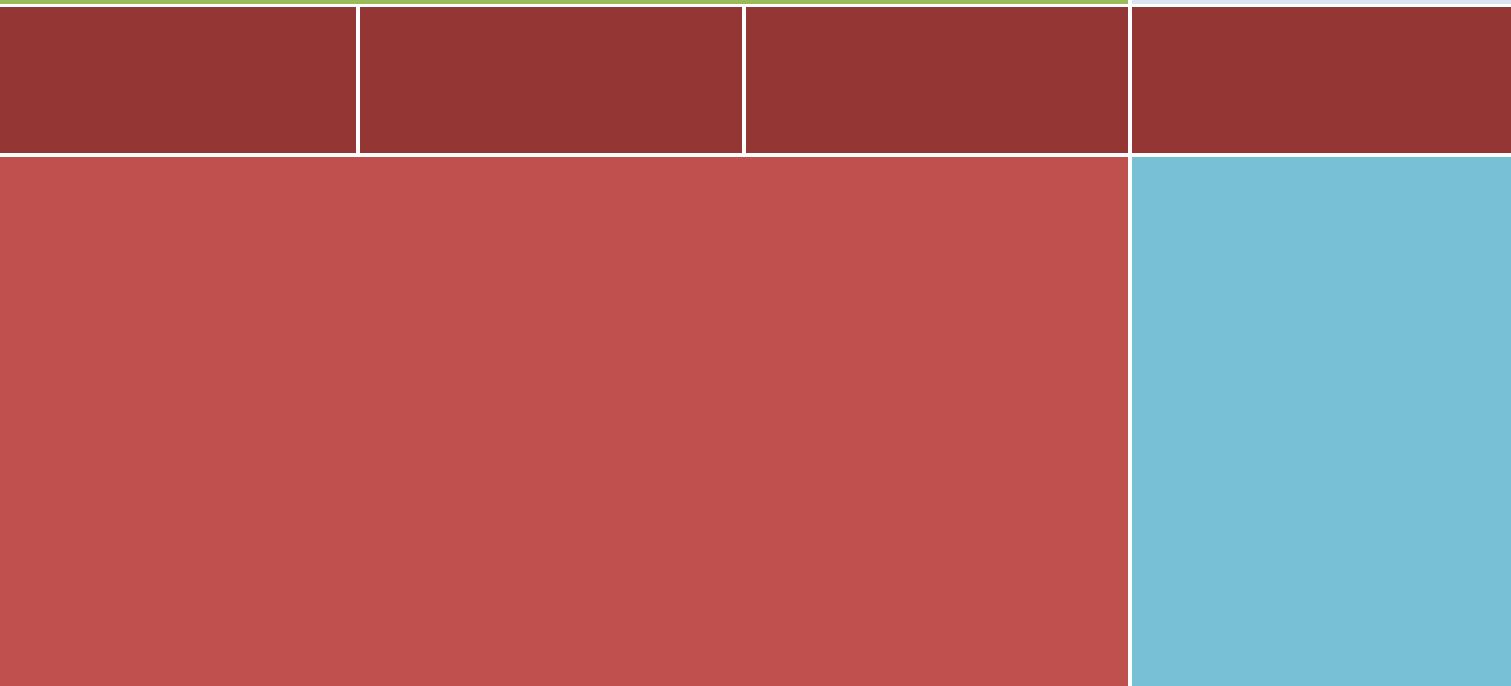# U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Annual Performance Plan

Fiscal Years 2012-2013

MISSION: CREATE STRONG, SUSTAINABLE, INCLUSIVE COMMUNITIES AND QUALITY, AFFORDABLE HOMES FOR ALL

Fiscal Years 2012-2013
Annual Performance Plan

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

U.S. Department of Housing and Urban Development

February 2012

HUD's Fiscal Year 2010–2015 Strategic Framework

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

Goal 1. Strengthen the Nation's Housing Market To Bolster the Economy and Protect Consumers	Goal 2. Meet the Need for Quality Affordable Rental Homes	Goal 3. Utilize Housing as a Platform for Improving Quality of Life	Goal 4. Build Inclusive and Sustainable Communities Free From Discrimination
Subgoals			
1A. Stem the foreclosure crisis	2A. End homelessness and substantially reduce the number of families and individuals with severe housing needs	3A. Utilize HUD assistance to improve educational outcomes and early learning and development	4A. Catalyze economic development and job creation, while enhancing and preserving community assets
1B.. Protect and educate consumers when they buy, refinance, or rent a home	2B. Expand the supply of affordable rental homes where they are most needed	3B. Utilize HUD assistance to improve health outcomes	4B. Promote energy-efficient buildings and location-efficient communities that are healthy, affordable, and diverse
1C. Create financially sustainable homeownership opportunities	2C. Preserve the affordability and improve the quality of federally assisted and private unassisted affordable rental homes	3C. Utilize HUD assistance to increase economic security and self-sufficiency	4C. Ensure open, diverse, and equitable communities
1D. Establish an accountable and sustainable housing finance system	2D. Expand families' choices of affordable rental homes located in a broad range of communities	3D. Utilize HUD assistance to improve housing stability through supportive services for vulnerable populations, including the elderly, people with disabilities, homeless people, and those individuals and families at risk of becoming homeless	4D. Facilitate disaster and national security preparedness, response, and recovery
		3E. Utilize HUD assistance to improve public safety	4E. Build the capacity of local, state, and regional public and private organizations

Goal 5. Transform the Way HUD Does Business
Subgoals

5A. Build capacity—create a flexible and high-performing learning organization with a motivated, skilled workforce

5B. Focus on results—create an empowered organization that is customer-centered, place-based, collaborative, and responsive to employee and stakeholder feedback

5C. Bureaucracy busting—create flexible, modern rules and systems that promote responsiveness, openness, and transparency

5D. Culture change—create a healthy, open, flexible work environment that reflects the values of HUD's mission

Contents

Message from the Secretary

Much has changed in the two years since HUD released its FY 2010-2015 Strategic Plan in May 2010. Since that time, we have made important progress for the American people.

- **Kept the dream of homeownership alive for millions of families.** We've helped close to 1.3 million homeowners refinance during this crisis, insuring loans for over 2.2 million homebuyers—80 percent of whom were first-time homebuyers—and helped more save their homes through 900,000 loss mitigation actions and early delinquency interventions.
- **Provided rental housing to more families.** We've helped more than 160,000 additional families with rental assistance, providing 5.3 million families with rental housing.
- **Helped some of the hardest hit populations**. We've prevented or ended homelessness for more than 1.2 million people, including reducing the number of veterans who were sleeping on our streets by 20 percent in just the last year.
- **Helped some of the hardest hit places**. We've helped 99.9 percent of the 40,000 Gulf Coast families who were on the verge of losing their temporary housing assistance when President Obama took office find permanent homes, and are on track to address nearly 95,000 vacant and abandoned properties though the Neighborhood Stabilization Program.
- **Made homes healthier, greener, and energy efficient.** We've completed more than 200,000 energy efficient, green and healthy home retrofits, reducing energy costs in our housing stock and laying the groundwork for a clean energy economy.

We've also made important strides in transforming HUD into the nimble, responsive agency our customers deserve, and the innovative, supportive workplace our employees need to succeed:

- **Cut the time it takes to award competitive grants by more than 80 percent**. We've accelerated the pace of getting federal dollars onto the streets more quickly, reducing the time to make competitive funding available to local partners through our Notices of Funding Availability by 82 percent.
- **Established a performance management and accountability process.** The HUDStat process aligns our program and support functions to our strategic goals and mission. By holding monthly meetings to review our progress against our goals, we are not only ensuring accountability and promoting transparency – we are also better positioned to continue progress in the months ahead.
- **Streamlined acquisitions.** We've put in place a streamlined, paperless acquisition process— the HUD Integrated Acquisition Management System—

that is faster and easier to use, and eliminates the duplicative processes and paperwork that made HUD's procurement process so burdensome to employees.

- **Invested in our employees.** We've created the Emerging Professionals Program to support upward mobility and established HUD Learn, to ensure that HUD employees continue to develop the skills they need to live up to the highest professional standards.

While there is no question that the economy and housing market have improved from the early months of the Administration, much more work remains to be done. And in a changing budget and political climate, we have to do even more to transform HUD into an agency that can continue to respond to the challenges we face.

At a time when every dollar counts more than ever, it is essential that HUD focus on what we can actually accomplish. It's why we've tailored our focus for the next two years to building upon the progress HUD has already made in implementing its strategic plan. In addition to continuing our priority focus on providing foreclosure prevention assistance, rental assistance, homelessness prevention, and energy efficiencies, we are including other agency priority goals in HUD's Annual Performance Plan that reflect feedback we heard in last year's Employee Viewpoint Survey.

All this work is guided by a simple principle: that responding to the housing and community development challenges of the 21st century requires a 21st century Federal government that is responsive, flexible, and accountable to its customers. Transforming HUD into an agency that collaborates, that ensures accountability, and that gets the most out of its resources remains the objective of the FY 2010-2015 Strategic Plan and is reflected in the FY 2012–2013 Annual Performance Plan. With this plan, I am confident we will continue the progress we've already made to help families and strengthen neighborhoods – and provide the American people with the results they deserve.

Sincerely,

Shaun Donovan

Introduction

The U.S. Department of Housing and Urban Development is committed to creating places throughout the nation that effectively connect people to jobs, transportation, quality public schools, and other amenities—"geographies of opportunity." After an extensive process involving the input of more than 1,500 stakeholders, HUD issued the HUD Strategic Plan FY 2010-2015. The plan's 5 strategic goals and 22 key outcome measures—referred to as Measures of Success—reflect HUD's need to engage new local and federal partners, adjust policies and programs to address common problems across a broader metropolitan geography, and fundamentally change the agency's operating model.

HUD selected four of its 22 strategic plan outcome measures as agency priority focus measures for FY 2010 and 2011 because they represented challenging, near-term, high-impact outcomes that reflected the Department's commitment to "moving the needle" on some of the most fundamental challenges facing America. Since then, the GPRA Modernization Act was enacted,[1] which directs agencies to identify agency priority goals that support improvements in near-term outcomes, customer service, or efficiencies, and advance progress toward longer-term outcome focus goals in an agency's strategic plan.

Moving forward into FY 2012 and 2013, HUD will continue implementing these four earlier measures, but with new two-year targets that reflect progress made during the past two years. In addition, HUD has expanded the number of programmatic priority goals to include the Department's outcome measure to improve neighborhood stabilization within Strategic Goal 1. In addition—per guidance from the Office of Management and Budget—HUD has included as a priority goal, in Strategic Goal 5, an efficiency goal, to award funds more

Strategic Plan Goals
Goal 1. Strengthen the Nation's Housing Market To Bolster the Economy and Protect Consumers
Goal 2. Meet the Need for Quality Affordable Rental Homes
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Goal 4. Build Inclusive and Sustainable Communities Free From Discrimination
Goal 5. Transform the Way HUD Does Business

quickly to help improve our partners' ability to work with HUD to achieve our mission. The Annual Performance Plan includes two additional Strategic Goal 5 measures of success related to timeliness and quality of performance plan reviews and hiring. Also, HUD is focusing on additional subpopulations (families and chronic) related to homelessness reduction to help achieve the Federal Strategic Plan goals to end chronic homelessness by 2015 and to end family homelessness by 2020.

Each Strategic Goal section of this Annual Performance Plan provides the following information on each of the six programmatic and one operational performance outcome measures:

• *Problem To Be Addressed.* Describes the scale and elements of the problem.

• *Measure of Success.* States the specific outcome measure HUD is using to determine success in goal achievement.

• *Strategies for Achieving Success.* Describes the approach for how HUD is achieving its goals. This narrative includes contributing programs and activities for each outcome goal (❖), with identified supporting performance measures (■) used to gauge progress.

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[1] Public Law 111-352, 124 Stat. 3866 (Jan. 4, 2011).

- *Place Strategy.* HUD's **mission is to "create strong, sustainable, inclusive communities and quality, affordable homes for all."** Embodied in this statement is a strong vision and commitment to create places that effectively connect people to jobs, transportation, quality public schools, and other amenities—"geographies of opportunity." This concept of place plays a role when meeting the challenges of this mission statement by focusing on people and places through policies and activities that reflect the unique conditions and needs of communities. Toward this end, "place" areas are identified for each programmatic outcome measure, with the methodology used to select those areas, and brief "place" characteristics. In addition, key milestones to be achieved for each area are described.

In addition, the *FY 2012-2013 Annual Performance Plan* includes two appendixes. **Appendix A contains the Addendum to the *HUD Strategic Plan 2010-2015*.** This addendum updates the plan to reflect refinements in strategies to address new challenges and continued attention to selected priority areas. Appendix B contains the data source used for each measure, discusses the reliability and the completeness of the data, and identifies steps being undertaken to ensure data validity and resolve identified data problems.

Also, the Department is committed to working with the Office of Inspector General to prevent and reduce fraud, waste, and abuse. This effort covers a number of areas as HUD addresses potential fraud related to the collapse of the housing market, monitors the rollout of new Federal Housing Administration (FHA) loan programs to reduce exploitation of program vulnerabilities, continues oversight of disaster and Recovery Act funds, and operates its block grant and rental assistance programs.

Finally, per the GPRA Modernization Act requirement to address Federal Goals in the agency Strategic Plan and Annual Performance Plan, please refer to Performance.gov for information on Federal Priority Goals and the agency's contributions to those goals, where applicable. Also, the 2013 Cuts, Consolidations, and Savings (CCS) Volume of the President's Budget identifies the lower-priority program activities under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at: http://www.whitehouse.gov/omb/budget.

Measures of Success

Programmatic

The *HUD Strategic Plan FY 2010-2015* contains the following 31 outcome measures of success, as revised by new targets established in the *FY 2012-2013 Annual Performance Plan* and the Addendum to the Strategic Plan (included in Appendix A of this report).

The FY 2012-2013 Annual Performance Plan goals are displayed in bold font. These selected agency priority goals reflect the top implementation-focused, performance improvement priorities of agency leadership and the Administration, and therefore do not reflect the full scope of the agency mission.

Strategic Goal 1

1. Reduce the number of completed foreclosures.
    1a. Assist 700,000 homeowners who are at risk of losing their homes due to foreclosure.

2. Restore FHA's capital reserve ratio to the congressionally mandated 2-percent level by 2014.

3. Reduce the average residential vacancy rate in Neighborhood Stabilization Program (NSP) investment areas.

    3a. By September 30, 2013, 70 percent of Neighborhood Stabilization Program 2 Neighborhood Investment Clusters will reduce the average residential vacancy rate relative to at least one comparable neighborhood.

Strategic Goal 2

4. Reduce the number of households with worst case housing needs.

5. Increase the total number of affordable rental homes constructed and rehabilitated in communities with the greatest unmet needs.

    5a. By September 30, 2013, preserve affordable rental housing by continuing to serve 5.3 million total families and serve an additional 64,822 families through HUD's affordable rental housing programs.

Strategic Goal 3

6. **Reduce homelessness.**

    By September 30, 2013, in partnership with the Department of Veterans Affairs, reduce the number of homeless veterans to 35,000 by serving 35,735 additional homeless veterans. HUD is also committed to making progress toward reducing family and chronic homelessness and is working toward milestones to allow for tracking of these populations.

7. Increase the number of HUD-assisted households with school-aged children who have access to schools scoring at or above the local average.

8. Provide access to information and opportunities by increasing the proportion of units in HUD public and multifamily housing with an available broadband Internet connection.

9. Improve the health of HUD-assisted residents.

10. Increase the average income of HUD-assisted households.

11. Improve the quality of housing and available community opportunities reported by HUD residents.

Strategic Goal 4

12. Reduce the share of household income spent on the combined costs of housing and transportation in communities that receive assistance from the Office of Sustainable Housing and Communities.

13. **By September 30, 2013, HUD will enable the cost-effective energy and green retrofits and energy efficient new construction of 159,000 public, assisted, and other HUD-supported affordable homes.**

14. Increase the proportion of HUD-assisted families in low-poverty and racially diverse communities.

15. Increase the percentage of Gulf Coast homes in Louisiana, Mississippi, and Texas that have been reoccupied or converted to another viable purpose after being severely impacted by Hurricanes Katrina and Rita in 2005.

Operational

Strategic Goal 5

Investing in People

16. **Increase the percentage of performance plans and reviews that are completed within targeted timeframes to 90 percent. The 90 percent goal will be maintained in fiscal year 2013.**

17.   Increase the percentage of staff satisfied that their performance plan reflects the work they do and sets clear expectations.

18. Increase the percentage of staff that has received training based on an approved Individual Development Plan or equivalent plan.

19. Increase the percentage of staff satisfied that the training and development they have received has improved their knowledge and skills for their current job to 66 percent.

20. Increase the percentage of staff satisfied with collaboration across work units to accomplish work objectives to 58 percent

Bureaucracy Busting

21. Decrease the percentage of funds lapsed from FY 2012 operating appropriations (S&E), net of the reserve, without over-obligating funds in any sub-accounts.

22. **By September 30, 2012, reduce end-to-end hiring time to 79 days, on average. The goal of 79 calendar days will be maintained in fiscal year 2013.**

23. Increase the percentage of hiring managers satisfied with the quality of candidates and new hires to 57 percent.

24. Increase the percentage of managers satisfied with the quality of contract award outcomes.

25. Increase the percentage of contract awards that are made within targeted timeframes to 90 percent.

26. Increase the percentage of HUD contracting funds that are directly obligated to small businesses to 50 percent.

<u>Modernizing IT systems and processes</u>

27. **HUD will improve internal processes to ensure that we can obligate 90 percent of notice of funding availability (NOFA) programs within 180 calendar days of budget passage, ensuring that America's neediest families have the shelter and services they need, when they need them. The timely obligation and subsequent disbursement of funds will positively Impact the agency's ability to achieve all of our priority goals. The 90 percent goal will be maintained in fiscal year 2013.**

28. Increase the percentage of the deliverables defined under the Transformation Initiative Fund-Information Technology transformation that are delivered on time.

29. Increase the percentage of time mission critical external facing HUD information technology systems are available.

30. Decrease the number of days it takes to resolve a Tier 1 or Tier 2 Helpdesk tickets for mission critical external facing HUD information technology systems.

31. HUD is committed to making progress toward reducing public housing agency burden and is working toward milestones for tracking.

Annual Performance Plan Goals

Strategic Goal 1. Strengthen the Nation's Housing Market To Bolster the Economy and Protect Consumers

Problem To Be Addressed

Following an unprecedented and unsustainable rise in home prices that began in 2003, the so-called "housing bubble" began to deflate in late 2006. Falling home prices triggered an increase in mortgage delinquencies and foreclosures. The homeowners hit by the first wave of foreclosures tended to be higher risk borrowers with subprime mortgages, including many mortgages with unconventional features, such as low introductory "teaser" rates or interest-only loans that generated sharp payment increases over time.

Basic Steps in the Foreclosure Process

When an FHA mortgage loan becomes delinquent, FHA requires the mortgagee to contact the borrower and make a prudent effort to cure the delinquency through various loss mitigation retention efforts. If efforts to cure the delinquency are unsuccessful, the lender must generally adhere to the following process in order to receive the payment on an insurance claim.

1. Legal action must be filed within six months after the mortgage is in default.

2. Publish a notice in the local newspaper announcing a public auction for the property.

3. A trustee's sale is held, where the property is placed for sale at a public auction. If the highest bid does not exceed the amount the lender expects to receive from an FHA insurance claim, the lender obtains title to the property.

4. If the property is not vacant, an eviction notice must be filed, demanding that the property be vacated immediately. Several days are typically allowed for the residents to vacate the property. Eviction notices are not required if FHA has granted the lender approval to convey the property occupied.

5. Once the property is vacant, the lender is responsible for property preservation and protection until the property is conveyed to HUD.

6. The lender conveys the property to HUD and then files and insurance claim for the outstanding principal balance plus allowable foreclosure expenses, property preservation and protection expenses, interest, and other costs.

When home values began to decline during 2006, homeowners experienced greater difficulty in refinancing into more affordable and sustainable mortgages. Shrunken home values often would not support a new loan large enough to pay off the old loan, and lending standards tightened significantly as banks became aware of the risks on their books.

As the nation slipped into a deep recession, with declines in Gross Domestic Product and a subsequent rise in unemployment, a second wave of foreclosures hit homeowners holding prime loans, which banks had considered to be relatively safe. These foreclosures put additional downward pressure on home prices, causing a large number of homeowners to be "under water" on their mortgages (that is, they owed more on their loans than their properties were worth), even if they were not behind in payments.[2]

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[2] Section 1517 of the Housing and Economic Recovery Act of 2008 (P.L. 110-289) mandated preliminary and final reports to Congress on the root causes of the foreclosure crisis. HUD issued the report on January 2010. http://www.huduser.org/portal/publications/Foreclosure_09.pdf.

Though the nation is no longer in a recession,[3] the impact of the housing crisis has been significant and protracted. At the end of the third quarter of 2011, about 6.2 million homeowners were past due by at least one mortgage payment. Of these homeowners, nearly 2.2 million are in the process of foreclosure and more than 1.7 million others are seriously delinquent and at high risk of foreclosure. Further, roughly 10.7 million homeowners are considered underwater borrowers; these underwater homeowners include some who are current on their mortgage payments and some who have missed at least one payment.

The Administration has undertaken substantial and varied efforts to assist struggling homeowners through its foreclosure prevention programs, and in addition the broader economy is gaining strength. However, housing data continue to offer mixed signals and some signs of weakness in the market, as the foreclosure crisis continues to seriously affect families and communities.

A home is typically a family's most expensive and valuable asset. Losing a home through foreclosure can be a traumatic life experience that leads to significant deterioration in a person's or family's living conditions. Foreclosure affects the stability of neighborhoods and economic viability of communities, as well as the homeowner's opportunity to improve his or her quality of life. State and local governments are financially strained and have cut essential safety-net services. Nonprofit service providers and other community-based organizations also are struggling to meet steep increases in need.

House Price Trends Illustrated by Two Commonly Cited Price Indices
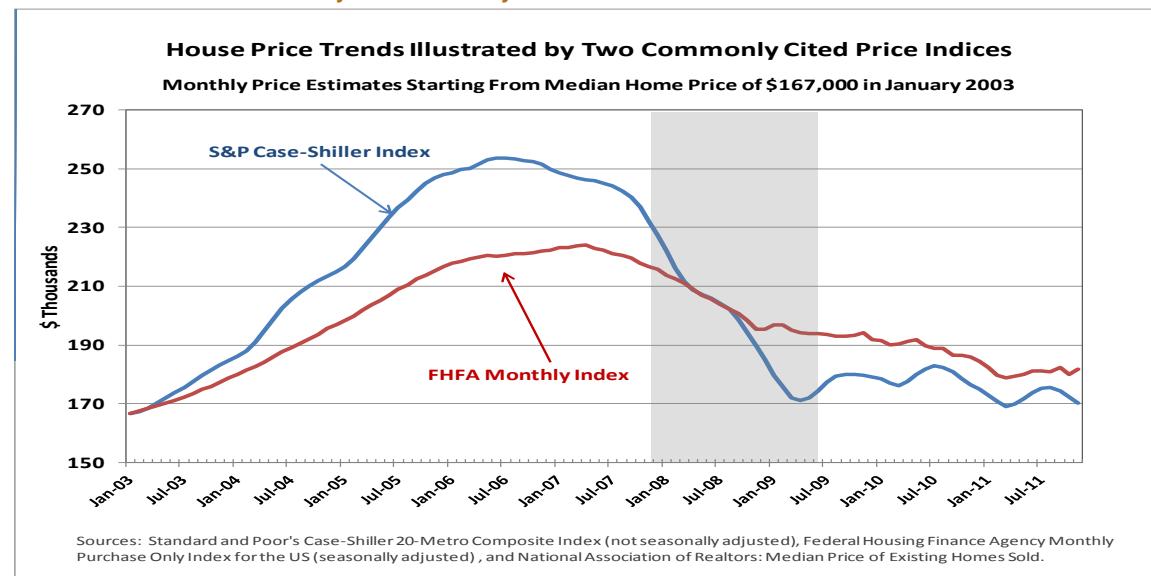
FHFA = Federal Housing Finance Agency.

The Case-Shiller® index trend line contains most of the subprime mortgages, while the Federal Housing Finance Agency monthly index trend line is more geographically dispersed and contains fewer subprime mortgages and more conventional mortgage (that is, Fannie Mae and Freddie Mac).

The gray area in the chart signifies the period of recession as determined by the National Bureau of Economic Research.

Sources: Standard and Poor's Case-Shiller® 20-Metro Composite Index (not seasonally adjusted); FHFA Monthly Purchase Only Index for the United States (seasonally adjusted); National Association of REALTORS®: Median Price of Existing Homes Sold

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[3] Business Cycle Dating Committee of the National Bureau of Economic Research, Sept. 2010 (http://www.nber.org/cycles/sept2010.pdf).

