

Section 1. Introduction



Context: Responding to a New Housing Landscape

As this Strategic Plan goes to press, the United States is recovering from a tumultuous period in our housing markets, which has sent millions of homes into foreclosure, torn many neighborhoods apart, and caused the loss of millions of jobs. For families, the housing crisis has eroded the foundation upon which Americans build their lives, raise their children, and plan for their future—undermining an essential source of stability and the building block of “home,” on which we put down roots. The effect of the crisis on neighborhoods has been no less dramatic, as the challenges faced by the nation’s industrial centers, which long predated the current recession, have been deepened by foreclosures, and communities across America—especially many suburbs—have seen some of the sharpest declines in home prices, shattering lives and undermining America’s economic growth.

Less than 2 years after the near collapse of America’s financial system, signs suggest our nation is on the road to recovery. As a result of the comprehensive approach taken by the Obama Administration, at the end of 2009, quarterly economic growth increased at the fastest pace in 6 years. Meanwhile, house prices have started to rise, homeowner equity is growing again, and our economy has begun to add jobs again.

It is increasingly clear, however, that the current crisis was literally decades in the making. For the past decade housing policy has focused almost solely on homeownership at the expense of affordable rental housing. For a half century, housing finance drove the development of homes in the least sustainable places—disconnected from jobs, transportation, and schools. Combined with rental assistance programs that built, financed, and managed housing in a parallel universe from private housing, discriminatory patterns of development trapped millions of families in neighborhoods of concentrated poverty, segregation, and limited opportunity.

At the same time, however, a new housing landscape has emerged in the half century since HUD was created. New actors outside of government drive housing finance. Advances in technology have changed every aspect of our lives, including how government works. Climate change has emerged as a serious threat to our economy and our planet alike. Through all these changes, and after a prolonged period of diminished federal investment, Americans are looking to the federal government to catalyze change.

New Realities: Changes in HUD's First 50 Years

The New Partners: Private and "Third" Sector Actors in Housing Policy

Fifty years ago, affordable housing was largely built, owned, and managed by government. America's cities were in crisis. Then skepticism about Great Society programs took hold and the federal role began to diminish. Yet the failure of the federal government to act did not doom America's cities to failure. State and local governments became major drivers of the production and preservation of affordable housing, a third sector of nonprofit community development corporations (CDCs) started to help solve problems at the local level and, with the creation of Section 8 in the 1970s and the passage of the Low-Income Housing Tax Credit in 1986, the private sector took a lead role in affordable housing production.

A half century later, problemsolving largely occurs at the local level—across political party lines, inside government, and outside of government. These new partners bring a new discipline to the housing industry, changing the way affordable housing is financed and how properties are managed. Our challenge now is to follow their lead, to restore the federal leadership that will take these innovations to scale, and to collaborate with these new partners that have become key civic institutions in neighborhoods across the country.

The New Geography: The Changing Nature of America's Cities and Broader Metropolitan Areas

Fifty years ago, cities were seen as the "problem." They were losing population and were "hollowed out" by federal transportation policy that shifted investment away from the urban core and by a housing system that promoted single-family, large-lot homes to the exclusion of affordable rental housing or access to job centers.



A half century later, cities are growing again and increasingly are seen as part of the solution to our housing challenges and attractive places to live. The distinctions between cities and suburbs are blurring, because challenges we once associated with cities—homelessness, joblessness, and traffic congestion—have become “suburbanized.” In many ways, the most important frame for place today is the metropolitan area with our central cities, suburbs, and surrounding rural areas becoming hubs of production and consumption, generating 90 cents of every dollar in the American economy, and housing more than 80 percent of America’s population. With all these changes, today, we understand the effect that distended development patterns have had on environmental sustainability and on social and economic opportunity.

The New Business Model: Performance-Based Management and Evidence-Based Policymaking Changing the Way Government Works

Fifty years ago, bureaucracies such as HUD had a “one size fits all” approach to governing. The federal government did not make decisions collaboratively but in silos and through a top-down hierarchy that did not leverage local partnerships. Centralized controls and ubiquitous rules dominated. Performance was measured less by results than by dollars spent and adherence to rules. Quality was defined as compliance, not by customer satisfaction.

A half century later, Americans’ attitudes about the role of government have evolved, and the emergence of technology has changed every facet of our lives—including government. Communities use data to enhance accountability in the public sector and craft policy on issues such as chronic homelessness. Today, we recognize that different communities and regions have vastly different housing needs, and we see the interactions more clearly between housing and health, education, and energy use. Such changes underscore the need to fundamentally change the way government works by creating team-oriented, customer-centered organizations that reward results and nurture local innovation.

