>	<b>2018 Obligations</b>	<b>2019 Annualized CR</b>	<b>2018 Carryover Into 2019</b>	<b>2019 Total Resources</b>	<b>2020 Request</b>
Housing Counseling Assistance	50,500	367	50,867	15,258	50,500	35,742	86,242	40,500
Administrative Contract Services	4,500	3,850	8,350	3,317	4,500	4,490	8,990	4,500
<b>Total</b>	<b>55,000</b>	<b>4,217</b>	<b>59,217</b>	<b>18,575</b>	<b>55,000</b>	<b>40,232</b>	<b>95,232</b>	<b>45,000</b>

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Appropriations Language**

The 2020 President’s Budget includes the appropriation language listed below:

*For contracts, grants, and other assistance excluding loans, as authorized under section 106 of the Housing and Urban Development Act of 1968, as amended, \$45,000,000, to remain available until September 30, 2021, including up to \$4,500,000 for administrative contract services: Provided, 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/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.*

*Note. —A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Further Continuing Appropriations Act, 2019 (Division C of P.L. 115–245 as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.*