

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	Net Outlays
2021 Appropriation	77,500	3,096	-	80,596	3,928	45,078
2022 Annualized CR	77,500	76,822	-	154,322	133,000	53,000
2023 President's Budget	65,900	21,322	-	87,222	66,000	101,000
Change from 2022	(11,600)	(55,500)	-	(67,100)	(67,000)	48,000

PROGRAM PURPOSE

The mission of HUD's Office of Housing Counseling is to provide individuals and families with the knowledge they need to obtain, sustain, and improve their housing stability and financial health. This mission is accomplished by supporting a strong national network of HUD-approved housing counseling agencies and counselors. The mission also includes supporting the Administration's goals of increasing racial equity in homeownership, recovering from COVID-19, building generational equity and wealth through responsible and sustainable homeownership, supporting eviction prevention efforts, supporting senior citizens, and assisting consumers impacted by national emergencies or disasters.

BUDGET OVERVIEW

The 2023 President Budget's requests \$65.9 million for the Office of Housing Counseling (OHC), which is \$11.6 million less than the 2022 annualized CR level. This funding level will support families and consumers, seniors, disaster impacted families, delinquent homeowners and renters. Funding at this level will allow approximately 4,000 HUD-certified Housing Counselors, including 367 Home Equity Conversion Mortgage (HECM) certified Housing Counselors to assist consumers with professional, quality education, advice, and support to make informed decisions.¹ Assistance provided by HUD-certified counselors—who are trained in homeownership, loss mitigation, disaster preparedness and disaster loss mitigation, homebuying, rental eviction prevention and homelessness prevention, scam and fraud avoidance, and credit counseling—assures that each homeowner, resident, or consumer seeking help optimizes their housing situation and financial success.

The requested level of funding will permit HUD, through its network of approximately 1,600 housing counseling agencies, to support over 1 million consumers at a cost of approximately \$251.59 per

¹ HUD administers two separate exams: one for individuals seeking certification as a general Housing Counselor, and one for individuals seeking certification as a HECM-specific Housing Counselor.

client, based on analysis of agency 2021 reported data.^{2, 3, 4} Analysis indicates that because of COVID-19, agencies continue to adjust their business operations to offer more telephonic and internet counseling services. Many of the clients are traditionally from rural and historically underserved communities that have been most adversely impacted by COVID-19. The Budget includes \$3.5 million that will continue to increase the participation of Historically Black Colleges and Universities (HBCUs) and Minority Serving Institution (MSIs) in HUD's Housing Counseling program.

Housing-related challenges can trigger significant mental health distress. Training and technical assistance resources available in this account will be used to support HUD's department-wide effort to reduce the impacts of housing-related challenges on mental and emotional well-being and improve the experience of the Department's customers. HUD will coordinate validated, evidence-based training for front-line housing professionals on the signs and symptoms of emotional distress and mental health challenges. This training will help housing professionals connect customers who are experiencing emotional distress with appropriate local resources.

JUSTIFICATION

Housing Counseling Grants--\$61.0 million

Grants to Housing Counseling Agencies, Foreclosure Prevention Counseling, Homeownership Counseling, Fraud/Scam Awareness/Prevention (\$50 million): Funding at this level will support assistance to approximately 1,600 HUD-approved agencies for housing counseling services, as well as training for counselors. In 2021, 177 agencies received funding directly from HUD, and around 944 affiliate agencies received funding from HUD-approved intermediaries. The Budget is projected to serve just over 1 million consumers.⁵

HUD-approved housing counseling agencies provide quality counseling in the following areas: homeownership, financial budgeting, Home Equity Conversion Mortgages, transitioning from homelessness to housing, rental counseling, wire fraud and scam prevention, and fair housing counseling to renters and home buyers who experience discrimination. The funding allows agencies to deliver a holistic range of housing counseling and education services appropriate to national and local market conditions and individual consumer needs.

² This represents a decrease from the number of Housing Counseling agencies present when the 2022 Congressional Justification was submitted (approximately 1,750). After the implementation of the Housing Counselor Certification requirement, some programs were terminated if they did not have a Housing Counselor who is HUD-certified (however, agencies who dropped out due to certification issues only reflect 0.063 percent of annual client sessions, and many other agencies have expanded their counseling capacity over the past year). In addition, some agencies and intermediaries closed branches in order to have a more virtual presence due to the COVID-19 pandemic.

³ This number includes consumers who will be directly served by HUD funding as well as additional consumers served by HUD housing counseling agencies from other funding sources. We estimate the combined number of consumers served because HUD-approved Housing Counseling agencies leverage their HUD funding and approval status to obtain additional funding.

⁴ The projection methodology involves analyzing previous years' actual counseled clients charged to the HUD grants versus the actual grant funds awarded 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 current fiscal year to project total grant clients served. The current projection methodology uses data from 2019 to present.

⁵ Projections may fluctuate due to variables that include the cost of providing services and changes in the level of funding agencies receive from other sources.

