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HOUSING COUNSELING

Description:

Across the country, housing counseling is provided to the general population, as well as specifically to older people and to people with disabilities. Counseling is available through discrete, formal Housing Counseling Programs or as an integral component of other service programs. Housing counseling can provide advocacy, information, technical assistance, training, education, crisis intervention, and help with decision-making skills—to first-time home buyers, homeowners, and renters—tailoring the information and help to the client's specific needs or problems.

FORMAL PROGRAMS

Formal Housing Counseling Programs are operated by community-based housing organizations, consumer credit-counseling agencies, and other community service organizations. While housing counseling does not require certification or licensure, most programs are funded by the U. S. Department of Housing and Urban Development (HUD), the counselors complete HUD's housing counselor training, and the organization is certified as a "Hud-Approved Housing Counseling Agency."

Homeownership:

Traditionally, the majority of first-time home buyers are young adults. However, public policies have increased the number of established families and mid-life individuals with disabilities who are buying their first homes. In addition, young, mid-life, and elderly homeowners are facing financial difficulties and foreclosures. Regardless of age, homeownership counseling and education is a critical step in producing an informed consumer who is better equipped to attain homeownership status and to sustain that status over time. Counselors work to build healthy communities and expand homeownership opportunities and successful retention.

Pre-purchase— A pre-purchase housing counselor prepares a client for successful homeownership by informing and educating the client. The counselor will then advise, guide, and advocate for that client, as well as collaborate and negotiate on the client's behalf. Homeowners who have taken part in pre-purchase counseling have increased knowledge and are able to experience a more efficient real estate transaction. They also have reduced loan delinquency and improved financial health. The primary ways to attain these goals are through: (1) group homebuyer education workshops (six to eight hours in length), and (2) individual counseling sessions (as many as necessary), which supplement group education by focusing on problems and issues that are specific to a particular homebuyer. Both group workshops and individual sessions include information on budgeting, developing a savings plan, credit issues and repairing credit, and finally selecting a home.

Foreclosure— A foreclosure-intervention counselor assists homeowners of all ages who are facing the loss of their homes because of financial difficulties. These

counselors are required to have a strong technical background, with emphasis on foreclosure laws; credit counseling; and the mortgage, mortgage insurance, and real estate industries. It is crucial that foreclosure counselors be artful negotiators, facilitating outcomes that are acceptable by both the homeowner and the mortgage holder, as well as determining if there is an appropriate alternative to foreclosure, by evaluating the situation and helping both parties decide on the best workout option. Some of these options include special forbearance, loan modification, partial claim, short sale, or deed-in-lieu. By utilizing strengths-based counseling—inspiring homeowners with praise, empowering them with education, explaining the process, identifying options, guiding the homeowner, and restoring hope and confidence—a foreclosure-intervention counselor can effectively assist all homeowners in trouble, even those who will ultimately lose their homes.

Reverse Mortgage— The greater majority of older people are homeowners and are living longer lives, often on fixed incomes that lose buying power over time. A reverse mortgage provides homeowners aged 62 and over with monthly income in the form of loans that are drawn against the equity value of their homes, and which do not require repayment (through the sale of the home) until the resident moves out or dies. Some HUD-Approved Counseling Agencies also provide Reverse Mortgage Counseling, with HUD providing specialized training on this complex financial product. In addition, as more older people are living longer and exercising their preference to remain living in their own homes, some aging services providers have also become HUD-certified to provide Reverse Mortgage Counseling.

Reverse mortgage counselors are independent third parties who assist older homeowners understand the various resources available to them and determine if a reverse mortgage is the best option; other resources include housing programs and options, social and health services, and financial strategies. It is an important safeguard for anyone considering a reverse mortgage to have questions answered by an unbiased party, and the key is to understand the client's overall situation and needs. In addition to knowing the diverse resources available for older people, the reverse mortgage counselor must know and be able to communicate the different types of reverse mortgage products, as well as the options available within each of these loan products.

Reverse mortgage programs have been developed by HUD, Fannie Mae, and a variety of private finance companies who operate under the reverse mortgage laws established by individual states. HUD and Fannie Mae require that consumers receive counseling by an independent third party before making a reverse mortgage decision. Following counseling, the client receives a "Certificate of Home Equity Conversion Mortgage Counseling," which is provided to the lender prior to the reverse mortgage application process.

HOUSING COUNSELING AS AN INTEGRAL PART OF OTHER SERVICES

Older People:

Most older people continue living in their own homes and apartments throughout old age, even when independence is compromised by frailties, health issues, and financial difficulties. Increasingly, as part of their overall counseling, case

management, and in-home assessment services, aging services providers include information and counseling about housing issues and housing options, and help older people and their caregiver adult children negotiate the difficult decision-making process about where to live during the elder years. Counselors help older people to "age-in-place" safely and successfully by providing information and guidance about and linkages to:

- (1) Programs providing home maintenance and upkeep, home repair, home modification, universal design features, and energy/weatherization assistance;
- (2) Financial strategies to support homeownership affordability, such as sale-lease-back agreements, property tax abatements, reverse mortgages, and home-sharing arrangements;
- (3) Alternative community-based housing options;
- (4) Affordability strategies and options for renters; and
- (5) In-home and community-based supportive and health-related services for homeowners and renters, which delay/prevent relocation to health facilities and nursing homes. When circumstances make aging-in-place untenable, counseling provides information and guidance about the variety of supportive housing options and health care facilities available and how to make the best choice to meet an individual's needs and preferences.

People with Disabilities:

Most people with disabilities live in conventional housing in the community, and public policies promote their preference to live as independently as possible and integrated with the wider community. As part of their overall service provision, both Independent Living Centers and Associations of Retarded Citizens (ARC) provide information and counseling about housing options, universal design features, home modifications, and community-based housing programs and services, as well as provide training in independent living skills. Such counseling and assistance is available to individuals in the community, and also helps those living in group homes or facilities to transition successfully to their own apartments and homes.

