



**National  
Urban League**

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Ms. Sarah Gerecke  
Deputy Assistant Secretary for Housing Counseling  
U.S. Department of Housing and Urban Development  
451 7<sup>th</sup> Street S.W., Washington, DC 20410

June 10, 2014

Dear Ms. Gerecke:

The National Housing Resource Center (NHRC) convened a HUD Task Force to work with HUD to develop and implement solutions to some significant challenges being raised in the field. The Task Force includes representatives from 27 HUD-approved counseling agencies and intermediaries from around the country and is chaired by Ms. Afreen Alam, Director of Housing and Community Development at the National Urban League. Over the course of several lengthy discussions, the Task Force has identified three main areas with the greatest need for attention: HUD's Biennial Program Reviews, reporting on the HUD Comprehensive Housing Counseling Grant, and the HUD Housing Counseling System (HCS).

### **Biennial Program Reviews**

There is a lot of confusion within the industry around HUD's Biennial Program Reviews (BPRs). First, it appears that some agency reviews are now being scheduled based on factors other than the date of the last review or the approval certification expiration. A partial explanation for this was given when a point of contact (POC) told some intermediaries about a new risk assessment model that is being used by HUD to determine which agencies will receive a BPR. However, HUD has not done any outreach or education on this new policy. In order to be better prepared for the BPRs, the HUD Task Force requests guidance on this new risk assessment factor, including an explanation of what the risk assessment is based on and the impact we can expect on the review process as a result of this change.

Concerns have also been raised about inconsistencies among the HUD staff and offices who conduct the BPRs. While some reviewers are quite demanding, others are much more lenient and do not follow the BPR checklist (9910) as closely. There are also many inconsistencies in implementing HUD requirements, particularly in the area of case management (e.g. client-file naming requirements, client file documentation requirements, and the language that is required in the various client disclosure and authorization forms, to name a few). Agencies have

also reported inconsistencies in what they are required to certify (i.e. sometimes being required to certify every finding, others times not being required to do so).

Recognizing that there is some degree of subjectivity to these reviews, the Task Force would like to work with HUD to minimize the inconsistencies. In particular, the Task Force would like to see a standard training of reviewers that ensures to the greatest extent possible consistency across reviews. HUD also should offer trainings for agencies on the 9910 form so that their performance expectations are clear. Agencies would also benefit tremendously from a formal training on HUD's performance criteria (24 CFR 214.303) and the HUD Housing Counseling Handbook (7610.1 REV-5).

Finally, intermediaries have raised concerns about the intermediary audit. When the Mayer Hoffman and McCann (MHM) audits were first implemented, intermediaries were not given any directions on what to expect or what was expected of them. Today, there continues to be conflicting information on what is expected. For example, MHM has insisted that intermediaries track leverage and maintain documentation of subgrantee leverage throughout the grant year, but HUD has never included this in any guide. When the intermediaries seek clarification, HUD's response is often to refer them to the various OMB Circulars, which are not always sufficiently clear and may be susceptible to differing interpretations. Furthermore, MHM and HUD staff have at times been unclear and inconsistent in some of their interpretations, such as the treatment of certain expenses (e.g. contributions to employee retirement plans and the administrative cost of oversight of subgrantees).

It is also worth including here that because the agencies were never given necessary instructions and guidance ahead of time, the MHM audits ended up being extremely daunting. For example, one intermediary reports that, in order to complete the financial audit items on time, it had to hire two full-time temporary workers for an entire month, in addition to pulling full-time staff away from their regular responsibilities.

The Task Force would like to work with HUD to ensure agencies have a clear understanding of what is required and expected during these audits and to identify ways in which this process can be made less onerous, while still providing all of the information that HUD requires. The Task Force believes it would be beneficial for HUD to develop succinct checklists of procedures and requirements that can be used to complete the process more efficiently. Agencies must also be given ample notice to prepare for these audits and it will best serve every entity involved, to have a predictable schedule for these audits, i.e., annually or biennially. The timing of the audits remains unclear; HUD should make clear to intermediaries when they should expect the next round of audits. Agencies also need appropriate guidance from HUD throughout the year and request HUD to use the quarterly report items for the audits as much

as possible. Collecting audit items in coordination with existing reporting schedules is a model worth exploring.

## **Reporting**

HUD's reporting requirements have become increasingly burdensome. While we appreciate the need for appropriate reporting and that HUD is required to collect certain information, the Task Force would like to work with HUD to identify reporting mechanisms that are more manageable for the agencies doing the reporting, while at the same time meeting HUD's requirements.

