

HUD STRATEGIC PLAN

FY 2010 - 2015



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

INCLUDES APPENDIX





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HUD Strategic Plan

FY 2010–2015

U.S. Department of Housing and Urban Development

May 2010

Message From the Secretary



We deliver the *FY 2010–2015 HUD Strategic Plan* at a defining moment for our country—and for our agency as well—as the scope of the challenges facing the nation in housing and community development has never been greater. For a half century, housing policy debates have often been about homeownership versus rental, public versus private, supply versus demand, and people versus place. This economic and housing crisis has brought these abstract arguments into sharp focus. For every family and neighborhood in America, it has revealed the dramatic gap between wages and housing prices, which easy credit through so-called “financial innovation” failed to close. It pulled back the curtain on the unsustainable nature of our growth—the great distances too many families have to travel simply to get to work or school—and

rolled back nearly two decades of gains in urban cores of older industrial cities. In the process, this crisis has illustrated the clear need for a federal partner—albeit one that recognizes one size does not fit all when it comes to community development, whether it is our central cities, suburbs, or rural areas.

This plan will take us through HUD’s 50th anniversary in 2015. As we approach this historic milestone, our charge today must be to learn from the difficult lessons of this crisis and reinvigorate our mission to *create strong, sustainable, inclusive communities and quality, affordable homes for all*. To achieve this reinvigorated mission requires HUD to transform itself into the more nimble, responsive partner communities need to remove barriers, leverage public and private resources, and nurture local innovation.

In 2009, this work began in earnest. As the Obama Administration tackled the housing crisis on multiple fronts, HUD played a central role in helping struggling homeowners avoid foreclosure—stabilizing neighborhoods hit hard by foreclosures while ensuring an increased flow of capital to support affordable housing and jobs. Through the Federal Housing Administration (FHA), and in partnership with the White House, the Department of the Treasury, and federal regulatory agencies, HUD helped more than one million families avoid foreclosure and the four million more who refinanced into stable, lower cost mortgages. Fulfilling the historic role President Roosevelt charged it with during the Great Depression, FHA—with the assistance of the Government National Mortgage Association—helped stabilize the lending and mortgage-backed securities markets at a time when credit had all but dried up, supporting our housing recovery and restoring homeowner equity while also protecting the taxpayer through a series of fundamental changes to risk management.

HUD was also a key player in implementing the American Recovery and Reinvestment Act of 2009, which not only pulled our economy back from the brink—creating or saving approximately 2 million jobs in its first year—but also provided a platform for a new way of doing business. Over the course of 2009, HUD directed nearly \$14 billion toward rebuilding public housing; greening existing and new affordable housing; creating new avenues for interagency collaboration between HUD and the Departments of Energy, Labor, and Transportation; and shifting the federal focus on homelessness in urban and rural communities toward prevention at the local level. Through these efforts, by allocating 75 percent of Recovery funds within 8 days, by committing 98 percent of funds to specific projects within a year, and by tracking every Recovery Act dollar through the enhanced use of technology and other performance measures,

HUD acted, with unprecedented levels of transparency, accountability, and speed, to create jobs and rebuild the economy.

Our work this first year enabled us to stabilize the housing market and the broader economy. As we continue this work, now is the time to look toward more fundamental reforms to prevent a crisis of this magnitude from ever happening again. This requires a comprehensive, balanced national housing policy that supports homeownership, but that also provides affordable rental housing and brings public housing and other forms of assisted housing into the market-based economy of the 21st century. It requires providing real opportunity for people living in neighborhoods of concentrated poverty and segregation and offering choices that help families live closer to jobs and schools.

We must embrace changes we could not have imagined when HUD was created a half-century ago—to work with new partners in local government, housing finance, and community development; to recognize the new geography of America’s increasingly metropolitan economy and address the increasingly common problems cities, suburbs, and rural areas share; and to adopt new business models that bring accountability to the public sector and leverage the power of technology to fundamentally change the way government works.

These priorities reflect a core belief: when you choose a home, you do not just choose a home—you also choose transportation to work, schools for your children, and public safety. You choose a community—and the choices available in that community.

This Strategic Plan sets forth a roadmap to achieve these ambitions, with specific, measurable goals to which we will be held accountable. It charts the actions needed to transform HUD—an agency uniquely situated to help the American people—into an organization that reflects the progress and advances of the last half century. And most importantly of all, it provides the direction and focus we need to seize this unique moment in our history to create jobs and rebuild the economy resulting in the strong, sustainable, inclusive communities America needs to succeed in the 21st century.



Shaun Donovan

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Section 1. Introduction



Context: Responding to a New Housing Landscape

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

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

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

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

New Realities: Changes in HUD’s First 50 Years

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

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

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

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

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



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

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

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

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

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

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

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

Mission and Vision Statements: HUD’s Commitment to America

HUD’s Mission

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

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

HUD’s Vision

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

For Our Residents:

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

For Our Partners:

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

For Our Employees:

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

For the Public:

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

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

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

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

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

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



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

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

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

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

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

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

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



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

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

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

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

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

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

Through the implementation of these five goals, HUD commits to achieving 22 outcome measures outlined in this plan. The following subset of these 22 outcome measures reflects HUD's immediate priorities:

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

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



Section 2. Strategic Goals



How To Read This Document: A Guide to the FY 2010–2015 Strategic Goals

Section 2 outlines HUD's five strategic goals and the subgoals, strategies, and measures that support their realization.

Problem Statement: Describes the scale and elements of the problem.

Goal: Describes the broad outcomes HUD aims to achieve in support of our mission.

Measures of Success: Describe the indicators HUD will use to determine whether or not we are successful in reaching our goals.

Subgoals: Describe the more specific outcomes HUD aims to achieve in support of the broad outcome goals.

Strategies: Describe the approach for *how* HUD will achieve each subgoal.

Examples of Themes: Describe examples of how strategies and programs within each goal reflect new themes—new partners, new geography, and new business model—that have evolved since HUD's founding.

Signature Initiatives: Describe the high-priority program, policy, or project that epitomizes our efforts to achieve a goal.