Mortgage Delinquency Trends: Percent of Total Loans Past Due by Product Type

Source: Mortgage Bankers Association, National Delinquency Survey. Data are seasonally adjusted.
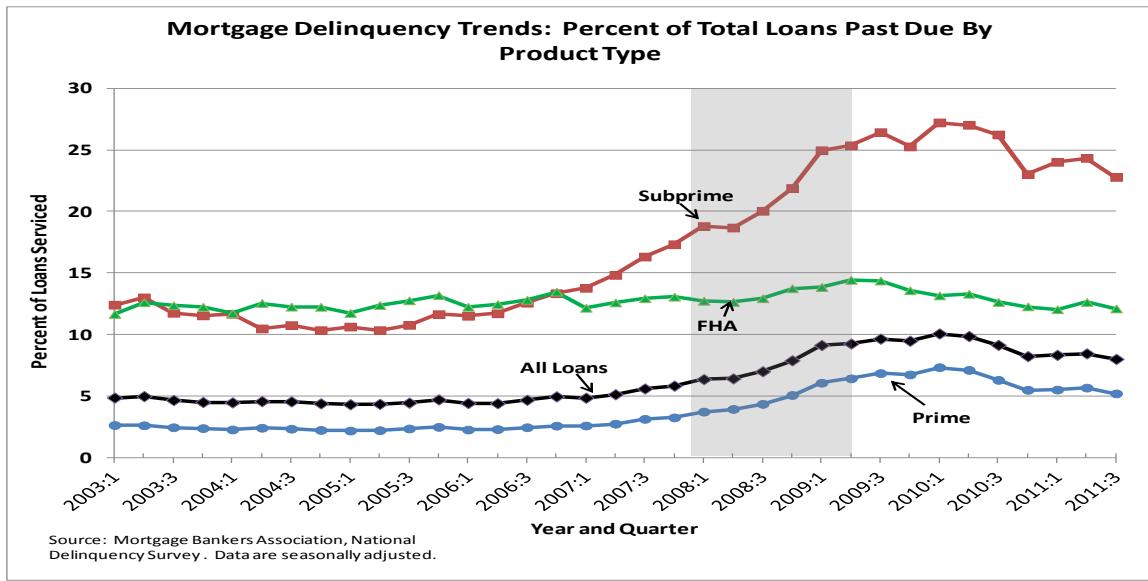
FHA = Federal Housing Administration.

Data are seasonally adjusted.

The gray area in the chart signifies the period of recession as determined by the National Bureau of Economic Research.

Source: Mortgage Bankers Association, National Delinquency Survey

Trends in Unemployment Rate and Real Gross Domestic Product

Real gross domestic product as trillions of chained 2005 dollars, annual rate, and civilian unemployment rate
Sources: Bureau of Economic Analysis and Bureau of Labor Statistics
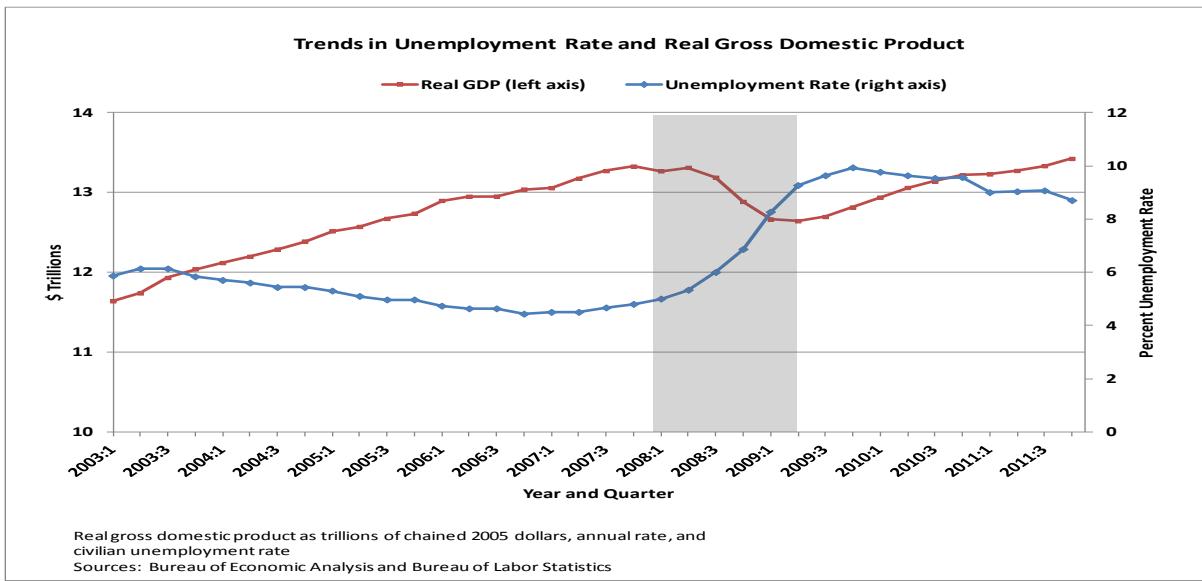
Real GDP expressed as seasonally adjusted annual rates in 2005 dollars.

Source: Bureau of Economic Analysis and Bureau of Labor Statistics

Foreclosure Starts and Completions Remain Elevated
Monthly Foreclosure Action (thousands)
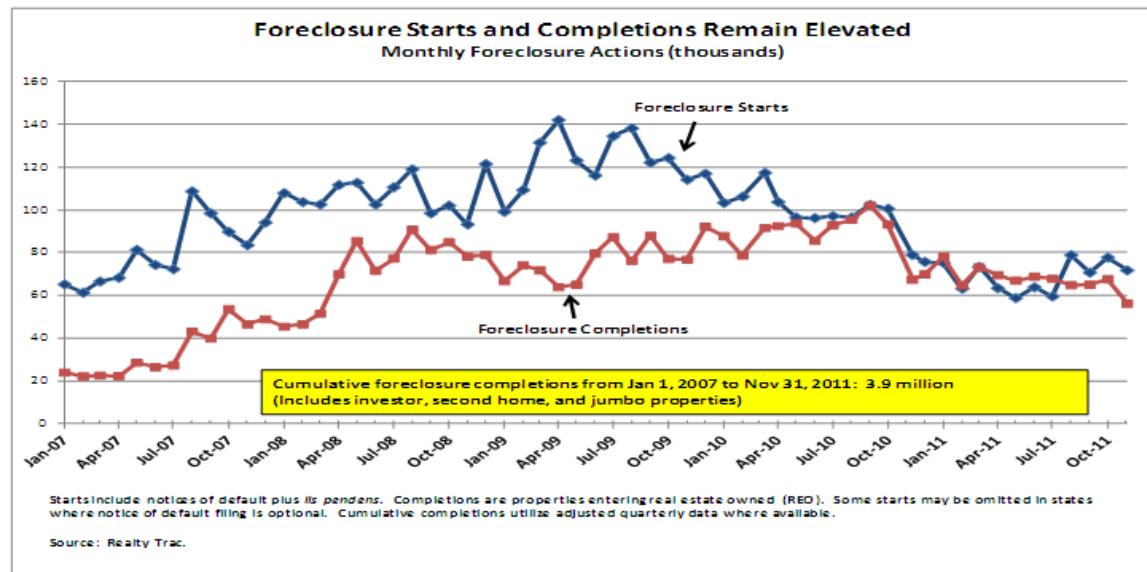
Starts include notices of default plus lis pendens (a suit pending in court that concerns title to land). Completions are properties entering real estate owned (REO). Some starts may be omitted in states where notice of default filing is optional. Cumulative completions utilize adjusted quarterly data where available.

Source: Realty Trac

Measures of Success[4]

Strategic Plan—Measure 1a.

By September 30, 2013, assist 700,000 homeowners who are at risk of losing their homes due to foreclosure.

❖ 500,000 homeowners will be assisted through FHA early delinquency intervention.

❖ 200,000 homeowners will be assisted through FHA loss mitigation programs.

❖ For all FHA borrowers who receive loss mitigation assistance, achieve a Consolidated Claim Workout[5] Ratio of 65 percent, and for those receiving a Consolidated Claim Workout achieve a 6-month re-default rate of 10 percent or less.[6]

Strategies for Achieving Success

The Federal Housing Administration, in partnership with the White House, the Department of the Treasury, and other federal regulatory agencies, is tackling the housing crisis on multiple fronts. HUD is playing a central role in helping struggling homeowners avoid foreclosure through a range of programs and interventions.

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[4] The period of performance for full achievement of the performance measures is FY 2012 and FY 2013.

[5] Consolidated Claim Workouts combine FHA partial claims, loan modifications, and new Home Affordable Modification Program modifications that represent affordable solutions but exclude less affordable forbearance programs.

[6] Since most re-defaults tend to occur in the first 6 months after the workout, the 6-month period was selected to allow measurement of goal performance within a given year.

The Housing Counseling Assistance program is critical for stemming the foreclosure crisis. The ability to understand and accurately assess housing options is extremely important for the well-being of all families. HUD-approved housing counseling intermediaries and agencies educate and guide families making housing-related decisions on a broad range of topics: purchase and rental of housing, money management, budgeting, credit ratings, prevention of mortgage default or rent delinquency, home maintenance, fair housing laws, and home equity conversion mortgages.

The Office of Fair Housing and Equal Opportunity and partner agencies in the Fair Housing Assistance Program enforce the fair lending provisions of the Fair Housing Act when lenders target their fraudulent refinance schemes on the basis of characteristics protected by the Act. Along with direct enforcement, the office provides grants through the Fair Housing Initiatives Program for the investigation of discriminatory mortgage rescue schemes. The office also funds education and outreach to homeowners on fair lending and foreclosure prevention and ensures that mortgage rescue programs are available to all people, regardless of race, color, religion, national origin, sex, disability, or familial status.

Ginnie Mae plays a critical role in the U.S. housing finance system as a conduit for bringing private capital Into U.S. housing markets. Private lending institutions approved by Ginnie Mae originate eligible government-insured loans, pool them into securities, and issue mortgage-backed securities. Ginnie Mae guarantees the performance of the lenders who issue the mortgage-backed securities. If lenders were unable to access the global capital market through the sale of Ginnie Mae securities, they would not have the capital necessary for providing adequate access to FHA, Veterans Affairs, Public and Indian Housing, and U.S. Department of Agriculture insured loans.

Strategy: Assist homeowners facing foreclosure, using prevention, loan modification, and loan refinancing programs.

❖ **500,000 homeowners will be assisted through FHA** *early delinquency intervention.*

Loan servicers most often offer ***early delinquency intervention*** assistance to homeowners who are less than 90 days in default. Providing assistance to homeowners who are in the early stages of mortgage payment distress averts the potential for more serious delinquencies, defaults, and foreclosures at a later date. These interventions include—

Repayment. An agreement in which the borrower agrees to repay delinquent amounts to bring the mortgage current, but is not a special forbearance.

Trial Modification. A repayment plan set up for a borrower who has been conditionally approved for an FHA Home Affordable Modification Plan.

Homeowners Assisted through FHA Early Delinquency Interventions
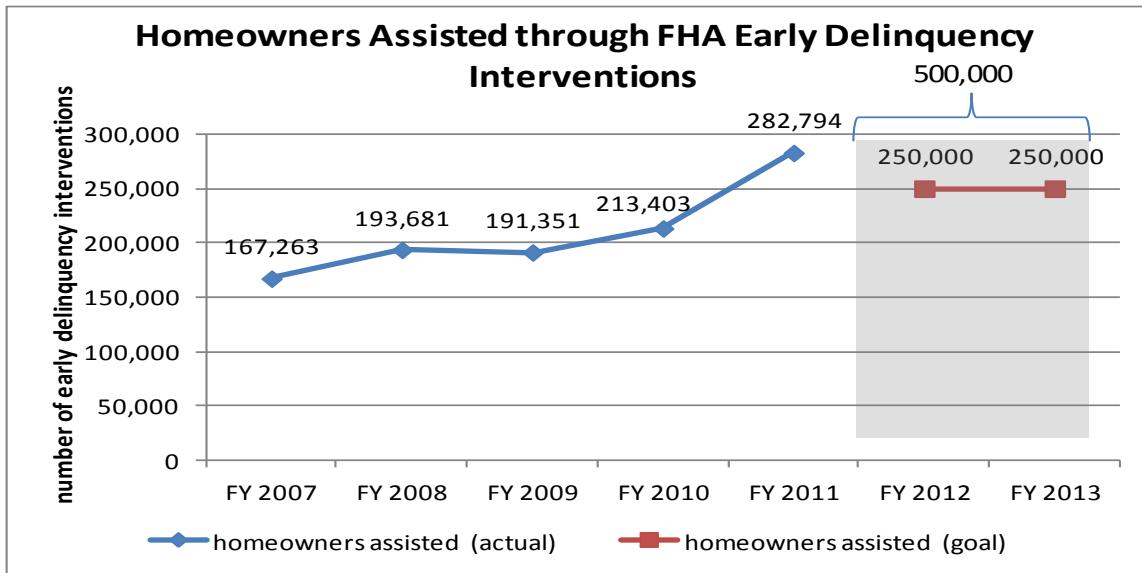
FY = fiscal year.
The gray area in the chart signifies the period of recession as determined by the National Bureau of Economic Research

❖ **200,000 homeowners will be assisted through FHA** *loss mitigation programs***.**

The early delinquency interventions have been effective over the years, but as the housing crisis expanded, HUD implemented both new and improved *loss mitigation programs* to better assist homeowners most in danger of losing their homes. These loss mitigation products include—

FHA Home Affordable Modification Plan. This program reduces the monthly mortgage payment for eligible homeowners, who have FHA-insured mortgages, to 31 percent of gross (pretax) income.

Special Forbearance. A repayment plan that allows a borrower who misses payments because of temporary loss or reduction in income to resume the monthly mortgage payments plus a portion of the missed payments (including principal, interest, taxes, and insurance).

Mortgage Modifications. This program permanently changes one or more of the terms of a loan to make the mortgage payment affordable. Mortgage modifications can be combined with a special forbearance action.

Partial Claims. This option allows the lender to advance funds to make a delinquent loan current when a borrower is unable to pay the delinquency through special forbearance or loan modification options. Partial claims can be combined with a special forbearance action.

Preforeclosure Sales. This program allows a borrower in default to sell the home and use the sales proceeds to satisfy the mortgage debt, even if the proceeds are less than the amount owed.

Deeds in Lieu. This option allows a defaulting borrower, who does not qualify for any other HUD loss mitigation option to sign the house back to the mortgage company, without going through the foreclosure process.

Homeowners Assisted Through FHA Loss Mitigation Programs
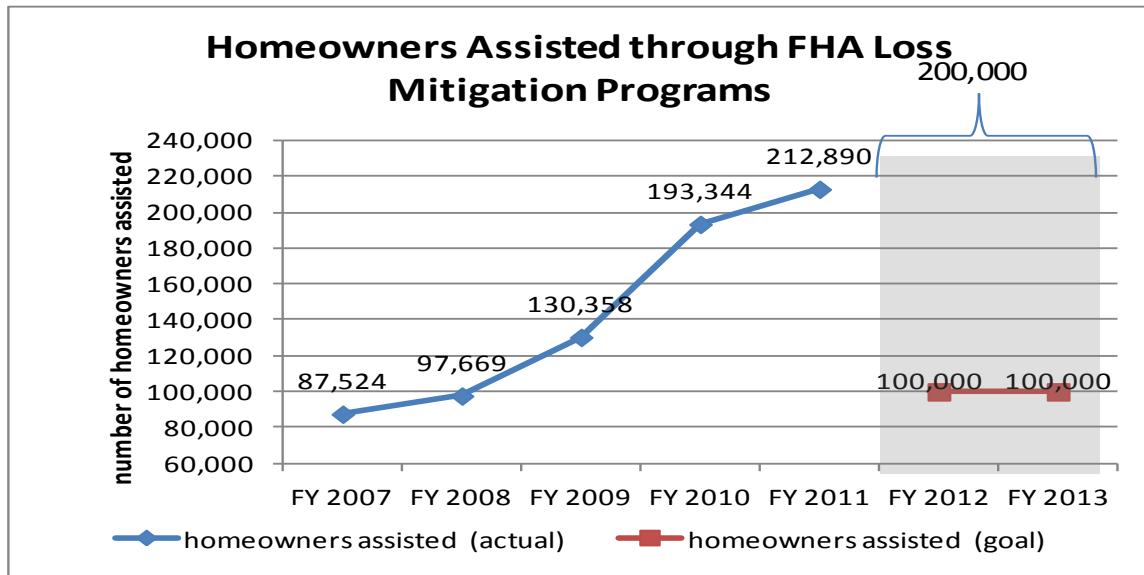
FY = fiscal year.

The gray area in the chart signifies the period of recession as determined by the National Bureau of Economic Research

Ensuring that homeowners receive appropriate foreclosure assistance requires a concerted and collaborative effort on the part of HUD, loan servicers, and borrowers. Consequently, HUD's ability to achieve this goal is dependent on its efforts to train HUD staff, educate distressed homeowners about their options, and monitor loan servicers in the performance of required loss mitigation activities. In FY 2011, HUD ensured improved performance through its work with the five largest servicers in the FHA portfolio on their loss mitigation activities. HUD required servicers to document their efforts to avoid foreclosing on homeowners who were struggling to make their mortgage payments. HUD implemented new rules, such as requiring special forbearance before loan modifications and partial claims, and took actions to increase the numbers of preforeclosure sales and Deeds in Lieu of foreclosure. A significant HUD field presence and a network of approved nonprofit housing counseling agencies has been marshaled to meet the goal. These activities and prior actions are expected to have a positive impact on the Consolidated Claim Workout ratio in the upcoming years, while simultaneously benefiting families struggling to maintain their homes.

❖ **Consolidated claim workout ratio of FHA borrowers that received loss mitigation.**

FHA's success at meeting this goal is crucial to ending the foreclosure crisis and will ensure the financial stability of its insurance funds.[7] The Consolidated Claim Workout Ratio aggregates claims types (FHA partial claims, special forbearances, loan modifications, FHA Home Affordable Modification Program [HAMP] modifications, preforeclosure sales, and Deeds in Lieu of foreclosure) as a share of all FHA borrowers who are foreclosed upon. *It is an indicator of the activity that is taking place to prevent defaults from becoming foreclosures, with increasing ratios*

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[7] The FHA provides mortgage insurance to lenders. By insuring mortgages, FHA makes it easier for homeowners to borrow the funds they need. Mortgage lenders are more willing to provide mortgage loans because they know that, in the case of borrower default, the federal government will protect them from losses.

indicating more effective resolutions for borrowers receiving loss mitigation. Full achievement of this goal in FY 2013 means that the loss mitigation activities resulted in the Department not being required to pay claims against the FHA insurance fund for 65 percent of FHA borrowers that received loss mitigation assistance because their properties were not ultimately foreclosed.[8]

Consolidated Claim Workout Ratio of FHA Borrowers That Received Loss Mitigation
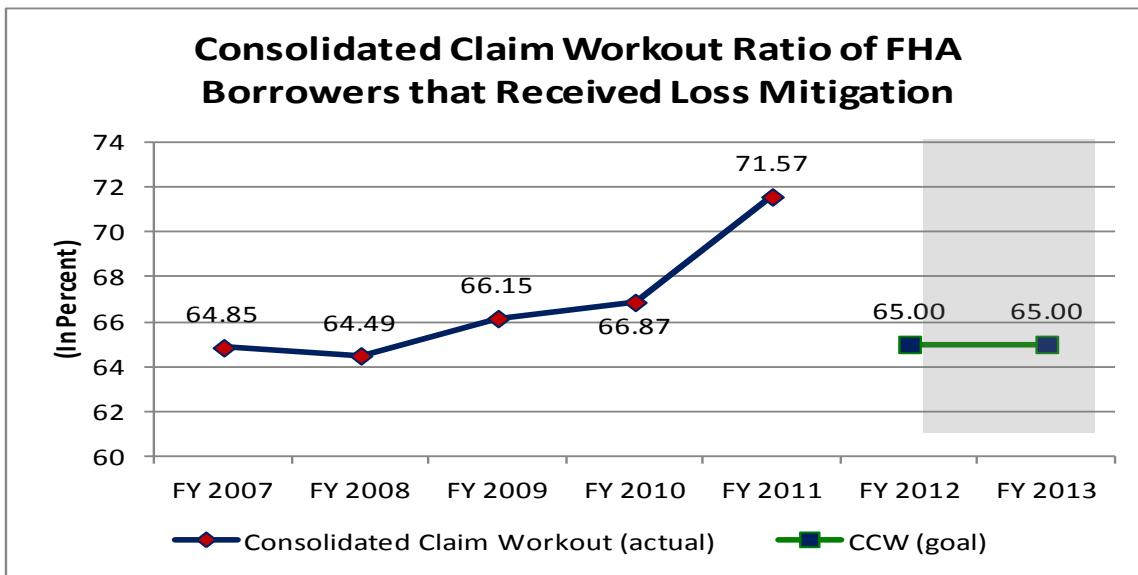
CCW = Consolidated Claim Workout. FY = fiscal year.

The gray area in the chart signifies the period of recession as determined by the National Bureau of Economic Research

❖ Six-month re-default rate of FHA borrowers that received a consolidated claims workout.

HUD's loss mitigation efforts can be considered successful only if they provide effective solutions for homeowners in both the short and long term. This goal ensures that FHA is working with borrowers to provide realistic and sustainable options for homeowners to retain their homes and satisfy the terms of their mortgages. HUD's success at providing such sustainable options can be assessed by looking at borrower re-default rates.

As with the Consolidated Claims Workout ratio goal, HUD is actively taking steps to ensure improved performance on borrower re-defaults. HUD is assisting the five largest servicers with loss mitigation process redesign and borrower program customization to reduce the number of re-defaults. In addition, changes to the trial payment plans are being considered to provide borrowers with an opportunity to keep their payment plans current, leading to successful sustainable trial modifications.

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[8] The Consolidated Claims Workout ratio is calculated with activity that has been presented to HUD through lender claim payments. Many foreclosure actions have been put on hold due to questions raised about the sufficiency of documentation used by many major lenders to certify legal standing to process foreclosure actions. As a result, some lenders put In place self imposed delays in completing foreclosure actions, and many state governments issued moratoria, required additional steps in the foreclosure process, or else questioned lender practices in court. The fiscal year 2012-2013 targets adjust for the delayed actions and reflect a realistic workout ratio.

Six-Month Re-Default Rate of FHA Borrowers That Received a Consolidated Claims Workout
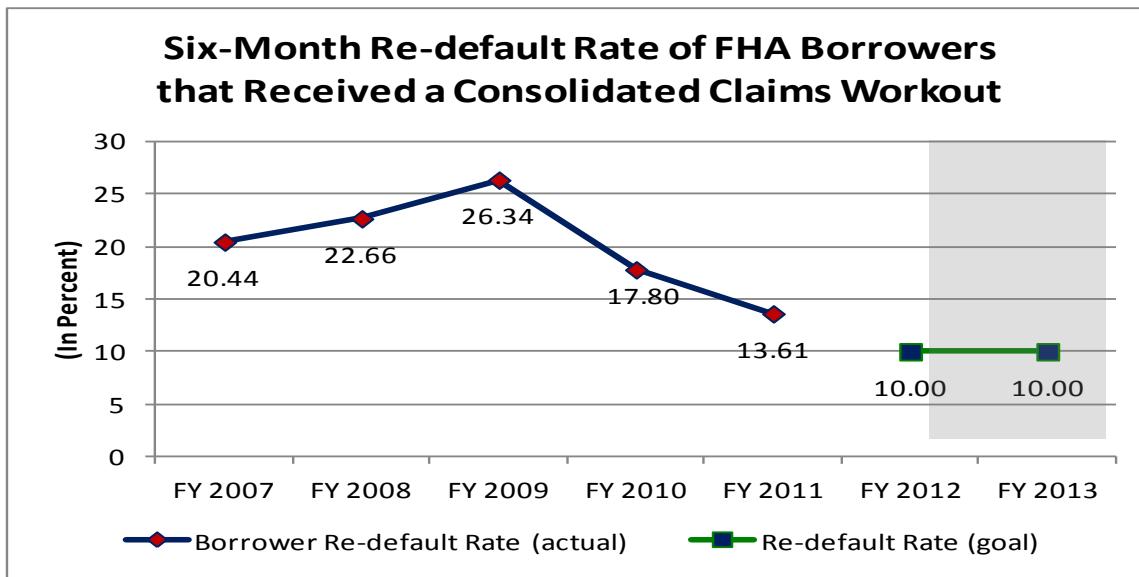
Six-Month Re-default Rate of FHA Borrowers that Received a Consolidated Claims Workout

FY = fiscal year.

The gray area in the chart signifies the period of recession as determined by the National Bureau of Economic Research

Place Strategy

Selection Criteria: Atlanta, Georgia (Region IV), Chicago, Illinois (Region V), and Dallas, Texas (Region VI), were identified as having the greatest challenge to stem foreclosures based on the volume of new 90 day delinquencies within the FHA loan portfolio.

Place Characteristics:

The Atlanta-Sandy Springs-Marietta, Georgia Metropolitan Statistical Area (MSA) ranks #7 in the nation by volume for mortgage loan fraud suspicious activity reports.

The Chicago-Naperville-Joliet MSA has experienced foreclosure rates that are five times higher than in African American neighborhoods as compared to predominantly white neighborhoods.

The Dallas-Plano-Irving MSA, has experienced the closures of businesses and layoffs at large companies that have negatively impacted the homeownership market.

Key milestone activities to be undertaken include—

♦ **Develop and implement education and outreach, cross programmatic partnerships, and training and technical assistance strategies (Atlanta-Sandy Springs-Marietta, Georgia).** Targeted education and outreach efforts will ensure that foreclosure prevention activities and assistance programs information are available and understood; Development of cross-programmatic (Offices of Housing, Community Planning and Development, Fair Housing and Equal Opportunity, and Field Policy and Management) partnerships will better ensure the long-term sustainability of a communities dependent upon decisions and actions of different organizations and limited resources; and training and technical assistance will ensure that all partners are provided with correct information on HUD programs and resources available to reduce foreclosures, stabilize neighborhoods, increase employment options, and provide alternative housing resources.

♦ **Ensure Fair Housing treatment and address fair lending enforcement (Chicago-Naperville-Joliet, Illinois).** The fair treatment of customers who seek foreclosure support services is increasingly being called into question, as loan modifications and affordable mortgages are widely sought. The proliferation of higher-cost and high risk financing often targeted borrowers and communities of color. Identifying and addressing disparate treatment of targeted borrowers will provide equal access to loan modifications and affordable mortgages, and partnerships between HUD, federal regulators, the Department of Justice, and the Consumer Financial Protection Bureau, may result in more meaningful and more efficient fair lending enforcement and investigation of violations by banks and their loan modification programs.

