

**OFFICE OF HOUSING
HOUSING COUNSELING ASSISTANCE
2013 Summary Statement and Initiatives
(Dollars in Thousands)**

HOUSING COUNSELING ASSISTANCE	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2011 Appropriation .....	...	\$86,358	...	\$86,358	\$85,957	\$65,304
2012 Appropriation/Request	\$45,000	...	...	45,000	45,000	51,315
2013 Request	<u>55,000</u>	...	...	<u>55,000^a</u>	<u>55,000</u>	<u>30,281</u>
Program Improvements/Offsets	+10,000	...	...	+10,000	+10,000	-21,034

a/ Includes an estimated Transformation Initiative (TI) transfer of \$275,000 in fiscal year 2013; the TI transfer may be up to 0.5 percent of Budget Authority.

1. What is this request?

For fiscal year 2013, the Department requests \$55 million for the Housing Counseling Assistance program, which represents a \$10 million increase from the fiscal year 2012 enacted level of \$45 million. Based on previous experience, we estimate that this funding will inform an estimated 186,475 households about their housing choices in the areas of purchasing or refinancing a home; rental housing options; reverse mortgages for seniors; foreclosure prevention; loss mitigation; preventing evictions and homelessness; and moving from homelessness to a more stable housing situation.

As Congress stated when making the fiscal year 2012 appropriation of \$45 million, the purpose of housing counseling is “to provide 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.” This 2013 Budget request comes at a pivotal time, supporting the launch of the Office of Housing Counseling (which will begin in fiscal year 2012); the implementation of significant improvements and streamlining of HUD’s housing counseling programs; and the strengthening of its housing counseling network.

Through the new Office of Housing Counseling, HUD will support a network of agencies and counselors, trained and certified to provide tools to current and prospective homeowners and renters so that they can make responsible choices to address their housing needs in light of their financial situation. The Office of Housing Counseling will seek to make this housing counseling network accessible throughout the country to those needing objective and reliable information in order to make sound housing and budget

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decisions, especially low- to moderate-income or other underserved American families, or those at risk of housing loss or homelessness.

This budget request is a critical part of that effort. The majority of the requested funds, nearly \$45.5 million, are expected to be distributed competitively to support the direct provision of a holistic range of housing counseling services that are appropriate to local market conditions and individual customer needs. An additional \$6 million will be used to strengthen the quality of housing counseling through training for organizations and counselors to increase subject matter expertise and also to assist counselors and organizations in developing the knowledge and capacity to meet new certification requirements that will be issued by HUD pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203). The remaining \$3.5 million of the requested funds will be used for administrative contract services, to include support for information technology improvements; these funds will be used to streamline internal processes, enhance counseling agency oversight, improve the impact of counseling services, and fulfill some of the mandates of the Dodd-Frank Wall Street Reform and Consumer Protection Act, such as completing the mandated Office of Housing Counseling Assistance reorganization.

Housing counseling organizations have informed us that cuts to their state, local and private sources of funding have forced them to furlough or lay off experienced counselors when their services continue to be needed. Because we are seeking to introduce significant changes to the counseling program at the same time that the need for housing counseling services remains high, funding will be needed both to establish the new Office and its programs, create a new certification structure, train counselors and organizations to meet certification requirements, and simultaneously deliver quality services to millions of clients or potential clients facing severe housing and budget challenges. Based on prior years, we would expect the federal appropriation to leverage \$165 million in additional funding for housing counseling in fiscal year 2012. However, we are hopeful that this estimate will be exceeded. Because of the launch of the Office of Housing Counseling, we believe that the visibility and importance of our new initiatives will stimulate great interest and support from foundations and other sources directly to certified counseling and training organizations, further leveraging scarce Federal dollars.

In fiscal year 2013, the Department renews its request for the Transformation Initiative, which provides the Secretary the flexibility to undertake an integrated and balanced effort to improve program performance and test innovative ideas. Up to 0.5 percent of the funds appropriated for this account may be transferred to the Transformation Initiative Fund account for the following purposes: research, evaluations, and program metrics; program demonstrations; technical assistance and capacity building; and information technology. Departmentwide, no more than \$120 million is estimated to be transferred to the Transformation Initiative Fund account in fiscal year 2013 although transfers could potentially total up to \$214.8 million. More details on the overall Transformation Initiative and these projects are provided in the justification for the Transformation Initiative Fund account.