HUD'S FY 2010–2015 Strategic Framework

Our Mission: Create Strong, Sustainable, Inclusive Communities and Quality, Affordable Homes for All

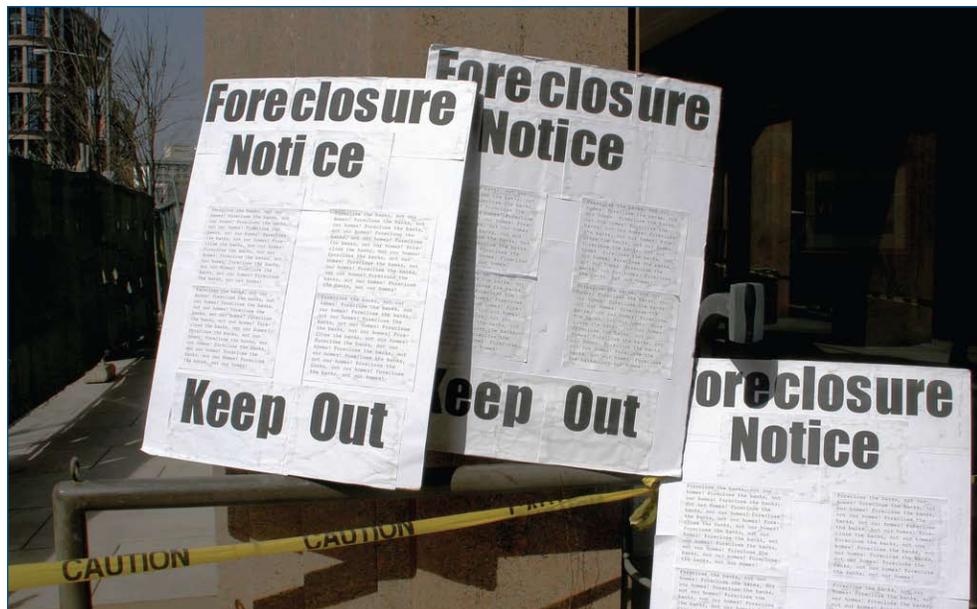
Goal 1. Strengthen the Nation's Housing Market To Bolster the Economy and Protect Consumers	Goal 2. Meet the Need for Quality Affordable Rental Homes	Goal 3. Utilize Housing as a Platform for Improving Quality of Life	Goal 4. Build Inclusive and Sustainable Communities Free From Discrimination
Subgoals			
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 preparedness, recovery, and resiliency
		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

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 system.

- Having peaked in August of 2006, house prices fell every month for 30 months, dropping by nearly a third in that time.¹
- Between late 2006 and mid-2007, the share of loans that were seriously delinquent or beginning the foreclosure process reached their highest levels since the Mortgage Bankers Association National Delinquency Survey was begun in the late 1970s. Since then, these rates continued to rise sharply and, by mid-2008, had more than doubled the previous record highs.²
- The 2006 Center for Responsible Lending study, “Unfair Lending: The Effects of Race and Ethnicity on the Price of Subprime Mortgages,” found that borrowers of color were about 30 percent more likely to receive higher cost loans than the similarly risky White borrower, after controlling for income, credit score, loan-to-value ratios, and property locations.³
- At the end of the fourth quarter of 2009, more than 11.3 million, or 24 percent, of all residential properties with mortgages were “underwater” (the current value of the asset is below the amount still owed). Five states—Arizona, California, Florida, Michigan, and Nevada—accounted for 55 percent of all “underwater” mortgages.⁴
- Suspicious Activity Reports from financial institutions to the FBI indicate large increases in mortgage fraud reporting, with reports increasing from 35,617 in FY 2006 to 46,717 in FY 2007 and again to 63,713 in FY 2008.⁵

Housing Market and Homeownership Goal

The state of the housing market plays a big role in shaping our well-being as individuals, the stability of our neighborhoods, and the strength of our national economy. That is why the recent downturn of the housing market—with high rates of foreclosure, increases in vacant properties, and plummeting home values—has been so devastating for families and communities alike. Although the largest factors contributing to this crisis were market driven—including a slowdown in the growth of home prices, increased high-risk subprime and predatory lending, and lax underwriting standards—the American people have turned to Congress and the Administration for leadership and action in righting our nation's housing market. HUD plays a critical role in this federal recovery strategy—jumpstarting the economy, helping American families keep their homes, and stabilizing neighborhoods hard hit by foreclosure.

HUD seeks to build upon this federal leadership and take a comprehensive approach to tackle the housing crisis on every front—from stabilizing the market in the short term to preventing the crisis from ever happening again. The following subgoals provide a roadmap for accomplishing this goal:

Subgoal 1A: Stem the foreclosure crisis.

Subgoal 1B: Protect and educate consumers when they buy, refinance, or rent a home.

Subgoal 1C: Create financially sustainable homeownership opportunities.

Subgoal 1D: Establish an accountable and sustainable housing finance system.

To be sure, a home is the biggest financial investment most families will make. But a home is so much more than a financial investment. It's the foundation upon which we build our lives. It's the place where we raise our children and plan for their future. It's an essential source of a family's stability—the building block with which we forge neighborhoods, put down roots, and build the communities that are the engines of our nation's economic growth.

—HUD Secretary
Shaun Donovan
December 4, 2009

Measures of Success

- Reduce the number of completed foreclosures.
 - Interim: Assist 3 million homeowners who are at risk of losing their homes due to foreclosure:
 - 200,000 homeowners will be assisted through Federal Housing Administration (FHA) programs.
 - 400,000 homeowners will be assisted through third-party lender loss mitigation initiatives mandated by FHA but not receiving FHA subsidy.
 - 2.4 million homeowners will be assisted through joint HUD-Treasury programs.
 - For all FHA borrowers who become 30 days late, achieve a Consolidated Claim Workout ratio of 75 percent, and, for those receiving a CCW, achieve a 6-month re-default rate of 20 percent or less.
- Restore FHA's excess capital reserve ratio to the congressionally mandated 2-percent level by 2014.
- Reduce the average residential vacancy rate in Neighborhood Stabilization Program (NSP) investment areas.
 - Interim: Reduce the average residential vacancy rate in Neighborhood Stabilization Program Round 2 (NSP2) investment areas.



Subgoal 1A: Stem the foreclosure crisis

Millions of Americans are projected to lose their homes within the next few years, and many neighborhoods will continue to suffer as communities experience increasing numbers of residential foreclosures and vacant and abandoned properties. Through grants, technical assistance, housing counseling, loan modification programs, and refinancing options, HUD will continue to keep families in their homes—assisting homeowners facing foreclosure and mitigating the negative effects of foreclosures on neighborhoods, including declining property values.

Strategies:

1. Assist homeowners facing foreclosure, using prevention, loan modification, and loan refinancing programs.
2. Develop new mortgage products to promote acquisition and reuse of foreclosed properties as part of a comprehensive neighborhood stabilization effort.
3. Mitigate the effects of the foreclosure crisis on neighborhoods by assisting communities that have high rates of foreclosure.
4. Assist homeowners facing foreclosure with the transition to financially sustainable housing options.

Subgoal 1B: Protect and educate consumers when they buy, refinance, or rent a home

Consumer protections help prevent borrowers from falling victim to fraudulent loan products and aggressive marketing techniques. Such products and techniques helped create the current housing crisis. To help future borrowers, HUD will put consumer protections in place by developing safe products, credit terms, and fair and transparent disclosures. Through these efforts, HUD will restore integrity and accountability to the residential mortgage loan market.

