



Final Transcript

**HUD-US DEPT. OF HOUSING & URBAN DEVELOPMENT: Webinar
Diversification of Funds**

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SPEAKERS

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PRESENTATION

Moderator Ladies and gentlemen, thank you for standing by. Welcome to the HUD Webinar, Diversification of Funds conference call. At this time, your telephone lines are in a listen-only mode. Later, there will be an opportunity for questions and answers, with instructions provided at that time. [Operator instructions]. As a reminder, today's call is being recorded.

I'll now turn the conference call over to your host, Virginia Holman.

Please go ahead.

Virginia

Thank you, Alan. Welcome to today's webinar on the diversification of funding sources, an issue that we know that you're all very interested in and that's important to your program. Before we get started on the webinar itself, I would like to go over some logistics.

As Alan said, the audio is being recorded, and we will be providing a playback number, along with the PowerPoint and a written transcript, in our Archive section on HUD Exchange. We'll send out a listserv when that's been posted, and that's usually within seven to ten days of the webinar.

All your lines, as we said, are muted. I did send out the presentation this morning, but it's also available in your control panel for download, and that's the panel that's on the right-hand side of your screen. Just click on Handouts, and then you can download the document. Next slide.

We're going to have a few polling questions, so please respond to them, because your input is very important to the presenters. There will be some

question and answer periods. As Alan said, he will give you instructions at that point. If for some reason, if your lines are unmuted, mute them. Don't use a speakerphone when you're asking your questions. Next slide.

Your questions are really important to us, so there are a couple of other ways that you can ask the questions besides on the phone. Again, on the panel on the right-hand side of your screen there's a box that says "Questions," and you just type in your question there. We have OHC staff who are monitoring the questions, and we'll either respond as part of the webinar or as a written response.

If after the webinar is over, or sometime in the future, you have more questions about this topic, please send an email to housing.counseling@hud.gov and just put the webinar topic—in this case diversification of funding sources—in the subject line, so we can get the email to the right person. Next slide.

Again, should we open up the phones to everyone, which I don't think is likely today based on the number of people that we have, but do mute your phone at that point. Next slide.

At this point I would like to turn the presentation over to Cheryl Appline, who's the Director of the Office of Oversight and Accountability for the Office of Housing Counseling. Cheryl?

Cheryl

Thank you, Ginger. Good afternoon. My name is Cheryl Appline. As Ginger said, I'm the Director for Oversight and Accountability for the Office of Housing Counseling, here with the US Department of Housing and Urban Development. Wow, that is a mouthful.

Having housing counselors, that's extremely important to HUD. We recognize that organizations drop out of the program due to lack of funding, and that's the basic reason for this webinar: we want to equip you with the right armor to be in our program. You will hear today information on various funding streams that are available. There is public streams, which is city, county and federal, and private, which is foundation, businesses, organizationals, educational institutions, etc. Please be aware that there is a difference in public and private dollars.

So, what is diversification? It's becoming more diverse or varied or having variety in your funding methods. It's important to know where to turn for funding and what to do to get funding. Today's information is

geared more to where to turn. Another webinar is forthcoming on the art and science of grant writing, where you will be taught how to write a grant and how to approach funders for their particular funds, and also what you need to look like to get funding and how to apply for that funding.

With that, I am turning this over to Les Warner with ICF, and also with Jason Zavala with MitiGate, which is a subcontractor of ICF. Gentlemen, take it away.

Les

Thank you. Today's agenda, we're going to be walking through an introduction of the topic of diversification of funds and some of the reasons why that's of benefit to you as an organization. Then we're going to be walking through by category essentially some of the potential sources of additional funds that you might be able to bring to your agency. So, I will be covering the HUD programs and then I'm going to be turning things over to Jason, and he'll be taking us through the other federal and non-federal funding.

As Virginia mentioned, questions are going to be answered in the question box as we go along, but we'll pause from time to time also to see if there are questions, and at the end we can take some additional questions.

We wanted to start out with a couple of polling questions. Our first polling question. What type of organization do you represent? As this comes up in your screen, we ask you to go ahead and vote on this. Are you: 1) A participating local housing counseling agency; 2) A participating housing counseling agency as a sub-grantee or an affiliate of an oversight agency; 3) A participating oversight agency, such as a HUD-approved intermediary, a state housing finance agency, or a multi-state organization; 4) A non-participating agency; and 5) If none of these categories fit for you, other would be your option.

If you'll go ahead and vote, please. Virginia, are the polling results available?

Virginia Yes, I was just going to go over them.

Les Perfect.

Virginia It looks like 42% of your audience are local housing agencies; 31% are participating as a sub-grantee, so that's obviously the local housing counseling agency and they're really interested in this topic; 12% are oversight agencies; 7% are non-participating; and 8% are other.

Les Great. So, depending on the role that you have in the provision of housing counseling, some of the ways you approach today's subject may be a little different. But all of us have a goal of bringing some additional sources of funds to help stabilize and support our ongoing operations.

Polling question 2. What type of funding does your agency use for your housing counseling programs: 1) The HUD Housing Counseling grant funds; 2) Other HUD funds; 3) Other federal funds, so that's non-HUD funds; 4) Non-federal funds, and that would include things like private foundations, fundraising, state and local funding; or 5) All of the above. If you'll go ahead and vote, please.

Virginia Okay, I have the results of the poll. It looks like almost 50% of the audience use all the categories of funds, and 28% focus primarily on the HUD grant. So, that's some useful information for you.