♦ **Conduct training workshops on early foreclosure intervention strategies and use of HUD real estate owned properties (Dallas-Plano-Irving, Texas).** HUD will conduct training for local community development directors and staff on foreclosure prevention strategies. Local government community development staff comes in contact with homeowners experiencing mortgage delinquencies. Training will also be conducted on the availability of HUD-owned properties for use in local Community Planning and Development programs.

Problem To Be Addressed

The state of the housing market plays a big role in shaping individuals' well-being, the stability of neighborhoods, and the strength of the national economy. The downturn of the housing market—with high rates of foreclosure, increases in the number and proportion of vacant properties, and plummeting home values—has been devastating for families and communities alike. Vacant and foreclosed properties can destabilize neighborhoods. "Foreclosures can depress property values, lower local property tax revenue, and impose additional costs on cash-strapped public agencies in the form of additional police, fire, and other municipal services needed to respond to the blighting influence that vacant and foreclosed properties can have on local communities."[9]

> **Eligible Uses for the Neighborhood Stabilization Program 2 Funding**
>
> Listed below are the specific activities grantees may undertake for the purposes of assisting in the redevelopment of abandoned and foreclosed homes when using Neighborhood Stabilization Program 2 funding.
>
> 1. Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.
>
> 2. Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop them.
>
> 3. Establish land banks for homes and residential properties that have been foreclosed upon.
>
> 4. Demolish blighted structures.
>
> 5. Redevelop demolished or vacant properties as housing.

Ensuring properties remain vacant or blighted for the least time possible will help to stabilize neighborhoods.

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[9] U.S. Department of Housing and Urban Development, Office of Policy and Development and Research, Report to Congress on the Root Causes of the Foreclosure Crisis, January 2010. http://www.huduser.org/portal/publications/Foreclosure_09.pdf.

Measures of Success

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Strategic Plan—Measure 3a.

❖By September 30, 2013, 70 percent of Neighborhood Stabilization Program 2 Neighborhood Investment Clusters will reduce the average residential vacancy rate relative to at least one comparable neighborhood.

</div>

Strategies for Achieving Success

Strategy: Mitigate the effects of the foreclosure crisis on neighborhoods by assisting communities that have high rates of foreclosure.

The goal is to reduce average residential vacancy rates in 70 percent of the communities hardest hit by the foreclosure crisis. The Department engaged the Reinvestment Fund under the Neighborhood Stabilization technical assistance program to analyze areas across the nation that received Neighborhood Stabilization Program investments. The purpose of this analysis was to: 1) analyze how markets treated with Neighborhood Stabilization Program investment have changed over time compared to similar markets that have not been touched by these investments; 2) identify "outstanding performers," markets treated with Neighborhood Stabilization Program investment where home sale price and vacancy indicators have trended better than their comparable markets; 3) develop a systematic process and automated report for updating this analysis on a quarterly basis using new home sales and vacancy statistics; and, 4) provide technical assistance to grantees on the relative effectiveness of their programs in achieving program goals.

Contributing programs and activities

Neighborhood Stabilization Program 2. The Neighborhood Stabilization Program 2 (NSP2) was established to stabilize neighborhoods whose viability has been and continues to be damaged by the economic effects of properties that have been foreclosed upon and abandoned. The NSP2 references the specific grant funds provided by the American Recovery and Reinvestment Act of 2009 (P.L. No. 111-5) to states, local governments, nonprofits, and a consortium of public and/or private nonprofit entities on a competitive basis. On January 14, 2010, HUD awarded a combined total of $1.93 billion in grants to 56 grantees nationwide, including 33 consortiums at a regional level and 4 national consortiums carrying out activities in target areas throughout the country. These grantees were selected on the basis of foreclosure needs in their selected target areas, recent past experience, program design, and compliance with rules. As of January 2012, these funds have been obligated and 49 percent have been expended.

The following **supporting measure** will track activity related to Neighborhood Stabilization Program 2.

■ **By September 30, 2013, 23,481 "units of service" will be produced in Neighborhood Stabilization Program 2 target areas.**

HUD will be measuring the Neighborhood Stabilization Program 2 target areas units of service, which represent the number of units produced within each eligible activity. The term "units of service" is distinct from unique housing units or households because units may be produced through multiple activities (e.g., acquisition and rehabilitation). Therefore the measure "units of service" is not directly translatable into a number of total housing units. For example, a grantee may

use Neighborhood Stabilization Program funds for demolition/clearance on a property. A single household may get Neighborhood Stabilization Program resources in the form of rehabilitation/reconstruction assistance from a nonprofit and homeownership assistance from a local government. Each "touch" is counted as a "unit of service." The Neighborhood Stabilization Program 2 has five "eligible uses" but many more associated eligible activities. The activities reported on are the underlying Community Development Block Grant program activity groups that have emerged as the predominant uses of Neighborhood Stabilization Program funds. The fiscal years 2012 and 2013 goals are 11,745 and 11,736, respectively.

Single Family Housing Asset Management. HUD acquires 1-to-4 unit residential properties when owners default and lenders foreclose on FHA-insured mortgages. These acquired properties become departmental assets, and are referred to as real estate owned properties. To help rebuild neighborhoods that have been struggling with blight and declining home values due to foreclosures, local communities—through the National First Look Program—will get a brief, exclusive opportunity to purchase bank-owned properties in certain neighborhoods so these homes can be rehabilitated, rented, resold, or demolished. The nation's leading financial institutions, representing approximately 75 percent of the real estate owned market, are participating in the public-private partnership between HUD and the National Community Stabilization Trust (see below).

In addition, FHA extended the waiver, through December 31, 2012, of its anti-flipping regulations that prohibited FHA from insuring a mortgage on a home owned by the seller for less than 90 days. The extension will permit buyers to continue to use FHA-insured financing to purchase HUD-owned properties, bank-owned properties, or properties resold through private sales. It will allow homes to resell as quickly as possible, helping to stabilize real estate prices and to revitalize neighborhoods and communities. Since the original waiver went into effect on February 1, 2010, FHA has insured nearly 42,000 mortgages worth more than $7 billion on properties resold within 90 days of acquisition.

National Community Stabilization Trust. The National Community Stabilization Trust is a critical partner in supporting the Neighborhood Stabilization Program grantees in the acquisition of real estate owned properties. Created in 2008 to revitalize neighborhoods affected by the foreclosure crisis, the Stabilization Trust facilitates the transfer of foreclosed and abandoned properties from financial institutions nationwide to local housing organizations, and provides access to financing in order to promote productive property reuse and neighborhood stability. It was formed through an unprecedented collaboration between Enterprise Community Partners, the Housing Partnership Network, the Local Initiatives Support Corporation, National Council of La Raza, National Urban League, and NeighborWorks America, the Stabilization Trust to work with state and local governments and community based housing organizations to build capacity to effectively acquire, manage, rehabilitate, and sell foreclosed property to expand homeownership and rental housing available to low- and moderate-income families.

Place Strategy

Selection Criteria: Cleveland, Ohio (Region V), Miami, Florida (Region IV), and Phoenix, Arizona (Region IX) were identified as the top three areas with some geographic variety after the following selection process. HUD identified the places where NSP2 grantees worked, then narrowed to cities with a population of more than 20,000 and where there are census block groups greater than 100. Communities were then ranked from highest to lowest based on vacancies as a percentage of total Home Mortgage Disclosure Act data high cost and high leverage loans (at the census tract level).

Place Characteristics:

Of the approximately 570,000 residential structures in Cuyahoga County—where Cleveland is located—approximately 36,000 of them are vacant and 13,100 of these vacant units are located in the City of Cleveland's NSP2 designated area.

Miami has several census tracts within two NSP2 target areas that have been identified as having a high concentration of HUD assets and high vacancy rates.

Phoenix has a high number of foreclosures with many "underwater" mortgages, which makes significant reductions of single family vacancies difficult.

Key milestone activities to be undertaken include—

♦ **Enhance the ability of the Cuyahoga County land bank and other stakeholders to acquire and demolish or repurpose real estate owned properties (Cleveland, Ohio).** The Cuyahoga County Land Bank, created by the Ohio General Assembly in 2009, is the centerpiece of a strategy to demolish and/or repurpose the vacant residential and commercial properties in the county. Providing ongoing technical assistance will ensure that the agency can continue its work through its authority to take title to vacant parcels of land and abandoned buildings, purchase and rehabilitate properties, and hold, rent, or sell properties.

♦ **Host Neighborhood Stabilization Program outreach events (Cleveland, Ohio).** Grantees and others seeking to sell Neighborhood Stabilization Program homes to qualified buyers have identified challenges in doing so. Events are being held with various stakeholders, such as the Ohio Mortgage Bankers Association, the Ohio Finance Agency, the Cuyahoga Metropolitan Housing Authority, and Neighborhood Stabilization Program grantees, to provide information about Neighborhood Stabilization Program housing and financing opportunities.

♦ **Convene stakeholder meetings on housing and economic development needs of neighborhoods (Miami, Florida).** The Offices of Community Planning and Development, Fair Housing and Equal Opportunity, Field Policy and Management, Housing, and Public and Indian Housing will convene stakeholder meetings on housing issues to explore ways to maximize use of governmental and private resources to improve vacancy rate reduction, improve the quality of life in the targeted communities, increase economic vitality and attract residents to the targeted areas.

♦ **Reduce the volume of real estate owned properties (Phoenix, Arizona).** To help increase the sales of real estate owned properties, workshops will be conducted for realtors to promote acquisition of foreclosed properties in NSP2 areas. To help ensure a reduction in vacancy rates, HUD will explore with Fannie Mae, Freddie Mac, and the Federal Deposit Insurance Corporation a joint auction of single family real estate owned properties in NSP2 areas.

Strategic Goal 2.
Meet the Need for Quality Affordable Rental Homes

Problem To Be Addressed

Rise in Demand

The number of families struggling to make ends meet in the face of severe rent burdens has increased substantially during this decade. Affordability problems have been exacerbated by the recession and the increasing demand for rental housing generated by the foreclosure crisis. Only about one in four families eligible for federal rental assistance programs receives assistance (that is, they receive a government rental subsidy). According to a recent HUD report on worst case housing needs, in 2009 (the latest data), 7.1 million very low-income rental households had worst case housing needs because they were unassisted and had severe rent burden (that is, they pay more than one-half of their monthly income for rent) or lived in severely inadequate housing conditions (that is, they live in housing with a variety of serious physical problems related to heating, plumbing, electricity, or maintenance).[10] The number of worst case needs increased by 1.19 million, or 20 percent, between 2007 and 2009. This two-year increase, by either measure, is the sharpest recorded since at least 1985.

> ### Unit Preservation
>
> During the past 75 years, the federal government has invested billions of dollars in the development and maintenance of affordable public and multifamily housing. Despite the sizable investment and the great demand for affordable rental housing, units continue to be lost. While some units have been lost because of their deteriorated physical condition, others—both publically and privately owned—have been removed from the affordable inventory because of owners' decisions or because periods of affordability have expired. Some multifamily housing programs either offer no option for owners to renew their subsidy contracts with HUD, or cannot renew on terms that attract sufficient capital to preserve long-term affordability. Moreover, the public housing stock faces a capital needs backlog that will be difficult to meet given federal fiscal constraints.

Reduction in Supply

Accelerating growth in worst case needs show that despite the 5.3 million units of housing provided through HUD programs, the supply of affordable and available rental housing is insufficient. As shown in the following chart, fewer than two in three very low-income renters have access to adequate and affordable units. For extremely low-income renters, the situation is more acute: only one in three has access to adequate and affordable units.

For every 100 extremely low-income renter households, only 61 rental units are affordable to them and fewer than 36 of the affordable units are available to them for rent. For renters with very low incomes, nearly 100 affordable units exist per 100 renters, but only 67 are available—and only 60 of the available units per 100 renters are physically adequate. For low-income renters, only 95 rental units

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10 U.S. Department of Housing and Urban Development. 2011 (February). *Worst Case Housing Needs 2009: A Report to Congress.*

per 100 renters are affordable, available, and physically adequate.

Rental Housing Stock by Income Category, 2009 (Rental units per 100 renters)

Income	Affordable	Affordable and Available	Affordable, Available, and Adequate
Extremely low-income renters (0–30% AMI)	61.0	35.7	32.2
Very low-income renters (0–50% AMI)	98.7	67.2	60.3
Low-income renters (0–80% AMI)	135.9	104.6	95.1

AMI = Area Median Income.

HUD uses AMI calculated on the basis of local family incomes, with adjustments for household size.

Source: Department of Housing and Urban Development, Office of Policy Development and Research. 2011. Worst Case Housing Needs 2009: Report to Congress*. Page 14.*

Moreover, a reduction in the federally subsidized production of rental housing has affected the availability of affordable rental housing. In recent years, federal expenditures for the production of rental housing largely have been made through the Low-Income Housing Tax Credit, HOME Investment Partnerships, Section 202 Supportive Housing for the Elderly, and Section 811 Supportive Housing for Persons with Disabilities programs. Major purchasers of housing tax credits experienced sharp declines in profits during the recent financial crisis, thus reducing their need for the tax shelter such credits offer. This decrease in need resulted in a significant reduction in available financing for many proposed affordable housing developments. The HOME and Sections 202 and 811 programs also have had to operate with reduced resources.

Compounding the supply problem is a loss of private affordable rental stock. Between 2007 and 2009, while the overall rental stock had a net increase of almost 694,000 units, the total change concealed a loss of approximately 570,000 private rental units (row 2 in the following chart) that had been affordable to families whose incomes were under 30 percent of median income (very low-income and extremely low-income families).

Changes in Rental Unit Affordability, 2007–2009

Affordability of Rent, by Income of Renters Relative to AMI	Rental in 2007	Rental in 2009	Change	Percent Change
Nonmarket (subsidized or zero rent)	8,460,800	6,944,900	– 1,516,000	– 17.9
Extremely low (0–30% AMI)	**2,262,100**	**1,692,200**	**– 569,900**	**– 25.2**
Very low (30–50% AMI)	9,308,600	9,615,100	306,500	3.3
Low (50–60% AMI)	6,290,500	7,039,600	749,100	11.9
Moderate (60–80% AMI)	7,649,600	8,715,700	1,066,000	13.9
High (80–100% AMI)	2,431,900	2,971,200	539,300	22.2
Very high (100–120%)	1,396,100	1,620,100	224,000	16.0
Extremely high (>120% AMI)	1,912,600	1,807,100	-105,000	5.5
Total	39,712,300	40,405,900	693,600	1.7

Source: Department of Housing and Urban Development, Office of Policy Development and Research. 2011. Rental Market Dynamics: 2007-2009. Table E-S, Page vi.

Measures of Success[11]

Strategic Plan—Measure 5a.

❖ By September 30, 2013, preserve affordable rental housing by continuing to serve 5.3 million total families and serve an additional 64,822 families through HUD's affordable rental housing programs.

Strategies for Achieving Success

Although more than one-third of U.S. families rent their homes, the housing market does not create a sufficient supply of affordable rental homes for extremely- and very low-income households. Housing affordable to very low-income and extremely low-income renters without government assistance is scarce in many local markets. Most unsubsidized new apartments are not affordable for these households. HUD is focused on closing the long-term structural gap between the cost of building and operating a standard quality housing unit and the ability of lower income households to afford such units. Through the combined efforts of programs across the agency, HUD continues to address the persistent lack of affordable housing. A number of HUD programs and tools fund or otherwise support affordable housing development, preservation of existing rental units, or rental assistance to low-income families. In some programs, HUD will focus on preserving the physical condition of assisted properties, renewing long-term contracts, and ensuring that each available unit is occupied. In other programs, HUD will continue to support the cost-effective production of new units.

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11 The period of performance for full achievement of the performance measures is FY 2012 and FY 2013.

Families in Occupied Rental Units Receiving Assistance

Program	FY 2009 Cumulative Actual	FY 2010 Cumulative Actual	FY 2011 Cumulative Actual (Baseline)	FY 2012 Cumulative Target	FY 2013 Cumulative Target	Net Increase/ Decrease FY 2012 and 2013
Multifamily Project Based Rental Assistance*	1,181,525	1,179,298	1,179,327	1,171,027	1,162,727	– 16,600
Other Multifamily Subsidies**	205,573	193,474	178,532	163,532	148,532	–30,000
Project Rental Assistance Contract (Sections 202 and 811)	129,980	134,471	140,445	146,159	151,873	11,428
Insured Tax Exempt or Low-Income Housing Tax Credit	103,514	111,812	114,546	115,746	111,144	-3,402
Mortgage Insurance for Residential Care Facilities (Sec 232)	Not Applicable	Not Applicable	460	1,018	1,576	1,116
TOTAL Housing Programs	**1,620,592**	**1,619,055[a]**	**1,613,310**	**1,597,482**	**1,575,852**	**– 37,458**
PIH Mainstream and Tenant Based Rental Assistance	2,112,353	2,142,668	2,183,276	2,183,276	2,183,276	0[d]
PIH Mod Rehab	26,872	25,550	23,398	23,398	23,398	0[d]
Public Housing	1,059,189	1,060,392***	1,082,393	1,084,893	1,084,893	2,500
Indian Housing Block Grant	7,615	8,290	8,942	9,622	10,302	1,360
TOTAL Public and Indian Housing	**3,206,029**	**3,236,900**	**3,298,009**	**3,301,189**	**3,301,869**	**3,860**
HOME Tenant Based Rental Assistance	25,020	23,220	21,508	22,070	23,370	1,862
HOME rental	199,894	205,792	228,613	236,922	248,582	19,969
Housing Opportunities for Persons With AIDS	23,862	25,006	25,656	24,971	24,546	– 1,110
Homeless Assistance Grants	95,064	102,913	114,713	115,913	117,113	2,400
Neighborhood Stabilization Program	0	656[b]	2,778	15,048	27,318	24,540
Tax Credit Assistance Program	0	1,019	6,354	27,039	51,353	44,999
Gulf Coast (disaster)	5,204	13,411	30,574	33,454	36,334	5,760
TOTAL Community Planning and Development	**349,044**	**372,017**	**430,196**	**470,728**	**528,616**	**98,420**
TOTAL	**5,175,665**	**5,227,972[a]**	**5,341,515[c]**	**5,379,719**	**5,406,337**	**64,822**

AIDS = acquired immunodeficiency syndrome. PIH = Office of Public and Indian Housing.

*Multifamily Project Based Rental Assistance includes Section 8, Rent Supplement, and Rental Housing Assistance Programs.

** Other Multifamily Subsidies includes Old Section 202, Section 221(d)(3) Below Market Interest Rate, and Section 236 Interest Reduction Payment only.

*******Public Housing result is of December 31, 2010****.*

a/ Fiscal Year 2010 Cumulative Actual changed for the Office of Housing Programs from previous reported numbers; this change is reflected in the HUD FY 2010 Total.

b/Fiscal Year 2010 Neighborhood Stabilization Program actual results were updated to reflect grantee reporting.

c/ Fiscal Year 2011 Total Cumulative Actual has a revised baseline from the FY 2011 total housing. The revised FY 2011 Cumulative Actual reflects the addition of the Section 232 program, as well as additional homeless assistance units attributed to HUD's work with the Department of Veterans

Affairs.

d/ The Moderate Rehabilitation program was repealed in 1991 and is perpetually reducing the number of available units as contracts expire and owners choose not to renew them. This program will lose approximately 680 units per year in FY 2012 and FY 2013; however, each of these families will receive a tenant protection voucher. Therefore, the number of families served through this program will not decrease over the two-year reporting period.

Strategy: Provide additional individuals and families with rental housing subsidies.

Contributing programs and activities

Public Housing. Public housing was established to provide decent and safe rental housing for eligible low-income families, the elderly, and people with disabilities. Approximately 1.1 million households are living in public housing units, managed by approximately 3,100 housing agencies. In order to support the management, operations, and physical needs of the Public Housing program, operating and capital funds are provided to public housing agencies[12] on an annual basis. The Office of Public and Indian Housing employs several strategies to assist public housing agencies with increasing occupancy including technical assistance in planning, developing, and managing units and working with them to improve operating efficiency to maximize occupancy of current units.

To help increase the occupancy of public housing, HUD will continue to work with public housing agencies to achieve operating efficiencies so that units can more quickly be leased by those in need. Additional families will be enabled to occupy currently vacant but habitable public housing units through new awards under the Housing Choice Voucher program.

Tenant Based Rental Assistance (Housing Choice Voucher). The Office of Public and Indian Housing has focused efforts to respond to the continuing need for affordable rental housing through all of its programs, including within the Section 8 Tenant Based Rental Assistance program. The Tenant Based Rental Assistance program is the federal government's largest program generally recognized as a cost-effective means for assisting families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private rental market. This program, which is administered locally by about 2,400 public housing agencies, allows an eligible family to seek housing in the private market, and in a neighborhood of their choice.

The Housing Choice Voucher program received a total of $150 million in new voucher funding for tenant protection vouchers and HUD-VASH in 2012, and HUD is requesting a similar amount in new vouchers in 2013. However, the expected gains from the leasing of these new vouchers is offset by anticipated downward prorations in renewal funding for existing vouchers under lease over the same measurement period due to necessary budgetary constraints in difficult fiscal years. For example, a two percent downward proration in 2013 would require the program to reduce through attrition the number of families served by over 44,000 families. In addition, the 2012 Appropriations Act rescinded $650 million through an offset against public housing agencies' program reserves, which means that many public housing agencies will be unable to supplement pro-rated renewal funding with additional resources.

As a result, HUD's efforts during the next two years will focus on maintaining an optimal voucher utilization rate for each public housing agency, considering the renewal base that can be supported by the individual public housing agency's available funding, as well as incremental vouchers that become available and the speed at which those new vouchers are put under lease. The Office of Public and Indian Housing will engage both Headquarter and field office staff to continue to implement

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[12] State and local governments create public housing agencies to finance or operate low-income housing.

comprehensive strategies and tools for increasing utilization at those public housing agencies where it can be done responsibly.

Project-based rental assistance. Project-based Section 8 assistance differs from the Housing Choice Voucher program in that the assistance is linked to a specific unit in a multifamily housing property, ensuring that these properties remain affordable to low-income families. The rental assistance contracts that HUD has with private landlords under Section 8 can run for terms of 1 to 40 years. As contracts expire, HUD must renew the contract (after determining that the rents are reasonable and the owner is compliant with program rules) in order to ensure the units remain affordable to low-income families. Funding in this account renews and amends project-based Section 8 rental assistance contracts originated through moderate rehabilitation, loan management, new construction/substantial rehabilitation, property disposition, and preservation programs. Owners will be encouraged to renew their contracts in order to preserve the affordable housing units. As part of this initiative, HUD is creating a pro-active asset management approach to work with owners prior to contract expiration/mortgage maturity to develop a preservation strategy for the property (which includes a sale of the property, redevelopment of the site or recapitalization).

With respect to preservation of units associated with Rental Housing Assistance Programs and Rent Supplement properties, one strategy involves offering short term contract extensions of up to 12 months to these properties. These extensions provide time for owners to obtain new financing for the property to maintain it as affordable housing, and for residents to locate new housing opportunities, should they choose to move. Another strategy provides tenant protection vouchers to residents at the time of expiration of these contracts, to safeguard low income residents from rent increases or displacement. A third strategy would allow the conversion of tenant protection vouchers to Project-Based Vouchers, which would preserve the properties as affordable housing for an additional 15 years.

HOME Investment Partnerships. States and eligible local government participating jurisdictions are provided funds through a formula that reflects the severity of local affordable housing needs. Funding may be used to provide, among other eligible activities, tenant-based rental assistance. The HOME statute requires that at least 90 percent of the households receiving HOME-funded rental assistance have incomes that do not exceed 60 percent of the area median income. A total of 99.3 percent of households receiving tenant-based rental assistance have incomes below 60 percent of the area median income, and 79 percent have incomes below 30 percent of area median income.

Homeless Assistance Grants. Permanent supportive housing is provided for homeless people with disabilities, primarily those with serious mental illness, chronic problems with alcohol and drugs, and acquired immunodeficiency syndrome (AIDS) and related diseases. Permanent supportive housing may be provided to homeless people through tenant-based vouchers, contracts with owners, private nonprofit sponsors, or community health agencies established as public nonprofit sponsors with dwelling units.

Housing Opportunities for Persons With AIDS. States and localities are provided resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of low-income people living with Human Immunodeficiency Virus (HIV) and AIDS. Funds support tenant-based rental assistance, operating costs for community residences providing transitional and permanent housing, and short-term rent, mortgage, and utility payments to prevent homelessness, along with a limited use of housing development activities to rehabilitate or add housing units in assisting this special needs population. This assistance enables these households to establish or maintain stable housing, reduce their risks of homelessness, and improve their access to healthcare, mainstream resources, and other supportive services. Access to appropriate supportive services must be available as part of the assisted housing.

Strategy: Support the construction, rehabilitation, and acquisition of quality affordable housing by providing and leveraging capital.

Contributing programs and activities

Public Housing. HUD is increasing units of affordable housing through the public housing program by reducing vacancy of chronically vacant public housing. While the Department is committed to addressing the growing numbers of renters with worst case housing needs, the first priority is to ensure the 5.3 million families currently being served by its rental assistance programs are able to remain housed. To that end, the Office of Public and Indian Housing is undertaking a two-part approach. First and foremost, the Office of Public and Indian Housing will work to sustain the number of families housed through its affordable rental programs during extremely tight budgetary times. Then, the Office of Public and Indian Housing will work to increase the number of families served by supporting new development and working with public housing agency partners to reduce public housing unit turnover time and work toward greater program efficiency.