Each of these themes reflects how the housing landscape has changed over the last half century since the agency was created in 1965. Our goals attempt to learn from these changes—to engage new local and federal partners, adjust our policies and programs to address common problems across a broader metropolitan geography, and to do business differently. At the end of each goal description you will see a section that illustrates some examples of how HUD is responding to each of these 21st century challenges. Each of these developments requires federal agencies like HUD to not only catch up, but also to scale up local innovations, lead the charge, and set the pace for change. Ensuring that HUD can play this urgent role in our communities for the years to come is the objective of the *FY 2010–2015 HUD Strategic Plan*.

Purpose of the Plan: Defining a New HUD for the Next 50 Years

This document presents the U.S. Department of Housing and Urban Development’s (HUD’s) Strategic Plan for fiscal years 2010 through 2015. The plan includes a reinvigorated mission statement that reflects a renewed focus on people and places, as well as a vision statement that paints a picture of what the Department will be to our residents, our partners, our employees, and the American people as a whole. To provide a framework for the delivery of this new mission and vision, the plan also includes a set of strategic goals and strategies, and performance measures. Simply put, this plan serves as a guide for what the Department will achieve, how we will achieve it, and how we will measure our success.

Mission and Vision Statements: HUD's Commitment to America

HUD's Mission

Create strong, sustainable, inclusive communities and quality, affordable homes for all.

Our new mission statement returns us to the Housing Act of 1949 and the directive to create “a decent home and suitable living environment for every American family.” Building on this founding mandate, we will continue to develop and preserve quality, healthy, and affordable homes, with a clear focus on the need for decisions about owning or renting that are financially appropriate to the individual or family. We will also reinvigorate our commitment to community development, recognizing the importance of place in shaping the lives of the American people. This renewed commitment includes a focus on the physical, social, economic, and environmental sustainability of our communities. Finally, we will undertake this housing and community development mission with an eye toward ensuring choice and opportunity for all people pursuing the promise of a better life. We believe that strong communities are those where equality, inclusivity, and openness are cultivated and protected.

HUD's Vision

Our vision is to improve lives and strengthen communities to deliver on America's dreams. Therefore, we pledge—

For Our Residents:

We will improve lives by creating affordable homes in safe, healthy communities of opportunity, and by protecting the rights and affirming the values of a diverse society.

For Our Partners:

We will be a flexible, reliable problemsolver and source of innovation.

For Our Employees:

We will be a great place to work, where employees are valued, mission driven, results oriented, innovative, and collaborative.

For the Public:

We will be a good neighbor, building inclusive and sustainable communities that create value and investing public money responsibly to deliver results that matter.

Our vision is one in which strong housing and communities—the core focus of our mission—result in a better quality of life and the fulfillment of the promise that America holds, for all people. The possibilities offered by the American experience mean different things to different people. No longer does the “American Dream” refer to a singular vision of success, such as owning a home. HUD's vision is to embrace the myriad views of what the American Dream represents today. It reflects a renewed commitment to ensuring everyone in America can have the opportunities and choices to turn their dreams as individuals into reality.

To complement our vision for how HUD's mission will affect America's future for people and places, we therefore offer a pledge to the residents and partners living and working in the communities we serve, to the employees who carry out the Department's mission, and to the public who have entrusted us with great responsibilities. These commitments to our key stakeholders complete the organizational vision for what a successful, high-performing HUD will look like in the future.

For our residents, we are committed to providing access to the opportunities that result from living in homes and neighborhoods that are safe, healthy, affordable, and inclusive. Residents are the direct beneficiaries of the programs and services that support HUD's mission and, as such, appear first in our stakeholder list. To achieve this vision for residents is to meet the most immediate mission of our agency.

Of course, we cannot do this alone. To the contrary, success can only be achieved through strengthened partnerships among federal, state, and local entities across the public, nonprofit, and private sectors. These relationships must be based on mutual respect and recognition of the skills, knowledge, and perspective that each brings to the table. From this foundation, we envision a relationship that fosters collaboration and innovation in meeting the housing and community development needs of this country. For HUD, this means striking the right balance between our role as a policymaker and our roles as funder, capacity builder, and regulator. In short, we must know when and how to engage, and when to get out of the way.

Success in delivering the first two elements of the vision is highly dependent on our greatest asset: HUD employees. Despite a firm belief in the mission of the Department, employee feedback has put the agency at the low end of the rankings of *Best Places to Work in the Federal Government*. This is unacceptable. Building on the clear commitment to mission that our employees feel, we will invest in and encourage our employees to create a high-performing organization that is customer centered and outcome focused. To illustrate the importance of meeting this pledge to our employees, we have included a strategic goal in this plan that will guide our efforts in this area.