Les Very good. We're going to dig right into the topics and first talk a little bit about diversification, why that benefits your agency, and a little bit about what your next steps might be on this.

For the most part, if you were to poll the HUD Housing Counseling grantees around the country, a small percentage are surviving just utilizing the housing counseling funds. For most agencies these funds represent less than 20% overall of the funds that are coming into those agencies. For those of you that participated in the managing expenditures seminar that we did in August of 2017, we did some polling of high performing agencies, and that was one of the common threads that we found was that the HUD Housing Counseling funds were a small percentage of the overall funds coming in to the agency.

One of the reasons that that's important is to make sure that you had adequate sources to be able to meet the needs that you're trying to address in your local community, and of course not relying on just one source of funds helps to preserve the sustainability of the organization. So, we're going to be talking about diversification of funds, where some of those opportunities might be to identify some other funding sources that would be available to you, whether they were HUD sources, other federal, state and local, private foundations, all of those we'll be talking through. This might include fee-for-service work that's also being done.

We also will be talking a little bit about some of the trends in some of these sources will be plentiful for a number of years and they may then disappear as new sources are being identified. So, we're trying to also keep you current on this.

One of the things that has changed this opportunity a bit is the new Housing Counseling rule, which will now mandate the use of certified counselors and certified agencies for some services that were provided for HUD-approved agencies. In the past they were not using a certified entity, so those programs are going to be as part of planning for compliance with these regulations that will go into effect on August 1, 2020.

Many of those organizations should now be in that planning stage trying to think about how am I going to meet the requirements of the new rule, and so this is a good time to think about might you be a source for them on how to provide those needed services.

So, what we're suggesting that you as an agency do is think about the topics, the different funding sources that we're going to be talking about today, trying to identify what potential resources might be available to you in your local community. We will be mentioning in a couple of points

here about ways that you might determine what was currently available, and I think in many of these cases you're going to need to do some exploration and figure out if there are funds available, how they're being used, what types of services are being provided to be able to determine whether there's an opportunity for you and your agency to participate in some way.

We're going to be talking about diversification of Housing Counseling funds and we're going to be using the term "leveraging funds," but keep in mind when we're using this term we are not talking about the context within the HUD Housing Counseling program, NOFA, where you are having to present and meet certain levels of leveraging. We're simply in this presentation talking about identifying other sources of funds that could be brought to your agency. Things specific to the 2018 NOFA will be covered in a webinar that will be part of that funding provision.

Let's talk a little bit about the changing trend in funding. Some of the sources that have been used quite a bit by agencies in recent years included things like the National Foreclosure Mitigation Counseling Program, the Neighborhood Stabilization Program, and those were part of the mortgage foreclosure crisis and some of the funds that were provided

related to that. Those funds had been pretty plentiful, but those programs are essentially winding down at this point. So, even agencies that were diversified utilizing those funds may need to think about where the future funds are going to come from.

Also, under the FHA, the Back to Work Extenuating Circumstances Initiative has not been reauthorized. So, again, we see funding sources be available for a period of time, but we're going to have to keep current in our network in identifying where those resources will be for you.

As we mentioned, a lot of our agencies who are now falling under the new housing counseling certification rule should be in the process of planning and thinking about how am I going to meet that regulation. So, this is a good time for us to think about this.

Keep in mind that depending on your role in this and also the provider that is looking for housing counseling services, there may need to be a broader range of options. For instance, we will have state agencies that are providing housing statewide that will now for the HUD programs need to provide housing counseling as part of that. So, they may be looking for

providers across the state, including coverage for non-urban areas, where there may be no certified agency and counselors available.

The range of options might include providing services both in person or virtually, including mail or telephonic counseling, and it could be that some portion of the counseling would be conducted in a group setting rather than on a one-on-one basis. So, we may need to think a little outside of the box depending on who a potential partner would be and what their needs would be.

Some of the things that we have to think about on this would be how the other programs are actually utilizing housing counseling. Keep in mind that, particularly for the HUD programs where housing counseling is required, that program has funds available to be able to pay for them. So, they can do this either as coming out of their administrative budget, or in many cases it is actually part of a project delivery or a direct project cost on that.

So, agencies are going to have to think about what's the level of capacity that I have available, how much additional services do I have the ability to take on, and also understand what will that process be, what kind of

reporting will be required, what about timing restrictions. Many of these programs will have some specific requirements about eligibility of who they're actually serving, and so there may need to be a process of familiarizing yourself with how those programs operate and what additional requirements that you might not be familiar with that would come along with those particular programs.

I'm going to talk about the HUD programs specifically to begin with here. The Community Planning and Development Division includes a number of funding sources; the Home Investment Partnership Program, mostly referred to as Home; there also is the new funding source for the last couple of years under that program for Housing Trust Fund, and we'll talk a little bit about that; Community Development Block Grant, CDBG, and then an offshoot of that, or a subset of that are also the CDBG disaster recovery funds. So, in areas where we have experienced a disaster, there may be a large need for counseling that's related to that disaster and the recovery period following that.

Some things to note on here. Many of these programs will include home buyer assistance. Many of them will include rental housing and there

could be some counseling that was related to that. Then, as I mentioned, we may have some disaster related assistance that would be part of that.

The Home program itself specifically requires that if you're providing home buyer assistance, and that might be direct assistance to a family to make that purchase affordable, or it might include a development of units that are then going to be sold to income eligible families, but there is now a requirement that they be provided housing counseling and under the new rule they will have to have a certified agency and a certified counselor.