Strategies:

1. Increase counseling and the dissemination of financial literacy and homebuying and renting information to the public.
 2. Strengthen enforcement of consumer protection regulations and statutes, including fair lending laws.
 3. Develop and design safe products and credit terms, offer them to consumers, and provide for fair and transparent disclosures.
-

Subgoal 1C: Create financially sustainable homeownership opportunities

Although homeownership historically has been the primary vehicle by which American families have built wealth, the recent crisis has shown that homeownership at any cost is fraught with peril. What Americans need is sustainable homeownership in which the costs are appropriate for a family's financial situation and the risks associated with homeownership are understood and manageable. HUD will take a leadership role in expanding the sustainable homeownership opportunities for Americans across all income, wealth, and racial and ethnic dimensions.

Strategies:

1. Provide home mortgage insurance products that adhere to safe underwriting standards.
2. Support the construction or rehabilitation of housing units targeted for homeownership by facilitating the flow of capital.
3. Ensure equal accessibility and availability of HUD and other homeownership programs across racial and income bands.

Subgoal 1D: Establish an accountable and sustainable housing finance system

The activities of the federal government are critical to both supporting the housing market in the short term and providing access to homeownership opportunities over the long term, while minimizing the risk to taxpayers. HUD will actively collaborate with the Department of the Treasury and other administration partners to construct a housing finance system that relies on an actuarially sound pricing structure, effective lending oversight, and adequate organizational capacity to ensure consistent access to, and liquidity and stability in, the capital markets.

Strategies:

1. Define the roles and functions of housing finance institutions to ensure they serve the public good and maintain consistent access to capital for homeownership and rental markets.
2. Ensure HUD is able to anticipate and respond to future economic crises by creating evidence-based analytic tools.
3. Support a steady flow of capital in the home mortgage credit markets by serving as a consistent and countercyclical force.
4. Take a lead in removing bad actors in the marketplace through strengthening accountability in mortgage underwriting, loan servicing, and securitization.
5. Create a fully operational Office of Risk Management by enhancing forecasting capabilities and developing more robust business intelligence and analytical tools.

Examples of Themes for Goal 1

New Partners

In response to the foreclosure crisis, HUD's **Neighborhood Stabilization Program (NSP)** helps communities acquire, rehabilitate, and resell foreclosed and abandoned properties more quickly to prevent further decline in hard-hit neighborhoods. In the first round of NSP, funding grants went directly to state and local governments, many of which did not have the capacity to deal with the crisis on their own. Eligible nonprofit organizations had to be funded by state and local government grantees to purchase properties and carry out stabilization programs. **In recognition of the needed capacity and leadership role that nonprofits, for-profits, and other consortia play, HUD changed the eligibility requirements in the second round of funding to enable these new partners to play a lead role in the program.**

New Geography

The current foreclosure crisis, preceded by decades of unsustainable development practices, has left suburban communities deeply troubled, struggling to address a set of urban-looking problems—including foreclosures, blight, and high unemployment. With so many suburban governments ill-prepared to deal with these new challenges, HUD's second round of funding for the **Neighborhood Stabilization Program has encouraged the creation of regional consortia** to bring together a wide variety of stakeholders, from state agencies and local governments to hospitals, churches, the business community, and community development corporations to collectively minimize the effects of foreclosures across all impacted communities in a metropolitan area.

New Business Model

Following the significant increase in market share that the Federal Housing Administration (FHA) has experienced during the recent housing crisis, as well as the period of riskier lending that preceded it, HUD is protecting taxpayer resources by **investing in a set of technological and organizational changes aimed at reducing the risk in the FHA portfolio.** HUD is using \$20 million in Transformation Initiative Program funds to develop robust, state-of-the-art systems and data-driven analytic tools that detect high-risk loans and protect the portfolio from borrower default, as well as following industry best practices and creating an Office of Risk Management, to be led by a Chief Risk Officer.





Signature Initiative— Stabilizing the Federal Housing Administration (FHA)

A strong FHA is critical to the recovery of the housing market and our economy at large. In recent years, FHA has experienced significant swings in its market share as it has stepped in to provide capital for qualified borrowers who would otherwise be shut out of the mortgage market. In FY 2009 alone, FHA insured approximately 2 million mortgages—and accounted for nearly 50 percent of all loans for first-time homebuyers. The severe decline in house prices, the sluggish performance of the economy, and the abusive behavior of some lending partners have resulted in

increased FHA losses and have driven the FHA's excess capital reserves ratio below the congressionally mandated 2-percent level. This initiative seeks to rebuild FHA's financial strength while continuing to support both the nation's housing recovery and access to underserved communities. The initiative to stabilize the Federal Housing Administration will—

- Promote sustainable homeownership by increasing FHA's ability to identify and manage risk, hold lenders to the highest standards of conduct, and recoup losses from lenders who abuse

the privilege of participating in FHA programs.

- Implement new mortgage premiums and underwriting policies that properly price risk, create an Office of Risk Management with state-of-the-art fraud detection and risk management technology, and increase FHA lender enforcement through regulation and legislative changes.
- Restore FHA's excess capital reserve ratio to the congressionally mandated 2-percent level by 2014.

Goal 2. Meet the Need for Quality Affordable Rental Homes



Problem Statement

Renters in America face serious difficulty 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 2007, 5.5 million unassisted very low-income renters lived in decent quality housing but paid more than 50 percent of their income for rent.⁶
- In 2007, 430,000 unassisted very low-income renters also lived in severely substandard housing, some of whom also paid more than 50 percent of their income for rent.⁷ This problem is particularly severe in some areas; for example, roughly 40 percent of housing units in tribal areas are overcrowded and/or have serious physical problems.⁸
- In 2008, 1.59 million people nationwide were homeless.⁹ Nearly 6 in 10 people who were homeless during a January 2008 survey were in emergency shelters or transitional housing programs, and about 4 in 10 were unsheltered—on the “street” or in other places not meant for human habitation.¹⁰
- In 2007, only 44 affordable units were available for every 100 extremely low-income renters nationwide.¹¹
- Between 2005 and 2007, the nation experienced a net loss of 1.2 million affordable rental units for renters with incomes below 50 percent of area median income (AMI), even though there was an increase in the overall U.S. rental stock of 1.4 million units.¹²

Rental Homes Goal

In an era when more than one-third of all American families rent their homes, we face a housing market that does not create and sustain a sufficient supply of affordable rental homes, especially for low-income households. In many communities, affordable rental housing does not exist without public support. Despite significant improvements in housing quality in recent decades, much of our rental housing stock is not energy efficient or even accessible to people with disabilities, and pockets of severely substandard housing remain across the country. Even before the recent recession, the number of households with severe housing cost burdens had increased substantially since 2000, and homelessness among families with children is a growing problem throughout our nation. When it comes to strong, safe, and healthy communities, lower cost rental housing is particularly scarce. As the lead federal housing agency, HUD will work with its federal, state, local, and private partners to meet affordable rental housing needs for all. The following subgoals provide a roadmap for accomplishing this goal:

Subgoal 2A: End homelessness and substantially reduce the number of families and individuals with severe housing needs.