Ultimately, HUD's success will be measured by our ability to affect communities in ways that reach past the direct beneficiaries of our programs to touch all of those people across the country—creating lasting change in our communities. This pledge is best embodied in a new commitment to creating sustainable, inclusive communities and is founded on the idea that everyone benefits, from both an economic and health perspective, when cities and counties coordinate their investments in housing, transportation, and energy efficiency. In addition to being a good neighbor, we will operate in an open and transparent manner, with a commitment to maximizing the resources we have at our disposal by reducing waste, fraud, and abuse, as well as increasing the effectiveness and efficiency of our program delivery. We will undertake all of our work with the utmost respect for the trust and responsibility that the American taxpayer has given us to spend resources wisely and responsibly to achieve our mission.

Strategic Goals Overview: Realizing Our Mission in the 21st Century

To tackle the economic, financial, and community development issues of the current environment and realize our mission to *create strong, sustainable, inclusive communities and quality, affordable homes for all*, we must develop goals to make these achievements possible. As such, this Strategic Plan articulates five overarching goals that will guide the transformation of HUD into a 21st century organization capable of implementing place-based policies; overseeing a balanced, comprehensive national housing policy that supports sustainable homeownership and affordable rental homes alike; and building the strong, inclusive communities necessary to make home the foundation of stability and opportunity.

First, as HUD works to rebuild our housing market and our economy to ensure long-term stability and success, our first priority is to **Strengthen the Housing Market To Bolster the Economy and Protect Consumers**—to ensure that never again will a housing “bubble” cause our economy to collapse. To restore stability to the market, we will reduce the foreclosure rate and, in partnership with the Department of the Treasury, assist 3 million homeowners who are at risk of losing their homes due to foreclosure by the end of FY 2011. We will increase FHA capital reserves to above 2 percent and reform the government-sponsored enterprises to ensure liquidity

in the mortgage markets while protecting the taxpayer. And as we stabilize neighborhoods by helping communities purchase abandoned and vacant properties, we will target capacity-building assistance to cities whose economic troubles predate the current housing crisis.

Second, we need to **Meet the Need for Quality Affordable Rental Homes**. Our housing markets will return to stability only if we balance support for sustainable homeownership with affordable rental homes. America needs millions of new housing units over the next several years, and HUD will directly contribute to the production of these units of rental housing. Of course, it is not just about building new rental homes—but also preserving their affordability, quality, accessibility, and energy efficiency. To better serve the millions of Americans who need help putting a roof over their families' heads, HUD must transform its rental assistance programs into the 21st century with a new business model that creates more flexibility to provide greater choice for renters and attracts private capital to increase the number of affordable rental homes in communities with the greatest unmet needs. We will also encourage housing authorities and owners to make their properties greener, healthier, and more energy efficient.

Third, we will **Utilize Housing as a Platform for Improving Quality of Life**. Too often during the housing crisis, housing has not been the source of security and stability it has been historically, but worry and uncertainty, as families face loss of equity, foreclosure, escalating rents, and even homelessness. By contrast, stable housing, made possible through HUD assistance, provides an ideal platform to deliver a wide variety of health and social services to improve the education, health, economic security, and safety of its residents. As we have seen with successful efforts to reduce chronic homelessness in recent years and Section 3 programs to provide job training opportunities for public housing residents and low-income families, housing is a place to anchor services and improve outcomes—ultimately saving money for the taxpayer. To make federally subsidized housing a catalyst for place-based investments, HUD will forge new partnerships inside and outside of government to bring broadband to public and assisted housing, to end homelessness, and to target resources that help families escape poverty and reach self-sufficiency.