For the CDBG program, which is a very flexible program, does include some activities that might be including housing counseling services.

There are a number of different ways that that might be provided. It might be provided as a public service, where they were making this available to a whole area for all of the public to participate in, or it might be tied specifically to housing development or home buyer assistance.

This funding goes directly to cities, counties and states. I'll talk about Housing Trust Fund in just a moment, which is a little bit different. As I mentioned, these programs have the ability to pay for the counseling. The way I would suggest in learning more, would be that each of these entities

that are receiving the home funds, the CDBG funds, and two other funds that we're going to talk about I think on the next slide, all of these entities are creating a five year strategy called a consolidated plan.

Then they would have a one year action plan, which would talk about for each specific year the types of activities that were going to be undertaken. Those are public documents that are going to be posted on the websites for each of those entities, there are public meetings. I would recommend that as part of learning what other resources might be available in your area, that you take a look at those and see what is currently being operated by cities, counties or states within your area. The Housing Trust Funds themselves go specifically only to states, and then are being distributed across that state.

I also wanted to mention a couple of other CPD programs. The Emergency Solutions Grant Program and Housing Opportunities for Persons with AIDS, HOPWA, these funds, again, are being distributed to cities, counties and states. Housing counseling might be an eligible activity as part of these programs, also the continuum of care, which is a competitive program that is going both to local communities and in some cases to states that are then going to distribute those funds.

Now, one thing I will mention, which may be part of that learning process on figuring out is there an opportunity, in some cases these programs in particular will have some case management that will be provided for their program participants that may not meet the definition of housing counseling. So, there may be a need for some discussion about specifically what they're providing to try to determine whether that would be something that would be eligible as part of that.

I also wanted to mention, for those of you thinking about my mention of the disaster funding, on May 15th there will be an upcoming webinar which will talk about housing counseling in conjunction with disaster assistance. There is a new requirement under the disaster funding that there be coordination with HUD-certified housing counseling and so there are a number of ways that a housing counseling agency might participate in that post-disaster work that's being done, and that might be a good opportunity.

Those were the CPD program requirements. Now, I'm going to talk a little bit about public and Indian housing. Under public housing we have the Housing Choice Voucher Program. In some cases but not all they may be operating a home ownership option under the Housing Choice Voucher

Program, and so in that case housing counseling might be part of that program. There also is a Family Self-Sufficiency Program that every public housing authority is running, and in some cases they will be contracting out services, including counseling.

Now, not every program is going to have a down payment component, but there are some programs under the Family Self-Sufficiency Program that will be working with families to help them save for a down payment, or be assisting them in other ways to become home owners. So, there may be some opportunities as part of that program.

A couple of other public housing programs I wanted to mention. There are operating funds. They could be used for housing counseling, but it would be a rare use of those funds. More common is the Resident Home Ownership Option Program, and in this case helping participants to purchase units, so housing counseling could be part of that.

Then the Rental Assistance Demonstration Program, where essentially large numbers oftentimes of tenants are being relocated and then the existing public housing units are being converted or redeveloped. So, in

those cases there may be a need for housing counseling as part of that project that would be an opportunity for your agency as part of that.

I'll also mention, under the Federal Housing Administration, FHA, there is now a requirement under the Home Equity Conversion Mortgage Program that housing counseling be provided, be part of that program. So, that might be an opportunity for your agency.

Keep in mind that while not all of the FHA programs are requiring housing counseling, funds may be provided by either FHA or the lenders or other partners that are participating in that program. Again, there may be some opportunities for housing counseling services to be provided by your agency and paid for from those programs.

Before we move into the other federal or non-federal funding, are there questions that have come in that we should address, or do the HUD folks have some things they want to add?

Virginia

Alan, would you open the questions up?

Moderator Absolutely. [Operator instructions]. We do have a question queuing up. One moment while we gather the information from them. They're still gathering information. Just one moment, please. We'll go first to the line of Cliff Beckford. Go ahead, please.

Cliff Hi. Good afternoon. Thanks for taking our call. If we're receiving CDBG funds from the city, which is Washington, D.C., where we're located, are we still eligible for funds under the program where it says "Many PHA will contract out services," can we do a fee-for-service model, from the local housing authority, that is? Will we be able to get funds from the local housing authority in addition to the CDBG funds?

Les I can answer on the part of the CDBG. CDBG, if they're providing you payment for services, as long as the payment that you might get from another entity is not for the same scope of work, in other words, you can't charge two different funding sources for the same work, but as long as it's a different scope of work, I see no problem under CDBG with the fact that you're providing other services.

Cliff Thank you much.

Moderator We do have a question in queue from the line of Marita Goodman. Go ahead, please.

Marita Hi. I think part of my question might have been answered, but you were talking about the various other agencies that we could find funds for housing counseling. Do you apply to those agencies directly, or do we have to go through the city? Currently right now we get CDBG money through our local housing agency in Baltimore, in the city, so if we wanted to apply for some of these other agencies you mentioned, under the Community Planning and Development, some of those, the housing vouchers or the Resident Home Ownership Option, or some of those other places, do we go directly to our HUD contact, or do we go through the city?

Les My thought would be that you would go to the local program that is delivering those services, particularly in cases where they're running some kind of activity that is providing or is required to have housing counseling. So, they would be making that decision of, okay, under the new rule am I going to seek certification and am I going to seek certification for my staff, or will they be saying, I need to identify a partner, another agency that I can utilize to cover those services.