Subgoal 2B: Expand the supply of affordable rental homes where they are most needed.

Subgoal 2C: Preserve the affordability and improve the quality of federally assisted and private unassisted affordable rental homes.

Subgoal 2D: Expand families' choices of affordable rental homes located in a broad range of communities.

Homeownership is incredibly important. But if this crisis has taught us anything, it's that it is long past time we had a...balanced, comprehensive national housing policy—that supports homeownership, but also provides affordable rental opportunities...so families can make good, responsible choices.

—HUD Secretary
Shaun Donovan
October 22, 2009

Measures of Success

- Reduce the number of households with worst case housing needs.
- Increase the total number of affordable rental homes constructed and rehabilitated in communities with the greatest unmet needs.
 - Interim: HUD programs will meet more of the growing need for affordable rental homes by serving 5.46 million families by the end of FY 2011, which is 207,000 more than in FY 2009.
- Reduce homelessness (*cross-cutting measure for Goals 2 and 3*).
 - Reduce the number of homeless families.
 - Reduce the number of chronically homeless individuals.
 - Reduce the number of homeless veterans to 59,000 by June 2012 (jointly with the Department of Veterans Affairs).
- Improve the quality of housing and available community opportunities reported by HUD residents (*cross-cutting measure for Goals 2, 3, and 4*).
- Increase the proportion of HUD-assisted families in low-poverty and racially diverse communities (*cross-cutting measure for Goals 2 and 4*).



Subgoal 2A: End homelessness and substantially reduce the number of families and individuals with severe housing needs

The current administration strongly believes that, in addition to the moral imperative to end the human suffering caused by homelessness, there are compelling economic reasons for investing in efforts to eradicate this complex social problem. If individuals and families that are currently cycling through expensive institutions can be targeted for appropriate housing and services, there can be significant cost savings, according to recent studies. To achieve this goal, HUD will partner with local, state, and federal organizations, including the U.S. Interagency Council on Homelessness, to deploy evidence-based interventions, such as supportive housing, housing first, homelessness prevention, and rapid rehousing, to more effectively and efficiently use the nation's limited resources to bring an end to homelessness.

Strategies:

1. Provide additional individuals and families with rental housing subsidies.
2. Increase service-enriched housing.
3. Work with state and local governments to expand rental assistance and prevent homelessness.
4. Improve access to HUD-funded housing assistance by eliminating administrative barriers and encouraging prioritization of households most at risk for homelessness.

Subgoal 2B: Expand the supply of affordable rental homes where they are most needed

The nation needs an increased supply of affordable rental homes in safe, mixed-income communities that provide access to jobs, good schools, transportation, high-quality services, and, most importantly, economic self-sufficiency. HUD will work to expand the supply of affordable rental housing and the capital needed to increase the supply, while sharpening our ability to target the needs of individuals and neighborhoods. The Department will also improve the effectiveness of tools for creating supply and streamline policies and programs to increase the efficiency of program practices.

Strategies:

1. Support the construction, rehabilitation, and acquisition of quality affordable housing by providing and leveraging capital.
2. Develop measures and policies that enable HUD programs to target markets with the greatest unmet affordable housing needs and neighborhoods where HUD is supporting housing-related investments (for example, transit-oriented developments).
3. Improve project-based vouchers to make them a more effective tool for creating supply where it is most needed.
4. Streamline and coordinate the policies and practices of HUD programs and Treasury programs, including the Low-Income Housing Tax Credit Program.

Subgoal 2C: Preserve the affordability and improve the quality of federally assisted and private unassisted affordable rental homes

The nation's portfolio of affordable rental homes provides an invaluable resource in communities across the country. In addition, unassisted privately owned rental homes are the largest, but dwindling, source of affordable rental homes. To avoid losing these homes to deterioration or market conversion, HUD and its partners will preserve and improve these homes.

Strategies:

1. Provide reliable, adequate renewal funding for all HUD programs that provide ongoing operating or rental assistance.
2. Preserve and improve publicly and privately owned HUD-assisted properties by transforming HUD's rental assistance programs to leverage capital.
3. Ensure preservation of affordable housing in neighborhoods where HUD is supporting housing-related investments (for example, transit-oriented developments).
4. Develop interagency partnerships with the Department of the Treasury and the Department of Agriculture to preserve federal investments in affordable rental homes.
5. Expand access to capital and mitigate risk for small- and mid-size multifamily property acquisition and rehabilitation.

Subgoal 2D: Expand families' choices of affordable rental homes located in a broad range of communities

The nation's housing market needs to create and sustain a sufficient supply of affordable rental homes, especially for low-income households, located in mixed-income communities. Through policy changes and more effective program implementation and oversight, HUD will expand rental housing opportunities in strong, safe, healthy communities for families receiving rental assistance.

Strategies:

1. Reform project-based subsidies to allow for resident mobility and promote better location outcomes in the housing voucher program.
2. Expand opportunities for lower income households to live in mixed-income communities by modifying underwriting policies and rental capital programs.
3. Create more mixed-income communities through regional planning, increased effectiveness of and compliance with the Analysis of Impediments (AI) to Fair Housing plans, and other strategies to affirmatively further fair housing through HUD programs.
4. Promote regional administration of HUD rental assistance.
5. Develop, target, and deliver technical assistance for increasing affordability in areas experiencing increased rental costs due to development.
6. Remove local barriers to the expansion of the supply of multifamily homes in strong, safe, healthy communities through incentives to state and local governments.

Examples of Themes for Goal 2

New Partners

Over the past 75 years, the federal government has invested billions of dollars in the development and maintenance of public housing. Despite this sizable investment, we continue to lose housing units due to deteriorating physical condition and a growing capital needs backlog estimated to be between \$18 and \$24 billion. Given the current fiscal constraints, we cannot expect to meet this need from the federal coffer. In response, through the **Transforming Rental Assistance Initiative**, HUD is shifting to a **property-based rental assistance model, through which public housing authorities will be able to leverage an estimated \$7.5 billion of debt from private sources** to support the rehabilitation of its aging inventory in the first phase alone. This mixed public-private funding stream offers a paradigm shift in the way public housing is managed.

New Geography

Countless residents of public and assisted housing are trapped in neighborhoods of concentrated poverty—because moving means giving up their rental subsidy. For these individuals, the mobility constraints limit access to communities with more employment opportunities, high-quality schools, and lower crime rates. Through HUD's **Transforming Rental Assistance Initiative**, HUD will work with partners at the state and local levels to **regionalize rental assistance administration** and to offer residents the option to receive tenant-based Section 8 vouchers, giving families access to a wider range of choices and opportunities when it comes to choosing a place to live.