Grant funding to expand HUD Partnerships with HBCUs and MSIs (\$3.5 million): HUD supports agencies that partner with HBCUs and other MSIs to help them expand sustainable housing opportunities and build generational wealth in their communities. This housing counseling activity facilitates homeownership education for underserved communities of color by bridging the information gap through local agencies focused on community counseling service delivery.

In 2021, 19 HBCUs/MSIs applied for Comprehensive grant funding. Of that number, 16 were eligible for funding. The 16 who applied requested over \$6 million in support. Based on agency interest, HUD expects an even larger number of applications this fiscal year. HUD plans to use some of the requested increase in Housing Counseling to expand program participation by these institutions, which, in turn, are opportunities for closing the racial equity gap and building generational wealth in these communities.

Expand Services to Historically Underserved Communities with Culturally Sensitive and Linguistically Appropriate Counseling (\$5.0 million): The Budget includes \$5 million for expanded outreach to diverse markets and augmented counseling services to communities including Asian-Pacific, Latino(s), Black, Native Alaskan, Tribal, and rural communities. This will be a separate funding program specifically designed to realize HUD's goal of bridging the homeownership gap. Funds will be distributed via a new fixed-fee grant competition that will also collect augmented data for all mortgages originated.⁶ Based on the \$5 million budget amount, HUD expects to fund over 5,000 program sessions that realize homeownership.⁷

Compared to OHC's main grant program, this initiative will also use a more in-depth counseling and coaching methodology to serve hard-to-reach underserved communities. Outreach activities included in the statement of work will focus in on the needs of Black, Latino(s), Asian-Pacific, and other diverse markets served by participating housing counseling agencies. Using culturally sensitive and linguistically appropriate service delivery, materials, and group education, the OHC will implement capacity building initiatives in conjunction with HUD-approved housing counseling agencies across the country which will directly improve access to HUD-certified housing counselors.⁸

Training Grants for Housing Counseling Continuing Education (\$2.5 million): HUD is committed to assuring consumers receive quality counseling services. This will be achieved through Counselor training and professional development provided by HUD training grantees. In 2021, HUD's five training grantees provided 818 virtual training sessions for a total of more than 33,600 housing counselors attending, aggregately. The Budget would fund approximately 850 virtual trainings in sustainable, responsible homeownership, building generational wealth and equity, foreclosure/loss mitigation, scam and fraud detection and avoidance, and disaster preparedness and disaster loss mitigation.

Administrative Contract Services – Up to \$ 4.9 million

The Budget will support outreach and awareness efforts, improved data collection and reporting to the Office of Management and Budget and other stakeholders and a reduction in administrative burden on counseling agencies and HUD. In addition, funding will enhance agency oversight, ensure program compliance, support the Housing Counseling Federal Advisory Committee, fund HECM tools for housing counselors, increase educational activities, improve online certification

⁶ With a fixed-fee grant program, counseling agencies receive a set amount of funding for each client served. Fixed-fee funding models are a growing trend in the broader housing counseling industry and many counseling agencies, including NeighborWorks America, already receive fixed-fee reimbursement from other funders.

⁷ Assuming a fixed-fee reimbursement rate of \$850 for each client that successfully realizes homeownership.

⁸ Capacity building includes a variety of technical, administrative, and programmatic assistance that HUD/OHC provides to agencies including financial assistance and training on best practices in the housing counseling field.

examinations, and facilitate the development of study guides. Further, HUD has requested a higher amount for Administrative Contract Services in part to fund the development of a new impact methodology that will use more sophisticated data, predictive analysis, and trend forecasting to better document the value that consumers receive from HUD's Housing Counseling program. This improved data management will enhance HUD's ability to strategically target the provision of resources and funding towards areas that can benefit most from the services that OHC provides.

SUMMARY OF RESOURCES BY PROGRAM

(Dollars in Thousands)

Budget Activity	2021 Budget Authority	2020 Carryover Into 2021	2021 Total Resources	2021 Obligations	2022 Annualized CR	2021 Carryover Into 2022	2022 Total Resources	2023 President's Budget
Housing Counseling Assistance	53,000	350	53,350	1,887	53,000	53,000	106,000	61,000
Training Grants	-	-	-	-	-	-	-	-
Certification Grants	-	-	-	-	-	-	-	-
Administrative Contract Services	4,500	2,746	7,246	2,041	4,500	3,822	8,322	4,900
Legal Assistance Grants	20,000	-	20,000	-	20,000	20,000	40,000	-
Total	77,500	3,096	80,596	3,928	77,500	76,822	154,322	65,900

LEGISLATIVE PROPOSALS AND GENERAL PROVISIONS

Legislative Proposals

The 2023 Budget supports the following legislative proposal and will seek changes through the authorization process:

Change the terms of the Housing Counseling Federal Advisory Committee: This proposal would provide greater flexibility to establish staggered terms for appointees to the Housing Counseling Federal Advisory Committee to promote continuity as committee member terms expire.

APPROPRIATIONS LANGUAGE

The 2023 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, \$65,900,000, to remain available until September 30, 2024, including up to \$4,900,000 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 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 awarding 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 2022 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2022 (Division A of P.L. 117-43, as amended). The amounts included for 2022 reflect the annualized level provided by the continuing resolution.