

DODD-FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT MANDATED THE CREATION OF AN OFFICE OF HOUSING COUNSELING

SUMMARY OF ORGANIZATION AS SUBMITTED TO CONGRESS

Budget and Staffing

The President's budget released on February 13, 2012, is aligned with the reorganization plan submitted to the Committees on January 17, 2012. The FY 2013 request for housing counseling dollars will be used for grants, training, and direct program support. The staffing and expenses associated with the day-to-day operations of the Office of Housing Counseling will be included in the HUD Office of Housing budget, consistent with the budget treatment for all offices within the Office of Housing.

The staffing plan reflected in the reorganization submitted to Congress was the result of several analyses.

These included evaluations of:

- Resource Estimation and Allocation Process (REAP) study data. REAP is a resource management methodology that HUD utilizes to determine proper staffing levels within each HUD program office.
- Program Support Division analysis of all existing staff functions, specifically enumerating the time spent by existing Division staff on housing counseling and non-housing counseling functions (a summary of these functions was provided in the memorandum provided to Committee staff dated October 25, 2011).
- Total Estimation and Allocation Mechanism (TEAM) data - TEAM is HUD's automated information system designed to capture information on workload and time usage as recorded by Departmental employees. This information was applied to analyze existing staff functions as well as estimate new functions required under the Dodd-Frank Act.
- Preliminary opportunities to streamline grantmaking, certification, reporting, oversight and audit functions in order to reduce staff workload for HUD and for approved agencies.

Consultations have also taken place with other units of HUD that have undergone reorganization as well as nearly 100 representatives of housing counseling organizations and intermediaries. Finally, the core functions of the OHC—those currently performed by part of the Program Support Division, and those that will be new to the OHC—were analyzed to estimate the number of staff and skill levels required to conduct those new functions. Since HUD intends to deploy existing staff for the new Office, this analysis was informed by the grades and positions of existing staff with expertise in housing counseling and similar functions.

HUD has taken care to ensure to the greatest extent possible that the Office of Housing Counseling will be properly organized and staffed to carry out its mandated functions. However, as is the case with any new venture, it is likely that workloads and staffing needs will evolve as the Office becomes operational and its actual activity evaluated. But as a starting point, HUD believes that the proposal presented to the Committees reflects a reasonable and realistic approach to establishing the Office.

The reorganization plan presented to Congress on January 17 reflects these various factors. The proposed OHC will be staffed with 70 FTEs who are entirely devoted to housing counseling, as opposed to the existing 118 FTE's under the current organizational structure where Program Support Division staff divides 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.

The following offers greater detail on the responsibilities, structure and staffing of the individual offices which will be located within the Office of Housing Counseling.

Office of the Deputy Assistant Secretary for Housing Counseling

The Office of the Deputy Assistant Secretary for Housing Counseling will have responsibility for overall program management and policy development; goal-setting for the Office of Housing Counseling consistent with the goals of the Department; evaluation of program needs and allocation of resources to best meet the needs; media and visibility strategy for housing counseling programs nationwide; program evaluation and research; coordination of high level internal and external communications and relationships; and office administration.

Staffing: The Office of the Deputy Assistant Secretary will be staffed by 6 individuals, including a Deputy Assistant Secretary (DAS) and an Associate Deputy Assistant Secretary (ADAS), who will manage daily operations and assist and have concurrent authority with the Deputy Assistant Secretary. The Office will be responsible for oversight and administration of all housing counseling programs; coordination with other government and private initiatives; setting goals and objectives; and operation of the Office.

Actions: The positions of the DAS and ADAS are new to the Office of Housing Counseling. The three management analyst positions and one office assistant position are designed to support the DAS and ADAS through policy advice, program design and evaluation, monitoring performance against goals, reporting to internal and external stakeholders, and addressing the staffing and administrative needs of the Office.

Function Statement: Office of Policy and Grant Administration

The Office of Policy and Grant Administration will be responsible for research, rulemaking, program policies and procedures, grant administration, and coordination with other programs. 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 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. 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 will be located in headquarters for proximity to internal and external experts.

Action: The Office of Policy and Grant Administration will assume existing functions of the Program Support Division relating to housing counseling program policy, reporting, rulemaking, and grant administration. By further automating and simplifying the grant making process, OHC will be able to redeploy current FTEs devoted to manual compilation of reports and scoring of grants for use in other programmatic areas.

Staffing: The Office of Policy and Grant Administration will be staffed by eleven FTEs including a director; a deputy director responsible for day-to-day operations of the office; and professional staff. Two management analysts will be responsible for information technology, data analysis, and reporting. The seven housing program specialists will contribute to policy, research, program evaluation and oversight of grant administration and the certification program. The Office of Policy and Grant Administration will assist in developing training, outreach, capacity building, oversight, and certification programs of the OHC.