So, while there may be funds in some cases directly from the state or HUD, I think where some of the real opportunities lie would be folks that are administering programs and may have been either providing these services themselves up until this point, or perhaps have been contracting out with someone who is not a HUD-certified agency and will be thinking about hopefully that, gee, this date is approaching that I'm going to have to adapt my programs to be in compliance.

So, that's why I'm suggesting I would particularly find out for each of these types of programs who's running that actual program and contact them, see whether they have already covered those needs, and how you might work with them.

Marita

Okay. Just to piggyback on the question before me, I think when I came on I heard you say that you couldn't have two separate agencies paying for the same service.

Les

It's not the same service, but essentially if I provide the Smith family with housing counseling, I can't charge the provision of that counseling to CDBG and charge for the same provision of housing counseling to another program. So, you can't double charge on something.

But there's not a problem with I'm running a housing counseling service and I have three or four sources of funds. You would just be able to show I assisted this many people and out of that this number are being charged up to one program and this number are being charged to another.

Marita Oh, okay. Thanks.

Moderator We'll go next to the line of Virginia Peshke. Your line is open.

Virginia P. Hi. Thanks for taking the call. We do a good amount of down payment assistance counseling and education, and what we're finding when we go to the part where we're actually doing one-on-one counseling, we're finding that many of these people have already picked out their house, they've already signed a finance agreement, and we're finding that they're going to have a very difficult time actually affording the home that they've selected. I've suggested to our Congressman that it would be very helpful if HUD would mandate that you have to do the counseling if you want down payment assistance before you actually make a contract with the funder.

About the only thing you can do when you find out you can't afford it would be to take your escrow and forego the payment that you've already made on it. We find it's very disappointing for the clients to find out when they really go through their budget that they probably have signed up for more than they can handle.

Les

I think that's one of the compelling reasons why housing counseling is needed, and that would be part of your conversation with the potential partner about that timing and how their program is designed.

Virginia P.

Well, it's working against both the realtor and the funder to suggest that possibly the buyer go for something less, because the commissions are based on how much a person is paying for the home and how much they're actually borrowing, how big is the loan. Unfortunately, in some of the cases once the financing is done the loan is sold off and whether the person ends up in foreclosure is of less interest to the funder. I hate to make them look like they're villains, but the fact is that's the way it works. You're looking to make money and sometimes the person will say, well, we're going to get another job, or I have a bonus coming, and it sometimes works out for them.

But we're seeing a lot of the other, and that's why I suggested to—Peter Roskam is one of our local congressmen, and I think he's on a committee that has something to do with this, and he was very interested. But unless you get HUD to actually mandate it, I don't know if we're going to solve the problem.

Les Okay. I think we probably need to move into the next section so that we don't short change that, and then we can return to questions. So, I'm going to turn things over to Jason.

Jason Thank you, Les. Good day, everyone. It's a pleasure to have the opportunity to share this portion of our presentation. The following slides provided are information on other federal resources by program area that may be available for housing counseling services, as well as some non-federal resources. Next slide, please.

The first of the other federal funding resources we are identifying is the US Department of Agriculture's Rural Development Program. The USDA's RD Program provides a number of rural single family and multi-family mortgage loan programs, along with development funds. In particular, housing counseling programs most often connect with the 502

Direct Loan programs, which primarily assist in purchasing for low income households and it may include such features as building, repairing, and/or renovating. The Direct version enables rural development to act as both lender and servicer, and 502 Guaranteed Loan originated through approved lenders and largely guaranteed by USDA may also be available but may not be structured for packaging support.

In a 504 program Rural Development can provide lending or grant to elderly, very low income home owners to remove health and safety hazards, clearly areas where outreach and financial and rehabilitation counseling is beneficial. Through this program, while education is required, housing counseling may be optional based on state by state application of the program's requirements. The possible relationship that supports diversification of funding most commonly enables loan application packaging and thus establishing packaging fee agreements by the local housing counseling agencies or intermediaries.

Additionally, through Health and Human Services there may be funding resources available under the Temporary Assistance for Needy Families, TANF, or Maintenance of Effort, MOE, fundings for homeless families. For example, a jurisdiction can use federal TANF and MOE funds to

provide short term rental or mortgage assistance to prevent eviction or help a homeless family secure housing, security and utility payments, moving assistance, motel and hotel vouchers, case management services, financial and credit counseling, legal services, housing search, and placement services and support for administrative costs associated with any of these activities.

Also, TANF funds can be used in coordinating with HUD's targeted Homeless Assistance Grant Program, the Continuum of Care Program and the Emergency Solutions Grants Program to maximize the impact of both resources. For example, TANF could be used to pay for rental assistance while ESG is used to pay for supportive services to help a family remain housed.

Then we have Assets for Independence, while not funded starting in FY2017, backlog funds may still be available. This resource has been previously utilized to offer matched savings accounts or IDAs, individual savings accounts, in conjunction with financial education to support low income individuals towards greater self-sufficiency.

Lastly, within Health and Human Services there is the Community Services Block Grant, CSBG, which goes to community action agencies and may be used for housing counseling to be used in conjunction with alleviating poverty.

Finally on this slide, the Veterans Administration, VA, like FHA, offers home loans to military households as well as veterans. Currently, housing counseling is only recommended and there may not be funds available or funds to support. But noteworthy to recognize is the prior partnerships established in conjunction with the CFPB and the VA in serving service members in other counseling service areas such as those aimed at illegal debt collection practices and addressing homelessness. Next slide, please.

