Congress of the United States
Washington, DC 20515

October 1, 2009

The Honorable Shaun Donovan
Secretary
U.S. Department of Housing and Urban Development
451 7th St., S.W.
Washington, D.C. 20410

Dear Secretary Donovan:

We write to you regarding the Housing Counseling Assistance Program (HCAP) administered by the Department of Housing and Urban Development (HUD). This valuable program is a source of great assistance to hundreds of housing counseling agencies, and it is of particular importance to states like Michigan, which continue to struggle with the highest foreclosure rates in the nation.

As you know, the most efficient way to mitigate the fallout of foreclosures on families and communities is to prevent them from occurring in the first place. In that effort, housing counselors serve as an invaluable resource. Unfortunately, in Michigan, despite a constant increase in annual foreclosure filings over the past four years, the state has received continually less funding through HCAP. In effect, there is an inverse relationship between the amount of foreclosures in the state and the amount of funding received through this program since 2005. In 2005, HCAP provided $18.31 per foreclosure filing, while by 2008, funding was down to $2.98 per filing.

Michigan's housing counseling agencies are overwhelmed by the number of families coming to them for assistance and a recently passed state law mandating a 90-day period before a foreclosure filing to seek counseling has only increased their workload. Just as the state of Michigan is reaching the point of greatest need for further resources and staff, it is receiving less and less assistance through HCAP and HUD.

Given the importance of this issue to the financial stability of Michigan communities and the daily frustrations faced by both the counseling agencies and the families they serve, we respectfully request the answers to the following questions:

1. How does HUD determine the funding outlays to each state through the HCAP program? What factors are considered in this process, and are additional considerations given to the states enduring the highest foreclosure rates?

2. Is the formula to determine the funding outlays to each state through HCAP periodically reevaluated to account for changes in the national housing market? If so, when was the last evaluation conducted and could you provide a copy of it to

PRINTED ON RECYCLED PAPER

members of the Michigan Delegation, as well as state and local counseling agencies? If a review has not recently occurred, when is the next evaluation set to be concluded?

3. Do you anticipate an increase in per-foreclosure funding through HCAP for Michigan for the next fiscal year? If so, by how much? If not, and if funding is to decrease again, please explain how HUD intends to mitigate the adverse impact on counseling agencies and their clients.

4. What factors in the current HCAP formula led to the continual decrease in per-foreclosure funding over the past four years in Michigan? Have any been changed or reweighted for the 2010 fiscal year?

5. Does HUD have any remedy planned or in place to address this funding shortage via other discretionary funds or programs? If not, what other resources are available within HUD, which housing counseling agencies may seek to secure to help adequately cover the increased intake volume of clients?

Due to the sensitive nature of this situation and the upcoming announcements for funds awarded under HCAP, we request that you reply to the offices of the members of the Michigan Delegation listed below **no later than October 15, 2009**. Should you have any questions, please feel free to contact us directly or have your staff contact Ryan Werder with Congressman Dingell's staff at 313-278-2936.

With every good wish,

Sincerely,

Carl Levin
U.S. Senator

Debbie Stabenow
U.S. Senator

Bart Stupak
Member of Congress

Pete Hoekstra
Member of Congress

Vernon Ehlers
Member of Congress

Dave Camp
Member of Congress

Dale Kildee
Member of Congress

Fred Upton
Member of Congress

Mark Schauer
Member of Congress

Mike Rogers
Member of Congress

Gary Peters
Member of Congress

Candice Miller
Member of Congress

Thaddeus McCotter
Member of Congress

Sander Levin
Member of Congress

Carolyn Kilpatrick
Member of Congress

John Conyers
Member of Congress

John D. Dingell
Member of Congress