



# THE BRIDGE

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## WELCOME TO *"The Bridge"*

Welcome to "The Bridge" Newsletter, an internal publication to connect housing counseling information seekers with information providers throughout the Office of Housing and the Department of HUD. While "The Bridge" is a work in progress and its format is evolving, features of interest, general information and announcements are welcomed. Respond to [thebridge@hud.gov](mailto:thebridge@hud.gov) with comments, articles, questions or suggestions.

### What is Housing Counseling, and what does HUD have to do with it?

The Housing Counseling program was authorized by the Housing and Urban Development Act of 1968. As restated recently by the 2012 Appropriations Act, the purpose of housing counseling is "to provide counseling and advice to tenants and homeowners, both current and prospective, to assist them in improving their housing conditions, meeting their financial needs, and fulfilling the responsibilities of tenancy or homeownership.

In 2011, counselors working for more than 2,600 HUD-approved counseling organizations across the country provided unbiased information to more than 1.9 million American households (13.4 million households since 2005). Most of these households are low income and nearly half represent racial and ethnic minorities. HUD training, grants, and regulatory oversight support a wide range of services for both renters and owners.

Two studies recently released by PD&R confirm that the federal investment in housing counseling is well spent. In both studies, HUD found housing counseling significantly improved the likelihood that homeowners remained in their homes. Out of 573 households receiving pre-purchase counseling in 2009, one-third became homeowners during the course of the study and

only 1 family had a single incidence of being 30 days late on its mortgage. The second study followed 824 households seeking counseling to avoid foreclosure. With a counselor's help, 69 percent of counsees obtained a mortgage remedy, and 56 percent were able to become current on their mortgages.

### The Office of Housing Counseling (OHC) Reorganization

#### What Will the OHC Look Like?

The proposed OHC will be staffed with approximately 70 FTEs who are entirely devoted to housing counseling, as opposed to the existing 140 FTE's in the Program Support Division dividing their time between housing counseling and other duties. The new OHC office structure, which reports to a new Deputy Assistant Secretary, will promote cross-training in order to adapt to changing program needs and market conditions; most job titles (housing program specialists) are common throughout the OHC. While the OHC is based in headquarters, the majority of the staff will be located in the field, in recognition of the importance of program execution and market conditions. In addition to the Office of the Deputy Assistant Secretary, there will be three (3) distinct offices for carrying out the mission and business of the OHC.

**The Office of Policy and Grant Administration** will be responsible for research, program policies and procedures, grant administration, and coordination with other programs. The Office of Policy and Grant Administration will be responsible for gathering data on the impact and outcomes of the HUD housing counseling program, and designing metrics and indicators to measure the program's efficiency and effectiveness. Working with HUD Office of Policy, Development and Research, the office will disseminate internal and external studies on Housing Counseling and will identify gaps in the literature and initiate or support research to fill the gaps. The Office will be responsible for program evaluation based on best practices and outcomes measures, and will initiate new policies and rulemaking to further the goals of the program.

**The Office of Outreach and Capacity Building** will be the point of contact for external partners of the Office of Housing Counseling, including Local Housing Counseling Agencies, HUD Housing Counseling Intermediaries, state and local government, other federal departments, lenders, property owners, legal services providers, and other real estate and housing professionals. The Office will use research and program results from the Office of Policy and Grant Administration to promote the creation of additional housing counseling capacity for underserved areas and populations; train partners in housing counseling programs and practices; and support campaigns to promote customer awareness of housing counseling services. The Office of Outreach and Capacity Building will promote the development of common materials, best practices, peer sharing and learning, and create communication channels so that

HUD can quickly identify and respond to common needs and issues. The Office of Outreach and Capacity Building will assist in developing policy and rulemaking, data analysis, research projects, oversight, grant administration and certification programs of the OHC.

**The Office of Oversight and Accountability** will monitor the compliance and effectiveness of HUD-approved agencies and counselors. It will gather data and prepare reports on the activities and outcomes of housing counseling agencies. The Office of Oversight and Accountability will administer the contracts and certification programs of the OHC, ensuring that new and existing agencies meet program standards through on-site and remote reviews, spot-checks, risk-weighted analyses, and proposing new program standards to meet changing needs and conditions. The Office will recommend and implement sanctions for noncompliance as appropriate, and will recommend modification to training, materials and policies based on the results of its evaluations. The Office of Oversight and Accountability will assist in developing policy and rulemaking, data analysis, research projects, outreach, training, and grant administration programs of the OHC.