We also want to examine other non-federal entities that may seek to support housing counseling and education. First, there is the Federal Home Loan Bank, FHLB, and its member banks. They represent a system of banks that support housing finance and community investment. In some FHLB markets they actively promote housing counseling via their individual development account programs, or directly via their Affordable Housing Program, AHP, for home ownership. For example, in the Federal

Home Loan Bank of New York, the first home club is an IDA program which requires housing counseling for first-time home buyers.

There are also other banks that may or may not be members of the Federal Home Loan Bank system. Please note this use of the concept of banks is generically representing both key resources of banks and credit unions alike. Many of these entities want to work with housing counseling agencies, particularly those who are HUD-approved, and may have resources available to pay for housing counseling services. Through the recent period of foreclosure crisis, funding from many national and local banks supported the counseling, education, packaging and outreach services of housing counseling service agencies, and they regularly participate in support of pre-purchase, rental and financial counseling and may be a source of diversification for agencies engaged in disaster-oriented counseling services, as previously noted by Les.

Next, consider foundations. While there are some national foundations, most often foundations that work locally or regionally will best relate to your charge. For example, the Cready [ph] Foundation based in Michigan has provided housing counseling grants to organizations serving Detroit. Another example is the Cleveland Foundation. Your best bet is to figure

out who offers grants in your local areas, get on their list of applicants and, if possible, meet with them to discuss your organization's missions and goals.

Additionally, consider employers. Representatives of your client base and those with other aligned interests are also integral partners to engage.

Particularly common among support can be found in employer-assisted housing programs that help fund counseling and education to help retain employee residence opportunities close to work and may include down payment assistance programs.

Consider insurance and loan services. Similar to banks, some insurance and loan servicers looking to mitigate insurances or lessen risk also fund housing counseling services such as pre- and post-education, default counseling, outreach and packaging.

To this also add government-sponsored enterprises, Fannie and Freddie, that engage in various collaborations through networks of counseling agencies in support of education, both face-to-face and electronic, and those that are aligned with some of their loan products and affordable lending programs.

Finally on this slide, note that some of the non-profits are also first mortgage financiers and may offer funds for housing counseling. Habitat for Humanity and many other non-profit first mortgage financiers may be good to collaborate with in counseling, as well as education, servicing and more.

Now, we close the non-federal sources with options that may be available at the state level. The first of these to explore is to explore state housing finance agency type programs that manage revenue bond programs. Some states, as part of their mortgage revenue bond program require housing counseling and may have funds available for housing counseling and other aligned supportive services. Some state HFAs have chosen to participate in HUD's Housing Counseling Program, such as the Virginia Housing Development Authority, who have additional funds for housing counseling that they use to augment their state of work from HUD.

Also consider that some states, in particular, have state housing trusts where funds may be available for housing counseling. For example, in Ohio at the Ohio Housing Finance Agency's Housing Trust Fund those may be used for grants for housing counseling; or at Florida Housing, the State Housing Initiative Partnership, termed SHIP, offers grants for home

ownership counseling; and in Maryland foreclosure filings generated revenues for housing counseling for the Maryland HOPE program, designed to provide foreclosure counseling.

As it was identified earlier by Les, while some of these specific opportunities may sunset, look to these for comparable designs or consider for other counseling areas such as home improvement or rehabilitation, or homeless counseling.

Last on the list are other housing development programs. Some communities include inclusionary zoning requirements for all development that set aside units within the developments for low to moderate income renters or buyers. Housing counseling may be an appropriate part of their program design. The housing counseling agency will need to be aware of these opportunities within their service area and seek an understanding of how they might leverage these needs to provide additional resources and capacity for their agency.

Now, we want to take a pause here to capture the direction of your next steps. Les, can you begin our polling, please. Also, folks, while we're

doing this we would like to encourage you to please use this time to provide any questions to the chat section of this service.

Les Poll question 3. What funds are you likely to pursue the next year for your housing counseling program: 1) Other HUD funds; 2) Other federal funds; 3) Non-federal funds, which would include private fundraising, state and local; 4) All of the above; or 5) None of the above. I assume based on that you've got more funds than you know what to do with. If you'll go ahead and please vote.

Jason Thank you, Les. I now see that almost all agencies being represented here are seeking many sources. This makes sense, as many agencies engage in many forms of counseling service and more varied sources serve best practice thinking. Success tends to come in many small pots versus one larger one, and is notable given our first polling question, where only approximately 25% of you were currently pursuing HUD funding only.

At this moment I want to stop and just take a moment to see if there's any other input from the HUD staff that you would want to either address the polling question or any questions on the prior section.

Tracy This is Tracy. On the prior section I had a question, and I'm going through all the questions. Okay. "When you previously said someone asked a question, are you saying that we can charge additional fees for housing counseling along with the fee for HECM?" This is earlier on when you all were speaking about HECM.

Les Jason, I'll jump in and you can follow on that. What I was trying to convey was you cannot charge for something beyond your actual costs. So, if providing counseling to a household costs \$300 and you've already charged that off to another program, you cannot charge it to this new funding source. But I think there are folks who are currently providing services that only a portion of your cost is perhaps covered from that existing funding source, so I would think that there may be opportunities to cover some of those non-reimbursed costs if they were eligible under both programs.

Jason, what do you think?