Benefits:

For individuals and families:

- Receive correct and consistent information.
- Have a solid source of information to rely on both before and after a home purchase.
- Build assets.
- Gain decision-making skills.
- Have raised self-esteem and confidence.
- Have a positive and stable living environment.
- Some mortgage products will allow for discounted rates or "gifts" that may be used for down payments or closing costs.

For older people and people of all ages with disabilities:

- Increased opportunity to live in the housing of their choice.
- Increased opportunity for integration as regular members of the community.

- Both renters and owners have increased ability to age in place safely and successfully.
- Unbiased source of accurate information for reverse mortgages.
- In-depth help making the decision and negotiating the process regarding relocation, which is a traumatic event for older people
- Caregivers receive critical information and support in carrying out their caregiving activities for family members who have disabilities or are aging.

For communities:

- Promotes sustainability for homeownership.
- Revitalizes and improves neighborhoods.
- Builds stronger and safer communities.
- Builds a stable resident population—individuals feel they are an integral part of the community and are less inclined to move away.

Impediments or barriers to development or implementation:

- The need and demand for housing counseling continues to outstrip the supply because of (1) public policies promoting homeownership, aging-in-place, and integration into the wider community by persons of all ages with special needs; and (2) economic fluctuations that have negative financial implications for growing numbers of people of all ages.
- Formal, discrete housing counseling programs:
 - Dedicated funding sources for formal housing counseling programs are too limited to sustain a discrete program, requiring sponsors to supplement the program with other funding sources. Smaller organizations cannot maintain the program over time.
 - Legal, technical, and financial aspects of housing issues change on a continuing basis, requiring significant on-going training and experience in order for housing counselors to successfully provide their services; however, pay scales result in turnover among counselors and the loss of trained staff.
 - Housing counseling funders *require* specified training and certification of counselors.
 - The successful outcome a counselor can attain is completely dependent on the honesty of their client.
- Housing counseling as an integral part of other services:
 - There is no dedicated funding for the housing counseling that is provided by community service agencies for older people and people with disabilities, even though the demand for this specific service is growing dramatically and the level of technical knowledge required to provide adequate information continues to increase, which requires dedicated, trained staff.
 - Housing counselors located in community housing organizations or credit-counseling agencies may not be adequately knowledgeable about aging issues or aging services resources to be able to assist older people in the most appropriate way; such counseling may be better provided through aging services organizations, or through a collaboration between aging and housing organizations.

Resource—examples:

- Better Neighborhoods, Inc., 986 Albany Street, Schenectady, New York, 12307, (518) 372-6469, <http://www.better-neighborhoods.org>.
- Affordable Housing Partnership, 255 Orange Street, Albany, New York, 12210, (518) 434-1730, <http://www.ahphome.org>.
- Quaranta Housing Services Center, 43 Hale Street, Norwich, New York, 13815, (607) 336-2101, <http://www.quarantahousing.org>.
- Family and Children's Association, 336 Fulton Avenue, Hempstead, New York, 11550, (516) 292-1300 Ext. 2282, <http://www.familyandchildrens.org>.

Resource—written and web:

- A list of HUD-Approved Housing Counseling Agencies in New York State, together with type of housing counseling provided and contact information: <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=NY>.
- United States Department of Housing and Urban Development—on home page, see "At Your Service" for links to information about housing counseling: <http://www.hud.gov>.
- National Industry Standards for Homeownership Education and Counseling—provides a set of guidelines for quality homeownership education and counseling services, to help practitioners and organizations serve families and communities with consistent service and professional excellence: <http://www.homeownershipstandards.org/>.
- Government Accountability Office (June, 2009), *Reverse Mortgages: Product Complexity and Consumer Protection Issues Underscore Need for Improved Controls Over Counseling for Borrowers*, a report to congressional requesters, #GAO-09-606. Washington, DC: U. S. Government Accountability Office.
Highlights: <http://www.gao.gov/highlights/d09606high.pdf>.
Summary: <http://www.gao.gov/products/GAO-09-606>.
Full text: <http://www.gao.gov/new.items/d09606.pdf>.
- Barbara Stucki (June, 2009), *Tapping Home Equity in Retirement: The MetLife Study on the Changing Role of Home Equity and Reverse Mortgages*. Washington, DC: National Council on Aging.
<http://waystohelp.ncoa.org/site/R?i=ekqrleS-4AGEHrdKMEpjMg>.
- National Center for Home Equity Conversion, an independent non-profit organization specializing in reverse mortgage education and analysis for consumers; extensive information and technical assistance.
<http://reverse.org/>.

- C. Herbert, J. Turnham, and C. Rodger (September, 2008), *The State of the Housing Counseling Industry: 2008 Report*. Study by ABT Associates, Inc., Cambridge, MA. Washington, DC: U. S. Department of Housing and Urban Development. http://www.huduser.org/Publications/PDF/hsg_counsel.pdf.
- A. Carswell, R. James, and Y. Mimura (2009), "Examining the Connection Between Housing Counseling Practices and Long-Term Housing and Neighborhood Satisfaction," *Community Development*, Vol. 40, #1, pp. 37-53.
- AARP's web site has extensive information on reverse mortgages: <http://www.aarp.org/money/budgeting-saving/>; type "reverse mortgages" into the search tool.
- National Association of Housing Counselors and Agencies, Inc. (NAHCA): <http://www.n-a-h-c-a.org/>.

Resource (free or fee-based)—technical assistance contact names:

- Better Neighborhoods, Inc.
986 Albany Street
Schenectady, New York 12307
(518) 372-6469