The Offices of Public Housing Investments and Multifamily Housing jointly administer the Choice Neighborhoods program, which builds on the successes and lessons learned from the HOPE VI program. Choice Neighborhoods is a signature HUD initiative that provides competitive grants to assist in the transformation, rehabilitation and preservation of public and privately owned HUD-assisted housing as part of an overall plan to revitalize neighborhoods of concentrated poverty. The program aims to transform neighborhoods of poverty into viable mixed-income neighborhoods with access to economic activities by revitalizing severely distressed public and assisted housing and investing and leveraging investments in well-functioning services, effective schools, and education programs, public assets, public transportation, and improved access to jobs. In its first two years of funding, the program has awarded 30 Planning Grants and 5 Implementation Grants. The Planning Grantees are well underway in devising a comprehensive, locally-driven plan that also focuses on "doing while planning" to help keep momentum. Two grantees from the first class of Planning Grants have now also been awarded a Planning Grant for the Department of Education's Promise Neighborhoods program. Another grantee has already secured an allocation of Low-Income Housing Tax Credits to begin rehabilitation of the target housing project. Among the Implementation Grants, HUD has seen the results of various groups having come together to create a plan that is ready for execution. With $120 million in FY 2012 funding, the Department expects to award 4-5 more Implementation Grants and 17-20 more Planning Grants.

Indian Housing Block Grant. This program provides grants to maintain and expand the supply of affordable rental housing on tribal lands through construction and acquisition of rental units.

Moderate Rehabilitation. The moderate rehabilitation program provides project-based rental assistance for low income families. The program was repealed in 1991 and no new projects are authorized for development. Assistance is limited to properties previously rehabilitated pursuant to a housing assistance payments contract between an owner and a public housing agency. Renewal funding is provided to those units that are part of the Project-Based Rental Assistance account.

Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities. These programs are designed to enable very low-income elderly people, including the frail elderly, and very low-income people with disabilities (physical, developmental, or chronic mental illness disabilities) to live independently by increasing the supply of rental housing that includes supportive services.

HUD is focusing its efforts on both expanding the supply of supportive housing through new awards

and limiting reductions in units. When Sections 202 and Section 811 projects are first approved, HUD provides up to 5 years of funding to cover the portion of project operating costs that is not covered by the low-income elderly and disabled residents. As these initial Project Rental Assistance Contracts expire, HUD needs to renew the contracts on a timely basis to ensure that the units remain affordable to eligible low-income households. Losses of units are being reduced by tracking contract expiration dates, renewals, and terminations and by offering incentives for keeping projects under contract. There were no new funds appropriated in FY 2012 for the development of new units under Section 202 and Section 811. However, under Section 811, funds were appropriated to provide project based rental assistance only to housing units in multifamily properties for extremely low-income persons with disabilities.

Other Multifamily Subsidies. Other multifamily subsidies include programs (old Section 202, Section 221(d)(3) Below Market Interest Reduction, Section 236 Interest Reduction Payment only) that helped finance construction or rehabilitation of affordable multifamily units or projects by providing mortgage subsidies. HUD will work to limit reductions in units by providing decoupling incentives. Decoupling occurs when a Section 236 subsidized mortgage is prepaid, but the Interest Reduction Payment originally provided to subsidize the Section 236 mortgage is kept in place to support the new debt needed to rehabilitate and otherwise preserve the project.

Mortgage Insurance for Residential Care Facilities (Sec. 232). The Section 232 program insures mortgages issued by lending institutions for the construction, renovation or refinancing of residential care facilities such as assisted living facilities, nursing homes, intermediate care facilities, and board and care homes. Residential care facilities accommodate residents with a range of health needs from requiring long-term supervision and assistance with activities of daily living to skilled nursing care and related medical services. These facilities provide continuous oversight and care to residents delivered by licensed or trained staff as well as services including meals and housekeeping. For purposes of this goal, the unit contributions are those rental housing units preserved through refinancing of existing assisted living units serving Medicaid-eligible patients.

Insured Tax Exempt/Low-Income Housing Tax Credit. These units are developed using FHA-insured debt supported by tax-exempt bonds (issued by local government or housing finance agencies) and equity from Low-Income Housing Tax Credits. HUD will focus on increasing multifamily units developed with these programs. The existing FHA multifamily inventory has many projects which, developed over the years, contain Tax-Exempt (TE) and/or Low-Income Housing Tax Credit (LIHTC) units. As these properties age, a number choose to pay off their FHA-insured loans. While the TE and LIHTC units in most of these projects continue to be affordable for some time, when they leave the FHA-insured inventory through prepayment or maturity, they appear as a loss under the APP. HUD is looking at how to better account for these units. For example, tracking when their use restrictions expire may provide a more meaningful indicator of when this affordable housing is actually lost, rather than simply the prepayment of the underlying FHA financing.

HOME Investment Partnerships. This program is the primary departmental program and principal tool of state and local governments for the production of affordable housing for low- to extremely low-income families. HOME funds may be used for a wide variety of eligible housing activities, including rehabilitation, new construction, and acquisition. In addition, the HOME program is used to produce additional long-term affordable rental housing. Although the Low-Income Housing Tax Credit can provide 40-50 percent of the capital necessary to complete a rental project, HOME funds frequently provide the critical gap financing that make rental housing funded with Low-Income Housing Tax Credit or other federal, state, or local housing projects, feasible.

Homeless Assistance Grants. Hard costs (acquisition, rehabilitation, and new construction) are provided for housing developments. Permanent supportive housing programs help meet the needs of

this particularly vulnerable population by providing housing and other support necessary to obtain and maintain permanent housing in the community.

Neighborhood Stabilization Program 2. Grantee communities use this program funding to support affordable rental housing through housing rehabilitation activities and construction of new units. This program includes a requirement that at least 25 percent of each grant must be used for units affordable for households whose income is 50 percent or less of area median income.

Tax Credit Assistance Program. The Recovery Act provided $2.25 billion to the HOME program to make available to State housing credit agencies for low income housing tax credit projects. Tax credits are sold in the private market to raise capital for affordable housing.

Community Development Block Grant Disaster Recovery on the Gulf Coast. The Community Development Block Grant program received supplemental appropriations in response to Hurricanes Katrina, Rita, and Wilma that are being used by grantee communities to provide support for affordable rental housing. Congress directed that at least $1 billion, shared across five states (Alabama, Florida, Louisiana, Mississippi, and Texas), be used for affordable rental housing.

Place Strategy

Selection Criteria: Dallas, Texas (Region VI), Los Angeles, California (Region IX), and New York City, New York (Region II) were identified as the three cities where HUD had the greatest investment and opportunity for increased rental housing or preservation. In particular, HUD estimated rental affordability statistics for metro rental markets with at least 100,000 rental units. Using these data, HUD calculated three primary measures of metro rental affordability: the affordable and available units per very-low Income renter household (0-50% AMI), the percentage of very-low income renter households with severe rent burden, and the vacancy rate in units affordable to a household at 50 percent of AMI. With this analysis, many places presented affordability issues. Local market characteristics (college towns, resort locations) presented additional subjective challenges in determining which places represented the greatest need. To complement this analysis, HUD evaluated a list of all maturing Section 236 projects, expiring Project Based Section 8 projects and assessed low budget utilization.

Place Characteristics:

Dallas has a large population of low-income families, and the small area fair market rents will impact the administration of housing voucher programs.

Los Angeles has high demand for rental assistance and low attrition rates, which results in long waiting lists for housing with few public housing agencies accepting housing applications.

In New York City, 54.02 percent of very low income renters had a severe rent burden, and a vacancy rate of only 4.75 percent for units that were affordable to households at 50 percent of AMI. In addition, New York City has a high volume of Section 236, Project-Based Section 8, low-rent public housing, and multifamily assisted units.

Key milestone activities to be undertaken include—

♦ **Hold meetings with housing and redevelopment officials and associations (Dallas).** HUD will hold meetings with groups such as the Texas National Association of Housing and Redevelopment and the Texas Housing Association to promote rental housing, answer questions, and address issues that are hindering rental housing utilization.

♦ **Identify and hold meetings with key stakeholders (Los Angeles).** HUD will identify key stakeholders involved in preserving, maintaining, and increasing the number of families housed though its affordable rental housing programs. Meetings will be held to identify and address challenges, share "best practices," and work together in a coordinated and collaborative process to achieve goals.

♦ **Implement a quarterly interagency task force for New York State (New York City).** HUD will implement a quarterly interagency task force for New York State to help combat the problems of troubled multifamily housing projects. The task force will include representatives from HUD, the New York State Housing Finance Agency, the New York Department of Housing Preservation and Development, the New York State Division of Housing and Community Renewal, the Local Initiatives Support Corporation, New York Affordable Housing Management Association, and State of New York Mortgage Agency.

Strategic Goal 3. Utilize Housing as a Platform for Improving Quality of Life

U.S. Plan to End Homelessness[13]

> Based on the belief that no one should experience homelessness--no one should be without a safe, stable place to call home . . .
>
> - End chronic homelessness by 2015.
>
> - End homelessness among veterans by 2015.
>
> - End homelessness for families, youth, and children by 2020; and
>
> - Set a path to ending all types of homelessness.

Problem To Be Addressed

On a single night in January 2011, 636,017 people were homeless in the United States, a 2.1 percent decline from the year before.[14] This number is based on data reported by more than 3,000 cities and counties. While the number of homeless persons vary locally, these communities are reporting modest declines in homelessness in every category or subpopulation including individuals, families, veterans and those experiencing long-term or chronic homelessness. Progress is being made on the Administration's plan to end homelessness, but work needs to continue until permanent housing solutions are found for the most vulnerable.

On the same night in January 2011, there were 77,186 homeless family households reported, including 236,181 persons in these families in the United States.[15] Families experiencing homelessness are usually headed by a single woman who on average is in her late 20s with approximately two children, one or both under six years of age. These families have extremely low incomes, have less access to housing subsidies than low-income families who remain housed, and have weaker social networks that are not able to provide sufficient help. Children in families experiencing homelessness have high rates of acute and chronic health problems and the majority of them have been exposed to violence. Homeless school age children are more likely than similar age children in the general population to have emotional problems such as anxiety, depression, withdrawal, and manifestations of aggressive behavior.

At the same time, 107,148 people (16.8 percent of all homeless people) were chronically homeless[16] in the United States. About 64 percent of these people (68,177 people) were in unsheltered locations,

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[13] *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* was issued by the United States Interagency Council of Homelessness in June 2010. http://www.usich.gov/PDF/OpeningDoors_2010_FSPPreventEndHomeless.pdf.

[14] *The 2011 Point-In-Time Estimate of Homelessness: Supplement to the Annual Homeless Assessment Report* (December 2011).

[15] *The 2011 Point-In-Time Estimate of Homelessness: Supplement to the Annual Homeless Assessment Report* (December 2011).

[16] HUD defines a chronically homeless person as having the following characteristics: Individual or family with at least one adult member with a disability; continually homeless for a year or more; or experienced at least four or more episodes of homelessness in the last three years.

and 36 percent (or 38,971 people) were in shelter.[17] Three-quarters of these individuals are men, with an average age of fifty years, disabled, and not enrolled in Medicaid or other insurance programs. The cost of chronic homelessness is high, both for individuals and society as a whole. The mortality rate for those experiencing chronic homelessness is four to nine times higher than for the general population. Rates of severe mental health disorders and substance abuse are high. In a wide range of communities, the extraordinarily high costs associated with the use of public services by those experiencing chronic homelessness have been documented. Health care is the major expense due to frequent and avoidable emergency room visits, inpatient hospitalizations, sobering centers, and nursing homes.

Veterans should never find themselves on the streets, and yet, on the one night in January 2011, 67,495 veterans were homeless. Of these veterans, 59 percent were staying in an emergency shelter or transitional housing program, and the remaining 41 percent were living on the street, in an abandoned building, or another place not meant for human habitation (that is, unsheltered). An estimated 144,842 veterans spent at least one night in an emergency shelter or transitional housing program between October 1, 2009 and September 30, 2010. Although homeless veterans make up less than 1 percent of all veterans, within the poverty population veterans are at greater risk of homelessness than nonveterans. Of veterans in poverty, 11 percent became homeless at some point during the year compared with slightly more than 6 percent of adults in poverty.[18] Many veterans confront the same issues that lead others into homelessness, such as lack of affordable housing and inadequate income and savings. But service men and women returning from active duty may also have specific challenges, such as lingering effects of post-traumatic stress disorder and substance abuse, which can make it more difficult for them to find and maintain gainful employment and, consequently, to pay for housing.

Measures of Success[19]

Strategic Plan—Measure 6

❖ Reduce homelessness. By September 30, 2013, in partnership with the Department of Veterans Affairs, reduce the number of homeless veterans to 35,000 by serving 35,735 additional homeless veterans. HUD is also committed to making progress toward reducing family and chronic homelessness and is working toward milestones to allow for tracking of these populations.

Strategies for Achieving Success

Rapid-re-housing uses short-term strategies to help families quickly move out of homelessness and into permanent housing. These may include providing short-term financial supportive services to help a household quickly secure housing, providing short-term financial and rental assistance, and addressing barriers to long-term housing stability. For a small subset of families with multiple barriers

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[17] *The 2011 Point-In-Time Estimate of Homelessness: Supplement to the Annual Homeless Assessment Report (December 2011).*

[18] *Veteran Homelessness: A Supplemental Report to the 2010 Annual Homeless Assessment Report to Congress.* 2011. p. 5.

[19] The period of performance for full achievement of the performance measures is FY 2012 and FY 2013.

to stable housing, permanent supportive housing, tailored to the unique needs of families, is the right intervention.

Significant progress has been made in reducing the number of individuals experiencing chronic homelessness over the past five years.[20] In order to house and improve outcomes for individuals experiencing chronic homelessness, strategic action has been concentrated in three areas: providing permanent supportive housing, reducing financial vulnerability, and improving health and housing stability.

Strategies that have proven successful in helping homeless veterans obtain affordable housing, jobs, and access to health and behavioral health care have been undertaken through the joint action of federal, state, and local leaders together with service providers, advocates, the private sector, and faith-based, philanthropic, and community organization leaders. These strategies include better targeting of rental subsidies to veterans; more permanent supportive housing with intensive support services to address mental health, substance abuse, health, and employment needs; more meaningful employment by coordinating housing with workforce training; better access to financial assistance; and encouraging community crisis response teams that focus on prevention and rapid re-housing activities.

Strategies to reduce and end homelessness cut across goals that address meeting the need for affordable rental homes and utilizing housing as a platform for improving quality of life.

Homeless Veterans Obtaining or Maintaining HUD-Assisted Permanent Housing Assistance (cumulative)
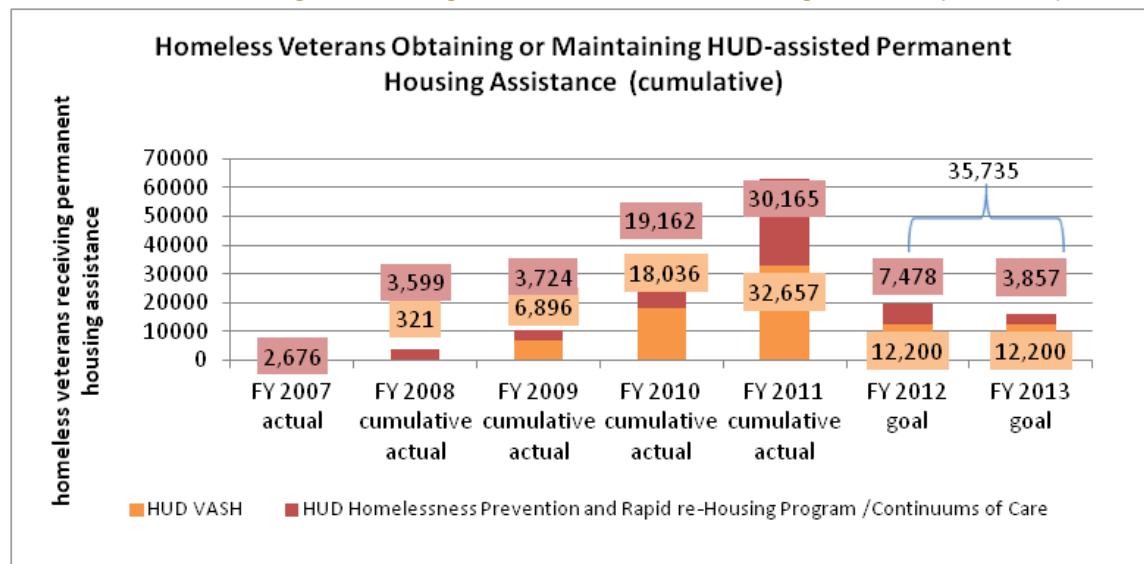
FY = fiscal year.

HUD = Department of Housing and Urban Development.

VASH = Veterans Affairs Supportive Housing.

The FY 2010 Cumulative Actual includes 11,385 veterans that were served through the Rapid re-Housing program. This number was not reflected in the HUD FY 2011 Annual Performance Report because this program was not part of the original target.

The FY 2011 Cumulative Actual does not reflect FY 2011 results for the Continuums of Care programs, as that data is not yet available. In addition, the FY 2011 Cumulative Actual includes a preliminary estimate of 11,003 veterans that were served through the Rapid re-Housing program. This number was not reflected in the HUD FY 2011 Annual Performance Report because this program was not part of the original target.

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[20] Between January 2007 and January 2011, the number of chronic homeless people on a single night declined by 16,685 people (or 13.5%) from 123,833 to 107,148 people. *The 2011 Point-In-Time Estimate of Homelessness: Supplement to the Annual Homelessness Assessment Report.*

Strategies: (1) Provide additional individuals and families with rental housing subsidies, and (2) provide and increase access to homelessness prevention services.

HUD and the Department of Veterans Affairs (VA) are coordinating efforts to jointly achieve this priority goal, with HUD implementing two primary, but interrelated, strategies.

Contributing programs and activities

HUD is helping veterans obtain or maintain HUD-assisted permanent housing through three primary programs.

1. **HUD-VASH (VA Supportive Housing).** The HUD-VASH program provides homeless veterans with vouchers through the Housing Choice Voucher program so they can access rental housing in the private market. Congress provided HUD $75 million in each of FYs 2008 through 2012, with the exception of FY 2011 which was $50 million, for this effort. HUD and the VA determine the geographical distribution of HUD-VASH vouchers based on the relative need for such assistance using data on the number of homeless veterans. The funds are then distributed to the public housing agencies selected by HUD. Veterans must be referred to participating public housing agencies by VA medical centers. With HUD approval, participating public housing agencies may use some of the funding for project-base HUD-VASH vouchers, which involves attaching HUD-VASH assistance to specific housing units for a given period of time, as stipulated in a contract between the public housing agency and the owner of the units.

HUD-VASH Cumulative Totals
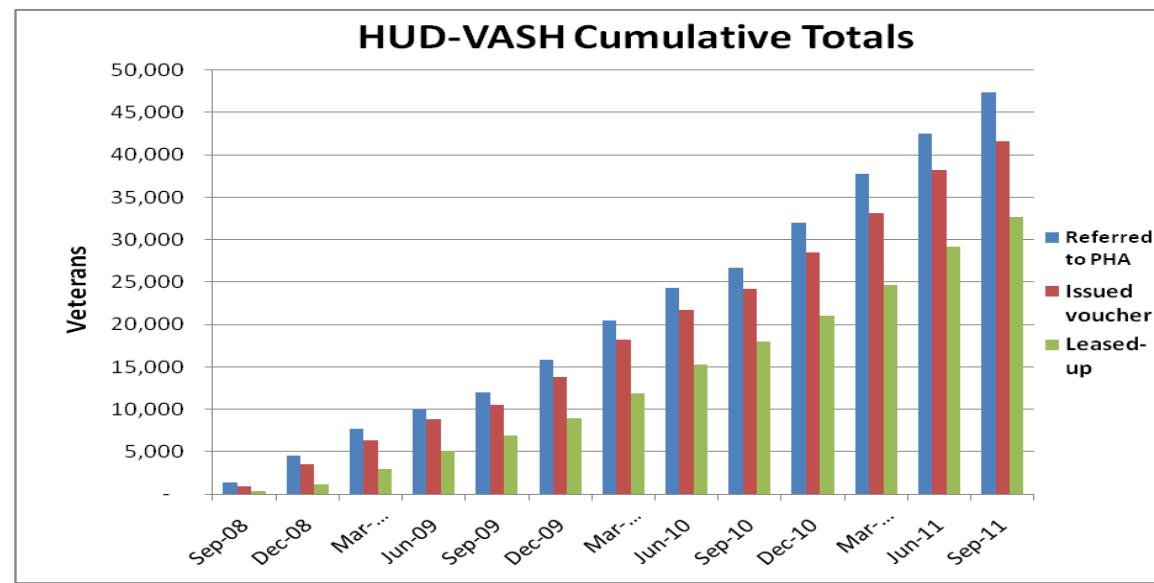
HUD = Department of Housing and Urban Development.

PHA = public housing agencies.

VASH = Veterans Affairs Supportive Housing.

Key components of the HUD-VASH program are the case management and clinical services provided by VA medical centers and in the community as a condition of receiving a HUD-VASH voucher. VA case managers work with community advocacy groups, service providers, landlords,

and local Continuums of Care to make sure that veterans obtain needed treatment and services, access benefits, and receive assistance with housing needs. The VA will target the at-risk veteran population with aggressive support intervention to try to prevent homelessness before it starts.

2. **HUD Continuums of Care Programs.** The McKinney-Vento Homeless Assistance Act provides federal financial support for a variety of homeless assistance programs, including HUD's Supportive Housing program, Shelter Plus Care program, and the Section 8 Moderate Rehabilitation for Single Room Occupancy program. To access these homeless assistance funds, HUD requires communities to come together to submit a single comprehensive Continuum of Care application to help ensure that homeless individuals get the help they need and eventually leave homelessness. A Continuum of Care is the primary decision-making body that represents a community's plan to organize and deliver housing and services to homeless individuals and families within the community.

   The Supportive Housing Program assists homeless people in the transition from streets and shelters to permanent housing and self-sufficiency. This assistance is provided through the funding of transitional housing, permanent housing for people with disabilities, supportive services, and safe haven projects. Safe haven projects are designed to serve hard-to-reach homeless people with severe mental illnesses who are on the streets and have been unwilling or unable to participate in supportive services. Funded activities may include grants to purchase, rehabilitate, lease, build, and operate structures that will be used for housing or supportive services, as well as provide actual services.

   The Shelter Plus Care Program provides rental assistance, in connection with supportive services funded from sources other than this program, to homeless people with disabilities (primarily people who are seriously mentally ill; have chronic problems with alcohol, drugs, or both; or have AIDS and related diseases) and their families. The program provides rental assistance for a variety of housing choices, ranging from scattered-site apartments to project-based units where several program participants live in a single building.

   The Section 8 Moderate Rehabilitation for Single Room Occupancy Program provides rental assistance to homeless people to lease rehabilitated single room occupancy units. This type of housing is residential property that includes single-room dwelling units that may contain kitchens and toilets.

   Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH). The HEARTH Act amended the McKinney-Vento Homeless Assistance Act, by, among other things, consolidating the Continuum of Care program and adding the Emergency Solutions Grants and Rural Housing Stability Assistance program. During 2012 and 2013, many grantees will be in the early stages of the transition from the current programs to the new Emergency Solutions Grants, Continuum of Care, and Rural Housing Stability Assistance programs, as HUD continues implementing the McKinney-Vento Homeless Assistance Act, as amended by the HEARTH Act. Grants for Continuum of Care planning will be provided under the Act for the first time in the 2012 funding cycle, and will be a key resource for communities working to improve their homelessness efforts and maximize the effectiveness of federal funding and matching resources.

3. **Homelessness Prevention and Rapid Re-housing Program.** The Homelessness Prevention and Rapid Re-housing Program, funded at $1.5 billion through the Recovery Act, assists person, including veterans, who are homeless or at risk of becoming homeless. Many providers target their funds to homeless subpopulations, such as veterans, as well as individuals or families that would be homeless but for this assistance.

Funds were given to states (to distribute to local governments and private nonprofit organizations), metropolitan cities, and urban counties. These funds provide financial assistance, such as short-term (up to 3 months) and medium-term (4 to 18 months) rental assistance, security or utility deposits, and moving cost assistance or housing relocation and stabilization services, including credit counseling, case management, and housing search and placement.

In many communities, this program was leveraged as a key resource for homeless veterans entering HUD-VASH, since it could provide a security deposit and first month's rent--activities not eligible under HUD-VASH. The Homelessness Prevention and Rapid Re-housing Program allowed many communities to implement homelessness prevention and rapid re-housing programs for the first time, and helped build capacity at the local level for emerging practices as well as on advance data collection and reporting. Although funding under this program expires in fiscal year 2012, these activities will continue in 2012 and 2013 on a smaller scale via the Emergency Solutions Grant program.

Place Strategy

Selection Criteria: HUD worked with the United States Interagency Council on Homelessness to consider communities with the highest volume of homelessness for each of the subpopulations the Department is targeting. Top-20 city counts figures were derived from the 2010 Point-In-Time count of the homeless. The team also considered the benefit of creating overlap with the Interagency Council's Tier 1 and Tier 2 priority Cities (themselves selected on the basis of need) as well as with the Office of Community Planning and Development Pulse Cities where better and timelier data is available. The top three communities for each subpopulation were selected taking into account some geographic diversity within each subpopulation.

The "place" areas selected to monitor progress on homeless veterans are Las Vegas, Nevada (Region IX), Los Angeles, California (Region IX), and New York City, New York (Region II).

The "place" areas selected to monitor progress on chronic homelessness were Las Vegas, Nevada (Region IX), Los Angeles, California (Region IX), and New Orleans, Louisiana (Region VI).

The "place" areas selected to monitor progress on family homelessness were New York City, New York (Region II), Central Florida (Region IV), and Los Angeles, California (Region IX).

Place Characteristics (Veterans):

Decreased revenues due to high foreclosure and unemployment rates have resulted in an increased demand for supportive services and inadequate services, reduction, and/or elimination of much-needed programs in Las Vegas. In addition, the harsh conditions associated with the desert climate of Southern Nevada create an environment that imposes additional fiscal strain on the region. Lack of sufficient shelter space and over-crowded cooling stations contribute to increased expenditures resulting from heat-related illness/injury of unsheltered individuals.

