



*Successful Homeownership and Renting through Housing Counseling*  
*Hearing on H.R. 3938,*  
*the Expanding Housing Opportunities through Education and Counseling Act of 2004*  
**Before the**  
**Financial Services Subcommittee on Housing and Community Opportunity**  
**United States House of Representatives**

**TESTIMONY**  
**Concerns about Housing Counseling**

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By

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The Urban League is the nation's oldest and largest community-based movement devoted to empowering African Americans to enter the economic and social mainstream.

The Urban League movement was founded in 1910. The National Urban League, headquartered in New York City, spearheads our nonprofit, nonpartisan, community-based movement. The heart of the Urban League movement is our professionally staffed Urban League affiliates in over 100 cities in 34 states and the District of Columbia.

The mission of the Urban League movement is to enable African Americans to secure economic self-reliance, parity and power and civil rights. On behalf of the League, I thank Chairmen Ney and ranking member Congresswoman Waters for this opportunity to share the thoughts of the League on this important topic. The Housing Counseling program of the National Urban League, under the direction of Marvin Owens, Vice

President of the League for Economic Development and Housing, and Cy Richardson of his staff were instrumental in pulling together this testimony.

As homeownership opportunities for underserved families have increased, issues of affordability, mortgage delinquency and home loss have also increased alongside these gains. Housing counseling can address some of these causes by building relationships with homeowners and prospective home purchasers or renters, addressing a broad scope of underlying issues and facilitating comprehension of the risks, rewards and effort entailed in homeownership.

Our affiliates provide pre- and post-purchase counseling, loss mitigation and mortgage delinquency education and training as well as rental housing assistance to those seeking affordable apartments. In 2003, National Urban League affiliates collectively served more than 19,000 clients.

As an initial partner in the design of the Housing Counseling program with HUD and other national nonprofits (1968), The National Urban League has been designated as a “National Intermediary.” Our affiliates are certified to do this work through us. Our experiences with the program have been good with regard to implementation and we have generally found that education and counseling services have broad value for homeowners and can improve the market by facilitating effective consumer use and demand for a very wide range of housing and mortgage products.

One of the key areas our affiliates concentrate on is mortgage delinquency and foreclosure counseling. We primarily offer delinquency counseling, which specifically targets homeowners who are delinquent in repayment of their mortgage and who may or may not have been served a notice of foreclosure. Delinquency counseling usually occurs

in one-on-one settings. The National Urban League seeks to assist delinquent borrowers as opposed to efforts from loan officers to structure a repayment plan.

Our program also includes components that assist families looking to rent affordable housing. The affiliate serves as an information clearinghouse for affordable rental opportunities and, after determining that near-term homeownership is not desired or appropriate for a family, makes a referral on behalf of the family for the rental while keeping the family in a database and contacting the family at a later date to encourage homeownership if requested. Housing counseling greatly benefits the rental market by moving renters to homeownership thereby freeing up affordable units for other families to move up the housing ladder.

The NUL does offer a narrow set of housing counseling services in partnership with Fannie Mae, Freddie Mac, the Bank of America and Chase Bank. With those partners, separate from our HUD funded housing counseling program, we offer a program to help potential homeowners qualify for mortgages. And, National Urban League affiliates, separate from our HUD counseling program, operate first-time homeowner programs in ways that complement the HUD program. We encourage affiliates to develop robust and comprehensive housing programs ranging from financial literacy to first-time homebuyer classes to housing counseling to broader asset development strategies such as real estate investments and capital home improvements.

We measure success by a number of qualitative and quantitative indicators. First, we gauge the efficacy of the program against the NUL's housing policy goals, which include 1) preserving and expanding the supply of good-quality housing units, 2) making housing more affordable and more readily available, 3) promoting racial and economic diversity

in residential neighborhoods and, 4) linking housing with essential supportive services, etc. Some of the short- and long-term quantitative measures include the number of loans and people served, the number of new homeowners, the number of households relocating with housing search assistance, the number of very low, low- and moderate-income households paying more than 50% of income for housing, etc.

If a nonprofit's program is indeed "comprehensive" in nature and application, then inherent to its design should be the type of flexibility to adjust and shift emphasis from a strictly homeownership-focused program to one which primarily highlights rental housing opportunities. However, the limited funds that are available, does strain the resources of non-profits in meeting the needs of delinquency counseling. That program is more time intensive, and as the share of families needing that help increases, it is necessary to have a program designed to make the funding stream flexible enough to let the non-profit respond.

The general consensus is that the capacity of the current network of counseling providers is somewhat lacking and that additional leadership is needed from HUD. This leadership is particularly necessary in the areas of capacity building, primarily in the area of technical assistance and training for local nonprofits in the field. And, that leadership can only be asserted through increased funding for a capacity building program. Specifically, we understand that homeowners need a continuum of services, yet many nonprofits as well as HUD, to a certain degree, are too focused on education and counseling. Technology based solutions, like computer counseling software programs that help do counseling, follow in that mold of being too narrow. Counseling for families that are struggling with mortgage delinquency is truly a one-on-one process, and

technology based solutions would not be a substitute. So, it would not be helpful to have creditors direct families to software programs. Instead it would be far more helpful to have creditors direct families to non-profit housing counseling agencies or a toll free number that would list one-on-one counselors. Developing models that are integrated with the private sector will require significant coordination from actors such as intermediaries (ex. NUL, the National Council of La Raza, etc.), foundations and industry associations. The role of community based organizations, as an intermediary is essential to the success of such an approach. HUD would need to continue to partner with, and actively include CBOs in all advisory functions. Finally, talk about new models must be backed up by a real commitment of resources. And, the creation of computer software and studies, while useful, should not replace funding for actual counseling services. Funding for these new initiatives must be new funding.

A number of partnerships are created by nonprofits housing counselors. Among these strategic alliances and stakeholders are: neighboring homeowners, home-improvement retailers such as Sears and Home Depot, building contractors, property and casualty insurance companies, real estate agents, retail lenders who may underwrite the costs associated with offering first-time homebuyer classes and seminars, depository institutions who have added incentive to reach underserved markets as a result of CRA, and finally owners of mortgages such as the GSE's Fannie Mae and Freddie Mac.

Again, thank you for this chance to share the successful record of the National Urban League in housing counseling.