New Business Model

Residents of HUD-assisted housing have the most insight about what is working, what is not, and what we need to do to make housing, its management, and neighborhoods better. To improve our programs and HUD's accountability to the residents we assist, HUD's **Office of Policy Development and Research is implementing a new survey** to understand what residents think about their home, the way it is managed, and the community where they live. The results of these data will be a powerful management tool—to identify and address residents' needs as well as help measure HUD and grantee performance.





Signature Initiative— Transforming Rental Assistance (TRA)

HUD provides deep rental assistance to more than 4.6 million households through at least 13 different programs (each with its own rules) administered by 3 operating divisions. The complexity of this structure makes it difficult for households in need to get HUD-assisted rental housing and undermines administrative efficiency. Residents often have to make the hard trade-off between new opportunities of where to live and retaining their rental subsidy. Agencies that operate public housing

are particularly limited in their ability to leverage private investment, creating a sort of “parallel universe” for public housing compared to other types of affordable rental housing. To address these deficiencies, the TRA initiative will—

- Create a more uniform rental assistance funding stream, largely governed by the same rules and regulations, in order to preserve affordable housing and retain deeply affordable rents.
- Draw upon the best features of existing programs in order to facilitate investment in affordable rental housing and assure that residents have real options regarding where to live while retaining their rental subsidy.
- Begin in FY 2011 with the preservation of public housing and a subset of HUD-assisted multifamily properties through their voluntary conversion to the more uniform rental assistance funding stream proposed under TRA.

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



Problem Statement

Hard-to-house families face many challenges, including weak employment histories, long stays in public housing, poor health, substance abuse, and criminal records. Special needs populations, including homeless people, people with HIV/AIDS, people returning from prisons, returning veterans, the elderly, and people with disabilities all experience significant barriers to both obtaining and maintaining housing. For some, financial assistance alone is sufficient to ensure access to housing, while others require housing with supportive services to assist with activities of daily living or long-term self-sufficiency.

- In 2007, the most recent time for which we have data, 1.21 million elderly households and 1.01 million disabled households had incomes of less than 50 percent of the area median income (AMI), did not receive housing assistance, and either paid more than one-half of their income for rent or lived in severely substandard housing, or both.¹³ The number of seniors (people age 65 or older) in the United States is expected to increase from 35 million in 2000 to 64 million by 2025.¹⁴
- A 2008 HUD service coordinator study found that the presence of staff who link residents to supportive services in the community increased residents' length of tenure by 6 months, enabling elderly and nonelderly people with disabilities to live independently in their own homes 10 percent longer than those without service coordination.¹⁵
- Adults receiving HUD housing assistance are less well than other adult renters; 60 percent more suffer from depression, 18 percent more are smokers, 263 percent more have diabetes, 78 percent more have asthma attacks, and 94 percent more have weight problems that cause difficulty with activity.¹⁶
- The Centers for Disease Control and Prevention estimate that more than one million people are living with HIV and AIDS in the United States, with an estimated annual increase of 56,300 new cases of HIV. Of this number, minorities are disproportionately affected, with 65 percent of new reported cases among racial and ethnic minorities.¹⁷
- In 2008, 1.59 million people experienced homelessness at some point.¹⁸
- Only 1 in 10 students from low-income communities graduates from college,¹⁹ and children living in low-income communities are already two to three grades behind their higher income peers by the time they reach fourth grade.²⁰

Housing as a Platform Goal

Stable housing, made possible with HUD support, provides an ideal platform for delivering a wide variety of health and social services to improve health, education, and economic outcomes. Through partnerships at the federal, state, and local levels, HUD will utilize its housing platform to deliver a wide variety of services to improve the quality of life of its residents and the surrounding community. The following subgoals provide a roadmap for accomplishing this goal:

Subgoal 3A: Utilize HUD assistance to improve educational outcomes and early learning and development.

Subgoal 3B: Utilize HUD assistance to improve health outcomes.

Subgoal 3C: Utilize HUD assistance to increase economic security and self-sufficiency.

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.

Subgoal 3E: Utilize HUD assistance to improve public safety.

We know that housing can be a platform for driving other outcomes—that housing is not just a typical market good, but a place to anchor services and where different policies central to opportunity can be overlaid.

—HUD Secretary
Shaun Donovan
October 26, 2009

Measures of Success

- Increase the number of HUD-assisted households with school-aged children who have access to schools scoring at or above the local average.
- Provide access to information and opportunities by increasing the proportion of units in HUD public and multifamily housing with an available broadband Internet connection.
- Improve the health of HUD-assisted residents.
- Increase the average income of HUD-assisted households.
- Improve the quality of housing and available community opportunities reported by HUD residents (*cross-cutting measure for Goals 2, 3, and 4*).
- Reduce homelessness (*cross-cutting measure for Goals 2 and 3*).



Subgoal 3A: Utilize HUD assistance to improve educational outcomes and early learning and development

Our nation's economic competitiveness depends on providing children and youth—particularly those growing up in poverty—with an education that will enable them to succeed in the global economy. HUD aims to improve educational outcomes for those living in HUD-assisted housing by optimizing our own location-based policies and partnering with nonprofit organizations, schools, and other federal agencies to ensure greater access to high-quality early learning programs and schools, effective adult education, broadband Internet, and other technology.

Strategies:

1. Increase access to high-performing schools through HUD policies and partnerships with federal, state, and local programs.
2. Increase access to high-quality early learning programs and services through incentives and coordination with federal, state, and local programs.
3. Provide incentives for using evidence-based strategies that encourage and improve family engagement in positive child development and learning.
4. Increase access to broadband Internet and other technology.

Subgoal 3B: Utilize HUD assistance to improve health outcomes

Stable, healthy housing is inextricably tied to individual health. Improving health outcomes starts by increasing knowledge of health and access to health services. HUD aims to accomplish this by building formal and informal relationships with public and private healthcare providers and with health education organizations to provide access to healthcare information and services for recipients of HUD assistance. HUD will also encourage management practices that enhance the health of housing residents, and, where possible, HUD will provide physical space to provide healthcare services.

Strategies:

1. Increase information about and access to health services, including veterans' health benefits, through partnerships with health organizations and healthcare delivery systems.
2. Increase coordination of HUD programs with healthcare resources administered by other federal, state, and local programs.
3. Provide physical space to colocate healthcare and wellness services with housing (for example, onsite health clinics).
4. Promote housing management practices that protect the health of residents (for example, smoking cessation, pest management, and green cleaning).