Jason I agree with you. The one caveat I would offer is that the guidance for HECM-related services has a completely different level of engagement and requirements around the program management of it. So, I would just

caution agencies that the same thing that you do with, say, a default counseling and a pre-purchase counseling service may be significantly different as you engage HECM-related services.

Tracy

I have another question to something you probably previously discussed. This question is: “Are HUD-approved locals eligible to apply for housing counseling grants offered by private lending institutions, i.e. Wells Fargo, etc.? It’s my understanding that because of a local’s non-profit classification they would not be eligible to apply for grants offered by private lending institutions.”

Jason

Les, I’ll take the first stab at this one. I would just offer that I’m not aware of the preclusion from being able to do that. But I offer that up as it’s based in the HUD guidance, not necessarily guidance that you may receive, so not necessarily looking at the CFR in the handbook, but it may be that there’s an ineligibility based on other funding sources. So, I think that may be an “it depends,” unless somebody’s got clearer guidance.

Les

I agree completely. I don’t see that as an issue within the HUD programs, so you’d have to look to see if Wells Fargo or whoever the other entity is, what their particular requirements are. The fact that you’re a non-profit

should not normally preclude you from fee-for-service activities. You may not be making a profit, but you're covering the cost of providing those services.

Robin Les, this is Robin Penick with HUD. I would only add to that in that agencies should make sure that they're not violating any type of conflict of interest by the agreement that they would enter into with that lender.

Les I think there was a caution on this about not steering in housing counseling a client to a particular lender, and so you'd have to be careful about making sure that you were doing your normal number of referrals and not steering them to the lender that was paying you for those services.

Tracy I think that's it for the questions right now that would go to everybody.

Moderator [Operator instructions].

Jason Thank you, Alan. Excellent.

Moderator Pardon me. We do have a question queuing up from the phone lines, and that's from the line of Erum Carmona. Please go ahead.

Erum

Hi. I'm asking a question about the concept of double dipping again. I'm from Philadelphia, and here, for example, we have a very extensive mediation program that involves many hours of work. Just one funding entity cannot capture all the work involved, so there has to be room for cases and situations, particularly in foreclosure prevention, where it can take months to resolve a case and multiple funding could assist in providing those services.

I'm basically, I guess, pulling for a more, how would I say, targeted acceptance of some activities that counselors do in foreclosure prevention that takes a real long time and just one funding cannot cover it. So, there's got to be some leeway there in terms of where you're saying that two funding sources cannot pay for the same scope of work, but if the same scope of work, like, for example, the mediation and in foreclosure prevention in particular the program we have in Philadelphia, it just takes sometimes a year to resolve it.

Les

I think I can help you on that. Let me define a little further what I mean by double dipping on that. You cannot charge a cost that has already been reimbursed by another program and charge it to a second program. So, that's where you're double dipping, or essentially double billing for a cost.

But the fact that you have ongoing counseling to bill a portion to one program and bill other portions of that to another, I don't see that as a problem. That's not double dipping.

It's when I have a specific cost, so when I say a scope of work, I might be saying so if my scope of work was three hour sessions with a client, if I billed those three hours to one funding source and then reimbursed, I couldn't bill those to another funding source. But if I do additional deliveries or additional hours of service, well, those have not been reimbursed. They are part of a different scope essentially, or different billable units, and so that's not a problem on having multiple funding sources for the same service that's being provided. But we simply can't double bill the same cost.

Erum

Yes. I understand. I think you clarified it when you say that if it's like a three hour session and that's all, right? For example, pre-purchase, that's it, we pulled the credit, did the budget, you're good to go, that's it, fine, right? Simple. But if it is a pre-purchase that takes a lot of time, a lot of credit repair, and that might take months, then that's additional services which is more than just, let's say, a pre-purchase, it might be more credit

repair oriented in that pre-purchase. So, if I hear you correctly, that is additional services, then it should be allowed.

Les I agree, yes.

Erum Okay. Thank you.

Moderator [Operator instructions]. We have just a couple other questions queuing up. Just one moment while we gather their names.

Robin I've got a question here in the chat box. This is Robin. "If you are not a HUD agency yet, can you participate in any of these programs without HUD approval?" I think the chatter is asking if they have an agency established, could they apply to the locality for any fundings that they might have?

Jason Les, do you want me to take the first shot at this?

Les Sure.

Jason

Thank you. I think that it, again, is somewhat of an “it depends” just due to the breadth of resources that we’ve been discussing. We are aware that there are a multitude of non-federal sources, and certainly state level sources that depending on affiliation and the scope of what your program has the capacity for, that they may be able to provide that desired banner that you’re looking for, or opportunity to obtain funding. But I would generally tend to say that many programs are seeking for you to be able to obtain the HUD approval, or if not the HUD approval all of the caveats of that type of program management and infrastructure to deem you worthy for access to their resources.

Les

I’ll just add a couple of examples. For instance, I mentioned under CDBG and home that the way those funds are distributed, they’re going to cities, counties and also states, so for most cases on that the only folks that could actually apply for, let’s say, Home funds to be able to run a down payment program would be that city, county or state.

Now, they may then choose what they will call a sub-recipient, someone to run the program on their behalf, but they also might choose to run that program directly. Under the new housing counseling rule in August of 2020 they’re going to either have to establish in-house meeting the criteria

under the new rule, or they would be looking to a certified agency to be able to provide those services.

