

# Part A.

## Justification

### A1 Circumstances That Make the Collection of Information Necessary

The U.S. Department of the Housing and Urban Development (HUD) is conducting an outcome evaluation of the components of its Housing Counseling Program related to clients seeking assistance to either purchase a home (pre-purchase clients) or to resolve or prevent mortgage delinquency (foreclosure mitigation clients). The Housing Counseling Outcome Evaluation is being conducted in two parts under contract with Abt Associates Inc.

The first part of the study, now complete, involved collecting baseline information on housing counseling clients and information on the counseling services they received over a six-month period. We received OMB clearance for the baseline questionnaires and service tracking surveys in August 2008 (OMB Control #2528-0255, expiration date 09/30/2011). The data collection activities were completed in June 2010.

The current request is for clearance of the data collection activities in the second part of the study, which focuses on the long-term outcomes of housing counseling clients. The main data collection activity for this part of the study is a follow-up telephone survey of housing counseling clients just over a year after they received counseling services.

#### Background on the Study

As part of the Housing and Urban Development Act of 1968, Congress first authorized HUD to provide for housing counseling services for mortgagors under the new Section 235 and 237 programs of the National Housing Act. Over time, Congress extended this authorization to include counseling for other types of households. Today, HUD funds housing counseling for homebuyers, homeowners delinquent on their mortgages, homebuyers seeking to refinance their mortgage (including those seeking Home Equity Conversion Mortgages), renters, and homeless individuals and families. This counseling is provided through “HUD Approved Housing Counseling Agencies.” HUD began approving agencies to provide housing counseling services in 1969. To become HUD-approved, agencies must meet certain criteria, which include being a non-profit, having successfully administered a housing counseling program for at least one year, having had an independent financial audit in the last 12 months, maintaining records on housing counseling activities, and having sufficient resources and staff to implement their proposed counseling plan. At present, there are approximately 2,300 housing counseling agencies approved by HUD, providing services from offices located throughout the United States.

Since 1977 HUD has annually made funding available for approved housing counseling agencies. Housing counseling agencies may either apply directly to HUD for funding or may obtain funding through national or regional intermediaries or state housing finance agencies who receive housing counseling grants from HUD. In FY 2008, the year in which the study sample was developed, a total

of \$65 million was appropriated for housing counseling. Approximately 530 counseling agencies received HUD housing counseling funds directly and a similar number received funding through 26 national and regional intermediaries and state housing finance agencies that received HUD funding.

The Housing Counseling Outcome Evaluation focuses on counseling provided by HUD-funded agencies to clients seeking pre-purchase counseling services or foreclosure mitigation counseling services. The study is designed to help evaluate the effect of HUD-funded counseling on the ability of low and moderate-income individuals and households to improve their housing situations by becoming homeowners or by avoiding foreclosure (in the case of existing homeowners).

The first part of the study, now complete, provided detailed information on a sample of approximately 1,400 pre-purchase clients and foreclosure mitigation counseling clients, including their demographic characteristics, the types of services they receive from HUD-funded counseling agencies, and the short-term outcomes realized from their counseling. The second part of the study, for which clearance is being requested, conducts a follow-up survey of these same clients to look at longer-term outcomes. The study is also intended to lay the groundwork for an impact evaluation of housing counseling by providing experience with enrolling counseling clients in a study, collecting information on the counseling assistance they receive, and tracking them over time.

## **A2 How and by Whom the Data Will Be Used**

### **A2.1 Project Overview**

The Housing Counseling Outcome Evaluation is designed to gather statistically accurate information on outcomes realized by clients of HUD-funded housing counseling agencies seeking assistance to either purchase a home (pre-purchase clients) or to resolve or prevent a mortgage delinquency (foreclosure mitigation clients).

In the first part of the study, a total of 25 agencies receiving HUD-funding for housing counseling were recruited to participate voluntarily in the study.<sup>1</sup> These agencies were asked to seek the voluntary participation of all of their pre-purchase and foreclosure mitigation counseling clients up to a target number of pre-purchase and foreclosure mitigation counseling clients.