Fourth, the Strategic Plan charts a path for HUD to **Build Inclusive and Sustainable Communities Free From Discrimination**. Many of the neighborhoods hit hardest by the housing and economic crisis—those with the highest rates of foreclosure and job loss—are among the least sustainable—with limited access to economic opportunity, the longest commuting times to their jobs, the most homes that pose health risks, and the poorest quality schools. With housing finance having driven construction in the least sustainable places, buildings now contribute 40 percent of our nation’s carbon emissions, congestion on our roads costs five times as much wasted fuel and time as it did 25 years ago, and the average working family spends a combined 57 percent of their income on housing and transportation costs combined. With our Choice Neighborhoods initiative and a new Office of Sustainable Housing and Communities linking housing to schools, jobs, and affordable transportation, HUD is recognizing, as its charter did nearly five decades ago, that improving the quality of neighborhoods, cities, and metropolitan areas is essential to a successful housing policy. As we work to revitalize the Gulf Coast and create disaster-resilient communities, HUD will also provide “gap financing” through a Catalytic Investment Fund for innovative, high-impact economic development projects that create jobs in communities with longstanding economic challenges. In addition, we will take energy- and transportation-efficient mortgage products to scale that lower the barriers to consumers who want to upgrade their home’s energy efficiency or buy homes near jobs, transportation, and schools. By providing the clearer expectations, additional guidance, and increased support to our cities and suburbs, we will ensure communities meet their obligations to affirmatively further fair housing and uphold America’s values.

Lastly, the time has come to **Transform the Way HUD Does Business**. In 2009, as demonstrated by the effective implementation of Recovery Act funding and through successful emergency efforts like the DHAP-Katrina program that brought together nearly 350 public housing agencies from all over the country to provide temporary housing to more than 30,000 families displaced from their homes, HUD proved itself capable of producing significant results under extraordinary circumstances. Despite these achievements, an experienced leadership team, and committed staff, HUD faces serious operational and cultural challenges that limit the agency’s effectiveness and impact. From a rigid, hierarchical, and bureaucratic organizational structure to rules that constrain staff and grantees, the result is an agency that focuses all too often on programs and policies rather than on the people and places that rely on them. As difficult as these challenges are—and as ingrained in the HUD culture as they have become over the past four decades—the solutions are clear. To transform HUD into the nimble, responsive partner our challenges require, HUD will build capacity within the agency; improve performance management and accountability; decentralize decisionmaking to empower staff; and simplify programs, rules, and regulations. By fostering a culture and organization that put a premium on innovation and results, HUD intends to be a model for federal agency reform in the 21st century.

Goal 5 sets the foundation to execute this Strategic Plan. For full details on the process to develop the mission, vision, goals, and subgoals, refer to Appendix A.

Measures of Success: HUD's Impact on People and Places

For each goal, we have identified measures of success that are aspirational and best capture our overall progress and impact. In some cases we have defined 2-year targets, because these initiatives fall under one of our High Priority Performance Goals, a set of goals we have committed to achieving by the end of FY 2011. In other cases, we are in the process of defining the target outcomes we wish to achieve and will update this Strategic Plan as these targets are established.

With outcome targets in place, HUD will develop an annual Management Action Plan (MAP), which will replace the agency's current management plan and become the tool by which we track and monitor the activities that support the outcome goals in the Strategic Plan and Annual Performance Plans. For each outcome goal, contributing programs will identify both supporting performance measures and activity milestones, with corresponding targets and completion dates. Having identified these measures and milestones, HUD will track performance by HUD organizational unit, customer, or place.

Through the implementation of these five goals, HUD commits to achieving the following:

- **Promoting Sustainable Homeownership**
 - Assisting 3 million homeowners who are at risk of losing their homes due to foreclosure by the end of FY 2011.
 - Enhancing government's ability to stabilize the housing market by restoring FHA's excess capital reserve ratio to the congressionally mandated 2-percent level by FY 2014.
- **Improving Outcomes for the Poorest Families**
 - Reducing the number of households with worst case housing needs.
 - Increasing the proportion of HUD-assisted families in low-poverty and racially diverse communities.
- **Ending Homelessness**
 - Reducing the number of homeless families.
 - Reducing the number of chronically homeless individuals.
 - Reducing the number of homeless veterans to 59,000 by June 2012 (jointly with the Department of Veterans Affairs).
- **Catalyzing Energy- and Transportation-Efficient Homes**
 - Completing cost-effective energy and green retrofits of 159,000 public, assisted, and other HUD-supported affordable homes by the end of 2011.
 - Reducing the share of household income spent on the combined costs of housing and transportation in communities, with assistance from the Office of Sustainable Housing and Communities.
- **Revitalizing the Gulf Coast**
 - Expanding the rate of occupied or repurposed Gulf Coast homes in Louisiana, Mississippi, and Texas severely impacted by Hurricanes Katrina and Rita during 2005.
- **Transforming HUD**
 - Making HUD the "Most Improved Large Agency" in the *Best Places to Work in the Federal Government* report.
 - Increasing the percentage of customers that are "satisfied" or "very satisfied" with "Timeliness of Decision-Making" as measured in the survey of *Partner Satisfaction with HUD's Performance*.

The following sections provide an overview of each goal and subgoal and the strategies and measures we will pursue.