2. What is this program?

Housing counseling assistance was developed over 40 years ago at a time of severe disinvestment in housing, unaffordable interest rates, high unemployment and irresponsible lending practices (primarily redlining). Over time, the program has evolved in breadth but also in complexity. Today, HUD approves, monitors and supports counseling organizations and tracks their output. Recent initiatives have extended the number and location of HUD-approved housing counseling organizations and reduced the amount of time and complexity of the process to award HUD housing counseling grants.

HUD uses its network of approximately 2,700 HUD-approved housing counseling agencies and intermediaries to monitor the changing nature of housing finance, housing affordability, foreclosures, increased homelessness and unemployment in order to assess how housing counselors can best equip Americans to adjust to changes in housing stock, housing tenure, housing finance and household income—changes that include facing unemployment or having to move their families because their current housing situation is unsustainable. New needs are identified and information tailored to those needs is disseminated quickly. Recently, for example, when we learned that many renters in foreclosed buildings were unaware of the tenant protections enacted by Congress through the Protecting Tenants at Foreclosure Act, HUD staff quickly disseminated a fact sheet to all approved housing counseling agencies to provide a simple reminder of the key provisions of the Act for their clients. Additional Housing Counseling Assistance program results are described in Appendix 1.

Fiscal year 2012 will be the first year of operation for the Office of Housing Counseling, and we expect that significant program changes will be introduced. We believe that certain program attributes are essential, including the following:

- The Office of Housing Counseling will set standards and provide direct resources to create a strong and skilled network of certified trainers, organizations and counselors;
- HUD-certified counselors will continue to provide reliable and unbiased information to current and prospective renters and owners, mitigating their risks and also the risks of landlords and lenders;
- The network of HUD-certified counseling organizations and counselors will have increased capacity and skill sets to give clients the knowledge and tools to make good housing and financial choices appropriate for their situation;
- The network of HUD-certified counseling organizations and counselors will act as a gateway to other services and opportunities, and continue to provide an early warning system to policymakers for fraud and scams;
- The Office of Housing Counseling will reward innovation; it will identify and model best practices from the U.S. and around the world, and will share data and results to inform future public and private programs and policies; and

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- HUD’s partnership with stakeholders will work toward a sustainable network that uses public funding efficiently (leveraging non-Federal dollars and spending them quickly) and effectively (through meaningful reporting of outputs, outcomes and spillover benefits).

Planning for the new Office of Housing Counseling is underway. A reorganization plan was sent to Congress in January 2012. The plan will reflect major staffing changes to the program. Instead of 118 full-time equivalent staff in the Program Support Division (in Housing’s Office of Single Family Program Development) working on various aspects of the housing counseling program along with other responsibilities, we will be creating a new Office with 70 staff (including a new position of Deputy Assistant Secretary) who are exclusively devoted to the Housing Counseling program. We would like to implement the reorganization plan in fiscal year 2012, so that the funding from the fiscal year 2013 appropriation can be devoted to training the Office’s staff and building the capacity of housing counseling organizations while maintaining direct service to families.

In its first year, the Office of Housing Counseling will ensure that the existing network of housing counseling services continues while HUD lays the groundwork for major change and improvement. This request will continue to support the delivery of a wide variety of housing counseling services to potential homebuyers, homeowners, low- to moderate-income renters, and the homeless. Counselors provide information to help households improve their housing conditions and choices, avoid homelessness or foreclosure, and understand the responsibilities of tenancy and homeownership. In fiscal year 2011, HUD-approved counseling agencies provided housing counseling services to approximately 1.9 million households, using both HUD and non-HUD funding. The funding request will permit us to continue to reach a similar number of households while undertaking the changes described above.

Staffing

<u>FTE</u>	<u>2011 Actual</u>	<u>2012 Estimate</u>	<u>2013 Estimate</u>
Headquarters	10	8	8
Field	60	62	62
Total	70	70	70

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Descriptions of work to be performed by FTE (Headquarters and Field) in the Office of Housing Counseling

The description of work will be changing from current practice as we transition housing counseling functions from the Program Support Division to the new Office of Housing Counseling. The reorganization plan was submitted to Congress on January 17, 2012. The plan includes a change in staff job descriptions so that all Office of Housing Counseling staff members are fully dedicated to housing counseling programs. The descriptions of work for staff are being finalized and will follow the broad outlines below, but the details of implementation will depend upon input from external stakeholders as well as resolution of internal human resources, labor, budget, legal and other issues still to be determined.