Los Angeles is the second largest city in population in the nation, and is known as the homeless capital of the nation.

According to the New York City Continuum of Care's 2011 Point-in-Time count of the homeless, New York City had 4,677 homeless veterans as of the last week of January 2011, which was the second highest total among all of the Continuum of Care subpopulations in the country for the same time periods.

Key milestone activities to be undertaken include—

♦ **Evaluate and/or refine the local Veterans Assistance Supportive Housing process (Las Vegas).** HUD will collaborate with public housing agencies and the Department of Veterans Affairs to identify local VASH program weaknesses and deficiencies so that service delivery improvements can be made and VASH performance maximized.

♦ **Establish a communications, outreach, and collaboration plan (Los Angeles).** HUD will establish a plan that identifies key stakeholders, areas in which to prioritize service delivery to homeless veterans, ways to improve processes and use of public dollars to support program serving homeless veterans, and conduct outreach to encourage community involvement.

♦ **Convene conferences with key stakeholders and develop regional contact list (New York).** HUD will convene conferences with Continuum of Care providers and city and state representatives to discuss homeless reduction strategies for veterans experiencing homelessness, and best practices for New York City to improve results. A regional contact list will be used to develop a listserv of all federal agency partner agencies that combat veterans' homelessness to foster better communication and sharing of information.

Place Characteristics (Families):

The Central Florida area (Tampa, Hendry/Hardee/Highlands counties) has an unsheltered family population in predominately rural area. The area has very few public or assisted housing and homeless resources to address homelessness.

Los Angeles is the second largest city in population in the nation, and has a limited housing stock for families compared to single room occupancy.

New York City had 30,139 homeless persons in 10,045 households with adults and children in January 2011, the highest number of homeless households with adults and children in the county for the same period.

Key milestone activities to be undertaken include—

♦ **Convene Continuum of Care stakeholder meetings (Tampa).** HUD will convene a meeting with Continuum of Care stakeholders to assess social and economic challenges in rural areas affecting unsheltered families. The Continuum of Care will be assessed for capacity to address rural homeless issues.

♦ **Identify key stakeholders (Los Angeles).** HUD will identify key stakeholders and facilitate meetings to share information, particularly as it relates to reducing the number of homeless families in Los Angeles.

♦ **Coordinate homeless reduction strategies (New York).** HUD will coordinate activities for combating family homelessness in New York City, including efforts with the regional US Interagency Council for Homelessness (federal agencies in New York City).

Place Characteristics (Chronic):

Decreased revenues due to high foreclosure and unemployment rates have resulted in an increased demand for supportive services and inadequate services, reduction, and/or elimination of much-needed programs in Las Vegas. In addition, the harsh conditions associated with the desert climate of Southern Nevada create an environment that imposes additional fiscal strain on the region. Lack of sufficient shelter space and over-crowded cooling stations contribute to increased expenditures

resulting from heat-related illness/injury of unsheltered individuals.

Los Angeles is the second largest city in population in the nation, and is known as the homeless capital of the nation. Due to its population and sunny and mild climate, Southern California contains a high number of chronically homeless individuals.

The New Orleans Metropolitan area, too, receives many homeless individuals because of its year-round warm climate and "laid-back" style of living. Resultant factors related to large-scale disasters--Hurricane Katrina in 2005 and the Gulf Oil Spill in 2010--contributed to increased instances of chronic homelessness because of their effect on the housing (destruction) and local economy, respectively.

Key milestone activities to be undertaken include—

♦ **Conduct new partnerships (Las Vegas).** HUD will create new partnerships with agencies outside of the Continuum of Care, local faith- and community-based organizations, and with non-traditional organizations (medical, legal, and the University of Nevada, Las Vegas). Possible partners/stakeholders in the community include disability advocacy groups, landlords, real estate owners, employment offices, and health and medical facilities.

♦ **Identify key stakeholders (Los Angeles).** HUD will identify key stakeholders--including nontraditional partners, local field working groups, local federal partners, nonprofits, city and local elected officials and grassroots organizations--involved in serving the chronic homeless population to ensure better communication and coordination in accomplishing goals.

♦ **Engage local media to raise community awareness of chronic homelessness (New Orleans).** New Orleans media is widely influential in the metropolitan area and announced (print and broadcast) initiatives tend to resonate. Therefore, HUD will engage local media to raise community awareness of chronic homelessness and efforts to identify persons and/or families in need of assistance and how to match the need to the assistance.

Strategic Goal 4.

Build Inclusive and Sustainable Communities Free From Discrimination

Problem To Be Addressed

HUD is committed to a broad-based strategy for building sustainable and inclusive communities free from discrimination. Strategic Goal 4 in HUD's Strategic Plan is based on the premise that the nation's current housing, economic, health and energy crises demand that the federal government and its local partners effectively coordinate policies related to community development, the environment, energy efficiency, transportation, housing and disaster preparedness. Accordingly, this Strategic Goal includes five sub-goals: (1) catalyze economic development and job creation, while enhancing and preserving community assets; (2) promote energy efficient buildings and location efficient communities that are healthy, affordable and diverse; (3) ensure open, diverse and equitable communities; (4) facilitate disaster preparedness, recovery and resiliency; and (5) build the capacity of local, state and regional public and private organizations.

The Department is undertaking a wide range of activities in support of Strategic Goal 4 - including economic development; Fair Housing; disaster preparedness, recovery and resiliency; and sustainability grants to more than metropolitan areas or rural communities through HUD's new Office of Sustainable Communities and a landmark Partnership for Sustainable Communities with the U.S. Department of Transportation and the U.S. Environmental Agency that supports long, term sustainable economic growth in local communities.

> **HUD Framework for Energy Efficient, Healthy and Affordable Green Housing**
>
> - Prioritize energy efficiency through HUD programs.
> - Expand and enhance market-based financing mechanisms to leverage private sector investments in energy efficiency and renewable energy.
> - Build public and private sector partnerships to accomplish effective place-based energy actions.
> - Provide assistance and training to develop technical competencies and skills.
> - Develop tracking and reporting tools and uniform standards to support smarter decisions.
> - Generate data and evidence that supports market based action.

Measure 13, focuses on one element of sustainable communities, promoting healthy, energy efficient and green building in HUD-assisted and market rate housing. Given the scale and scope of HUD's expenditures on utilities at a time of shrinking federal budgets, this is a critical fiscal issue, as well as one that has significant implications for housing affordability and the financial security of HUD-assisted housing. HUD's partners spent an estimated $7.1 billion on utility costs (water and energy) in 2010. Much of HUD's portfolio of public and assisted housing was built before the advent of energy codes, creating both environmental and affordability challenges for building owners, residents, and the federal government.

The level of utility expenditures on energy at HUD, both in relation to total energy expenditures by the federal government and as a portion of HUD's annual budget, is substantial.

Energy costs are also a significant cost burden for unassisted lower income-families.[21] This burden, especially when added to housing and transportation costs, can create difficulties for these families in covering other household expenses. Energy costs can also affect the financial stability of multifamily rental housing.

Energy use in the built environment is also a significant contributor to greenhouse gas emissions: combined energy use in buildings and transportation accounts for more than two-thirds of greenhouse gas emissions in the United States.[22] The resulting climate change effects pose significant challenges for both metropolitan areas and rural communities.[23] As a key federal cabinet agency focused on the built environment and on strengthening metropolitan and rural communities, HUD's actions to reduce energy consumption in federally assisted housing—some 5 percent of the total housing stock—will support efforts to lower greenhouse gas emissions and energy use In the building sector.

Utility Expenditures in Public and Assisted Housing (Includes water and sewer charges; numbers not adjusted for price) (In millions)

	2004 ($)	2006 ($)	2008 ($)	2010[a] ($)
Public Housing				
Operating grants[b]	1,277	1,429	1,530	1,589
Utility allowances[c]	411	421	471	487
Assisted Housing				
Utility allowances	605	662	735	806
Owner-paid utilities[d]	NA	1,063	1,170	1,150
Section 8 Vouchers				
Utility allowances[e]	2,122	2,500	2,896	3,105
Totals	**4,415[f]**	**6,075**	**6,802**	**7,137**

NA = not available.

a The 2010 public housing data reported here are from financial statements for the "Cycle 11" reporting period (that is, covering public housing agency fiscal years ending 9/30/09, 12/30/09, 3/30/10, or 6/30/10). The 2008 reported data are for Cycle 10, the 2006 reported data are for Cycle 9, and the 2004 data are for Cycle 8.

b Of the operating subsidies provided to public housing agencies, $1.59 billion, or 21.7 percent, was spent on public housing agency-paid utilities. An additional $487 million in rent reductions was provided to tenants as an allowance for tenant-paid utilities.

c Tenant-paid utilities are covered by a utility allowance, calculated on the basis of energy that "a reasonably consuming household" would need for basic space heating, water heating, cooling, refrigeration, lighting, or appliances. Utility allowances can be provided for electricity, natural gas, propane, fuel oil, wood or coal, and water and sewage service, as well as garbage collection.

d Source of 2011 owner-paid utilities for assisted multifamily housing is the Financial Assistance Subsystem as of December 2011, using Annual Financial Statements.

e Sources of utility allowance data for Section 8 vouchers are the Tenant Rental Assistance System; Real Estate Management System; Public Housing Information Center-Resident Characteristics Report, using data reported on HUD Forms 50058 and 50059.

f 2004 figures do not include owner-paid utilities in privately owned assisted housing, which were estimated for the first time in 2006, and again in 2008 and 2010.

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[21] Families in HUD-assisted units are also vulnerable to high energy costs. Since utility allowances for tenant-paid utilities in HUD-assisted units are typically based on historical, regional averages, they may not be sufficient to cover higher energy costs in especially inefficient units, spikes in energy costs due to sudden increases in oil, natural gas or electricity prices, or extreme cold or hot weather.

[22] U.S. Energy Information Administration:

http://tonto.eia.doe.gov/energyexplained/index.cfm?page=environment_where_ghg_come_from.

[23] Karl, Melilla, and Peterson. 2009. *Global Climate Change Impacts in the United States.* Cambridge University Press.

This goal also addresses the heath and safety of American families. Nearly 6 million households live with moderate to severe physical housing problems—including water leaks and intrusion; injury hazards; pests; and heating, plumbing, and electrical deficiencies—that place them at risk for illnesses and injuries, including asthma, slip and falls, and respiratory illnesses.[24] Hardest hit by environmental health hazards in the home are low-income individuals, children, and the elderly. Approximately 37.1 million housing units have lead-based paint, with 23.2 million of these homes having one or more lead-based paint hazards. Of homes with lead-based paint hazards, 1.1 million are low-income households with one or more children under age 6.[25] The National Survey of Lead and Allergens in Housing (1999) also found that approximately 46 percent of sampled homes had elevated levels of at least three allergens in house dust.[26]

Far too many American homes do not meet basic healthy home principles—homes that are dry, clean, ventilated, free from pests and contaminants, well maintained, and safe. These health hazards cost the country billions of dollars annually in housing-related healthcare costs for asthma, lead-based paint poisoning and injury, as well as lost productivity in the labor force. For example, total annual costs for certain childhood environmental diseases (both housing- and nonhousing-related) are estimated to be $205 to $288 billion for lead poisoning and $7 billion for asthma, with over $1.1 billion in asthma-related direct and indirect costs attributable solely to residential exposures in children 16 years or younger.[27]

Measures of Success[28]

Strategic Plan—Measure 13.

The Department of Energy (DOE) and HUD will work together to enable the cost-effective energy retrofit and energy efficient new construction of a total of 520,000 housing units through FY 2013.

❖ HUD will complete a total of 159,000 units. Of this number, HUD will complete energy retrofits and energy efficient new construction of an estimated 134,500 HUD-assisted and public housing units.

❖ HUD will also complete green and healthy retrofits of 24,500 housing units.

Strategies for Achieving Success

HUD's energy strategy is designed to address the issue of residential energy costs, an aging public and assisted housing stock, and growing fiscal demands on HUD's budget to cover household and

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[24] U.S. Bureau of the Census. 2010. American Housing Survey.

[25] U.S. Department of Housing and Urban Development. *American Healthy Homes Survey. Lead and Arsenic Findings*. 2011 (http://portal.hud.gov/hudportal/documents/huddoc?id=AHHS_REPORT.pdf).

[26] Salo et al. 2008. *Journal of Allergy Clinical Immunology* 121 (3): 678–684.

[27] Brown, MJ, Mason, J. 2010. *Estimates of Costs for Housing-Related Interventions to Prevent Specific Illnesses and Deaths. J Public Health Management Practice.*16 (5E-Supp, S79–S89.2010.

[28] The period of performance for full achievement of the performance measure is FY 2012 and 2013.

rental property utility costs. HUD also hopes to address the disproportionate energy cost burden on low- and moderate-income families, and improve the health and quality of HUD-assisted housing for building residents.

Toward that end, HUD has been reviewing energy-efficiency standards across the Department to work toward standardizing energy efficiency and green goals and establishing uniform tracking and reporting systems. Through the Recovery Act Management and Performance System, work has begun to enable the collection of energy-efficient-unit data and establish a baseline for collecting energy investments made through the Public Housing Capital Fund grant program. This effort includes, but is not limited to, the establishment of standards for green and energy-efficient units and support for setting future goals.

In addition to individual program contributions noted below, in May 2009, HUD signed a Memorandum of Understanding with DOE aimed at lowering barriers to the use of the Department of Energy Weatherization Assistance program funds in public housing and other HUD-assisted multifamily housing. As a result, DOE issued a new rule in January 2010 that streamlines the program's income eligibility requirements, as well as other procedural requirements applicable to public housing and other HUD-assisted multifamily housing properties.[29]

Strategy: Support and promote an energy-efficient, green, and healthy housing market by retrofitting existing housing, supporting energy-efficient new construction, rehabilitation, and maintenance of housing and communities.

Implementing this strategy involves (1) completing investments in energy efficiency and green building using one-time funding appropriated through the Recovery Act and (2) continuing or strengthening incentives for energy efficiency and green building through a number of existing rental assistance and competitive or formula grant programs.

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[29] See www.hud.gov/recovery/weatherization.

❖ **HUD will complete cost-effective energy retrofits and energy efficient new construction of an estimated 159,000 HUD-assisted and public housing units by 2013.**

FY 2012-2013 Energy and Green Retrofit Targets (Number of units)

Program	FY 2010 Actual	FY 2011 Actual	FY 2012 Goal	FY 2013 Goal	Cumulative Goal (FY 2012 and 2013)
Total Public and Indian Housing	**63,780[a]**	**56,185[a]**	**44,779**	**31,733**	**76,512**
Tax Credit Assistance Program—Recovery Act	287	2,859	2,204	3,708	5,912
HOME Investment Partnerships	5,343	6,209	3,843	5,393	9,236
Community Development Block Grant	369	281	212	213	425
Total Community Planning and Development	**5,999**	**9,349**	**6,259**	**9,314**	**15,573**
Sections 202 (Elderly) and 811 (Persons with Disabilities) Supportive Housing	3,743	4,901	1,650	1,650	3,300
Mark-to-Market	1,412	1,066	2,864	2,864	5,728
Green Retrofit Program	0	15,517	3,348	0[b]	3,348
PowerSaver Pilot Retrofit Program	Not Applicable	Not Applicable	4,500	19,500	24,000
FHA Endorsements with Green Elements	Not Applicable	Not Applicable	4,620	0[c]	4,620
Total Housing	**5,155**	**21,484**	**16,982**	**24,014**	**40,996**
Other units*	**0**	**0**	**…***	**…***	**1,419**
Total Energy Retrofits	**74,934**	**87,018**	**68,020**	**65,061**	**134,500**
Healthy Homes and Lead Hazard Control	16,738	22,754	12,000	12,500	**24,500**
Total Energy and Green Retrofits and new units	**91,672**	**109,772**	**80,020**	**77,561**	**159,000**

* Other units—Unallocated units represent a placeholder for units that HUD anticipates reporting over the next two years, but for which specific targets could not be set due to the uncertainty associated with new program start-ups, the need to refine reporting systems before data can be collected, or a lack of baseline data for certain programs to establish a valid target.. These units are only reflected in the Cumulative Goal column.

a/ The fiscal year 2010 actual number has been revised upward from 63,673 to 63,780 retrofits due to data reconciliation. The following programs contribute toward the Public and Indian Housing results: Energy Performance Contracts, HOPE VI, competitive Recovery Act Capital Funds, Indian Housing Block Grant and Indian Community Development Block Grants equivalent units and the Recovery Act Capital Fund (Formula) equivalent units. The figures for Indian Community Development Block Grant, Indian Housing Block Grant, and Capital Fund Recovery Act formula funds use an estimated "unit equivalent" figure derived from the top 10 most cost-effective Energy Conservation Measures reported, and a unit equivalent factor of 6 to estimate the final number of cost-effective retrofits counting toward this goal.

b/ The Green Retrofit program has a FY 2013 goal of zero because the program will be expired.

c/ The FHA Endorsements with Green Elements has a FY 2013 goal of zero at this time because HUD is using as a baseline projects that have initially endorsed.

Contributing programs and activities

Office of Sustainable Housing and Communities

The lead office for Measure 13 is the Office of Sustainable Housing and Communities. The Office serves in a coordinating role for a broad-based departmental effort aimed at reducing energy use in the built environment. In support of Measure 13, the Office works to align energy standards and reporting across program offices, provides support in tracking progress against results, and coordinates activities as needed with the Department of Energy and the U.S. EPA.   In addition, the Office administers the Sustainable Communities Initiative, which, in partnership with the Department of Transportation and the U.S. Environmental Protection Agency, awards competitive grants to metropolitan regions, cities, and rural communities for more sustainable housing and community development.   Since its establishment in 2010, HUD's Sustainable Communities Initiative has helped rural, suburban, and urban communities across the United States link jobs and housing, foster sustainable, long-term economic growth, and protect America's environmental assets through the Regional Planning and Community Challenge grant programs.

Office of Public and Indian Housing

Public Housing Capital Fund (Recovery Act). The Recovery Act provided $4 billion to the Public Housing Capital Fund to rehabilitate and retrofit public housing units, of which $3 billion was awarded by formula and $1 billion via competition.

Competitive Grants. $600 million was set aside for a "Creation of Energy Efficient, Green Communities" competition, which included two categories: (1) $300 million for new construction or gut rehabilitation of leading-edge green projects that meet the Enterprise Green Communities standard, which has a minimum mandatory requirement of the ENERGY STAR for New Homes (15 percent more efficient than standard new construction); (2) $300 million for comprehensive energy retrofits, with adherence to specified energy and water conservation measures. These retrofits are expected to substantially increase the energy and environmental performance of public housing properties, thereby reducing energy costs and generating savings for the federal government, building residents and public housing agencies, and reducing greenhouse gas emissions attributable to energy consumption.

Formula Grants. Although energy efficiency was encouraged but not required for Recovery Act formula funds, Capital Fund formula funds are being used for energy-efficiency improvements in a significant number of units, ranging from ENERGY STAR refrigerators and other ENERGY STAR qualified appliances, building improvements, lighting upgrades, and new or more efficient heating and cooling equipment.

Energy Performance Contracts. Financing incentives under the Public Housing Operating Fund allow public housing agencies to undertake Energy Performance Contracts. These agreements are normally with third-party energy service companies that provide financing for energy conservation measures, oversee the installation of these measures, and provide long-term services, such as monitoring energy use, training maintenance staff, and educating residents. Public housing agencies are typically able to retain 100 percent of the savings for the duration of the contract (12 to 20 years), with a minimum of 75 percent of the savings committed to debt service:[30]alternatively debt may be serviced using an add-on subsidy set at the debt service payment amount. HUD has been working to expand the Energy Performance Contract program to reach more housing

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[30] For energy-efficiency investments not financed through Energy Performance Contracts, housing agencies can retain 75 percent of the savings for 3 years.

authorities, particularly the very small housing authorities which are disproportionately underserved by the program.

Indian Housing and Community Development Block Grants. These programs received $510 million in Recovery Act competitive and formula grant funds to be used for new construction, acquisition, rehabilitation (including energy efficiency and conservation), and infrastructure development. Grant recipients are encouraged through trainings and technical assistance to create energy-efficient buildings and location-efficient communities that are healthy and affordable.

HOPE VI/Choice Neighborhoods. These programs enable public housing agencies that have severely distressed housing in their inventory to replace or improve this housing with funding for rehabilitation, new construction, and site acquisition, and other physical improvements. In addition to modernization and development, HOPE VI and its successor, Choice Neighborhoods, support cost-effective efforts to increase energy efficiency by promoting the development of units under national certification programs such as LEED, Enterprise Green Communities and ENERGY STAR for homes.

Note that energy retrofits completed through the above programs employ "unit equivalent" figures based on a standard basket of energy conservation measures in order to avoid over reporting of units with few or minor energy conservation measures. The figures are derived from the top 10 most cost-effective conservation measures and a unit equivalent factor of 6 to estimate the number of units counting towards this goal.

Office of Community Planning and Development

HOME Investment Partnerships. Among other eligible uses, HOME funds may be used to finance new construction and gut rehabilitation projects that meet local codes. To promote energy efficiency, HOME grantees are required to report the number of units that meet the ENERGY STAR standard in HUD's Integrated Disbursement and Information System. HUD will continue to encourage HOME participating jurisdictions to adopt ENERGY STAR for New Homes for new construction and rehabilitation. In order to increase the share of new homes built to this standard, the HOME program will continue to make available its ENERGY STAR training model, and strengthen the proposed HOME regulation that will be issued in fiscal year 2012.

Tax Credit Assistance Program (Recovery Act). The Recovery Act provided $2.25 billion through the HOME Investment Partnerships program for capital investments in Low-Income Housing Tax Credit projects. HUD awarded these funds by formula to state tax credit allocating agencies to facilitate development of projects that received or will receive Low-Income Housing Tax Credit awards between October 1, 2006, and September 30, 2009. These grantees report the number of new units that qualify as ENERGY STAR for New Homes.

Community Development Block Grant. Community Development Block Grant grantees determine the specific activities they will fund from among 25 categories of eligible activities. Although rehabilitation of housing is an eligible use, most grantees do not undertake housing rehabilitation that is extensive enough to lead to ENERGY STAR certification. For this goal, the program tracks and reports only those units that achieve substantial levels of rehabilitation or new construction that meet the ENERGY STAR for New Homes standard.

Neighborhood Stabilization Program. While a target for NSP has not been set for FY 2012-13, CPD will report second round NSP units completed in FY 2012-13 that incorporate energy efficient measures. The Recovery Act allocated $2 billion for a second round of Neighborhood Stabilization Program grants (NSP2); funds were awarded through a competitive process to states, local governments, and nonprofits. NSP2 projects must be energy efficient and incorporate cost-

effective sustainability features. Gut rehabilitation must meet the standard for Energy Star for New Homes. Other rehabilitation activities include replacing obsolete equipment and appliances with ENERGY STAR qualified products and using water conservation measures such as low flow toilets, showers, and faucets, and WaterSense labeled products.

Office of Housing (Multifamily)

Mark-to-Market Program Green Initiative. In 2007 HUD initiated a Green Remodeling Initiative through its Mark-to-Market program. This voluntary pilot program offers financial incentives for private owners to adopt green building practices in both the rehabilitation and operation of their HUD-subsidized, federally insured multifamily properties. These practices include energy and water efficiency, use of recycled and local materials, improved indoor air quality, and the healthy housing approach developed by HUD's Healthy Home Initiative.

The Mark-to-Market Program Green Initiative focuses on immediate repairs, but also requires that owners commit to maintain green building principles for the life of the property. HUD expects owners to realize energy and water savings by focusing on: sealing the building envelope; increasing insulation; ensuring that heating and cooling systems are appropriately sized and are of an energy-efficient design; installing ENERGY STAR qualified appliances during replacement; installing ENERGY STAR windows during replacement; using compact fluorescent lights; installing low-flow faucets, showerheads, and toilets; and installing water- and energy-monitoring equipment.

Green Retrofit Program (Recovery Act). The Recovery Act provided $250 million in funds to reduce energy costs, cut water consumption, and improve indoor air quality in older federally assisted multifamily apartment developments. Competitive grants and loans provided through this program help private landlords and property management companies to cut heating and air conditioning costs by installing more efficient heating and cooling systems, and to reduce water use by replacing faucets and toilets. These funds also produce other environmental benefits by encouraging the use of recycled building materials, reflective roofing, and nontoxic products to reduce "off-gassing" of potentially harmful fumes. Funds are awarded to owners of HUD-assisted housing projects and can be used for a wide range of retrofit activities, ranging from replacement of windows and doors to installation of solar panels and geothermal technology.

Section 202 Housing for the Elderly and Section 811 Housing for Persons with Disabilities. These programs expand the supply of supportive housing for very low-income elderly people and people with disabilities, respectively. A portion of the housing units developed or rehabilitated incorporate green building practices and energy-efficiency standards; points are awarded for these activities through the annual competitive grant awards process.

FHA Endorsements with Green Features. HUD will report on new multifamily insurance endorsements that report green or energy efficient features. These are projects that are financed or refinanced through one of HUD's multifamily insurance programs. Green features range from LEED-rated new developments to rehabilitation projects that include ENERGY STAR appliances or other energy efficiency improvements.

Office of Housing (Single Family)

PowerSaver Retrofit Pilot. This is a new mortgage insurance product from FHA that will allow homeowners to borrow up to $25,000 for terms as long as 20 years to make cost effective, energy saving improvements to their homes. Examples of eligible improvements include insulation, duct sealing, energy efficient doors and windows, energy efficient HVAC systems and water heaters, solar panels, and geothermal systems. HUD envisions that the pilot program will provide insurance for up to 24,000 loans over a two year period, with an expected average loan size of $12,500. The

program could result in the extension of up to $300 million in FHA-insured energy efficiency property improvement loans.