Subgoal 3C: Utilize HUD assistance to increase economic security and self-sufficiency

HUD housing serves at least two broad populations: people who are in a position to markedly increase their self-sufficiency and people who will need long-term support (for example, the frail elderly and people with severe disabilities). For those individuals who are able, increasing self-sufficiency requires access to life-skills training, wealth-creation and asset-building opportunities, job training, and career services. For those who need long-term support, HUD housing will provide access to income support and other benefits that can enhance an individual's quality of life. Assisting both populations can be accomplished by providing space in HUD-assisted housing to offer training programs and information sessions, partnering with the Department of Labor, collaborating with state and local organizations to coordinate job-skills training and job placement, and improving access to public benefit programs for eligible recipients.

Strategies:

1. Support wealth creation and asset building through programs that enable families to build assets and increase financial literacy.
2. Improve access to job opportunities through information sharing; coordination with federal, state, and local programs; and other means.
3. Increase access to job training and career services and work support through coordination with federal, state, and local programs.
4. Increase access to public benefits (such as Temporary Assistance for Needy Families [TANF] and Supplemental Security Income [SSI]) through outreach and other means.
5. Increase access to broadband Internet and other technology.

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

For those people who are without housing or who are at risk of losing their homes, the provision of affordable housing in combination with an array of voluntary economic, health, and social services can help stabilize their situation and put them on a path toward their highest possible level of self-sufficiency. These services require that housing providers establish partnerships with a variety of public and private health, human service, and job training and placement organizations.

Strategies:

1. Provide and increase access to homelessness prevention services.
2. Increase enrollment in mental health services, substance abuse programs, veterans health and benefit programs, and medical services for the elderly, people with disabilities, and households experiencing homelessness or that are at risk of becoming homeless.

Subgoal 3E: Utilize HUD assistance to improve public safety

Safety and perceptions of safety are necessary factors for quality of life. Enhancing physical safety and reducing crime are essential to improving health, education, and economic outcomes. To improve actual safety and perceptions of safety, HUD will work with other housing providers to establish partnerships with law enforcement, improve the design of HUD-assisted residences, and promote safety awareness.

Strategies:

1. Encourage housing managers to use incentives to promote safety awareness and crime prevention programs.
2. Maintain or improve the physical environment and design of HUD-assisted residences, giving attention to physical safety and crime prevention.
3. Promote a high level of coordination with law enforcement agencies to prevent and reduce crime.



Examples of Themes for Goal 3

New Partners

In the age of high-speed Internet and constant connectivity, opening the doors of opportunity to every American depends on technology like never before. We have an opportunity to use HUD housing as a platform to drive other outcomes by increasing access to broadband Internet and other technology for residents who receive HUD assistance. HUD has worked with the **Federal Communications Commission** to develop best practices for engaging nonprofit and private partners to bring down the cost of computers and monthly service for HUD-assisted residents; provide training and applications that help them access educational, employment, and other opportunities available through broadband; and partner with other federal agencies that serve low-income people who lack these opportunities.

New Geography

Many people think of homelessness as strictly an urban phenomenon, but the same structural issues that cause homelessness in cities—lack of affordable housing and low incomes—are present in rural areas and suburbs as well. Often in these communities, the problem is exacerbated by other issues, such as limited access to health and social services or lack of public transportation. The **HEARTH (Homeless Emergency Assistance and Rapid Transition to Housing) Act**, which was signed into law in 2009, increases funding for homelessness prevention and rapid rehousing in rural areas and will provide up to 20 percent of grant funds to build the capacity of rural communities to respond to homelessness.

New Business Model

Increased accessibility to accurate data now enables HUD to determine whether homelessness is increasing or decreasing, what subpopulations are most affected, and what the real costs of homelessness are. As a result of this new business model, it has become clear that significant cost savings can be achieved for some populations by providing an individual stable, affordable housing with targeted health and human services. This evidence has led to new, more effective and efficient housing and service delivery models that save taxpayer dollars. Ultimately, the goal is to be able to **measure these efficiencies across federal programs and recycle the cost savings in a way that rewards the agencies that make these savings possible.**





Signature Initiative— Ending Homelessness by Preventing It

For more than two decades, HUD's targeted McKinney-Vento homelessness assistance programs have helped communities across the nation meet the needs of families and individuals who have become homeless. Although these resources remain critical, there is a growing recognition that the best and most cost-effective way to end homelessness is to prevent it before it begins. The initiative to End Homelessness by Preventing It will—

- Prevent homelessness before it begins by connecting those at risk with rental assistance and by forging new partnerships to provide robust, supportive services in addition to housing.
- Connect HUD core housing programs with mainstream supports from the Department of Health and Human Services (HHS) and the Department of Education.
- Partner with HHS starting in FY 2011 to link health and social services with housing vouchers in order to end homelessness for 10,000 households and help model future partnering opportunities to assist homeless families and individuals.

No one, especially veterans who have faithfully served our country, should become homeless. [The Interagency Council on Homelessness] work is critical to providing for those at risk and on the streets. This interagency partnership allows us to leverage our resources, programs, talent, and experience to create viable solutions that will eliminate homelessness.

—Eric K. Shinseki, Secretary of Veterans Affairs
June 18, 2009

Goal 4. Build Inclusive and Sustainable Communities Free From Discrimination



Problem Statement

Housing and community development efforts must address a complex network of individual, social, economic, and environmental factors in order to promote more diverse, inclusive communities and improve the sustainability of neighborhoods, communities, and regions. Many of the neighborhoods hit hardest by the housing and economic crisis—those with the highest rates of foreclosure and job loss—are racially isolated and among the least sustainable—with limited access to economic opportunity, the longest commuting times to jobs, the most homes that pose health risks, and the poorest quality schools.

- According to the 2000 Census, 7.9 million people live in “extreme poverty” census tracts, where the poverty rate exceeds 40 percent. When people live in neighborhoods of concentrated poverty, outcomes for education, employment, safety, and health all suffer.²¹
- In assessing the extent of racial segregation in America, the 2000 Census indexes of dissimilarity, isolation, and spatial proximity showed an increase in segregation for Hispanics between 1980 and 2000.²² Although the census found for African Americans that strides had been made in the West and South, segregation increased in some small metropolitan areas in the South. The census found that the Northeast and Midwest made less progress, and the large metropolitan areas that had been the most segregated a decade earlier remained so.²³
- In HUD’s Housing Discrimination Study conducted in 2000, discrimination persisted in both rental and sales markets of large metropolitan areas nationwide. African Americans experienced discrimination in about 22 percent of rental transactions and 17 percent of sales transactions. Hispanics experienced discrimination in about 26 percent of rental transactions and 20 percent of sales transactions.²⁴
- By 2005, the number of poor people in suburbs (all neighborhoods) of the largest 100 metropolitan areas numbered 12.2 million, exceeding the 11.0 million poor in the central cities.²⁵



- Buildings now contribute 40 percent of our nation's carbon emissions,²⁶ congestion on our roads costs five times as much wasted fuel and time as it did 25 years ago,²⁷ and the average working family spends 57 percent of its income on housing and transportation costs combined.²⁸
- ENERGY STAR estimates that upgrading a home to meet ENERGY STAR requirements can reduce 4,500 pounds of greenhouse gases per year. In addition, such homes can expect to save homeowners between \$200 and \$400 per year on utility bills.²⁹
- A need exists to improve long-term recovery in areas affected by disaster. Hurricane Katrina occurred nearly 5 years ago, and, as of March 2010, only 75.4 percent of Gulf Coast homes severely impacted by Hurricanes Katrina and Rita are occupied.³⁰

The Communities Goal Overview

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, climate change, energy efficiency, transportation, housing, and disaster preparedness. Today we know that "place" influences outcomes—the place where a person lives is a reliable predictor of his or her long-term health, education, and employment outcomes. Families and individuals living in concentrated poverty experience greater inequity and often, as a result, more dismal outcomes.