The new Deputy Assistant Secretary and Associate Deputy Assistant Secretary will oversee the Office of Housing Counseling (OHC), including its proposed component Offices of Policy Development, Outreach and Capacity Building, and Oversight and Accountability. Headquarters staff will manage and direct the work of the Office and coordinate administrative and reporting functions for OHC, and provide leadership around OHC program development implementation and evaluation. Headquarters staff will also lead the Office of Policy Development, including the development of standards, rulemaking, policy development and publication, systems oversight and program evaluation and improvement. Headquarters staff may support OHC's work to meet counseling outreach and oversight needs in the Washington, D.C. metropolitan area. Headquarters staff may oversee the procurement of contractors to assist with technical aspects of the program such as visibility, marketing and information technology.

Field staff will lead the Office of Outreach and Capacity Building, and the Office of Oversight and Accountability. Field staff will develop training and capacity building activities for new and existing counseling agencies; assess the need and demand for counseling services and identify gaps in meeting the need; conduct outreach and awareness initiatives; develop materials for counseling agencies, consumers and other stakeholders; and implement evaluation standards to certify and evaluate housing counselors, counseling agencies, risk analyses, and oversight, monitoring and accountability functions.

3. Why is this program necessary and what will we get for the funds?

Counseling provides fundamental and unbiased information to the customer's household so that they can make the best housing choices for their situation. As the recovery from the crisis continues, housing counselors remain on the front lines. Servicers and elected officials use HUD-approved counselors as a reliable referral source for families facing foreclosure or having difficulty obtaining loan modifications. Counselors are expected to understand the latest loan modification refinancing and loan modification options and have special escalation channels for cases that require additional review. For homeowners who have lost their homes, counseling provides assistance with credit repair, access to charitable funding for moving expenses, and connection to rental opportunities. Counselors work with homelessness-prevention programs and help homeless families and adults in shelters to find more permanent housing at less cost to the government. In all cases, counselors are expected to inform clients of their responsibilities as tenants and owners, to help them make changes to their short- and long-term spending habits to meet their housing needs, and to connect them to other types of assistance and support.

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Most importantly, housing counselors have a duty to their clients to provide unbiased and objective information and are an important safeguard against fraud and scams.

Economic recovery initiatives directed at revitalizing neighborhoods affected by foreclosures and restoring consumer confidence in credit markets also benefit from housing counseling. Counselors coordinate with state and local programs to target educated first-time homebuyers to buy previously foreclosed properties newly renovated through public and private efforts. They work with clients to repair credit histories damaged by mortgage default, high debt or blemishes caused by unemployment, making them eligible to participate responsibly in mainstream financial programs. This appropriation is necessary to help meet the continued high demand for HUD-approved housing counseling agencies, which served 1,924,822 households in fiscal year 2011. As described in the following section, the program's far-reaching effect significantly impacts HUD's Strategic Plan Goal 1: Strengthen the Nation's Housing Market to Bolster the Economy and Protect Consumers, Goal 2: Meet the Need for Quality Affordable Rental Homes, Goal 3: Utilize Housing as a Platform for Improving Quality of Life, and Goal 4: Build Inclusive and Sustainable Communities Free From Discrimination.

Complementing Housing Assistance Programs

The high demand for counseling is also prompted by the fact that many Federal housing programs, including the Neighborhood Stabilization Program (NSP), the Making Home Affordable (MHA) program, and FHA's Home Equity Conversion Mortgage (HECM), require housing counseling. For example, Section 255 of the National Housing Act (12 U.S.C. 1715z-20) requires housing counseling for homeowners closing a HECM loan. Additionally, many state and local governments, and other entities like the Federal Home Loan Bank, require homebuyer education for recipients of down-payment assistance. While these and other programs require housing counseling, typically they do not pay for the required housing counseling services. Without HUD funding, there will not be a sufficient supply of housing counseling to support these programs, making them less effective. Fewer households will save their homes or purchase homes through these programs. Similarly, if consumers are charged for counseling, this barrier will deter many program participants that may have otherwise sought assistance had the required counseling been available free of charge.

Housing counseling agencies are a key factor in making existing foreclosure prevention programs successful because counselors help qualify and prepare households for the various Federal, state and local foreclosure programs available to them.