Client enrollment took place over a four-month period between August and December 2009. A total of 1,398 clients (573 pre-purchase and 825 foreclosure mitigation) were enrolled in the study. At the time of enrollment, each client completed a baseline questionnaire providing information on the

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<sup>1</sup> The study design called for recruiting 30 agencies into the study. However, one agency refused to participate and given the sampling design there was no replacement agency available. Of the remaining 29 agencies, 3 were branches of ACORN Housing Corporation, which was barred from receiving federal funding shortly after client recruitment began. As a result, these 3 agencies had to be dropped from the study at a time when it was too late to find replacements. One other agency agreed to participate in the study, signed a memorandum of understanding, and was trained in the study protocols, but failed to recruit any clients into the study. As a result, a total of 25 agencies were the final sample of agencies participating in the study.

client's household composition, finances, and reasons for seeking housing counseling. Separate questionnaires were developed for pre-purchase clients and foreclosure mitigation clients.

The counseling agencies participating in the study collected information on the services received by enrolled clients via the service tracking surveys. The service tracking surveys collected client-level information on the characteristics of all counseling services provided to these clients over a six-month period, as well as available information on the outcomes realized at the end of this period. Separate service tracking surveys were developed for pre-purchase clients and foreclosure mitigation clients. A third service tracking survey collected information on the demographics, experience, and training of the educators and counselors who provided services to participating clients during the six-month period. The counseling agencies were responsible for completing the service tracking surveys using a web-based application designed specifically for this study. The service tracking period ended in June 2010, when the last client enrolled in the study had been enrolled in the study for six months.

The second part of the study—and the focus of this request for OMB clearance—is a ***follow-up telephone survey of participating counseling clients*** to gather further information on longer-term outcomes. Separate survey instruments have been developed for pre-purchase and foreclosure mitigation clients. ***At this time, we are requesting OMB clearance for the follow-up survey for foreclosure mitigation clients only.*** If approval is received, the survey will take place from January through April 2011—13 to 17 months after clients were enrolled in the study and approximately 7 months after the end of the service tracking period.

## **A2.2 Purpose of the Data Collection**

The proposed follow-up survey, together with the baseline and service information collected in the first part of the study, will fulfill an important need for HUD and the housing counseling field, providing systematic information on the outcomes realized by foreclosure counseling clients just over a year after beginning services and on how these outcomes vary with the characteristics of clients and the services they receive.

## **A2.3 Who Will Use the Information**

HUD will use the information collected through the follow-up survey (as well as the baseline questionnaire and service tracking surveys) to better understand the effectiveness of housing counseling and to inform its efforts to support this industry. The counseling agencies that participate in the study will also be able to use the data to evaluate their efforts. Finally, the housing counseling industry will also be able to use the study's findings to inform policy debates on issues affecting the industry.

## **A2.4 Instrument Item-by-Item Justification**

Exhibit A-1 describes the target respondents, content, and reason for inclusion for each section of the follow-up survey. A copy of the complete follow-up survey for foreclosure mitigation clients is provided in Appendix A.

**Exhibit A-1. Item-by-Item Justification of Follow-Up Survey – Foreclosure Mitigation Clients**

Survey Section	Target Respondents	Areas of Inquiry	Justification
<b>A: Satisfaction with the Counseling Received</b>	All survey respondents.	<ul style="list-style-type: none"> <li>• Overall satisfaction with counseling services received from primary agency (i.e., the agency that enrolled the client into the study).</li> <li>• Areas of dissatisfaction with counseling received.</li> <li>• Barriers to following through on counselor recommendations.</li> <li>• Description of additional counseling received from primary agency or another agency since study enrollment.</li> </ul>	The purpose of this section is to learn how useful clients found the foreclosure mitigation counseling they received since enrolling in the study and to identify concerns clients have about the counseling received and obstacles they face in following through on counselor recommendations.
<b>B: Steps Taken to Address Mortgage Issues</b>	All respondents.	<ul style="list-style-type: none"> <li>• Use of forbearance agreements or repayment plans.</li> <li>• Use of principal reduction by lender.</li> <li>• Use of partial claims from lender or mortgage insurer.</li> <li>• Receipt of loans or grants to pay for missed payments.</li> <li>• Incidence of bankruptcy.</li> <li>• Use of refinancing and mortgage modification.</li> </ul>	This section collects more detailed information on the foreclosure mitigation tools used by the counselors to help clients address their mortgage issues and clients' experiences with those remedies.
<b>C: Current Housing Situation</b>	All respondents.	<ul style="list-style-type: none"> <li>• Current housing type and tenure.</li> <li>• Current mortgage delinquency status.</li> <li>• Circumstances around loss of home.</li> <li>• Circumstances around purchase of a new home.</li> </ul>	This section collects information on clients' current housing and mortgage situation and what happened to those clients who no longer own the homes they owned at the time of study enrollment.
<b>D: Mortgage Characteristics of New Owners</b>	Respondents who purchased a new home since study enrollment.	<ul style="list-style-type: none"> <li>• Purchase price of new home.</li> <li>• Term of mortgage, type of mortgage, interest rate, and loan amount.</li> <li>• Number of loan payments missed since purchasing the home.</li> </ul>	This section collects detailed information on the home purchase to evaluate the affordability of the purchase and the likelihood that the client will be able to stay current on their mortgage payments.