Unfortunately, many neighborhoods hit hardest by the recent housing and economic crisis—those with the highest foreclosure rates and the most job losses—are among the least sustainable. Residents of these neighborhoods have limited access to transportation, face health hazards in their homes and communities, suffer from the poorest schools, and have the fewest economic opportunities. In many areas, the spatial mismatch between housing and transportation investments limits access to decent employment and education opportunities for entire neighborhoods. This not only impacts the lives of residents in those communities, but the resulting need to travel greater distances to connect to these resources has a clear impact on the environment as well—from wetland and open space lost to sprawling development patterns to ever-increasing greenhouse gas emissions. To address these problems, Goal 4 focuses explicitly on "place," on ensuring inclusivity and preparing communities for the future of their economy, environment, culture, and preparedness in case of disaster. HUD seeks to ensure—through comprehensive community development, strategic planning, enforcement, and enhanced capacity building—that all communities are livable for residents and viable in the long term. The following subgoals provide a roadmap for accomplishing this goal:

Subgoal 4A: Catalyze economic development and job creation, while enhancing and preserving community assets.

Subgoal 4B: Promote energy-efficient buildings and location-efficient communities that are healthy, affordable, and diverse.

Subgoal 4C: Ensure open, diverse, and equitable communities.

Subgoal 4D: Facilitate disaster preparedness, recovery, and resiliency.

Subgoal 4E: Build the capacity of local, state, and regional public and private organizations.

Measures of Success

- 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.
- Complete cost-effective energy and green retrofits of 159,000 public, assisted, and other HUD-supported affordable homes by the end of 2011.
- Increase the proportion of HUD-assisted families in low-poverty and racially diverse communities (*cross-cutting measure for Goals 2 and 4*).
- 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.
- Improve the quality of housing and available community opportunities reported by HUD residents (*cross-cutting measure for Goals 2, 3, and 4*).

It comes down to a fundamental belief: that when you choose a home, you don't just choose a home. You also choose transportation to work, schools for your children, and public safety. You choose a community—and the choices available in that community. A belief that our children's futures should never be determined—or their choices limited—by the ZIP Code they grow up in.

—HUD Secretary
Shaun Donovan
November 4, 2009



Subgoal 4A: Catalyze economic development and job creation, while enhancing and preserving community assets

Nurturing opportunities for job growth and business expansion in communities, particularly those that are economically distressed, is essential for ensuring long-term vitality. Economic development, however, must be tailored to the assets and needs of the community in a way that maintains and enhances affordability and local character. Through such strategies as providing tax incentives, support for comprehensive local economic planning, and enforcement of Section 3 (which provides a hiring preference for residents of HUD housing on projects paid for by HUD funds), HUD will facilitate business expansion and job creation in some of the country's most distressed communities and for its most vulnerable residents.

Strategies:

1. Support communities by providing incentives to industries, including small- and medium-sized firms, for investment and reinvestment.
2. Promote and preserve community assets, including small businesses, fresh food markets, parks, hospitals, and high-quality schools, by incentivizing comprehensive and inclusive local economic development planning.
3. Expand economic and job creation opportunities for low-income residents and create better transportation access to those jobs and other economic opportunities by partnering with federal and nonprofit agencies, private industry, and planning and economic development organizations and by leveraging federal and private resources.



Subgoal 4B: Promote energy-efficient buildings and location-efficient communities that are healthy, affordable, and diverse

Walkable, transit-oriented, mixed-income, and mixed-use communities—coupled with a strong commitment to energy-efficient and affordable green building—substantially reduce transportation costs, create energy savings, reduce greenhouse gas emissions, and enhance the health and well-being of all residents. In collaboration with federal agencies and local partners, HUD will lead policy innovation, implement programs, conduct research, and support a new generation of regional and local integrated planning. These activities will foster a new paradigm of affordable, sustainable development that protects the environment and community residents while lowering housing costs for all.

Strategies:

1. Incorporate sustainability principles into all HUD programs.
2. Promote coordinated planning, integrating federal resources and targeting technical assistance at the local, state, and regional levels for sustainable housing, transportation options, and communities overall.
3. Give consumers more information about the true cost of living by incorporating both housing and transportation costs into measures of affordability.
4. Improve residents' health and safety, particularly the health and safety of children and other vulnerable populations, by promoting green and healthy design, construction, rehabilitation, and maintenance of housing and communities.
5. Support and promote an energy-efficient, green, and healthy housing market by retrofitting existing housing, supporting energy-efficient new construction, improving home energy labeling, and promoting financing products that reduce the carbon footprint of non-HUD-supported residential buildings.
6. Reduce energy consumption and incorporate green building practices in the design and operation of HUD-supported affordable housing.



Subgoal 4C: Ensure open, diverse, and equitable communities

An inclusive community is one in which all people—regardless of race, ethnicity, socioeconomic status, age, disability, or sexual orientation—have access to the same housing, transportation, health, education, and employment opportunities. Through inclusive development, education, enforcement of fair housing laws, and participation of historically underrepresented populations in HUD policies and planning, HUD will affirmatively further fair housing and the ideals of an open society.

Strategies:

1. Prevent discrimination through enforcement actions, compliance measures, public awareness campaigns, and education.
2. Combat abusive lending practices at federal and local levels through vigorous enforcement of fair housing laws.
3. Ensure the Department affirmatively furthers fair housing in all of its programs through both incentives and consequences for nonperformance.
4. Decrease the concentration of poverty and racial segregation in neighborhoods and communities through targeting of HUD resources.
5. Ensure meaningful participation of historically underrepresented populations in HUD policy-making and in state and local housing and community development planning processes.
6. Promote the design and construction of buildings and communities that are accessible and visitable by people with disabilities.

Subgoal 4D: Facilitate disaster preparedness, recovery, and resiliency

Sustainable communities thrive on development that incorporates planning for climate and disaster events. Through coordination with federal agencies and state and local governments, HUD will help communities focus on climate adaptation and hazard resilience, key components of strategic local approaches to sustainable development. This effort includes planning for and implementing adaptation and predisaster mitigation strategies and providing assistance following a disaster.