So, moving forward at least, they're going to be very carefully making sure that the partner they work with to provide the housing counseling is going to have to meet that certification criteria because that's part of the compliance that they are going to be held to under this new rule.

So, I would think for an agency going forward, that folks are going to need to be certified if they're going to be able to participate in any of these programs where under the new rule we have the requirement of certified agencies and counselors.

Robin Thank you, Les.

Moderator We do have a couple questions in queue from the telephone lines. We'll first go to the line of Fernando Leo. Go ahead, please.

Fernando My name is Fernando Leo. I'm a housing counselor at Southwest CDC in Philadelphia, Pennsylvania. We are funded both by the Philadelphia CDBG grant as well as PHFA as a sub-grantee.

Going to double dipping, and I don't know if I have a question or more of a comment, so when we do exhaust our billing, our units, or billing time with both the city and the state, we do continue to service these clients in diversion court or credit repair, whatever it may be, so we do have the ability to bill HUD under the PAR. But really my comment is that that PAR is quite cumbersome really to manage and to prepare and submit. So, my comment would be, is there a way to set a set amount of reimbursement for that rather than tracking time and cost basis? I don't know, it's a comment more than a question, but I find the PAR a little bit cumbersome for staff to keep up with.

Les I'm thinking this is either a HUD staff or a Jason question.

Jason I would defer to HUD on this, just because I think there's too much variability and the complexity of what would be a uniform response.

Les Yes.

Fernando Yes. That was just a comment. So, basically we do have, as Mr. Erum Carmona was talking about, our continuing services to a client even after our funding has been exhausted, and so through HUD we could bill for our

time. I just find the billing process very cumbersome to do that, and a flat rate would really make it a lot easier. But that's it. It's more of a comment rather than a question.

Les HUD staff, do you want to add to this?

Tracy I think we kind of just heard the tail end, because we were answering a lot of the questions online. If you could direct your comment/question to our mailbox at housing.counseling@hud.gov and we can get it to the right division who could probably assist you more in answering that question.

Fernando Great. Will do.

Tracy Thank you.

Moderator We have one other question in line from Kathy Hicks. Go ahead, please.

Kathy My question, again, my name is Kathy Hicks and I'm calling from Mississippi, as a HUD-approved housing counseling agency. My question is when you're getting the dollars from your programs and they're asking about program income, and I've understood in the past that the program

income could be subject to recapture, and my question is, I know program income will be helpful because it provides some leveraging and some other dollars to do things with, but if it's going to be a possible recapture of that program income then to me you're robbing Peter to pay Paul.

My question is more of a program income question with the HUD dollars and you get income in to help you, or supplement your program, or leverage your program, are those dollars still that that is being recaptured, or capturable?

Les

I'll address this from the CPD program. Each program will have some specific requirements and definition of program income. But generally it's money that is being paid back in some way to either the HUD grantee or their sub-recipient, so someone that's running a program.

So, it could well be that in an agreement that you would have, as you receive those HUD funds, that if you had other payments that were coming back in, that it's possible that something would be identified as program income. For instance, if you had a client, if the client was required to pay some minimal amount for services along with the CDBG or Home funds, if that was essentially reimbursing for costs that had

already been covered by those HUD funds, that could be identified as program income. I guess I would think in most cases you're not going to have funds that would actually be identified as program income.

If they were, the program income rules would then say, well, it holds its federal identity, it has to generally be reused for the same type of activity. In some cases you might be allowed to maintain that at your agency, and then report "With these funds I assisted another client." In other cases, your agreement with that HUD funder would say, if you receive program income that it has to come back to them.

So, I guess I would suggest, if you already have funds coming in, look at that written agreement to see the specific language and then have a conversation with that funder about what monies within my operation would actually meet that definition of program income and how would that actually work, to be able to evaluate is this more than administrative burden that you want to deal with. Generally, it just means that there would be some additional revenue or resources to be able to assist other clients with.

Kathy Okay. That was my question. We're trying to expand our home buyer club and the activities that we do, so our HUD fund's coming in and comprehensive counseling funds are looking more towards working with clients with pre-purchase counseling and home buyer education. Whereas, I would like to expand it to get funds from the banks and other entities, private funds, to help with long term credit counseling and I don't want them to look at that piece as being a program income coming in that needs to be recaptured.

Les Program income is a repayment that's coming in from that service that was provided with the HUD money. So, the fact that you have other monies coming into your agency is a good thing, and it does not sound like any of that would be counted as program income.

Kathy Okay. Thank you.

Moderator We have no further questions in queue from the phone lines. You may proceed.

Tracy Les and Jason, this is Tracy. I have several people that have the same question pretty much. "Do you know if there is a list of possible funding

sources, or perhaps a website that could provide an aggregation of sources?”

Les

I'll jump in, and then Jason you may want to follow. For the HUD programs, there are a couple of options. You could go to hud.gov. My better suggestion I think would be the HUD Exchange, you could just Google HUD Exchange. Then on their dropdown or their menu, you could select the program. So, if you wanted to figure out about the possibility of Home funds, you could click under Programs on Home, and one of the things you would be able to identify on there was by your region who is receiving Home funds. So, that would give you that first identifying where the money's flowing to.

But then I think in following that trail I would then say, okay, so if the state is receiving Home funds and your local city are receiving Home funds, I would be either talking to them, looking at their websites to see what programs they're currently providing with those funds and then having follow up conversations.