Office of Healthy Homes and Lead Hazard Control

The Office of Healthy Homes and Lead Hazard Control administers two grant programs, enforces lead regulations, and provides technical assistance to the Green and Healthy Homes Initiative to make homes greener and healthier. This office awards and oversees the successful completion of grants to state and local governments and to nonprofit organizations for lead hazard control and broader healthy homes interventions in housing. Funded activities include local outreach; training of local workers in lead and healthy homes intervention work practices; recruitment of housing owners; evaluation of the housing for hazards; control of hazards using safe work practices while protecting occupants during the period of work (such as by temporary relocation when warranted); verification of the efficacy of the cleanup at the end of the work; notification to the owners (and occupants if different) of the results of the work; and, as applicable, safety- and health-related education of the owners and occupants. These lead hazard control and healthy homes approaches have significant impact on the health and safety of residents.[31]

Lead Hazard Control Grants. State and local governments use these competitive grant programs—Lead-Based Paint Hazard Control and the Lead Hazard Reduction Demonstration—to identify and control lead-based paint hazards in privately owned rental or owner-occupied pre-1978 housing. The smaller of the two programs, the Lead Hazard Reduction Demonstration, focuses on jurisdictions with the greatest need, which is based on the amount of older rental housing and childhood lead poisoning cases. The Recovery Act provided approximately $80 million between both Lead Hazard Control programs.

Healthy Homes Grants. These grants are competitively awarded to states, local governments, and private organizations to identify and eliminate housing-related health hazards. The Healthy Homes program addresses multiple housing deficiencies simultaneously to maximize public health, thus creating opportunities for communities to make smart investments in housing that can end the cost-shifting that causes higher medical bills, higher energy costs, and higher housing maintenance costs. The Recovery Act provided approximately $20 million to the Healthy Homes program.

The Green and Healthy Homes Initiative. This public-private partnership pilot seeks to coordinate and implement a national healthy homes agenda that will eliminate existing health, safety, and energy inefficiencies in the home. This initiative offers integrated health, safety, lead hazard reduction, energy-efficiency, and weatherization interventions in low- to moderate-income homes.

Programmatic Enforcement. Housing units are made healthy through enforcement efforts of the Federal Lead-Based Paint Disclosure Rule and the Federal Lead-Safe Housing Rule that generate settlement agreements with commitment from private landlords to fix housing-related health hazards in their inventory.

Place Strategy

Selection Criteria: Pittsburgh, Pennsylvania (Region III), Providence-New Bedford-Fall River, Rhode Island-Massachusetts MSA (Region I), and San Juan-Guaynabo, Puerto Rico MSA (Region IV) were selected as focus cities for this measure. They were selected using a composite index that reflected household expenditures on utilities (water and energy) in every Statistical Metropolitan Area (MSA);

[31] For example, each dollar invested in lead paint hazard control results in a return of at least $17, and as much as $221, reflecting a net savings of $181 billion to $269 billion on a national investment of $1.22 billion to $11.0 billion (Gould. 2009. *Environmental Health Perspectives* 117: 1162–1167).

the age of the housing stock in the MSA; and median household income for each area to calculate percent of income spent on utilities. To create a composite index, individual rankings for percent of income spent on utilities was added to the rank for percent of housing stock built before 1970. HUD then considered how many HUD-assisted units are located in each of the metro areas. The three selected cities ranked at the top of the composite index and had greater than 20,000 HUD-assisted units in different climate zones.

Place Characteristics:

Pittsburgh is recognized as a leader in green building technology, with one of the largest concentrations of LEED-certified buildings in the nation. The number of units built before 1970 was a factor in choosing Pittsburgh for more focused energy efficiency and healthy homes efforts.

The Providence-New Bedford-Fall River, Rhode Island-Massachusetts MSA has, on average, some of the oldest housing in the country, as well as high home energy costs.[32] The extent and scope of the number of energy and green retrofits that will be completed will largely be dependent on the buy-in and concentration of private owners that operated assisted housing. In Providence, the Green and Healthy Homes Initiative is active and producing units, combining HUD funded grant programs and philanthropic support to make 250 homes healthy and green.

Puerto Rico has a tropical climate and stringent construction code that allow for the development of housing built primarily in concrete with natural ventilation. Puerto Rico relies on petroleum as an energy source and has an exceptionally high consumption of energy and a large number of housing units, both private and subsidized, with electricity rates at 20 cents/kWh.

Key milestones to be undertaken include—

♦ **Promote Lead Paint Remediation Programs (Pittsburgh, PA).** HUD will promote lead hazard control grants, healthy homes initiatives, and public-private lead removal partnerships to break down barriers to more substantial rehabilitation.

♦ **Promote HUD's Energy Action Plan to partners on a quarterly basis (Providence-New Bedford-Fall River, Rhode Island-Massachusetts MSA).** HUD will promote its Energy Action Plan by participating in industry meetings. HUD will assemble a promotional package for energy efficiencies and send to all multifamily owners and agents in the MSA. Energy efficiency will be promoted during lender concept meetings, Section 202/811 workshops and planning conferences, and when discussing refinancing and preservation opportunities with owners.

♦ **Create an energy recognition program (San Juan-Guaynabo, Puerto Rico MSA).** HUD will create an energy recognition program and other incentives for developers and agents who comply with program energy-efficient and green retrofit requirements.

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[32] In the United States, 31 percent of housing stock was built before 1960. In the Providence region, over half (53.6%) of the housing stock was built prior to 1960, 35 percent of which was built before 1939 (Providence-New Bedford-Fall River, RI-MA MSA 2005-2009 American Community Survey 5-Year Estimates).

Strategic Goal 5.Transform the Way HUD Does Business

Problem To Be Addressed

Prior to changes implemented in FY 2012, performance plans of Senior Executive Service members and performance accountability and communication system managers were not clearly aligned with HUD goals and objectives. Currently, not all non-SES employees have performance plans that clearly link to departmental goals. In addition, only 58 percent of staff reported that their performance plans reflect their work and set clear expectations (HUD Quarterly Pulse Survey, FY 2011 Q4), while approximately 83 percent of employees have been rated excellent or outstanding over the past three years.

> **Performance Management**
>
> **Components of Performance Management:**
> 1. Creating a performance plan and defining expectations
> 2. Monitoring performance
> 3. Developing employee capacity to perform
> 4. Rating using a performance appraisal
> 5. Rewarding good performance

Measures of Success[33]

Strategic Plan—Measure 16.

❖ Increase the percentage of performance plans and reviews that are completed within targeted timeframes to 90 percent. The 90 percent goal will be maintained in fiscal year 2013.[34]

Strategies for Achieving Success

Performance management is important to help an organization ensure its mission is accomplished. An effective performance management system communicates the performance expectations for each individual, links them to the organizational mission, and then develops, rates and rewards employees based on their performance.

All new supervisors will receive training in performance management in accordance with the current quarterly schedule for New Supervisor's Training. However, a special notice will be posted on HUD@Work each month to emphasize that the Performance Management Training webcast is archived and available for new supervisors pending their participation in the quarterly New Supervisor's Training. A new information packet on HUD's Performance Management programs and processes will be included in the New Employee's Orientation Folder. As needed, program offices may request a training session for new employees on performance management and this training will be scheduled and conducted as soon as possible.

The percentage of plans established, in progress, and completed will be tracked by program office. This information will be shared with the heads of program offices and senior leadership. The Office of

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[33] The period of performance for full achievement of the performance measure is FY 2012 and 2013.

[34] The FY 2012 goal is to have 90 percent of FY 2011 performance plans reviewed and 90 percent of FY 2012 performance plans established within 90 days after the start of fiscal year 2012. The FY 2013 goal is to have 90 percent of FY 2012 performance plans reviewed and 90 percent of FY 2013 performance plans established within 90 days of fiscal year 2013.

Performance Management will continue to provide status reports regularly. The Office of Performance Management will develop a webinar presentation and a "Toolkit" covering the topic of "meaningful conversations" in order to assist managers and supervisors in having meaningful and frequent conversations with their staff.

In addition, Human Resources Specialists with performance management expertise will contact all program offices to offer personalized technical assistance with establishing performance plans that adhere to SMART methodology. SMART methodology is one of the various means used to develop performance standards. Using this methodology, performance standards are written to be Specific, Measurable, Attainable, Relevant, and Time-bound. Guidance regarding the performance management process and timelines will be shared with program offices at least a month in advance of the beginning of the performance appraisal cycle.

Finally, a competition will be held among program offices to provide further incentive for program managers to adhere to the performance management timeline for establishing plans and completing the mid-year progress reviews. The program office that establishes and completes the highest percentage of performance plans will be recognized by the Secretary.

Strategy: Set high performance expectations and create mechanisms to identify and address poor performance early through training, reassignment, or corrective action.

Measure 16 is focused on quality of performance plans and timeliness.

1. **Improve Quality of Performance Plans**. HUD will align the FY 2012 performance plans of Senior Executive Service personnel with the quantitative targets established in the agency priority goals and Strategic Goal 5 performance measures, as well as incorporate skill-based performance objectives based on SES executive core qualifications. HUD will also align the performance plans of non-SES managers with departmental goals through a new performance framework that better aligns to the redesigned SES performance plan. In FY 2013, HUD will design and employ a new performance plan and evaluation system for employees, in partnership with the unions. In addition, the Performance Review Board will now be involved during both the upfront planning and year-end ratings stages.

2. **Increase the Quality and Timeliness of Feedback.** HUD will track and report on plan creation, mid-year ratings, and final ratings, and include timeliness of ratings as a part of manager performance plans. Managers will be provided with a variety of training, job aids, and support resources for delivering performance feedback and dealing with poor performers. In addition, new policies will be established for in-service days for managers to conduct informal and formal performance planning and employee feedback. HUD will re-evaluate and, if necessary, recommend changes to current policies for issuing spot awards and special acts awards, as well as identify and implement new non-monetary awards, to ensure that good work is recognized in the most meaningful manner to employees.

Problem To Be Addressed

The ability to recruit and add talent to our workforce is a top priority for the Department. It is essential that the hiring process for staff is effective and not unnecessarily tangled or lengthy. This is particularly important in the budget environment in which funding resources are not always known and can change dramatically both within the year or year from year. The Department has to be nimble in maintaining and adding necessary staff and dealing with key vacancies and natural staff turnover to ensure that the average time meets OPM guidelines, which is 80 days. This issue is heightened by the large percentage of employees that are eligible for retirement. In addition, the ability to hire staff in a reasonable time frame is important since candidates are often being recruited by multiple agencies.

> ### HUD Hiring Process
>
> (1) Validate Position Need.
>
> (2) Request Personnel Action.
>
> (3) Review/Update Position Description.
>
> (4) Confirm Job Analysis and Assessment Develop Strategy.
>
> (5) Create and Post Opportunity Announcement including Career Patterns.
>
> 6) Receive Applications and Notify Applicants.
>
> (7) Evaluate Applications.
>
> (8) Issue Cert/Notify Applicants.
>
> (9) Selecting Official will review applications, conduct interviews, check references and select/return certificate.
>
> (10) Tentative Job Offer/Acceptance.
>
> (11) Initiate Security Check.
>
> (12) Official Offer/Acceptance.

Measures of Success[35]

> ### Strategic Plan—Measure 22.
>
> ❖By September 30, 2012, reduce end-to-end hiring time to 79 days, on average. The goal of 79 calendar days will be maintained in fiscal year 2013.

Strategies for Achieving Success

The Department has been working to reduce the number of days it takes for a new hire to come onboard from 105 calendar days to 79 calendar days. Throughout FY 2012, the Office of Chief Human Capital Officer will continue to partner with program offices to reduce hiring time by holding regular meetings to discuss issues and plan for future hiring actions. Process improvements within the Office of Human Capital Services to accelerate hiring will include use of collaborative teams. The teams will partner with managers and direct resources to developing high-quality position descriptions, job analyses, crediting plans, assessment tools to improve the qualifications determination and certification processes, under both merit staffing and delegated examining procedures.

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[35] The period of performance for full achievement of the performance measure is FY 2012 and 2013.

By using data on the time each of the sub-steps in the Personal Identity Verification process takes, HUD will identify bottlenecks and develop ways to alleviate them. In addition, the process of calling new hires to provide help and reminders with filling out e-QIP forms will continue into FY 2012. This will be accomplished via partnership with hiring offices.

Strategy: Streamline and improve the hiring process to hire the best staff and minimize the time it takes to bring them on board.

The Department is determined to reduce the average hiring times for external and internal hires. To achieve this goal, the Office of Human Capital Services is targeting its recruitment and staffing resources to classification and assessment tools development; use of hiring flexibilities under a wide range of special employment programs and authorities; and merit staffing. Each team will be actively involved in providing consultation services in support of achieving hiring targets for each program office. In addition, HUD will work to improve the data quality in the system used to track the hiring cycle time. Human Resource Specialists and their first-level supervisors will have metrics in performance plans to increase accountability for timely and accurate updates. Metrics will include pre-planning, advertising, and certification of applicants, as well as the average time for a new employee to complete the onboard process. This includes the time used to interview, make a selection, extend tentative offers, and obtain documentation necessary for screening by HUD's Personnel Security Division.

Finally, a cross-program working group will continue to meet to identify best practices and common issues to share with all hiring managers. HUD's success in meeting this goal assumes an active partnership with hiring managers and administrative staff.

Problem To Be Addressed

The timely distribution of funds (obligation) helps ensure that America's neediest families have the shelter and services they need, when they need them. Historically, the obligation of HUD's competitive program funds has been slow. These delays sometimes led to obligation of grant awards well after the fiscal year when the funds were appropriated. Failure to obligate and disburse funds in a timely manner can result in the rescission of funds or actual program de-funding. Most importantly, these holdups directly affect HUD's mission, as recipients of

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Notice of Funding Availability

A Notice of Funding Availability (NOFA)--published each year in the *Federal Register*-- describes the type of funding, and estimated amount, available on a competitive basis, and the selection criteria that must be met.

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funds are not able to spend funds in a timely manner, if at all. The average number of days from budget passage to posting on Grant.gov has been determined to be the lengthiest process in the NOFA lifecycle to obligate funds. In fiscal year 2011, the Department reduced the time taken to post NOFAs to Grants.gov by 82 percent.

Measures of Success[36]

Strategic Plan—Measure 27.[37]

> ❖ HUD will improve internal processes to ensure that we can obligate 90 percent of notice of funding availability (NOFA) programs within 180 calendar days of budget passage, ensuring that America's neediest families have the shelter and services they need, when they need them. The timely obligation and subsequent disbursement of funds will positively Impact the agency's ability to achieve all of our priority goals. The 90 percent goal will be maintained in fiscal year 2013.

Strategies for Achieving Success

Internal program management tools have been implemented to support the improvement of HUD's NOFA process. Specifically, a weekly NOFA Status report is distributed and a bi-weekly meeting with each program office has been established to review and discuss the status of NOFAs and to mitigate any potential risks to the progression of a NOFA. This has effectively increased transparency and visibility across all program offices and provides a central repository of all information related to the NOFA process. Further, a NOFA performance element has been drafted and is proposed to be added into the SES/EPACS and managers' PACS in fiscal 2012, providing increased incentive for managers to achieve the newly established 180-day NOFA life cycle.

In addition to continuing to emphasize process improvement activities, the Department is conducting a Business Process Reengineering of the NOFA process with emphasis on Phase I: HUD Departmental Clearance, Phase II: OMB Clearance, and Phase III: Signature Package & Posting. A business process reengineering is the analysis and design of workflows and processes within an organization to encompass the envisioning of new work strategies, the actual process design activity, and the implementation of change.

The Department is also working to establish standards to improve NOFA financial tracking post-award. This effort is to ensure that each individual NOFA is assigned unique PAS codes so that discrete program activities are accurately tracked. Additionally, the Department has completed the process necessary to move from double- to single-signature obligation which will expedite grant obligation. Lastly, the Department will examine current and past rates of expenditures across programs with the goal of establishing reasonable expenditure time frames for different kinds of program activity.

Strategy: Simplify HUD's internal and external rules, regulations, and reporting requirements to make them more efficient, effective, and focused on the essential information the Department needs.

[36] The period of performance for full achievement of the performance measure is FY 2012 and 2013.

[37] HUD's goal to obligate funding from 90 percent of its FY 2012 NOFAs within 180 days of budget passage will be a challenge to meet, though processes are being revised to help ensure success. Revisions may be considered given the large number of NOFAs, actors, and complexities involved.

HUD is working on three ways to improve the NOFA processes: streamlining and establishing new protocols; improving governance, coordination, communication; and automating workflow tracking and processes.

1. Expedite NOFA Process by Streamlining and Establishing Protocols.

Bottlenecks, delays, and rework frequently appear in the NOFA process as a result of heavy reliance on institutional knowledge, limited documentation of NOFA process requirements, multiple reviews and approvals, and the absence of an effective protocol for resolving points of disagreement to gain concurrence.

2. Improve Governance, Coordination, and Communication to Minimize Rework.

Congress, OMB, and HUD all contribute to the policies related to NOFA governance and development. While relevant HUD offices strive to promptly communicate updates or changes to the NOFA policies and procedures and explain how they relate to the big picture, the relay of this information is not consistently complete and/or does not consistently reach all the relevant stakeholders. Obtaining critical information (e.g., standard language, updates to the general section, policy updates) late in the process can create delays and rework.

3. Automate Processes and Workflow Tracking.

Manual logs and individual tracking spreadsheets are used to manage workflows, notifications, and tracking of NOFAs, making it difficult to move NOFAs through the process and understand where NOFAs are. The current process is very paper intensive and extremely manual with limited system-supported activities.

Appendixes

Appendix A- Strategic Plan Addendum

Amendments to the *HUD Strategic Plan 2010-2015*

The *HUD Strategic Plan 2010-2015*, issued May 2010, 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 HUD will be to our partners, employees, and the American people, as a whole. To provide a framework for the delivery of this new mission and vision, the plan includes a set of strategic goals and strategies, and performance measures. The Department has made much progress in implementing its plan. This addendum updates the plan to reflect refinements in strategies to address new challenges and continued attention to selected priority areas. The Department is updating its strategic plan for each of the five strategic goals—using the same structure—in the following way:

- Problem Statement: The narrative is revised to supplement, not replace, the existing problem statements, and reflect most current available data on the problem being addressed;

- Measures of Success: The list of outcome measures is revised to reflect a refined direction for Strategic Goal 5, and updated measures and targets that address priority focus areas in Strategic Goals 1 - 4;

- Subgoals and Accompanying Strategies: Modifications or additions are made to the original subgoals and strategies, where relevant; and

- Signature Initiatives: Progress updates on original signature initiatives are provided and new signature initiatives designed to achieve the respective goals are described.

Per the GPRA Modernization Act, 31 U.S.C. 1115(b)(10), requirement to address Federal Goals in the agency Strategic Plan and Annual Performance Plan, please refer to Performance.gov for information on Federal Priority Goals and the agency's contributions to those goals, where applicable.

Goal 1. Strengthen the Nation's Housing Market To Bolster the Economy and Protect Consumers

Problem Statement

The nation's housing market has gone through a major upheaval over the past several years, with rapidly declining property values, lost equity, increased foreclosures, and sharp blows to the financial systems. Although the nation is no longer in a recession, the impact of the housing crises has been significant and protracted. The Administration has undertaken substantial and varied efforts to assist struggling homeowners through its foreclosure prevention programs, and the broader economy is gaining strength. However, housing data continue to offer mixed signals and some signs of weaknesses in the market, as the foreclosure crisis continues to seriously affect families and communities.

- Having peaked in August of 2006, house prices fell every month for 30 months, dropping by nearly a third in that time. Since then, house prices rose slightly before decreasing again.

- In February 2011, about 6.2 million homeowners were delinquent by at least one mortgage payment. Of these homeowners, nearly 2.2 million are in the process of foreclosure and more than 1.7 million others are seriously delinquent and at high risk of foreclosure.

- 10.7 million, or 22 percent, of all homeowners with a mortgage were in negative equity positions at the end of the third quarter of 2011; these underwater homeowners include some who are current on their mortgage payments and some who have missed at least one payment.

- Suspicious Activity Reports from financial Institutions to the FBI indicate large increases in mortgage fraud reporting, with reports increasing from 35,617 in 2006 to 67,190 in 2009, and 70,533 in 2010.

Measures of Success

Two of the original measures of success are revised with new targets and dates for achievement.

- By September 30, 2013, assist 700,000 homeowners who are at risk of losing their homes due to foreclosure.
- By September 30, 2013, 70 percent of Neighborhood Stabilization Program 2 Neighborhood Investment Clusters will reduce the average residential vacancy rate relative to at least one comparable neighborhood.

Another original measure of success was slightly modified by deleting the word "excess" after the word "FHA's".

- Restore FHA's capital reserve ratio to the congressionally mandated 2-percent level by 2014.

Subgoals and Strategies

There are no changes to the subgoals or strategies.

Progress on Signature Initiative–
Stabilizing the Federal Housing Administration

HUD has made strong progress into 2012 on its signature initiative to stabilize the Federal Housing Administration (FHA).

- Annual and upfront premiums have been modified and proposed to aid in returning the Mutual Mortgage Insurance (MMI) fund to congressionally mandated levels.
- An Office of Risk Management has been established with FHA.

New Signature Initiatives –
Project Rebuild

Project Rebuild

Project Rebuild, proposed as part of the American Jobs Act, expands on the impact of the Neighborhood Stabilization Program by making critical changes to scale up, address commercial vacancies, and leverage capacity in the private sector.

Project Rebuild is designed to create jobs, stabilize neighborhoods, and reduce vacancy. Program funds would be used to purchase, rehabilitate, and/or redevelop foreclosed, abandoned, demolished, or vacant properties. Funding could also be used to establish and operate land banks or demolish blighted structures.

Goal 2. Meet the Need for Quality Affordable Rental Homes

Problem Statement

Renters in America face serious difficulties finding affordable housing in a broad range of communities because of the dual problems of a shortage of units in some areas and a lack of income to afford units in the existing market. In addition, during the past 75 years, the federal government has invested billions of dollars in the development and maintenance of public and multifamily housing. Despite the sizable investment and the great demand for affordable rental housing, units continue to be lost. While some units have been lost because of their deteriorated physical conditions, others--both publically and privately owned--have been removed from the affordable inventory because of owners' decisions or because periods of affordability have expired.

- According to the 2009 Worst Case Housing Needs report (February 2011), HUD found the number of renters with worst case housing needs grew by over 20 percent, from 5.9 million to 7.1 million households during the 2007 to 2009 period. (Department of Housing and Urban Development, Office of Policy Development and Research. 2011. *Worst Case Housing Needs 2009: Report to Congress*. Page 14).
- Only about one in four families eligible for HUD/federal rental assistance programs receives assistance.
- For every 100 extremely low-income renter households, only 61 rental units are affordable to them and fewer than 36 affordable units are available to them (that is, the units are either occupied by renters in this income group or are vacant and available for rent).
- Between 2007 and 2009, while the overall private affordable rental stock had a net increase of almost 694,000 units, the total change concealed a loss of approximately 570,000 private rental units that had been affordable to families whose incomes were under 30 percent of median income (extremely low-income families). (Department of Housing and Urban Development, Office of Policy Development and Research, *Rental Market Dynamics: 2007-2009,* May 2011. Table ES-1, page vi).

Measures of Success

One of the original measures of success has been revised with new targets and date for achievement.

- By September 30, 2013, preserve affordable rental housing by continuing to serve 5.3 million total families and serve an additional 64,822 families through HUD's affordable rental housing programs.

Subgoals and Strategies

There are no changes to the subgoal or strategies.

Progress on Signature Initiative–
Transforming Rental Assistance

In its initial signature initiative for Goal 2, HUD proposed a multi-year initiative called Transforming Rental Assistance, which sparked an important conversation about how the public and private sectors can work together to invest in the success of these properties and the families who live in them. The concepts and feedback that emerged from that conversation culminated in the Rental Assistance Demonstration, HUD's modified signature initiative.

Modified Signature Initiative –
Rental Assistance Demonstration

Today the need for affordable housing is greater than ever – with 7 million households paying more than half their income for housing, living in substandard housing or both. Essential to meeting the needs of very-low income families, the elderly, and the disabled is public and assisted housing – which provides 2.5 million quality, affordable homes in communities across the country. Over the last 75 years, the taxpayer has invested significantly in these homes. But with a capital backlog between $22 and $26 billion in the public housing portfolio alone, we've reached a breaking point.

Where most forms of affordable housing could leverage funding from private investors and other non-government sources to make needed repairs, antiquated laws mean public housing and properties funded through HUD's so-called "legacy programs" generally cannot. As a result, HUD has already lost over 150,000 publicly owned homes to demolition or disposition over the past 15 years. Further, some 48,000 units in HUD's Rent Supplement, Rental

Assistance Program, and Section 8 Moderate Rehabilitation programs are also at risk, due to contract limitations that inhibit their ability to leverage capital.

The Rental Assistance Demonstration represents an important step toward building a better system. The Demonstration has five key goals. The first goal is Long Term Stability – helping owners preserve these homes and plan for the future by better managing the investment the public has already made.

The second goal is to allow these programs to access the same safe, proven tools that successfully support 1.6 million units of multifamily assisted housing – and access the Low Income Housing Tax Credit program in particular.

The third goal is Long-Term Affordability – saving properties for generations to come by better managing the investment the public has already made.

The fourth goal is Effective Public Ownership. The Demonstration will

ensure public housing properties remain under the ownership or control of a PHA, other public or nonprofit entities, or limited partnerships formed to access Tax Credits.

The last goal of this Demonstration is to provide More Resident Choice and Real Resident Rights. Families should be able to choose where they live and take responsibility for their futures.

Underlying all of these goals is the need for private sector partnership – which is why HUD has designed this Demonstration to capitalize on the capacity and expertise the private sector can provide, particularly in the field of real estate finance and development. The time has come to allow America's public housing system to take advantage of 30 years of innovations in affordable housing finance – to connect millions of families to opportunity, to turn homes too often seen as a "neighborhood problem" into community assets, and to make proven preservation tools available to all affordable housing programs.