Function Statement: The Office of Outreach and Capacity Building

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, and external stakeholders including 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 develop 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.

Action: These functions are currently covered by Program Support Division staff in locations throughout the country. By reducing the complexity of the HUD program for counseling agencies, we expect to reduce the number of existing staff required to assist counseling agencies in reporting, grant application, contracting, and administrative functions and instead to develop agency skills and knowledge to increase their capacity for providing services directly to the public.

Staffing: The Office of Outreach and Capacity Building will consist of 26 individuals (primarily Housing Program Specialists of varying grades) reporting to an Office Director and a Deputy Office Director deployed outside of headquarters (although some staff may be assigned to headquarters to meet the needs of Washington, DC-based partners). A division of 13 led by a Division Director and Deputy Division Director will report to the Office Director.

Function Statement: The Office of Oversight and Accountability

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 as designed by the Office of Policy and Grant Administration. 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.

Action: These functions are currently covered by Program Support Division staff in locations throughout the country. By streamlining the grant making, certification, and review processes, and through greater use of technology and risk weighting, we expect to reduce the number of existing staff required to ensure that program policies, procedures and standards are being met.

Staffing: The Office of Outreach and Capacity Building will consist of 27 individuals (primarily Housing Program Specialists of varying grades) reporting to an Office Director and a Deputy Office Director deployed outside of headquarters (although some staff may be assigned to headquarters to meet the needs of Washington, DC-based partners). A division of 14 led by a Division Director and Deputy Division Director will report to the Office Director.

Residual Program Support Division Staff

Program Support Division staff not assigned to the Office of Housing Counseling will continue to provide vital support services to the Office of Single Family Housing. These staff members will continue to educate and update the market on FHA's programs and policies through on-site and web-based training and conference participation. They will also continue to be the primary interface into FHA's non-profit network. If possible, some staff may be reallocated to FHA's Processing and Underwriting and Real Estate Owned (REO) divisions. While the workloads associated with FHA's increased volume business have risen dramatically in recent years, FHA staffing has not kept pace with these increased demands.

Summary of New Statutory Requirements of Office of Housing Counseling from Dodd-Frank and Appropriations Bills

Provision Summary	Comments
Establish Office of Housing Counseling	Reorganization required. Minimal budget impact.
Responsible for homeownership and rental counseling including requirements, standards, and performance measures related to housing counseling	Emphasis on rental counseling is new but is already being addressed by HUD rules; however, funding for training and capacity-building in rental housing counseling needs further development
Conduct a study about abusive, deceptive or unscrupulous practices under Section 6 of the Expand and Preserve Home Ownership Through Counseling Act	PD&R submitted a similar report to Congress in early 2010 as mandated by HERA, which is available at http://www.huduser.org/Publications/PDF/Foreclosure_09.pdf . Since the Dodd-Frank version of the root causes report adds a few extra topics to include in the report, PD&R is updating the root causes report in response to Dodd-Frank as a top priority for FY 12.
Building of capacity to provide housing counseling services in areas that lack sufficient services.	HUD currently provides assistance and approves new housing counseling groups in underserved areas; however it has not devoted resources specifically to build capacity in all areas enumerated by legislation.
Create Advisory Committee	New responsibility
Scope of Homeownership Counseling	Broadens scope to entire process of homeownership, and the sale or other disposition of home; needs to be incorporated into rules, guidelines and training
Housing and Rental Counseling Assistance	Adds new standards and guidelines for qualified entities, standards to distribute assistance, and limits assistance in certain circumstances
Notification of Availability of Homeownership Counseling	Creditors must notify applicants or borrowers of availability of homeownership counseling and availability of mortgage software systems—new requirement will be subject to Paperwork Reduction Act. HUD must report to Congress on creditors’ compliance with provisions. New, in part.
Certification of organizations and individuals	HUD must certify both organizations and counselors—new requirement. HUD must draft standards for testing and certifying both counselors and organizations. Counseling required by HUD programs must be done by HUD-certified counselors. Programs are enumerated that require counseling; some have never been funded or are inactive.
Establish standards for materials and forms used in counseling	New
Certify mortgage software systems and make them widely available to the extent funding is made available in advance through appropriations	New requirement to certify computer software programs for consumer to use in evaluating different residential mortgage loan proposals.

National Public Service Media Campaigns, including toll-free numbers and websites. Appropriations made for 2009-2011	Existing requirement; campaign underway
10% of media funds appropriated should be used for direct mail in high density of foreclosure areas with an emphasis on minority, low-income, areas and retirement communities	New
Provide advice and TA to States and units of general local government, and nonprofit organizations regarding the establishment of educational programs for consumers	New, in part
Accountability for recipients of covered assistance	Requires fiscal and activity reporting and recapture unused or misused funds
Public outreach for home inspection counseling	New requirement.