Scams

The collapse of the housing market created an opportunity for loan modification and other real estate scams to thrive. Today, the loan modification scam “industry” is booming. In February 2010, the Lawyers’ Committee for Civil Rights Under Law launched the national Loan Modification Scam Database as a repository for complaints from foreclosure rescue scam victims. As of July 2011, foreclosure rescue scam victims have reported \$40.2 million in losses from fees paid to fraudulent and deceptive “rescuers”. A substantial portion of this staggering total, \$16.6 million or 41 percent, was losses sustained by seniors. Counseling helps prevent loan modification scams and provide households in need with safe and legitimate mortgage modification assistance.

4. How do we know that this program works?

Recently, several major research studies published by respected independent academics have concluded that housing education and counseling programs are effective, and several additional studies are underway. Three studies conducted in the past few months provide additional evidence for its effectiveness.

J. Michael Collins and Collin O’Rourke published “Homeownership Education and Counseling: Do We Know What Works?” (2011: Housing Research Institute of America), reviewing all major studies on the topic to date. With regard to pre-purchase homeownership counseling, the researchers found:

“A review of 10 studies provides some evidence that participation of potential homeowners in pre-purchase programs is associated with positive effects on timely loan repayment. In addition, some evidence suggests that education and counseling programs are related to higher rates of refinancing or otherwise pre-paying the loan.” (Page 8)

The limitation in the quote—“some” evidence—refers primarily to the concern that the studies do not use a randomized treatment as their methodology, thus raising the concern that those who self-select counseling are more predisposed to positive outcomes. For funding purposes, however, this caveat only serves to underscore the value of making counseling available for those who seek out HUD-approved agencies. Collins and O’Rourke also reviewed studies of post-purchase counseling programs. The researchers similarly found that “A review of eight studies of post-purchase counseling suggests that counseling leads to an increase in loan modifications and a decrease in delinquencies and foreclosures.” The authors make similar caveats about study methodology in the post-purchase context.

A December 2011 Urban Institute study of the National Foreclosure Mitigation Counseling (NFMC) program provided extensive evidence of positive outcomes. Although NFMC is funded separately from the HUD Housing Counseling program, it relies on HUD-approved counseling organizations, and both programs use the same training criteria for default counseling. The Urban Institute study summarizes four positive impacts of NFMC counseling, both before and after major changes to the HAMP program, including the following: (1) an average reduction in the monthly payment from a loan modification of \$176; (2) a reduction in re-default rate 9 months after a loan modification cure of nearly 70 percent when compared to non-counseled borrowers; (3) a 90 percent greater

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chance of curing a serious delinquency or foreclosure through a loan modification; and (4) a 36 percent reduction in foreclosure completions for borrowers counseled after changes to the HAMP program in 2010. (Mayer, et. al, "National Foreclosure Counseling Mitigation Program Final Report," 2011: Urban Institute.)

Additional research is underway to improve the understanding of the impact of homeownership counseling. Researchers have employed a variety of methods to examine the effects of homeownership counseling, but to date have not conducted an experimental trial. Research comparing outcomes for households randomly selected to receive pre-purchase homeownership counseling against control groups of households that receive information without counseling would make a significant contribution to the field. Two such random assignment studies are underway:

- HUD will implement a controlled experiment to measure the impact of pre-purchase counseling on a random sample of pre-purchase counselees over time. HUD will work with large national lenders at the prequalification stage and randomly assign their customers to one of several forms of counseling or control treatments; and
- The Federal Reserve Bank of Philadelphia is conducting a long-term study of the effectiveness of pre-purchase homeownership counseling on consumer credit behavior and homeownership. The Reserve Bank has enlisted the assistance of the Consumer Credit Counseling Service of Delaware Valley (CCCSDV) and Abt Associates, Inc. of Cambridge, MA to carry out the study.

The City of New York had previously documented other benefits of housing counseling. Counseled homeowners saved almost \$1,000 (22 percent) in annual maintenance costs over private market homeowners. Fewer respondents had unexpected maintenance problems and the cost of fixing those problems was significantly greater for the private market group (\$9,705 versus \$4,148). The vast majority of respondents found counseling helpful or extremely helpful (78 percent), while only 3 percent found it not very helpful or not at all helpful.