Goal 3. Utilize Housing as a Platform for Improving Quality of Life

Problem Statement

- The 2011 Point-in-Time Estimates of Homelessness showed a 2.1% decrease in homelessness from 2010. Progress is being made but given economic conditions, work remains to be done.
- According to the 2011 Point-in-Time Estimates of Homelessness: Supplement to the Annual Homeless Assessment Report, the number of homeless persons in families has decreased by 5 percent from 2007 to 2011, and families currently represent a larger share of the total sheltered population than ever before.

Measures of Success

One of the original measures of success has been revised with new targets and date for achievement:

- By September 30, 2013, in partnership with the Department of Veterans Affairs, reduce the number of homeless veterans to 35,000 by serving 35,735 additional homeless veterans. HUD is also committed to making progress toward reducing family and chronic homelessness and is working toward milestones to allow for tracking of these populations.

Subgoals and Strategies

Under Subgoal 3D (Utilize HUD assistance to improve housing stability through supportive services for vulnerable populations, including the elderly, people with disabilities, homeless people, and those individuals and families at risk of becoming homeless), HUD is expanding the first strategy as follows:

1. Provide and increase access to homelessness prevention and rapid re-housing services for homeless and at-risk individuals and families.

HUD has expanded this new strategy to account for the additional emphasis placed on rapid re-housing as a result of the success of the Recovery Act's Homelessness Prevention and Rapid Re-housing Program, and to focus on chronic homelessness and family and individuals, along with homeless veterans. HUD prevented or ended homelessness for more than 1.2 million people through this Recovery Act program and is incorporating lessons learned into the administration of the homeless McKinney-Vento grants.

Progress on Signature Initiative–
Ending Homelessness by Preventing It

HUD's signature initiative for Goal 3 was to end homelessness by preventing it. The homeless count was reduced by 2.1 percent from 2010 to 2011 and HUD continues to set aggressive targets for reducing the homeless population through preventative services. The Homelessness Prevention and Rapid Re-housing Program, created by the Recovery Act, was instrumental in this reduction. The program provided $1.5 billion to local communities to keep families in their homes or help them find other affordable housing after a sudden financial crisis, which might have otherwise led to homelessness. These grants offered communities a resource to provide short- and medium-term rental assistance and services to prevent individuals and families from becoming homeless or to quickly re-house those who are experiencing homelessness. These funds also helped build capacity at the local level for emerging practices.

New Signature Initiative –
Ending Veterans' Homelessness in Partnership with the VA
(Cross Cutting with Goal 2)

The goal of ending homelessness among veterans – a priority for both HUD and the VA– must continue to build on the opportunity generated by political consensus and the availability of resources around this issue.

Causes of homelessness among veterans are similar to causes of homelessness among non-veterans (interrelated economic and personal factors and a shortage of affordable housing). As for other populations, the complexity of navigating systems makes it difficult for veterans to get their needs met.

Many veterans experiencing homelessness have distinct characteristics that make it difficult to regain stability. They are more likely to be unsheltered and to experience homelessness for longer periods of time than non-veterans. Veterans have high rates of Post-Traumatic Stress Disorder, traumatic brain injury, and sexual assault, all of which increase the risk of homelessness.

About half of veterans experiencing homelessness have serious mental illness, half have a history with the criminal justice system, and nearly 70 percent have substance abuse disorders.

Of veterans in poverty, 11 percent became homeless at some point during the year compared with slightly more than 6 percent of adults in poverty.

Through collaboration at the Federal, State, and local levels, community organizations can provide the opportunities and support necessary to ensure that those who serve our country in the military will never have to sleep on its streets.

Goal 4. Build Inclusive and Sustainable Communities Free From Discrimination

Problem Statement

- The residential sector is responsible for fully 20 percent of the nation's energy consumption and resulting greenhouse gas emissions.
- HUD spends an estimated $7.1 billion annually on utility costs, either in the form of utility allowances for tenant-paid utilities, or in direct operating grants or housing assistance payments for owner-paid utilities in public and assisted housing.
- Much of HUD's portfolio of public and assisted housing was built before the advent of energy codes, creating both environmental and affordability challenges for building owners, residents, and the federal government.

Measures of Success

One of the original measures of success has been revised with new targets and date for achievement.

- By September 30, 2013, HUD will enable the cost-effective energy and green retrofits and energy efficient new construction of 159,000 public, assisted, and other HUD-supported affordable homes.

Subgoals and Strategies

Subgoal 4D (Facilitate disaster preparedness, recovery, and resiliency) is modified as follows:

4D. Facilitate disaster and national security preparedness, response, and recovery.

This modification was made to more clearly articulate the Department's role in disaster management and national security related to preparedness, response and recovery

In addition, the modified Subgoal 4D will contain a new strategy, as follows:

4. Following a disaster, work to support state and local response and recovery efforts to help:
1) strengthen the housing market to bolster the economy and protect consumers, 2) meet the need for quality affordable rental housing, 3) utilize housing as a platform for improving quality of life, and
4) build inclusive and sustainable communities free from discrimination.

This new strategy more clearly defines the role of HUD staff in responding to disasters.

Signature Initiative –
Sustainable Communities

Beginning in 2010, HUD has awarded more than $245 million in Sustainable Communities grants to 143 communities nationwide, giving nearly 150 Americans the chance to help their communities and regions become more competitive while improving quality of life. These Community Challenge Grants and Regional Planning Grants are leveraging local, state, and private resources; with HUD's investment in 2011 alone garnering another $115 million in matching and in-kind contributions. These grants are being implemented in association with the Partnership for Sustainable Communities, a partnership between HUD, the U.S. Department of Transportation, and the U.S. Environmental Protection Agency.

Signature Initiative –
Choice Neighborhoods

Beginning in 2011, HUD has awarded $7.6 million in Choice Neighborhoods Planning Grants to 30 communities nationwide. These grants will allow communities to begin the comprehensive planning needed to turn distressed housing and long-neglected neighborhoods into viable and sustainable mixed-income communities. In addition, HUD has awarded $122 million in Choice Neighborhoods Implementation Grants to five cities (Chicago, Boston, New Orleans, San Francisco, and Seattle) so that they may redevelop distressed housing and bring comprehensive neighborhood revitalization to blighted areas.

HUD has begun implementing a new signature initiative for Goal 4, Strong Cities, Strong Communities.

New Signature Initiative –
SC2 – Strong Cities, Strong Communities

SC2 represents a new interagency approach to working with local communities—especially those facing the challenges of long-term declining industrial base and population—to strengthen their foundations for economic growth. To maximize its impact, SC2 is developing and leveraging partnerships with philanthropies, anchor institutions, businesses, and nonprofits to help cities, towns, and regions tackle complex problems with comprehensive, collaborative solutions.

SC2 is a Domestic Policy Council-led partnership between 13 federal agencies that is composed of four complimentary programs.
The four SC2 programs are:
Community Solutions Teams (CST): Teams of federal staff,

Chester, PA.

These teams were selected following federal assessment visits with local government and civic leaders in Spring 2011. They will assist these cities with issues that local leaders have identified as vital to their economic strategies, including efforts to build local assets, strengthen regional partnerships, develop human capital, and support community revitalization.

Fellowship Placement Program: A partnership between HUD and the Rockefeller Foundation to build "bench strength" in a subset of the CST pilot cities and complement CSTs by putting 30 early/mid-career professionals to work for multi-year terms in local government positions.

strategies to support comprehensive city and regional planning efforts. Cities will receive a grant of approximately $1 million that they will use to administer an "X-prize style" competition, whereby they will challenge multi-disciplinary teams of experts to develop comprehensive economic and land use proposals for their city.

The National Resource Network: A one-stop portal for national experts to provide holistic, customized policy and implementation support to a broader set of cities, towns, and regions, pending funding approval. The Network will create customized and comprehensive technical assistance plans with local governments, spanning a variety of policy areas, then implement

ranging in size from 9 to 22 members (including full- and part-time members), have begun work in
six pilot cities: Cleveland, Detroit, Fresno, Memphis, New Orleans, and

Economic Planning Challenge: A national Commerce/EDA grant competition will enable six other cities to adopt and implement innovative economic development

these plans by delivering on-site training and staff development. It will also foster peer-to-peer learning by linking the governments it assists and a wide range of experts.

Goal 5. Transform the Way HUD Does Business

Problem Statement

- While HUD improved on six of the Best Places to Work in the Federal Government indices, HUD still ranks just 31 of 32 among large agencies in the 2011 report produced by the Partnership for Public Service.
- HUD experienced declines in satisfaction with employee performance management in the 2011 Employee Viewpoint Survey. 67 percent of HUD employees have had performance conversations with their supervisors in the past six months, 10 percent below the government average. 55 percent of HUD employees would recommend HUD as a good place to work, 14 percent below the government average.
- HUD ranked last among large agencies in the 2010 Best Places to Start Your Career in the Federal Government report.
- HUD lacks sufficient systems to report accurately average time to hire, average time to complete acquisitions, and training completed by employees and could improve customer service and performance management of IT applications.
- Only 53 percent of HUD employees expressed satisfaction with managerial support for collaboration across work units to accomplish work in the 2011 Employee Viewpoint Survey, 5 percent below the government average.

Measures of Success

HUD has refined the Goal 5 measures to continue to focus on investing in our people, bureaucracy busting and modernizing systems and processes. The measures listed below replace the measures submitted with the original FY 2010-2015 HUD Strategic Plan. From the original Goal 5 measures of success, one measure (outcome measure 22) carried over from the strategic plan, and two others (outcome measures 19 and 20) were completed in FY 2011. The new measures are more specific and many relate to areas where HUD is measuring success on a quarterly basis.

Investing in People

16. Increase the percentage of performance plans and reviews that are completed within targeted timeframes to 90 percent. The 90 percent goal will be maintained in fiscal year 2013.

17. Increase the percentage of staff satisfied that their performance plan reflects the work they do and sets clear expectations.

18. Increase the percentage of staff that has received training based on an approved Individual Development Plan or equivalent plan.

19. Increase the percentage of staff satisfied that training and development they have received has improved their knowledge and skills for their current job to 66 percent.

20. Increase the percentage of staff satisfied with collaboration across work units to accomplish work objectives to 58 percent.

Bureaucracy Busting

21. Decrease the percentage of funds lapsed from the FY 2012 operating appropriations (S&E), net of the reserve, without over-obligating funds in any subaccounts.

22. By September 30, 2012, reduce end-to-end hiring time from 105 days to 79 days, on average. The goal of 79 calendar days will be maintained in fiscal year 2013.

23. Increase the percentage of hiring managers satisfied with the quality of candidates and new hires to 57 percent.

24. Increase the percentage of managers satisfied with the quality of contract award outcomes.

25. Increase the percentage of contract awards that are made within targeted timeframes to 90 percent.

26. Increase the percentage of HUD contracting funds that are directly obligated to small businesses.

Modernizing IT systems and processes

27. HUD will improve internal processes to ensure that we can obligate 90 percent of notice of funding availability (NOFA) programs within 180 calendar days of budget passage, ensuring that America's neediest families have the shelter and services they need, when they need them. The timely obligation and subsequent disbursement of funds will positively Impact the agency's ability to achieve all of our priority goals. The 90 percent goal will be maintained in fiscal year 2013.

28. Increase the percentage of deliverables defined under the Transformation Initiative Fund-Information Technology transformation that are delivered on time.

29. Increase the percentage of time mission critical external facing HUD information technology systems are available.

30. Decrease the number of days it takes to resolve a Tier 1 or Tier 2 Helpdesk tickets for mission critical external facing HUD information technology systems.

31. HUD is committed to making progress toward reducing public housing agency burden and is working toward milestones for tracking.

Subgoals

Under Subgoal 5D (Culture change – create a healthy, open, flexible work environment that reflects the values of HUD's mission), HUD has added the following strategy:

4. Promotes Equal Employment Opportunity to all assigned personnel regardless of age, sex, race, religion, national origin, color, or disability. Treats all personnel with dignity and respect at all times. Ensures all employees are afforded a work place environment which is free of harassment (sexual and non-sexual), and bullying.

HUD added this strategy to highlight its ongoing commitment to Equal Employment Opportunity and to be in compliance with EEOC Management Directive-715.

Progress on Signature Initiatives –

HUD has made great progress in implementing the signature Transformation initiatives outlined in the original strategic plan. 24 delegations of authority have been completed. Through the HUDStat process, HUD is focused on identifying bottlenecks in order to reduce the time it takes to hire. An Emerging Professionals Program is giving employees opportunity to gain broader professional development experiences outside of their immediate role. The new initiatives listed below build upon those signature initiatives and refocus our efforts in other areas of need.

Bureaucracy Busting

HUD is conducting a **business process re-engineering of the Notice of Funding Availability process**. This will improve the timeliness by which HUD gets funding to its grantees.

In January 2011, Secretary Donovan helped kick off the Delivering Together Project. After studying best practices from HUD offices across the country, the team will now begin implementing solutions to promote **cross-program collaboration** in HUD's many field offices.

The Delivering Together team also assembled recommendations to **reduce the burden of HUD requirements on PHAs**, such as streamlining the PHA resident recertification process, and making it easier for PHAs to find the information they need and fulfill HUD reporting requirements.

Investing in People

The **Learning, Enrichment, and Resource Network** will bring together existing programs and develop new programs to address HUD's training, learning, and development needs. The project will include enhancement to the HUD Virtual University, improvements to individual development plans, and a rollout of the supervisor and manager training, among other projects.

In response to dissatisfaction reported on this year's Employee Viewpoint Survey, HUD will work to **focus on feedback**. To start, SES performance plans will be tightly aligned to the achievement of agency priority goals and books of business, and an in-service day policy has been established to engage staff in developing performance plans.

Modernizing Systems & Processes

The **Next Generation Management System (NGMS)** project will help to modernize the systems and processes that support HUD's rental assistance programs such as tenant-based rental assistance (TBRA) programs and Public Housing.

The **FHA Transformation** project will enable FHA to detect risky loans and prevent fraud before it happens. This will reduce the number of bad loans for which HUD needs to pay insurance claims.

The **HUD Integrated Acquisition Management System (HIAMS)** will greatly streamline HUD's contracting process. HUD currently manages its acquisition process through multiple systems that often require manual, paper-based steps. HIAMS will serve as a single, integrated electronic system.

Project	Alignment of Signature Initiatives with Goal 5 Measures	Data Source/ Frequency of Collection
Reduce PHA Burden	HUD is committed to making progress in reducing the reporting burden on public housing agencies, and is developing milestones to track progress.	PHA Partner Survey (to be developed) / Annual
Cross-Program Collaboration	Percentage of positive responses to the statement: "Managers support collaboration across work units to accomplish work objectives."	Employee Viewpoint Survey / Annual
Business Process Re-Engineering of the Notice of Funding Availability Process	Percentage of NOFAs that are obligated within target timeframe .	NOFA Report / Monthly
Learning, Enrichment, and Resource Network (LEARN)	Percentage of positive responses to the statement: "The training and development I have received has improved my knowledge and skills for my current job."	Employee Pulse Survey / Quarterly
Strengthen Employee Performance Management	Percentage of staff that feels their performance plans reflect the work they do and sets clear expectations. Percentage of performance reviews completed and plans established by end of the first quarter of the fiscal year	Employee Pulse Survey / Quarterly; ePerformance System / Daily
Next Generation Management System (NGMS)	By September 30, 2013, preserve affordable rental housing by continuing to serve 5.3 million total families and serve an additional 86,002 families through HUD's affordable rental programs.	Various HUD systems/Quarterly
FHA Transformation	By September 30, 2013, assist 700,000 homeowners who are at risk of losing their homes due to foreclosure.	National Servicing Center/Quarterly
HUD Integrated Acquisition Management System (HIAMS)	Percentage of contract awards completed within targeted timeframes.	Reporting Tool/Quarterly

Consultations with Congress on Development of Strategic Goals

Consultations with Congress on the Addendum to the *HUD Strategic Plan FY 2010-2015* were held in February 2012.

Appendix B

Data Sources, Limitations and Advantages, and Validation

Strategic Goal 1. Strengthen the Nation's Housing Market To Bolster the Economy and Protect Consumers

Measure 1a. Assist 700,000 homeowners who are at risk of losing their homes due to foreclosure.

❖ **500,000 homeowners will be assisted through FHA early delinquency intervention.**

Data source: FHA Single Family Data Warehouse Meta Tables.

Limitations/advantages of the data: The data originate in the Single Family Default Monitoring System, and for convenience are reported from FHA Single Family Housing Enterprise Data Warehouse, default monitoring tables. The resolutions that are counted as early intervention are informal forbearance agreements and trial modifications.

Validation, verification, and improvement of measure: No data limitations are known to affect this indicator. The loan servicers enter the FHA data, and the FHA monitors the data entry.

❖ **200,000 homeowners will be assisted through FHA loss mitigation programs.**

Data source: FHA Single Family Data Warehouse Meta Tables.

Limitations/advantage of the data: The data originate in the Single Family Insurance System-Claims Subsystem, and for convenience are reported from FHA Single Family Housing Enterprise Data Warehouse, Loss Mitigation Table. The resolutions that are counted as loss mitigation are forbearance agreements, loan modifications, partial claims, preforeclosure sales, and Deeds in Lieu of foreclosure. A small and decreasing number of "other" resolutions that were previously counted, along with supplemental claims, are now excluded. Total claims comprise loss mitigation plus conveyance claims.

Validation, verification, and improvement of measure: No data limitations are known to affect this indicator. The loan servicers enter the FHA data, and the FHA monitors the data entry.

❖ **For all FHA borrowers that receive loss mitigation assistance, achieve a Consolidated Claims Workout (CCW) ratio of 65 percent.**

Data source: FHA Single Family Data Warehouse Meta Tables.

Limitations/advantages of the data: The data originate in the Single Family Insurance System-Claims Subsystem, and for convenience are reported from FHA Single Family Housing Enterprise Data Warehouse, Loss Mitigation Table. The resolutions that are counted as loss mitigation are forbearance agreements, loan modifications, partial claims, preforeclosure sales, and Deeds in Lieu of foreclosure. A small and decreasing number of "other" resolutions that were previously counted, along with supplemental claims, are now excluded. Total claims comprise loss mitigation plus conveyance claims.

Validation, verification, and improvement of measure: No data limitations are known to affect this indicator. The loan servicers enter the FHA data, and the FHA monitors the data entry.

❖ **For FHA borrowers receiving a CCW, achieve a 6-month re-default rate of 10 percent or less.**

Data source: FHA Single Family Data Warehouse Meta Tables.

Limitations/advantages of the data: The data originate in the Single Family Insurance System-Claims Subsystem, and for convenience are reported from FHA Single Family Housing Enterprise Data Warehouse, Loss Mitigation Table. The resolutions that are counted as loss mitigation are forbearance agreements, loan modifications, partial claims, preforeclosure sales, and Deeds in Lieu of foreclosure. A small and decreasing number of "other" resolutions that were previously counted, along with supplemental claims, are now excluded. Total claims comprise loss mitigation plus conveyance claims.

Validation, verification, and improvement of measure: No data limitations are known to affect this indicator. The loan servicers enter the FHA data, and the FHA monitors the data entry.

Measure 3a. Reduce the average residential vacancy rate in Neighborhood Stabilization Program 2 investment areas.

Data source: Data related to addresses are reported by NSP grantees in the Disaster Recovery Grant Reporting (DRGR) upon meeting an end use. The Reinvestment Fund (TRF) used these addresses and related metrics to perform a special analysis by identifying areas of clustered NSP activities (referred to as 'NICs') and comparing their performance in home sale prices and vacancy rates to areas with similar characteristics that did not have substantial NSP investment. These areas (referred to as 'Comparables') were identified through a formula that included Boxwood Means homes sale price data, vacancy data provided by the U.S. Postal Service and NSP risk scores provided by HUD.

Limitations/advantages of the data:

Limitations:

DRGR: Data are self-reported by grantees in DRGR and on occasion can be reported in error. The most commons errors are where grantees have over-reported activity completions or report units prior to their meeting an end use. Additionally, the occasional release of new DRGR features tends to correspond with an uptick in reporting errors.

Boxwood Means Home Sale Data: This is considered by TRF to be the best data source for home sale prices because it comes from county recording offices; however it does not have full coverage for the whole country which excluded some areas from the study. Also, because it is collected from recorders' offices, the data are dependent on the efficiency with which the office records the information. In some counties there is up to a 6 month lag.

USPS Vacancy Data: For the time period studied so far the USPS vacancy data has been sufficient. However, USPS data are no longer available to the public at no charge so HUD has been unable to access updates. HUD is exploring options to obtain these data, including purchasing it from USPS.

Advantages:

This analysis is unique in its scope and approach. Without this data, HUD would not have the

ability to analyze the efficacy of NSP investment at a national level and most local analyses have been anecdotal or qualitative in nature. By using an approach of comparing NSP investment areas to comparable areas, it provides grantees with quantitative feedback that they can use to tailor their program by focusing on reporting outputs, which can result in improved program outcomes. Further, while locally focused, it enables HUD to aggregate certain data points for purposes such as the measure being used here—comparing a baseline percentage of NICs that out-performed one or more of their comparables and then tracking the improvement over time towards a set goal. In essence, the combination of scales in which this study operates are diverse and robust enough to inform all levels of stakeholders—from municipal planning departments to congressional committees. As this is a pilot program, the margin of error is still high, but as time goes on methodologies and interpretations of the data will continue to be refined.

Validation, verification, and improvement of measure: HUD employs all practical means to improve grantee data entry including, but not limited to, desk reviews, on-site verification, webinars, FAQs, fact sheets, technical assistance, and help desk assistance from both HUD staff and contractors. Further, HUD's efforts to mitigate the effects of grantee over-reporting through a process of address standardization and de-duplication has resulted in improved data integrity. The NIC study is considered to be an iterative process and will build upon lessons learned with respect to the identification of NICs and Comps. This will be accomplished through an ongoing quality control process whereby HUD and TRF staff work to identify new or undiscovered data sources that may increase the accuracy of both NICs and Comps. So far HUD has made several revisions to the methodology to increase accuracy of NICs and Comparables through trial and error, and testing was done on the Comparables by HUD Field Office staff that provided insight into what variables improved the relevance of a Comparable area.

Strategic Goal 2. Meet the Need for Quality Affordable Rental Homes

Measure 5a. By September 30, 2013, preserve affordable rental housing by continuing to serve 5.3 million total families and serve an additional 64,822 families through HUD's affordable rental housing programs.

Community Planning and Development

HOME Investment Partnerships

Data source: Integrated Disbursement and Information System.

Limitation/advantages of the data: Data reliability has been enhanced by the re-engineering of the system at the end of FY 2009 into FY 2010.

Validation, verification, and improvement of measure: The Office of Community Planning and Development field staff verifies program data when monitoring grantees.

Housing Opportunities for Persons With AIDS

Data source: Annual performance reports and Integrated Disbursement and Information System (IDIS).

Limitation/advantages of the data: Data are currently reported by formula and competitive grantees through the Consolidated Annual Performance and Evaluation Report (CAPER) and the Annual Progress Report (APR), respectively, and by the use of IDIS for program setup and financial transactions. Data system changes have been made that will allow formula and competitive grantees to use IDIS for performance reporting during FY 2012. HUD collects the program's performance results that include housing outputs in households assisted and in client outcomes on housing stability, access to care, and prevention of homelessness. These performance reports completed by grantees provide the program with insights into client demographics, expenditures for eligible activities, and the number of households served. Beginning in 2012, this expanded use of the Integrated Disbursement and Information System will reduce grantee reporting burden.

Validation, verification, and improvement of measure: Annual program results are shared in public information by grantees under Consolidated Plan processes. Performance reporting information is also reviewed by Housing Opportunities for Persons With AIDS technical assistance providers and recorded in grant profiles and in national summaries available on the program's website (HUDHRE.info). Standardized data reporting tools were updated in 2011 along with the release of modifications in IDIS. The use of related HUD guidance and technical assistance assists grantees in verifying data quality and completing reports as part of annual evaluations of programs. In 2012, HUD expects additional training and technical assistance opportunities to provide support for the expanded use of IDIS by formula and competitive grantees.

Homeless Assistance Grants
Data source: The Housing Inventory Count, as submitted through the Homelessness Data Exchange.

Limitations/advantages of the data: The data are collected only annually, and it takes nearly a year from the date they are collected to the date they are received at HUD to receive a clean product. The advantages are that they are a comprehensive source of data and they specifically record the number of new beds in the year on the night of the annual homeless inventory for the previous year.

Validation, verification, and improvement of measure: Grantees perform an annual housing inventory and report the number of homeless shelters in their communities to HUD as a requirement of their homeless assistance grant applications. The data are collected in a database that has several validations built into it. Subsequently, the Office of Special Needs Assistance Programs performs data-quality reviews by calling grantees about suspect data to either get corrected data or an explanation for the data. The Office of Special Needs Assistance Programs annually assesses the data quality and revisits the validations to see if more can be included in the database to reduce the number of callbacks and thus reduce the turnaround time of the data.

Neighborhood Stabilization Program
Data source: Disaster Recovery Grant Reporting System.

Limitations/advantages of the data: As activities are completed, grantees enter the data.

Validation, verification, and improvement of measure: Grantee-entered data are subject to review and verification by HUD staff as part of quarterly performance report reviews.

Tax Credit Assistance Program
Data source: Integrated Disbursement and Information System.

Limitations/advantages of the data: Data reliability has been enhanced by the re-engineering of the system at the end of FY 2009 into FY 2010.

Validation, verification, and improvement of measure: Program staff reviews weekly reports to ensure data validity and resolve identified data problems.

Gulf Coast Disaster

Data source: Disaster Recovery Grant Reporting System.

Limitations/advantages of the data: As activities are completed, grantees enter the data.

Validation, verification, and improvement of measure: Grantee-entered data are subject to review and verification by HUD staff as part of quarterly performance report reviews.