For a city, or a county, or a state, as I mentioned, for all of the CPD funding sources, so that's Home, CDBG, ESG, HOPWA and the disaster

funding, they are completing what's called a consolidated plan, which is this five year strategy, and then also a one year action plan, and every time they get an award of money, they report in this action plan, "With this million dollars you gave me, here's what I'm going to do with it." So, by looking at those, and those are posted, they're public documents, they describe how they're going to use those funds and the types of activities. That would allow you to see, oh, look, they're doing a home buyer program, we should talk to them about how are you handling the housing counseling that needs to be provided with that. I think that would be one of the ways that I would try to track that down.

Jason

Thank you, Les. I would also offer that in about two slides I'm also going to, for those of you that don't want to have to write anything down and want to go back to the archive to do some point and click, we do have some of those items that Les just identified, as well as some other resources. Unfortunately, there is not a single aggregated source that we can provide to you on either the federal or non-federal sources, but we will give you, I'm going to say at least ten sources, if not more, to consider.

But I would also offer that just as your polling had indicated, many of you are seeking a multitude of different resources. And so what's really best is

looking local, so not just relying on the federal sources but just really seeing what kind of partnerships you can define locally for entities that know who you are and know what your services are, versus just putting your resume out into space that doesn't get captured.

Cheryl

This is Cheryl Appline from HUD. I think that we really need to do some investigation, as Les was saying, because under the guise that you have not because you ask not, you need to find out where the money is out in the field and then get out there to let them know who you are so that you can get funding. If they don't know who you are, when funding comes down they can't say, oh, I remember that agency and they're really looking for funding, and this is a good agency for us to fund.

So, as you get into other places that you can go, you need to think about that, how you're portraying yourself so that you can get money. Let me just say here again that we will be doing some training in the next two months on grant writing and what you need to do so that other folks, the funders look at you as a viable entity to give money to, because they want to give out money but they don't always have a place that they can give the money to.

And it seems like the same people always get it year after year because they don't know who you are, they don't know what you're capable of doing, they don't know the community that you're dealing with, they don't recognize that you're in Philadelphia and they're funding Philadelphia, or they're funding Northeast Philadelphia, or they're just funding South Philadelphia. They don't know that. And funders do put that on their website, this is why we're giving money, this is who we're looking for, and you can find that out. Thank you.

Les Great. Thank you. Jason, it seems like a good segue into your closing.

Jason Thank you, Les. In conclusion, I just want to give you a couple of quick highlights here. Some of this, both HUD and Les have given some supporting guidance around, so this is just a little bit of repeating, and then I'll share with you momentarily a couple of the sites before we close out.

In preparing for these opportunities, we really want you to recognize the need to identify and establish connections, find out if there is a niche for your agency to provide these services, start working with local networks and try to anticipate what these opportunities are going to be. We certainly want you to be able to tell your story with the benefit of housing

counseling and be able to understand the specific needs and the requirements of your local market to express to the potential partners.

Also, recognize that you need to define the needed scope and potential funding will be key to pricing and implementation of new service delivery. Effective written agreements need to include a clear scope, pricing methodologies and methods of payment when you pursue these opportunities, and you also have to assess your own capacity to adapt your services for how you're going to potentially leverage sources of funding. Next slide, please.

As I said, we have about ten plus, and this is on two different slides, these are a myriad of different HUD angled approaches within different components of the CDBG, CPD and PHA and PIH contacts, many of which are defined through the HUD Exchange. So, it winds up being, in my estimation, a more easy to maneuver access point for these kind of federal resources. Next slide, please.

To the non-federal type of efforts, USDA and VA, and even considering where you're not just looking at Federal Home Loan Bank but also considering the National Council of State Housing Agencies, we're also

providing you with a link back to them to see who your local state agencies are and where they can provide you some guidance on how to best diversify and/or how to potentially partner with them in this process.

With that, I'd like to turn this back over to HUD.

Virginia

Okay. Thank you, guys. That was very informative. Just a reminder to the audience that we will be posting the audio of the presentation, and a written transcript that for this technical stuff may really help you, and that will probably be in seven or eight days.

Within 48 hours you will be receiving an email from GoToWebinar. It's going to say, "This is your certificate of training." Please be aware that there is no attachment to that email, it is in fact just that email, so you'll need to print that out and save it for your records. Next slide.

We've gone through all the questions. For those questions that we were not able to answer, we will have a written record of them and we'll try to get back to you. If you don't receive an answer or you have an additional question, again, send it housing.counseling@hud.gov. Next slide.

One of the things in terms of our archives, they are set up that if you review the archives you will be able to get credit for the training. Again, on HUD Exchange it explains to you how to do that, but that's another benefit from going and visiting our archives. It's also very good to share it with your staff so that they get the benefit of the same level of training. Next slide.

Then, again HUD Exchange is where we post all of our information. As I've mentioned several times, their email box is housing.counseling@hud.gov. We've got people that monitor that on a regular basis, so we really want to make sure that we get all of your questions answered. Realize they don't have to pertain to this webinar, just any topic that comes up, that's the resource for it. Next slide, if we have one.

Again, those links are very important, but when we post the presentation they will be live, so you don't have to write them down you can just copy that page.

Thank you for attending. We appreciate your time. Remember that we will be having in the near future at least one webinar on preparing a grant, so watch for that. Again, have a good day. Thank you.

Moderator

Ladies and gentlemen, that will conclude your conference call for today.

Thank you for your participation and for using AT&T's Executive

TeleConference Service. You may now disconnect.