### What Is the Status of the Reorganization?

Approval of the Reorganization is pending in Congress. In the meantime, pre-decisional discussions have commenced with the various unions and plans for identifying staff and management are underway. Staff will be detailed within the Office of Single Family Housing in order to commence work on Dodd-Frank mandated initiatives. Once congressional approval has been obtained, detailed staff will be reassigned to the Office of Housing Counseling. Watch for specifics on the detail process in the next issue of "The Bridge".

On a parallel track, existing staff has already tackled major program initiatives, including a dramatically reduced turnaround time to award grants in 2012; financial training for intermediaries; and increased visibility for housing counselors through White House Champions of Change recognition event in Los Angeles.

# FEATURE ARTICLES

## Success Teams – Getting to Solutions By Brian Siebenlist

On Wednesday, May 2, 2012, the Office of Housing Counseling held the kick off meeting for three 'Success Teams', structured working groups formed to rethink and propose creative solutions to some of the most challenging issues facing the Housing Counseling Program. The Success Teams, on average, consist of a balanced group of 12 - 15 internal and external stakeholders. Each is led by 2 team leaders, who also have 2 coaches they can use as a resource. The three teams, their general goals, and their respective leaders include:

- Team Golden Eye – Show me the Money (Steve Mares, Stephanie Williams)
  - Goal = Improve the grant making process
- Dancing with Systems (Anita Olson, Bobbie Thomas)
  - Goal = improve systems to reduce resources (HUD and Partners) spent on administrative work and increase resources spent on benefiting consumers
- Meaningful Measurements (Beth Cahall, Loraine Griscavage-Frisbee)
  - Goal = improve the measurement and reporting of the impact of the Housing Counseling Program

The teams have been challenged to: examine their respective issues from various perspectives; brainstorm regarding, and test, potential creative solutions; and develop an implementation plan that results in a measurable outcome. This outcome will be in the form of a SMART Goal – Strategic, Measurable, Aggressive yet Achievable, Realistic and Time Bound. A guiding principle for the Success Teams is to be a high-impact but relatively low effort project. The innovative Success Team will provide a model for policy analysis, process reengineering, and information gathering that can be replicated in the future to address other major challenges facing the Office of Housing Counseling. Currently, after having conducted numerous team discussions and research, the teams are drafting their initial findings to share what they have learned to date. They are narrowing the specific problem they will tackle, identifying potential solutions and developing a plan to test the potential solutions.

On July 11, 2012, the Success Teams will present a 2 page paper and 10 minute presentation to a panel of "celebrity" judges, including the Acting Assistant Secretary for Housing, Carol Galante. A winning team will be selected – however, everyone wins if the 3 proposals get adopted and implemented, and the Success Teams' project results in homeowners, homebuyers and renters being counseled more effectively and efficiently.

## The Counseling World is All Abuzz About the AG Settlements-What Are They? By Ruth Roman



On February 9, 2012, HUD along with the Department of Justice, other federal agencies and 49 state and the District of Columbia attorneys general announced a landmark \$26 Billion settlement with the five major mortgage servicers for mortgage loan servicing and foreclosure abuses. The agreement provides substantial financial relief to homeowners and establishes new homeowner protections for the future. \$2.66 Billion of the settlement was provided in cash payments directly to states. The states can use these funds to assist distressed homeowners in a variety of ways including funding housing counseling services, state and local foreclosure assistance hotlines, state and local foreclosure mediation programs and legal assistance programs.

Since the settlement was announced, HUD was approached by different stakeholders including attorneys general, state housing finance agencies, housing counseling agencies to discuss strategies to effectively expand the provision of housing counseling services in communities across the country using mortgage servicing settlement funds. HUD hosted several conference calls with stakeholders to discuss its experience with program design and best practices in the housing counseling industry as well as explore opportunities and challenges to effectively and efficiently utilize the settlements to assist homeowners. In addition, HUD Secretary Shaun Donovan co-hosted roundtable discussions about the settlement with attorneys general in several states to answer questions and get feedback from key stakeholders in local communities.

