Delivering Effective Housing Counseling

sponsored by Florida Housing Finance Corporation's Catalyst Program
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Introduction to 2016 Housing Counseling Funds for SHIP

• Source: Foreclosure Counseling Program (FCP)
• Amount Available: refer to Handout

This funding may be used by local governments for:
First-time homebuyer counseling
• Offer classes and one-on-one counseling.
• Use for pre- and post-purchase activities.
• Many SHIP jurisdictions restrict assistance to first time homebuyers. Not intended to prevent counseling others who may not be first time homebuyers.

Foreclosure prevention counseling
• Classes and one-on-one counseling
• Communicate and Negotiate with lender
• Option: SHIP pays for mortgage arrears

This funding may be used by local governments for: (CONTINUED)
Financial management education:
• Including “Provide... skills and knowledge necessary to ameliorate the risk of re-default or avoid problems in the future.”

Financial coaching:
• One-on-one assistance

Extended financial management:
• including post-modification assistance such as “engage with the lender or servicer to discuss specific issues related to the permanent modification.”

--Quotes from FCP Revised Procedures Feb 2015

Catalyst Training Schedule

www.flhousing.org

www.flhousing.org

12/16/2016
Funding is NOT for:

- Training provided to rehabilitation recipients
- Rental Housing Counseling
- Down Payment Assistance
- Rehabilitation Assistance, etc.

FCP Funds do not impact the AHAC Report Exemption for SHIP

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Annual Distribution</td>
<td>$350,000.00</td>
</tr>
<tr>
<td>Program Income (Interest)</td>
<td>$1,445.99</td>
</tr>
<tr>
<td>Program Income (Payments)</td>
<td>$27,423.15</td>
</tr>
</tbody>
</table>

Two Possible Approaches

Approach 1: Replace what SHIP is paying for
- Example: Pre-purchase homebuyer class
- Frees up SHIP to provide direct assistance

Approach 2: Provide Additional Counseling
- Examples: Post-purchase homeowner classes, one-on-one buyer counseling, financial coaching, or other new classes/counseling

Counseling to Support a Strategy vs. Stand Alone Counseling

Option 1 (Priority): Support a Strategy
- Homebuyer Strategy provides down payment and closing costs. FCP pays for classes
- Foreclosure Prevention Strategy pays off past due amounts. FCP pays for counseling

Option 2: Stand Alone Counseling
- Example: Offer community classes on Financial Management

Who May Provide the Housing Counseling Services?

HUD approved counseling agencies contracted by the local government
- Locate a list of Florida agencies: [Link]
- City or County staff with related training or certification
  - Example: NeighborWorks certification for foreclosure prevention, homebuyer counseling
### Timeline for Using the Funds

**Timeline with suggested dates**

- **January – March, 2017**: Select HUD Counseling Agency through RFP
- **April, 2017**: Finalize Contract with Agency
- **July, 2017 – June, 2019**: Spend on allowable classes/counseling
- **September 15, 2019**: 16/17 Close Out Annual Report

Additional activities:
- **January – March, 2017**: Alternative: City/County staff receive training
- **April, 2017**: 17/18 Allocations from Unclaimed FCP Funds?
- **June, 2019**: Best Practice: Obtain outcomes data

### Timeline Detail

- **Create a RFP to select a counseling provider**
  - Follow local procurement process.
  - Solicit HUD approved counseling agencies in your region.

- **Pitfalls to avoid in spending & reporting**
  - Do not list Counseling as a strategy, like Rehab
  - Do not leave FCP funds unspent.
  - Ensure you spend an amount on Housing Counseling that at least equals FCP allocation
  - Do not count Counseling Expenses as set-aside compliant. Do not include it as project delivery costs associated with a specific SHIP assistance recipient.

- **Collecting outcomes data for counseling activities**

  **Only a best practice: Outcomes data is not required on the SHIP Annual Report.**
  - How many attended classes?
  - How many received one on one counseling?
  - How many went on to purchase?
  - Track improvements in credit scores
POLL: Will you request your City or County’s FCP Allocation?

- Yes
- No
- Undecided

FCP will affect set-asides calculations

- Housing counseling does not comply with any of the set-asides
- Plan to spend sufficient SHIP funds in compliance with set-asides
- Remember: Program income may be (but is not required to be) spent on set-aside compliant assistance

EXAMPLE of Set-Aside Compliance

$650,000 SHIP Allocation
$30,000 FCP Housing Counseling Allocation
$680,000 TOTAL

$510,000 = 75% for Construction/Rehab Set-Aside
$68,000 = 10% Administration Budget
$578,000 TOTAL Expenses

$680,000 minus $578,000: $102,000 of SHIP and FCP may be expended on Housing Counseling

Frequently Asked Questions

QUESTION: Are there any income compliance requirements? Must a certain portion of FCP funds be targeted to VLI or Low income?

- Counseling recipients need not be income verified or program eligible.
- The concept is to use funds to support SHIP strategies. Even stand-alone activities should focus on an audience that is predominantly moderate, low or very low income.

QUESTION: Do we need to amend our LHAP in order to receive these funds?

- A: Only amend LHAP to add a new strategy (such as foreclosure prevention) that counseling will support.
- Otherwise, counseling activities are already listed in LHAP Section I:
  - “Support Services and Counseling: Support services are available from various sources. Available support services may include but are not limited to: Homeownership Counseling (Pre and Post), Credit Counseling… Foreclosure Counseling…”

QUESTION: Will this be monitored?

- A: Yes, it’s part of compliance monitoring
- Review of costs, procedures and curriculum.
- SHIP recipients that also received counseling should be notated in their file.
- Set a standard for classes and counseling sessions. Apply it consistently.
Questions
&
Answers

AND EVALUATION