The full impact of housing counseling, however, likely extends beyond homeownership. First, the HUD-funded housing counseling program covers a broad array of household financial situations and housing needs beyond pre-purchase and foreclosure prevention (for example, preventing an eviction from rental housing will have different consequences than assisting with a responsible home purchase decision). Second, the primary goal of housing counseling and education is to provide objective and reliable advice to clients in order for them to learn to make responsible financial and housing decisions. Some studies measure counseling success by the number of new first-time homebuyers, for example; however, we believe that the decision *not* to purchase a home or *not* to take out a reverse mortgage can be equally valuable to a family, a neighborhood, and the economy.

5. Notes to Justification

Office of Housing Counseling

The Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) requires HUD to establish an Office of Housing Counseling. HUD is working diligently to establish a new Office of Housing Counseling with an organizational and staffing structure conducive to addressing the provisions of the Dodd-Frank Act. HUD has analyzed housing counseling related tasks, anticipated volume of activity, and corresponding staffing allocations.

The Department used this analysis to formulate a proposed structure for the new Office, and HUD submitted a formal reorganization request for Congressional review and approval. HUD will initiate requisite administrative processes, including union negotiations, staff reassignments, and competitive hiring for key positions.

Timing of Grants

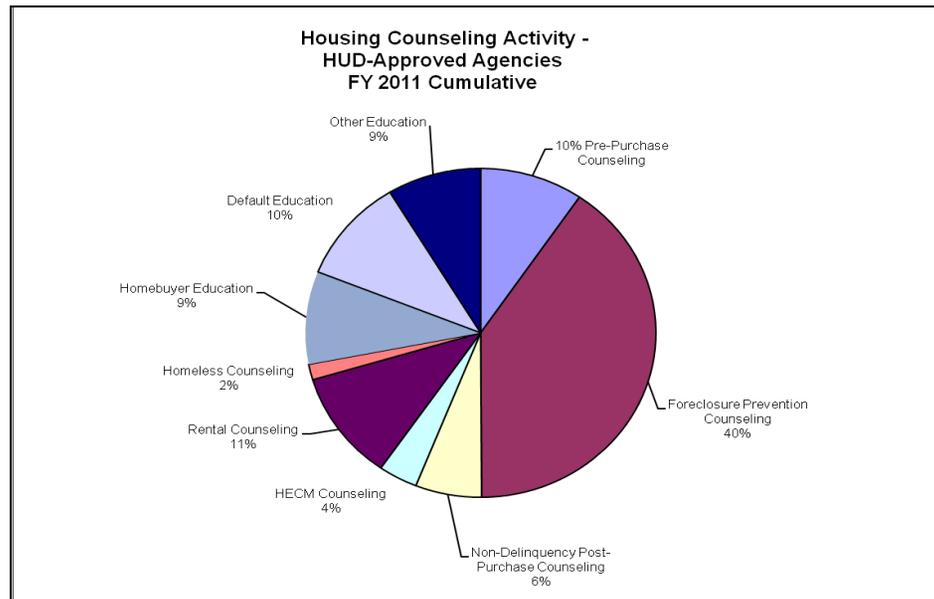
Before fiscal year 2011, running the grant competition and obligating 100 percent of the housing counseling grant funds took approximately 240 days (8 months) from the time appropriations were made. However, HUD has streamlined the process significantly, to reduce the competitive process to less than 120 days, a 50 percent reduction. The most recent award announced in September 2011 was made just 3 months after the Notice of Funding Availability (NOFA). We expect to announce awards for the fiscal year 2012 appropriation well within the 120-day timeframe. Indeed, the 2012 NOFA was published on December 1, 2011, less than 2 weeks after the fiscal year 2012 appropriation was enacted.

Appendix

Recent accomplishments of the HUD Housing Counseling program

HUD’s Housing Counseling Program is the only Federally dedicated source of funding for the full spectrum of housing counseling services.¹ The following chart (Figure 1) demonstrates the prevalence of the various types of housing counseling services, as reported by counseling agencies in the program. One of the benefits of the program is that counseling agencies adjust their services across counseling activities to meet client demand and changing housing market conditions. For example, 40 percent of all those seeking counseling in 2011 sought foreclosure prevention assistance. By comparison, in 2006, 10 percent of counseling activities focused on foreclosure prevention since there was significantly less demand. While foreclosure prevention counseling has been critical, pre-purchase counseling, rental counseling, and home buyer education have accounted for more customers in total since 2006.