Some states have already publicly announced a commitment to utilizing funds to expand housing counseling services. For example, on May 30<sup>th</sup> the state of Maryland announced that \$54 million of its settlement funds will go toward providing more housing counselors and legal aid services to assist distressed homeowners. HUD is optimistic that many of the states that participated in the Settlement Agreement will choose to allocate funding to support an expansion of housing counseling services to homeowners affected by the housing crisis and HUD is prepared to collaborate with our partners to support this important work.



## Organizing for Effective Housing Counseling – The Mandate

By Carol Galante

HUD has embraced the opportunity to reinvigorate the Housing Counseling program to face the economic hardships caused by the recession, and streamline its core functions. The Office of Housing Counseling is a statutory mandate, but it is also a chance to re-evaluate and re-boot the relationship between HUD and the 2,600 approved counseling agencies that provided services to nearly 2 million households last year.

In order to begin reorganizing our program, we realized that we needed to have a deep understanding of the reasons that the program exists, and the value it brings to consumers. We started with listening tours across the country, hearing from HUD staff, from counseling agencies, state and local government, and private industry partners about the value of housing counseling and the role that HUD can play.

We learned a great deal. We learned how important housing counseling was to families: how objective and knowledgeable counselors helped families to understand budgets, assets and debts, and housing quality and affordability. We heard how housing counseling could transform families by serving as a gateway to housing assistance and social services, and how counselors identified and prevented scams. We also found out where HUD was a barrier, and where HUD was helpful in supporting the work of housing counseling.

Reorganizing HUD to form the Office of Housing Counseling offers many opportunities:

- Creating a national advisory board of prominent stakeholders
- Increasing the visibility of housing counseling so that it no longer is the “best kept secret” for families facing housing and financial challenges
- Expanding the opportunity to embed HUD-approved counseling in other housing programs and policies
- Providing a national network of HUD-approved counseling agencies to share model programs and best practices in order to provide a continual feedback loop for program improvement
- Researching the effectiveness and impact of HUD’s housing counseling program for households, neighborhoods, and the local economy

HUD’s housing counseling program has a superb track record over 45 years to all types of households facing all types of financial and housing challenges. The success of the reorganization will be measured by each family that makes better financial and housing choices with the help of a housing counselor supported by HUD.



## Organizing for Effective Housing Counseling: WHY?

By Sarah Gerecke

HUD’s housing counseling program dates back to the Housing and Urban Development Act of 1968. The birth of the program occurred during a time of civil unrest, depopulation of urban areas, loss of a manufacturing employment base, and calls for desegregation of housing and schools. Housing counseling, then and now, was a vehicle to help people understand how to obtain, retain and sustain their home. From the very beginning, housing counseling addressed the needs of all families (no income test), but with a special emphasis on low-income, minority and other underserved families. The program was designed to address a wide range of housing needs, including both ownership and rental housing.

Although the program was born during an era of redlining and civil rights, it has endured for 45 years because of its flexibility to meet changing needs over time. However, the challenges associated with the Great Recession exposed vulnerabilities in the program at a time when it was most needed. Anecdotally many counseling agencies raised concerns about abusive lending products, disparate impacts in minority neighborhoods, and fraud long before the bubble burst. Unfortunately, federal support for housing counseling was perceived as marginal. Dollars for grant support shrunk, while paperwork burdens increased. Some of the program difficulties had external roots, such as increased congressional scrutiny of the program and industry resistance to an expanded role for housing counseling during a hot mortgage market. And HUD’s investment in the program could not keep up with the increased need for automation and data collection. For example, the HUD counseling grant awards occasionally took place a full year after the federal appropriation, after an extremely labor-intensive application and scoring process.

By 2010, Congress expressed its frustration by eliminating the appropriation for housing counseling grants and questioning several key aspects of the program. In the summer of 2010, the Dodd-Frank Act officially established the Office of Housing Counseling within HUD, specifying in great detail the functions of the program and elevating the visibility of the program.

**Published by the  
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