One of the most common reporting issues we hear about has to do with tracking client counseling hours and counselor hours attributable to the HUD grant. There is a wide range of billing models that agencies use and there is confusion around what is and is not acceptable to HUD. Among the common challenges agencies face are:

- Agencies do not always know which contract a particular client will be billed to until well after the initial intake;
- The industry client management systems (CMSs) are not designed to be billing software, making them impractical for tasks such as assigning client hours to a specific grant, tracking counselor hours, or connecting any of these hours to pay stub or reimbursement requests; and
- Even greater complexity in the process as a result of regular delays in the HUD grant contract.

These make client-level tracking of HUD dollars even more of a burden than it needs to be and, ultimately, unnecessarily takes counselors away from their core mission of providing services to the clients who need them.

The HUD Task Force believes there are several steps HUD can take to address these concerns. First, HUD can provide a clear explanation of how time can and cannot be billed to the HUD housing counseling grant. It would be especially helpful for such an explanation to include examples of acceptable models for allocating staff time to HUD. Because of the level of confusion and frustration that exists on this issue, we believe HUD should also offer trainings.

HUD can also help to alleviate much of the difficulty around this issue by encouraging the CMSs to incorporate billing features into their software. Finally, while the Task Force does not advocate adopting the National Foreclosure Mitigation Counseling (NFMC) reporting system as a model, we would like to explore whether there are lessons about simplified reporting to be learned from it.

The HUD Task Force has also identified a need for intermediaries to have more time to submit quarterly reports. The current period of thirty days from the end of the quarter is insufficient for intermediaries, which must give their affiliates roughly two weeks to submit the data and are then left with only two weeks or so to review the large amount of data that must be reported to HUD. This reporting burden is exacerbated by the fact that draws must be submitted within the same time frame.

The Task Force requests an extension of these deadlines for the intermediaries. The Task Force also recommends that draws be separated entirely from the reporting process and that HUD allow draws to be submitted more often than quarterly.

### **Housing Counseling System**

There are a considerable number of technological challenges with HUD's Housing Counseling System (HCS). The Task Force would like to work with HUD to clarify HUD's requirements and ensure that all agencies are being held to the same standard and are well informed on important developments.

Intermediaries have received conflicting instructions from HUD on who should be submitting the 9902 reports in HCS. Some intermediaries submit their subgrantees' 9902 reports on their behalf, while others have been instructed to require their subgrantees to submit them directly. In addition, there is a tremendous amount of variability in the capacity of member agencies within each network. Therefore, the Task Force requests that HUD allow each intermediary the discretion to decide for itself how to submit the 9902 reports (i.e. whether to have each subgrantee submit its own 9902 reports or to submit the 9902 reports for all of its subgrantees). Additionally, the Task Force believes it may be necessary for HUD to address this issue internally in order to ensure all agencies are receiving the same instructions.

While the CMSs are now capable of submitting 9902 reports directly to HCS, these features do not always work well. For example, agencies report not being able to submit data and being unable to determine why. Frustratingly, when these and other functions do not work, there is little support from HUD or the CMS companies, with each pointing the finger at the other but neither doing much to resolve the issue.

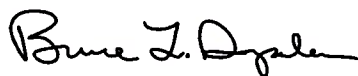
On HUD's end, the Task Force believes it is important that HUD coordinate better with the various CMSs to ensure that HCS and the CMSs are working together as well as possible. HUD should require the CMSs to provide adequate support to agencies and sufficient training to enable HUD POCs to trouble-shoot common problems. With the upcoming changes to the 9902 form, HUD should also ensure that the CMSs are ready on October 1, 2014 to accept the appropriate data fields and to issue the correct 9902 data reports. We suggest that HUD work with the CMSs to develop systems that will enable agencies to produce the reports and results

that HUD requires. It would also be helpful if the CMSs could provide a consistent “point of contact” to intermediaries to provide consistent guidance and troubleshooting.

The HUD Task Force would like to invite HUD to work with us on these issues. As a starting point, we would like to propose a working-meeting between representatives of the HUD Task Force and the appropriate HUD staff to explore these issues in greater depth and work towards effective solutions. Given the breadth of the issues we would like to address, and the need for considerable depth of discussion on each, we believe a full-day meeting is necessary. To allow sufficient time for Task Force members to make arrangements, we would like to try to schedule this meeting for some time in mid- or late-July.

On behalf of the HUD Task Force, thank you for the time and attention you have already given to the concerns of the HUD-approved housing counseling agencies. We very much look forward to working with you to further improve the efficiency and effectiveness with which the HUD Housing Counseling Assistance Program is administered.

Sincerely,



Bruce Dorpalen  
Executive Director  
National Housing Resource Center



Afreen Alam  
Director of Housing & Community  
Development  
National Urban League