Figure 1: Housing Counseling Activity



¹ In contrast to the comprehensive preventative and proactive counseling provided through the HUD Housing Counseling Program, the NeighborWorks/National Foreclosure Mitigation Counseling Program (NFMC) limits the services available for grant funding to foreclosure prevention counseling.

Impacts of the HUD Housing Counseling Program

In addition to serving on the front lines of the battle to help distressed homeowners, HUD counselors continue to serve as an invaluable resource for those considering purchasing their first home; homeowners seeking home maintenance and financial advice; seniors hoping to obtain reverse mortgages; individuals seeking help in locating or securing rental housing; homeless individuals in search of shelter or social services; and individuals interested in obtaining information to arm themselves against predatory lending and housing discrimination. Other HUD-funded housing counseling, education and outreach topics primarily fall within the following categories, services that counselors generally provide for free or at a low cost.

Rental. Counselors provide housing search services to help families locate and access affordable rental housing and resolve tenant disputes. Counseling is available to households for whom home buying is not currently an option, including those who have been displaced by foreclosures. In 2011, utilizing HUD grant funding, together with leveraged resources including foundation and private funding, more than 206,000 households received rental assistance counseling. This represents 11 percent of housing counseling activity in 2011.

Homeless Assistance. Counselors provide individuals with advice on obtaining temporary shelter and permanent shelter as well as assistance with applying for rental assistance. In 2011, utilizing HUD grant funding, together with leveraged resources including foundation and private funding, nearly 29,700 individuals received homeless counseling. This represents 2 percent of housing counseling activity in 2011.

Pre-Purchase/Home Buying. Counselors provide potential homebuyers with the information they need to make smart choices regarding homeownership. In addition to helping create mortgage-ready homebuyers, the thorough budget and affordability analysis undertaken during the counseling helps deter households that are not ready for homeownership. In 2011, utilizing HUD grant funding, together with leveraged resources including foundation and private funding, nearly 184,000 individuals received one-on-one pre-purchase counseling and close to 176,000 households participated in homebuyer education workshops. Together they represent 19 percent of housing counseling activity in 2011.

Non-Delinquency Post-Purchase. Counselors provide advice and assistance to current homeowners who are seeking to refinance, obtain a home equity or home improvement loan, or receive financial management or budgeting counseling. In 2011, utilizing HUD grant funding, together with leveraged resources including foundation and private funding, more than 117,000 households received one-on-one non-delinquency post-purchase counseling. This represents 6 percent of housing counseling activity in 2011.

Foreclosure Prevention. Housing counseling plays an important role in helping to resolve or prevent mortgage delinquency and default. To help at-risk households, counselors apply loss mitigation skills and other strategies to help affected borrowers modify their loans, refinance, or otherwise escape high interest rates, hidden costs, prepayment penalties, and other predatory practices. During the current housing market downturn in which millions of Americans are expected to lose their homes to foreclosure, HUD-

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approved housing counselors have been instrumental in helping households facing severe mortgage delinquency and foreclosure understand their options and pursue a variety of loss mitigation solutions. In 2011, utilizing HUD grant funding, together with leveraged resources including foundation and private funding, more than 777,000 households received individual foreclosure prevention counseling and more than 198,000 participated in homeowner default education workshops. This represents 50 percent of housing counseling activity in 2011.

Reverse Mortgage/HECM. The Housing Counseling Assistance program improves housing and financial stability for the elderly by providing reverse mortgage counseling, which is statutorily required for seniors to be eligible for the FHA Home Equity Conversion Mortgage (HECM) product. HECMs allow seniors access to their home's equity for health care needs, home repairs, and other emergencies. Since HECM loans can be used to pay off an existing lien against the property, the product also can be a significant foreclosure prevention tool for seniors. By allowing elderly homeowners to tap into the equity in their homes, HECMs and other reverse mortgage loans help ensure that senior Americans have sufficient resources to live out their lives and reduce the likelihood that they will need to rely on public assistance as they age. Housing counselors help seniors make smart choices regarding reverse mortgages and protect seniors against unscrupulous lenders, financial advisors, and others. In 2011, utilizing HUD grant funding, together with leveraged resources including foundation and private funding, more than 69,600 seniors received reverse mortgage counseling and assistance. This represents 4 percent of housing counseling activity in 2011.