Survey Section	Target Respondents	Areas of Inquiry	Justification
<b>E: Housing Payments</b>	All respondents.	<ul style="list-style-type: none"> <li>• Monthly rent OR mortgage principal and interest payments</li> <li>• Monthly payments for homeowners or renters insurance</li> <li>• Annual property taxes (owners only)</li> <li>• Monthly payments for utilities</li> </ul>	The purpose of this section is to collect detailed information on the monthly housing costs facing clients. This information will be used to evaluate housing cost burdens for different types of foreclosure mitigation clients.
<b>F: Employment and Income</b>	All respondents.	<ul style="list-style-type: none"> <li>• Employment status of client and co-owners or co-borrowers.</li> <li>• Amount and sources of income.</li> <li>• Amount of savings.</li> <li>• Amount of investments.</li> </ul>	The purpose of this section is to collect information on clients' employment and income that can be used to calculate payment burdens for different types of clients and to assess clients' ability to meet their financial obligations as homeowners.
<b>G: Change in Household Circumstances Since Study Enrollment</b>	All respondents.	<ul style="list-style-type: none"> <li>• Changes to financial condition.</li> <li>• Changes to household composition.</li> </ul>	The purpose of this section is to collect information on how clients' personal situations have changed since receiving foreclosure counseling. A successful counseling outcome – i.e., avoiding foreclosure – might be associated with improvements to financial condition or with changes to the composition of the household.
<b>H: Closing and Contact Information</b>	All respondents.	<ul style="list-style-type: none"> <li>• Current home address.</li> <li>• Current mailing address.</li> </ul>	This section is used to confirm the client's home address, which will be geo-coded and linked to Census data on neighborhood characteristics. This section also confirms the client's mailing address to ensure that the incentive payment is sent to the correct address.

### A3 Use of Improved Technologies

The follow-up survey will be administered using computer-assisted telephone interviewing (CATI) technology. The CATI questionnaire format is user-friendly and easily guides interviewers through the survey. IMPAQ International, the subcontractor conducting the telephone survey, has successfully used this technology on a number of past projects for the Federal government.

## **A4 Efforts to Avoid Duplication**

As part of the design process for the study, the contractor conducted discussions with HUD staff to determine whether any aspects of the Housing Counseling Outcome Evaluation duplicate other recently-completed or ongoing research efforts. While HUD is currently developing a client level data system for housing counseling clients that will collect some of the information currently being collected through the baseline surveys and service tracking surveys, HUD is aware of no other effort to collect statistically-reliable information on client outcomes after the receipt of counseling services that can be linked to clients' baseline characteristics and detailed information on the services received.

## **A5 Involvement of Small Entities**

The follow-up survey does not involve small entities. All survey respondents are individuals who received counseling services through the counseling agencies participating in the study. The counseling agencies themselves do not have any responsibility for recruiting survey respondents or administering the survey.

## **A6 Consequences of Less Frequent Data Collection**

The follow-up survey will only be completed once. There is no additional data collection from individuals or entities.

## **A7 Special Circumstances**

The proposed data collection activities are consistent with the guidelines set forth in 5 CFR 1320.6 (Controlling Paperwork Burden on the Public—General Information Collection Guidelines). There are no special circumstances that require deviation from these guidelines.