Multifamily Housing

Project-Based Rental Assistance and Project Rental Assistance Contract (Sections 202 Elderly and 811 Persons with Disabilities)

Data source: Tenant Rental Assistance Certification System and Integrated Real Estate Management System.

Limitations/advantages of data: The Tenant Rental Assistance Certification System and Integrated Real Estate Management System have more than 6,000 business rules to ensure data validation. The applications are working with clean, accurate, and meaningful data. Data fields are required for property and project management purposes. These systems serve two primary customers: HUD staff and business partners called performance-based contract administrators.

Validation, verification, and improvement of measure: The system business rules and operating procedures are defined in HUD Occupancy Handbook 4350.3; HUD's IT system security protocols; and financial requirements established in the Office of Management & Budget's Circular A-127. Often referenced as validation rules, these business rules check for data accuracy, meaningfulness, and security of access logic and controls.

The primary data element for the Tenant Rental Assistance Certification System is the HUD 50059 tenant certification, which originates from owner/agents, performance-based contract administrators, and traditional contract administrators. HUD's 50059 transmissions are processed via secure system access and a predetermined system script. Invalid data are identified by an error code and are returned to the sender with a descriptive message and procedures to correct the error. This electronic process approximates that of the paper Form HUD 50059. The Tenant Rental Assistance Certification System edits every field, according to the HUD rental assistance program policies.

The Integrated Real Estate Management System uploads data from the Tenant Rental Assistance Certification System nightly. These data are used exclusively for project management purposes. Thus, the data edits retain the currency of the source system. The nightly updates ensure data accuracy for reporting in these systems.

The Integrated Real Estate Management System was certified and accredited by the Chief Information Security Officer on March 12, 2010, and the Tenant Real Assistance Certification System was certified and accredited on March 9, 2011.

Insured Tax Exempt/Low-Income Housing Tax Credit

Data source: Office of Housing Development Application Processing system.

Limitations/advantages of the data: The indicators of project status during the development process stage consist of straightforward and easily verifiable counts. The data are judged to be reliable for this measure.

Validation, verification, and improvement of measure: HUD field staff reviews, verifies, and approves the data. The Office of Housing receives copies of the closing documents that are used to verify data system entries.

Public and Indian Housing

Indian Housing Block Grant

Data source: The Office of Native American Programs Performance Tracking Database.

Limitation/advantages of data: The Performance Tracking Database is populated by information reported in the Annual Performance Reports submitted within 90 days of the end of each recipient's program year. The Office of Native American Programs does not count occupied units, only completed units.

Validation, verification, and improvement of measure: The last Indian Housing Block Grant program evaluation found that "Tribes have very low vacancy rates (half of the 28 tribes report vacancy rates less than 1.4 percent), and three-fourths of the tribes reported turning over a vacant unit within a month." In addition, The Office of Native American Programs performs routine monitoring and oversight of tribes overall program management.

Public Housing

Data source: HUD's Inventory Management System/Public and Indian Housing Information Center System.

Limitations/advantages of the data: Public housing agencies self-report the data. Public housing agencies annually certify to the accuracy of the building and unit counts as required by the Office of Capital Improvements. Public housing agencies certify to the accuracy of the data submitted to HUD in the Inventory Management System/Public Housing Information Center system that the Department uses to calculate the formula for allocating Capital Fund grants.

Validation, verification, and improvement of measure: With the annual recertification process, data inconsistencies are identified in the Inventory Management System/Public Housing Information Center system. Public housing agencies correct errors in the data displayed on the Capital Fund Building and Unit Data Certification tab page and the Development Details web page. These data corrections are required before certifying the accuracy of the data for that development. When a public housing agency encounters errors that the public housing agency or field office staff cannot correct, the public housing agency is required to inform the Real Estate Assessment Center Technical Assistance Center Help Desk. This center assigns a Help Ticket number to the public housing agency, and the public housing agency enters the number on the Development Details web page. Finally, the public housing agency must also provide a comment that indicates what data elements are wrong, what the correct data are, and why the data cannot be corrected through the normal procedures. Further, HUD is developing an application to track development and modernization of public housing units and is planning to convert existing software investments to Java and Oracle, both of which will require the support of the Office of Management and Budget in order to adequately fund the procurement and information technology systems needed to make the transition possible. HUD believes the data are accurate for performance tracking.

Tenant Based Rental Assistance Vouchers

Data source: HUD's Voucher Management System.

Limitations/advantages of the data: The Voucher Management System captures information related to the leasing and Housing Assistance Payment expenses for the Housing Choice Voucher Program.

The public housing agencies enter the information, which provides the latest available leasing and expense data. The data, therefore, are subject to human (data-entry) error. The Department, however, has instituted "hard edits" for entries in the system.

Validation, verification, and improvement of measure: A "hard edit" is generated when a public housing agency enters data that are inconsistent with prior months' data input. When a hard edit is generated, a financial analyst reviews the data and, if necessary, contacts the public housing agency to resolve differences. If the issue cannot be resolved successfully, the transaction is rejected and the public housing agency is required to re-enter the correct information. This process provides additional assurance that the reported data are accurate.

The Housing Choice Voucher Program uses four other means to ensure the accuracy of the data:

1. HUD has developed a voucher utilization projection tool, which will enable the Department and public housing agencies to forecast voucher utilization and better manage the Voucher program.

2. The Housing Choice Voucher Financial Management Division performs data-validation checks of the Voucher Management System data after the monthly database has been submitted to HUD Headquarters for management reporting purposes. Data that appear to be inconsistent with prior months' data are resolved with the public housing agency. Corrections are entered directly into the Voucher Management System to ensure that the data are accurate.

3. The Public and Indian Housing Quality Assurance Division, using onsite and remote Voucher Management System reviews, validates the data. The division staff reviews source documents on site at the public housing agency to determine if the leasing, Housing Assistance Program expenses, and Net Restricted Assets are consistent with data reported in the Voucher Management System.

4. The Housing Choice Voucher Program Financial Management Center staff was engaged in reviewing the Housing Assistance Program Net Restricted Assets balances through a reconciliation of the Financial Assessment System and Voucher Management System. A process for follow-up to the reconciliation will be instituted so that corrections are confirmed in these systems to ensure the accuracy of the data.

PIH Moderate Rehabilitation

Data source: Each quarter, public housing agencies provide data to the Public and Indian Housing field offices, including which Moderate Rehabilitation contracts will be renewed. The field offices calculate renewal rents and forward all data to the Financial Management Center, which confirms the data and also calculates and requests total required renewal and replacement funding. After funding has been received, the Financial Management Center obligates and disburses funding for Moderate Rehabilitation Renewals or Replacement vouchers with Housing Choice Vouchers funds.

Limitations/advantages of the data: Timeliness and validity of data are dependent on multiple entities, including the Moderate Rehabilitation project owners, Public and Indian Housing field offices, and the Financial Management Center. It is primarily a detailed, time-consuming, manual process.

Validation, verification, and improvement of measure: The Financial Management Center reviews the data provided by the field offices and follows-up on incorrect or suspect data before submitting funding requests. A Financial Management Center division director or team leader must approve funding obligation and disbursement. The Office of Housing Voucher Programs is currently working to develop a more streamlined and automated process to validate and improve the validation.

Strategic Goal 3. Utilize Housing as a Platform for Improving Quality of Life

Measure 6. By September 30 2013, in partnership with the Department of Veterans Affairs, reduce the number of homeless veterans to 35,000 by serving 35,735 additional homeless veterans. HUD is also committed to making progress toward reducing family and chronic homelessness and is working toward milestones to allow for tracking of these populations.

Continuums of Care

Data source: The point-in-time data are used as the baseline and the Continuums of Care Annual Performance Report shows incremental changes annually.

Limitations/advantages of the data: The Annual Performance Report does not have full participation by all providers and it has minimal data-quality checks.

Validation, verification, and improvement of measure: The Office of Special Needs Assistance Programs is working to improve data limitations by improving the database and the validation checks on the data. The Office does some extrapolation of the Annual Performance Report data to account for the missing data submissions. The point-in-time data are based on an annual count performed by all Continuums of Care in the last week of January. These data are entered into a database, where they are analyzed for accuracy and callbacks are performed. A point-in-time count is required biennially for both sheltered and unsheltered homeless people. These data are different from the Annual Performance Report data, which have only sheltered data.

Homelessness Prevention and Rapid Re-housing Program

Data source: Homelessness Prevention and Rapid Re-housing Annual Performance Reports.

Limitations/advantages of the data: The Annual Performance Report data for this program have limited data because it was first funded in 2009. The data are all required to come from the Homeless Management Information System, which provides a more accurate means for collecting the data.

Validation, verification, and improvement of measure: The Office of Special Needs Assistance Program performs data analysis and verification of the data. HUD has improved its data collection by accepting and implementing feedback from its initial reports and changing validations in its data collection system to improve data quality.

HUD-VASH

Data source: The Department of Veterans Affairs sends monthly field reports to HUD. HUD reviews the data and then converts them to a PHA-specific format. These monthly data include the number of veterans referred to public housing agencies, the number of vouchers issued, and the number of veterans who have leased units.

Limitations/advantages of the data: The data quality and accuracy of VA data are deemed high because of the numerous levels of oversight by VA (including senior staff at local, regional, and national levels) and HUD's review of data for quality-control purposes. Under HUD's systems, the

Public and Indian Housing Information Center and Voucher Management System, HUD is not able to collect information on referrals, and the data on voucher issuance, although improving, are still not as reliable as the data reported by VA.

Validation, verification, and improvement of measure: HUD routinely compares the data reported by VA with data in HUD systems and reconciles discrepancies as part of HUD's ongoing monitoring efforts.

Strategic Goal 4. Build Inclusive and Sustainable Communities Free From Discrimination

Measure 13. The Department of Energy and HUD will work together to enable the cost-effective energy retrofit and energy efficient new construction of a total of 520,000 housing units through FY 2013.

Community Planning and Development

Community Development Block Grant
Data source: Aggregated (summed) raw data on accomplishments reported by Community Development Block Grant grantees in the Integrated Disbursement and Information System.

Limitation/advantages of the data: Data reliability has been enhanced by the re-engineering of the system at the end of FY 2009 into FY 2010.

Validation, verification, and improvement of measure: When monitoring grantees, Community Planning and Development field staff verifies program data.

HOME Investment Partnerships
Data source: HUD's Integrated Disbursement and Information System.

Limitation/advantages of the data: Data reliability has been enhanced by the re-engineering of the system at the end of FY 2009 into FY 2010.

Validation, verification, and improvement of measure: When monitoring grantees, Community Planning and Development field staff verifies program data.

Tax Credit Assistance Program
Data source: HUD's Integrated Disbursement and Information System.

Limitations/advantages of the data: Data reliability has been enhanced by the re-engineering of the system at the end of FY 2009 into FY 2010.

Validation, verification, and improvement of measure: Program staff reviews weekly reports to ensure data validity and resolve identified data problems.

Multifamily Housing

Sections 202 Elderly and 811 Persons with Disabilities
Data source: The source of construction-start data is the Office of Housing Development Application Processing System.

Limitations/advantages of data: The data, in general, are considered to be reliable.

Validation, verification, and improvement of measure: HUD field staff reviews, verifies, and approves the data. The Office of Housing receives copies of the closing documents that are used to verify data system entries.

Mark-to-Market

Data source: The Rehabilitation Escrow Administration database, a system maintained to track and approve retrofit schedules, costs, and specifications, and used to review and approve funding draws on completion and verification of work completion.

Limitations/advantages of data: The Agency has a high degree of confidence in the accuracy of the data. Basic transaction parameters are derived from official record sources—Mark-to-Market system and Rehabilitation Escrow Administrations database—and locked down in the independently maintained database.

Validation, verification, and improvement of measure: Limited and finite number of properties being tracked; independently maintained database; accessible only by a limited number of highly trained professionals, minimizing the opportunity for user input errors or data corruption; regular reports from the database allow for a reality check period over period; Approved Funds Control Plans and Front End Risk Assessments require a high degree of review and approval for accuracy (that is, the process ensures quality data).

Green Retrofit

Data source: The Rehabilitation Escrow Administration database, a system maintained to track and approve retrofit schedules, costs, and specifications and used to review and approve funding, draws on completion and verification of work completion.

Limitations/advantages of data: The Agency has a high degree of confidence in the accuracy of the data. Basic transaction parameters are derived from official record sources—Mark-to-Market system and Rehabilitation Escrow Administrations database—and locked down in the independently maintained database.

Validation, verification, and improvement of measure: Limited and finite number of properties being tracked; independently maintained database; accessible only by a limited number of highly trained professionals, minimizing the opportunity for user input errors or data corruption; regular reports from the database allow for a reality check period over period; Approved Funds Control Plans and Front End Risk Assessments require high degree of review and approval for accuracy (that is, the process ensures quality data); expenditure information is cross-checked to another official source—LOCCS—at the time of each disbursement for grants. The greatest potential exposure regarding erroneous reporting is likely to be contained in RA/PAE reporting of loan disbursements. See clause 3 above, plus strict procedural requirements for regular updating by our highly trained professional staff and contractors. Database reports contain mathematical checks of PAE-provided numbers. Management review of those reports provides logical checks of reported data, that is, prevents a report that indicates spending above total authorized amounts.

PowerSaver Retrofit Pilot

Data source: FHA Single Family Data Warehouse Meta Tables.

Limitations/advantages of data: The data originate in the Title 1 Insurance and Claims system, and for convenience are reported from FHA Single Family Housing Enterprise Data Warehouse, Title 1 Case Detail Table, using the Field Power Saver Indicator.

Validation, verification, and improvement of measure: No data limitations are known to affect this

indicator. The loan servicers enter the FHA data, and the FHA monitors the data entry.

FHA Endorsements with Green Elements

Data source: Multifamily Housing Development Management Action Plan (MAP) Goals SharePoint site.

Limitations/advantages of data: Multi Family Hub staff input data concerning FHA-insured Multifamily and Risk Sharing loans which achieve Final Endorsement, indicating the housing units are thus completed. Included in the provided data is information as to whether/how units in these projects may have energy-savings features developed as a result of or in conjunction with the FHA financing. "Green Elements" include LEED design, Energy Star appliances and other commonly recognized energy-savings features. FY2012 targets for such "completed Green" units were developed on the basis of projects reported on this SharePoint site as having "green" elements in FY 2011 which were likely to achieve Final Endorsement (i.e., completion) in FY 2012. MAP Goal 2B(3) -- which calls for $75 percent$ of Initial Endorsements for projects having affordability, preservation and/or sustainability features (including "green") -- provides incentive for the Hub's to seek out information about their closed loans, to see if they have such features.

Validation, verification, and improvement of measure: Reports of "completed green" units are dependent on what Hub staff are able to learn about the characteristics of closed loans and then manually input into the SharePoint. Typically, Team Leaders or Chief Underwriters in the Program Centers which actually processed the loans are queried as to whether they have such characteristics. Audit-level documentation would be available in the files of the individual Program Centers, for example, in the final working drawings submitted as required for New Construction/Substantial Rehabilitation transactions. We are exploring how the SharePoint site itself might be made more "user friendly" for Hub staff to report "completed green" units, for example, by adopting a drop-down feature to make it easier for them to report on general types of energy-savings elements such as LEED or Energy Star.

Public and Indian Housing

Public Housing Capital Fund/Indian Housing Block Grant

Data source: Recovery Act Management and Performance System. Section 1609 of the American Recovery and Reinvestment Act requires that public housing agencies receiving Capital Fund Recovery grants and grantees receiving Indian Housing Block Grants report into the Recovery Act Management and Performance System regarding environmental compliance with National Environmental Policy Act reviews. Using a checklist, public housing agencies also report on all units that include 1 or more of 39 Energy Conservation Measures, as well as on new or substantial rehabilitation projects that meet ENERGY STAR for New Homes or one or more green standards.

Limitations/advantages of the data: Although the data are self-reported, the monitor techniques employed (see below) are sufficient to ensure data are not materially inaccurate. The energy data collected are limited; each Energy Conservation Measure is reported separately for each unit (by project) but not bundles so as to report on which bundle of Energy Conservation Measures was installed in a particular unit. A "unit equivalent" method was developed to address these data limitations, using the top 10 most cost-effective measures. Other data limitations are that HUD does not collect pre- and post-retrofit consumption data for these measures, or Energy Conservation Measure costs, so determinations of cost effectiveness for these investments must be estimates, using recognized engineering or costs methods. For the Indian Housing Block Grant formula grants, similar data limitations exist regarding reporting Energy Conservation Measures as described above, and the

unit equivalent method has been used to address those limitations.

Validation, verification, and improvement of measure: After some internal inconsistencies were noted and corrected, data are now considered generally complete and reliable. Public and Indian Housing staff validates the data entered into the system in terms of completeness of information; Public and Indian Housing staff also provides technical assistance to grantees to ensure that the definitional boundaries of data prompts within the Recovery Act Management and Performance System are fully understood. Data may also be confirmed through remote and onsite reviews of public housing agencies' Recovery Act work activities. The collection of data through the Recovery Act Management and Performance System is advantageous because it provides a mechanism to track energy-efficiency activities more effectively; however, it is only for Recovery Act grants and is subject to reporting errors.

Energy Performance Contracts

Data source: The data used for reporting for the Energy Performance Contract program were gathered through the Energy Performance Contract Inventory, which all Public and Indian Housing field offices are required to complete annually.

Limitations/advantages of the data: For the first time, during FY 2010, the Energy Performance Contract Inventory was restructured to gather data at the asset management project level rather than at the contract level. Training was provided to the field offices to increase the reporting accuracy and completeness. Despite this effort, the Energy Performance Contract Inventory frequently contains missing or erroneous data.

Validation, verification, and improvement of measure: The data are reviewed for suspected inaccuracies. When reporting data, the Office of Public and Indian Housing makes a strong effort to confirm the data are valid and makes corrections as noted.

In future years, the Office of Public and Indian Housing hopes to continue to improve the Energy Performance Contract Inventory to make it easier to complete, thus improving accuracy and completeness. At the same time, the Office of Public and Indian Housing hopes to integrate the Energy Performance Contract Inventory with its existing reporting systems, which tend to be more sophisticated, yet easier to use.

HOPE VI

Data source: The HOPE VI Grants Management System.

Limitations/advantages of the data: For the first time, during FY 2010, the Grants Management System was expanded to collect information on whether the HOPE VI units being built were achieving a comprehensive green standard (for example, LEED for Homes), a noncomprehensive energy-efficiency standard (for example, ENERGY STAR for New Homes), or meeting the local building code. The Grants Management System has some limitations. In particular, the data are self-reported. The data collected through the system are limited in scope to the achievement of green standards. Although these standards are the highest ideal, no data are collected about building practices that are better than the minimum, but yet, the practices do not reach the level of a green standard.

Validation, verification, and improvement of measure: Grantees are required to use the data system quarterly. Each quarter, the grants manager in charge of each project checks the data for reasonability. In addition, the HOPE VI program has a data collection contractor on staff to provide technical assistance to grantees that are completing their reporting requirements.

Lead and Healthy Homes

Lead Hazard Control

Data source: Office of Healthy Homes and Lead Hazard Control's web-based Grantee Quarterly Progress Reporting System.

Limitations/advantages of the data: The data represent direct accomplishments as reported by grantees and confirmed by HUD staff through monitoring. The data do not include housing units that are indirectly made lead safe through leveraged private sector investment, state and local programs, and other federal housing programs.

Validation, verification, and improvement of measure: A rigorous scientific evaluation of the program indicates that the program is effective in achieving its goals. The study, conducted by the National Center for Healthy Housing in conjunction with the University of Cincinnati, found that the lead hazard control methods used by grantees reduce the blood lead levels of children occupying treated units and also significantly reduce lead dust levels in the treated homes.[38] The number of units made lead safe is validated by both Office of Healthy Homes and Lead Hazard Control data and data from HUD's National Lead-Based Paint Survey. The Office of Healthy Homes and Lead Hazard Control reviews data provided through its web-based Quarterly Progress Reporting System. HUD grant staff performs both onsite and remote monitoring of grant files and unit completion progress.

Healthy Homes

Data source: Office of Healthy Homes and Lead Hazard Control's web-based Grantee Quarterly Progress Reporting System.

Limitations/advantages of the data: The data represent direct accomplishments as reported by grantees and confirmed by HUD staff through monitoring. The data do not include housing units that are indirectly made lead safe through leveraged private sector investment, state and local programs, and other federal housing programs.

Validation, verification, and improvement of measure: The Healthy Homes program builds on the Department's existing activities in housing-related environmental health and safety issues—including lead hazard control, building structural safety, electrical safety, and fire protection—to address multiple childhood diseases and injuries in the home. The program takes a holistic approach to these activities by addressing housing-related hazards in a coordinated fashion, rather than addressing a single hazard at a time. An evaluation of the program that was completed in 2007 indicated that grantees were successful in achieving the objectives of the program as identified in the Notice of Funding Availability and the program's strategic plan. Grantees had conducted assessments and low cost interventions that addressed priority hazards and conditions in 9,700 homes in high-risk neighborhoods, and healthy homes outreach efforts had reached approximately 2.8 million people. Program-supported research was successful in improving our understanding of residential hazards and documenting the effectiveness of interventions to reduce children's asthma symptoms. The Office of Healthy Homes and Lead Hazard Control reviews data provided through its web-based Quarterly Progress Reporting System. HUD grant staff performs both onsite and remote monitoring of grant files and unit completion progress.

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[38] Clark S, Galke W, Succop P, Grote J, McLaine P, Wilson J, Dixon S, Menrath W, Roda S, Chen M, Bornschein R, Jacobs D. *Effects of HUD-supported lead hazard control interventions in housing on children's blood lead*. Environmental Research 111(2): 301–311, 2011.

The Green and Healthy Homes Initiative

Data source: A centralized Green and Healthy Homes Initiative database of assessments and interventions was established to collect data from the pilot cities.

Limitations/advantages of the data: The data represent direct accomplishments as reported by the Green and Healthy Homes Initiative pilot cities and confirmed by HUD and the Green and Healthy Homes Initiative contractor through monitoring. The data include housing units that are made energy efficient and healthy through leveraged private sector investment, state and local programs, and other federal housing programs.

Validation, verification, and improvement of measure: Current data collection relies on a survey of Green and Healthy Homes Initiative sites by the contractor; results are verified through onsite monitoring. As the Green and Healthy Homes Initiative expands, this method will not be sufficient to collect data in real time or provide reports on all the activities under way in the field. In 2011, the data collection will migrate from the current system to a new, more comprehensive data tracking system. This system will reside at each location and be maintained by the site Green and Healthy Homes Initiative coordinator. It will be connected to a central reporting database. The system will track current data and add fields for measureable cost efficiencies through integration, energy consumption/cost savings per unit, health outcomes for residents, direct and secondary green job creation and retention, and worker training and certifications obtained.

Strategic Goal 5. Transform the Way HUD Does Business

Measure 16. Increase the percentage of performance plans and reviews that are completed within targeted timeframes to 90 percent. The 90 percent goal will be maintained in fiscal year 2013.

Data source: HIHRTS.

Limitations/advantages of data: HUD is able to provide real-time updates on the status of performance plans and reviews.

Validation, verification, and improvement of measure: HUD can cross-check reports against individual data entered into the system.

Measure 22. By September 30, 2012, reduce end-to-end hiring time to 79 days, on average. The goal of 79 calendar days will be maintained in fiscal year 2013.

Data source: 80-day tracker.

Limitations/advantages of data: The 80-day tracker is a spreadsheet manually populated by hiring specialists that tracks the amount of time needed to complete the Office of Personnel Management identified sub-steps in the hiring process. The data source is susceptible to data entry errors.

Validation, verification, and improvement of measure: The Office of the Chief Human Capital Officer conducts verification of the 80-day tracker data against payroll data to validate employee entry-on-duty dates. They also meet with program offices to compare results against the data tracked by the

hiring officials.

Measure 27. HUD will improve internal processes to ensure that we can obligate 90 percent of notice of funding availability (NOFA) programs within 180 calendar days of budget passage, ensuring that America's neediest families have the shelter and services they need, when they need them. The timely obligation and subsequent disbursement of funds will positively Impact the agency's ability to achieve all of our priority goals. The 90 percent goal will be maintained in fiscal year 2013.

Data source: The Grants Processing System (GPS) is the tracking tool and the authoritative source for data regarding grants management and processing. GPS is repository for all NOFA related information and includes data for the 4 high level life cycle phases, 23 critical path milestones, category of NOFAs based on the level of change from the previous year (factor 1) and the complexity of the grant application review process (factor 2). GPS tracks planned and actual dates for achieving each milestone in the 180 day NOFA lifecycle and details the chronology of a NOFA until it reaches 100% obligation of funds. Based on the factor 1 and factor 2 information provided by program offices, standard intervals for achieving each milestone are derived. The standard intervals between milestones are used to trigger the planned dates for each milestone. Upon actual achievement of the milestone, GPS calculates the number of days ahead/behind the milestone.

Limitations/advantages of data: GPS organizes the data in a way which allows for on demand reporting at a granular level. This includes a stakeholder Responsible, Accountable, Consulted, Informed (RACI) matrix which explicitly details where the NOFA is in the life cycle, as well as the name of the business unit responsible for achieving the next milestone. The resulting business intelligence is used to focus in on NOFAs which are "off track" versus "on track". There are no material limitations of the data.

Validation, verification, and improvement of measure: GPS data is updated daily from a variety of sources. Bi weekly Grants Management and Oversight (GMO) meets with program offices individually for NOFA updates and use the occasion of the meeting to validate the data including the next milestone to achieve and fund obligation status. Any updates are promptly entered into GPS. On the following Monday, the NOFA Executive Status Report is produced for the Agency @ large and on Tuesday, an abbreviated version is produced for the senior leadership team. Requests for changes are collected from stakeholders and are the basis for developing business requirements for improved GPS functionality and reporting.