Other Education. HUD-approved housing counselors host a variety of education workshops and group sessions focused on combating scams, avoiding predatory lending, preventing housing discrimination, and improving basic financial literacy. In 2011, utilizing HUD grant funding, together with leveraged resources including foundation and private funding, more than 166,400 individuals have received other forms of housing-related education. This represents 9 percent of housing counseling activity between in 2011.

Communities and Populations Served

The benefits of housing counseling are widespread and impact communities and diverse populations in every corner of the nation. In 2011, utilizing HUD grant funding, together with leveraged resources including foundation and private funding, HUD-approved housing counseling agencies assisted more than 1.9 million households with a broad range of counseling services, predominantly lower-income and minority families.

Expansive Geographic Coverage. There are approximately 2,700 HUD-approved housing counseling agencies which are located in urban, rural and suburban communities across all 50 states. These counselors provide in-person and over-the-phone counseling as well as individual and group sessions.

Counseling Agency Clients are Racially and Ethnically Diverse. HUD-approved housing counseling agencies serve a broad demographic. Households receiving assistance represent individuals from all racial and ethnic backgrounds -- including those disproportionately impacted by the foreclosure crisis and targeted for fraud. In 2011, utilizing HUD grant funding, together with

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leveraged resources including foundation and private funding, approximately 45.4 percent of those receiving assistance (and who reported their race) self-identified as racial minorities:

Figure 2: Reported Race, Housing Counseling Recipients – Since 2006

Race	Percent (of those reporting race)
African American/Black	32
American Indian/Alaskan Native	1
Asian	3
Hawaiian Native/Pacific Islander	0.5
Other	9
White	55

In 2011, 19 percent of households receiving HUD-approved housing counseling agency assistance identified themselves as Hispanic.

Approximately half (1,380) of the counseling agencies participating in HUD’s Housing Counseling Program provide services in languages in addition to English, including, but not limited to, French, Russian, Korean, Vietnamese, and Tagalog. Spanish is the most prevalent, as 1,283, or 47 percent, of counseling agencies nationwide provide services in Spanish.

Housing Counseling Primarily Utilized by Individuals with Low- or Moderate-Incomes. The majority of households served are low- to moderate-income families. HUD-housing counseling agencies primarily serve individuals with modest incomes. In 2011, 74 percent of households receiving assistance had incomes below 80 percent of their Area Median Income (AMI).

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Figure 3: Reported Income, Housing Counseling Recipients – Fiscal Year 2011

< 50% of Area Median Income (AMI)	47%
50 - 79% of AMI	27%
80 - 100% of AMI	12%
> 100% AMI	14%

However, assistance is not limited to families with low- or moderate-incomes. In fact, HUD-approved counseling agencies experienced an increase in the number of individuals with incomes over 100 percent of AMI seeking counseling assistance. Between 2006 and 2011, the percentage of those individuals grew from 8.5 percent to 14 percent.

Housing Counseling Critical to Seniors. As more Americans retire and decide to “age in place,” tapping of home equity will become an increasing means to fund retirement. HUD mandates counseling before a senior can obtain a HECM loan and HUD-approved counselors play a critical role in insuring that these services are provided to seniors at no or low cost. In 2011, utilizing HUD grant funding, together with leveraged resources including foundation and private funding, more than 69,600 seniors received reverse mortgage counseling and assistance.

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**OFFICE OF HOUSING
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Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2011 Budget Authority</u>	<u>2010 Carryover Into 2011</u>	<u>2011 Total Resources</u>	<u>2011 Obligations</u>	<u>2012 Budget Authority/ Request</u>	<u>2011 Carryover Into 2012</u>	<u>2012 Total Resources</u>	<u>2013 Request</u>
Housing Counseling Assistance	\$84,125	\$84,125	\$84,080	\$42,500	...	\$42,500	\$51,500
Administrative Contract Services	2,233	2,233	1,876	2,500	...	2,500	3,500
Total	86,358	86,358	85,956	45,000	...	45,000	55,000

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OFFICE OF HOUSING HOUSING COUNSELING ASSISTANCE Appropriations Language

The fiscal year 2013 President's Budget includes proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, 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, [~~\$45,000,000~~] *\$55,000,000*, including up to [~~\$2,500,000~~] *\$3,500,000* for administrative contract services[, to remain available until September 30, 2012]: *Provided*, That grants made available from amounts provided under this heading shall be awarded within 120 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/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. (Department of Housing and Urban Development Appropriations Act, 2012.)