## **A8 Consultations Outside the Agency**

In accordance with the Paperwork Reduction Act of 1995, the Treasury Department published a notice in the Federal Register on February 26, 2010 announcing the agency's intention to request an OMB review of data collection activities for the follow-up survey. The notice provided a 60-day period for public comments, but no comments were received.

HUD's contractor, Abt Associates, developed the follow-up survey in consultation with staff from HUD and several subcontractors (PolicyLab Consulting Group and IMPAQ International Consulting). Pre-testing of the follow-up survey with seven respondents was conducted in August

2010. The pretests revealed some problems with skip patterns and logic that have been addressed in the version of the survey provided in Appendix A.

## A9 Payments to Respondents

The use of incentive payments for the follow-up survey is proposed to help ensure a high response rate. Counseling clients will be offered \$20 as an incentive to complete the survey.

## A10 Arrangements and Assurances Regarding Confidentiality

HUD’s contractor, Abt Associates, takes seriously the responsibility to protect the subjects they interview. Study participants have been informed that the information collected will not be revealed with any personal identifiers to any parties outside of the research team. The data set provided to HUD with individual observations will not include any personal identifiers. The findings from the study will be publicly reported only at the aggregate level; neither individual clients nor participating housing counseling agencies will be identified in the study reports. The consent form notes that participants’ privacy will be protected to the extent allowed by law. The data collection plan and follow-up survey instrument have been reviewed by Abt Associates’ Institutional Review Board (IRB) to help ensure appropriate protection.

## A11 Sensitive Questions

The follow-up survey does not contain any questions that are considered sensitive.

## A12 Estimate of Annualized Burden Hours

Exhibit A-3 provides information on the estimated time to complete the follow-up survey. A total of 825 foreclosure mitigation clients will complete a follow-up survey. The survey will take 30 minutes to complete. Thus, total burden hours will be 413 hours.

**Exhibit A-3. Respondent Burden**

	A	B	C	E
Type of Respondent	Number of Respondents	Burden per Respondent (Minutes)	Total Respondent Burden (Minutes)	Total Respondent Burden (Hours)
Foreclosure Mitigation Clients	825	30	24,750	413
Total				413

## **A13 Estimated Record Keeping and Reporting Cost Burden on Respondents**

There is no cost to respondents, other than the time required to respond to the survey.

## **A14 Estimated Cost to the Federal Government**

The total contracted cost to the federal government for the follow-up survey with foreclosure counseling clients and related analysis is approximately \$310,000.

## **A15 Reasons for Changes in Burden**

This submission to OMB is a new request for approval; there is no change in burden.

## **A16 Tabulation Plan, Statistical Analysis, and Study Schedule**

Data collection is scheduled to begin in January 2010 and continue through April 2011. Responses to the survey questions will be merged with data collected in the first part of the study on the baseline characteristics of clients, the services they received over the six-month tracking period, and the outcomes identified at the end of that period. The data will also be merged with selected credit variables for clients by Equifax.<sup>2</sup> Analysis of the follow-up survey data will consist of tabulations of information on clients, services, and outcomes. Key stratification variables will be the type of counseling received, agency characteristics, and clients' race/ethnicity, income, credit score, household type, and status at intake with respect to their counseling goals. In addition, multivariate analysis will be also used to examine the influence of client, agency, counselor, and service characteristics on the outcomes realized. The goal of this analysis will be to shed light on the circumstances in which counseling is more likely to result in favorable participant outcomes. For foreclosure mitigation clients, favorable outcomes would include retaining homeownership or mitigating losses if loss of the home occurs. Analysis will be conducted from March 2010 through May 2011, with a first draft report submitted to HUD in May 2011, and a final report submitted in June 2011.

## **A17 Expiration Date Display Exemption**

All data collection instruments will prominently display the expiration date for OMB approval.

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<sup>2</sup> Consent has been obtained from participating clients to be able to access this credit data. Equifax will be provided with identifying information for each client for the purpose of enabling this merge; however, the data returned from Equifax will be stripped of any personally identifying information.



## **A18 Exceptions to Certification**

This submission describing data collection requests no exceptions to the Certificate for Paperwork Reduction Act (5 CFR 1320.9).