Strategies:

1. Promote the use of climate-resilient and disaster-resistant development patterns, building siting, design, and construction.
2. Integrate and coordinate assistance across federal programs to help create disaster-resilient and sustainable communities and facilitate the delivery of postdisaster resources for recovery.
3. Reduce losses to businesses, community organizations, and public infrastructure from reoccurring disasters in high-risk areas.

Subgoal 4E: Build the capacity of local, state, and regional public and private organizations

Sustainable and inclusive community planning is possible only through the coordinated efforts of strong local, state, and regional organizations. Capacity building is the development of core skills within partner organizations to organize, manage, implement, and raise capital for community development and affordable housing projects and to provide one-on-one, place-based assistance to implement projects. HUD will work to strengthen local governments and nonprofit organizations by expanding the Section 4 Capacity Building for Community Development and Affordable Housing Program and including local governments as eligible recipients of capacity-building assistance.

Strategies:

1. Strengthen the capacity of state and local partners, including governments and nonprofit organizations, to implement HUD programs, participate in decisionmaking and planning processes, and coordinate on cross-programmatic, place-based approaches through grant-making and technical assistance.
2. Support knowledge sharing and innovation by disseminating best practices, encouraging peer learning, publishing data analysis and research, and helping to incubate and test new ideas.
3. Encourage metropolitan and regional focus in planning and community development.



Examples of Themes for Goal 4

New Partners

HUD has been charged with forging interagency partnerships on a scale that is unprecedented. An example of this kind of partnership is Secretary Donovan's role as co-chair of the **Long-Term Disaster Recovery Working Group** with Department of Homeland Security Secretary Napolitano. This group includes partnerships with federal, state, local, and private stakeholders to develop proposals to improve predisaster and resiliency planning and to improve federal support to affected communities following a disaster, ultimately producing a report to the President. In addition, HUD has collaborated with these partners to streamline the disaster volunteer process so a single access point through the federal government is available for volunteers who want to support disaster planning and recovery efforts.

New Geography

In the second half of the last century, federal housing and transportation policies, which supported the development of highways and single-family, large-lot homes in suburban communities, created a mismatch between where people live and where they work. This mismatch has driven up commuting costs for workers, while reducing economic efficiency and competitiveness for businesses. Working in partnership with the Department of Transportation and the Environmental Protection Agency, HUD is working to address the legacy of past policies by pursuing a more sustainable federal approach to regional planning. The **Sustainable Community Planning Grant Program** will support multi-jurisdictional regional planning efforts that integrate housing, economic development, and transportation decisionmaking and will empower jurisdictions to consider the interdependent challenges of economic growth, social equity, and environmental impact simultaneously when addressing these issues.

New Business Model

Homebuyers often have to travel away from city centers to find an affordable place to live and raise their families. The extra travel costs associated with those long commutes often offset the cheaper monthly mortgage payments resulting from living so far away, not to mention the additional negative environmental impacts. To counter this “drive to qualify” culture, HUD will take an **energy-efficient mortgage product** to scale through our \$50 million Energy Innovation Fund and develop a **transportation-efficient mortgage**—to account for a house's proximity to jobs and schools. These products will be based on the same fundamental premise—that by making information on utility and transportation costs widely available, we can drive a much broader scale of change than government ever could alone, ensuring that we never again foster a culture of “drive to qualify.”





Signature Initiative— Implementing Choice Neighborhoods (Cross Cutting with Goals 3 and 4)

Living in neighborhoods of concentrated poverty, marked by high unemployment rates, rampant crime, and struggling schools and other institutions, has serious negative consequences for the well-being and life chances of adults and children, intensifying the negative outcomes associated with growing up in poverty. The Choice Neighborhoods initiative builds on successful, proven redevelopment strategies to transform neighborhoods of concentrated poverty into sustainable mixed-income communities with well-functioning services, public assets, and access to

opportunity and that provide choice for residents. The program will help transform, rehabilitate, and preserve HUD public housing and HUD-assisted housing and support economic development. The Choice Neighborhoods initiative will—

- Support affordable housing and community development activities to address critical issues, bring needed services and job assistance to residents, and improve educational opportunities for poor children through early childhood education programs and locally driven reform.
- Target neighborhoods with (1) concentrations of poverty, (2) concentrations of public or assisted housing, and (3) potential for long-term sustainability, including the presence of anchor institutions, such as hospitals and universities, and access to jobs and transportation.
- Release Notice of Funding Availability in FY 2010 and select an initial group of neighborhoods for funding in FY 2011.

In HUD's new Choice Neighborhoods proposal, which is replacing HOPE VI, I think you're going to see a lot more cooperation between HUD and our department. We have already met to discuss the alignment of selection criteria and measurements of effectiveness for Choice Neighborhoods and Promise Neighborhoods. And I have been enormously encouraged by the willing hand of partnership and cooperation that Shaun Donovan, the Secretary of HUD, and Kathleen Sebelius, the Secretary of HHS, have extended to our department.

You cannot just divorce where children live from where they learn.

—Arne Duncan, Secretary of Education
November 10, 2009

Goal 5. Transform the Way HUD Does Business



Problem Statement

For too long, HUD has been viewed by both its employees and external partners as lacking in its ability to provide the support needed to fully deliver on its mission.

- HUD ranked 24th out of 30 large agencies in the 2009 *Best Places to Work in the Federal Government* report produced by the Partnership for Public Service and American University's Institute for the Study of Public Policy Implementation, based on a survey of HUD employees in 2008.³¹
- HUD ranked last or second-to-last in 7 of the 14 categories evaluated in the *Best Places to Work in the Federal Government* report, ranging from “employee skills/mission match” to “teamwork” and “effective leadership.”³²
- Internal challenges are manifested in how local partners perceive HUD's ability to make decisions in a timely manner. Only 53 percent of partners surveyed in the 2005 *Partner Satisfaction with HUD's Performance* survey were “satisfied” or “very satisfied” with the timeliness of HUD's decisionmaking.³³

Transformation Goal

HUD is in the midst of a reinvention that is leveraging technology and a new way of doing business to respond to the need for increased transparency and improved service delivery. The current economic and housing crisis; the structural affordability challenges facing low-income homeowners and renters; and the new, multidimensional challenges facing our urban, suburban, and rural communities all require an agency in which the fundamentals matter and the basics function. HUD is committed to an investment in transformation that will be implemented persistently over time. The following subgoals provide a roadmap for accomplishing this goal:

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

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

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

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

The bottom line is that we can't help transform our communities if we don't transform HUD.

—HUD Secretary
Shaun Donovan
January 22, 2010

Measures of Success

- Make HUD the “Most Improved Large Agency” in the *Best Places to Work in the Federal Government* report.
- Increase the percentage of HUD partners who are “satisfied” or “very satisfied” with the “Timeliness of Decision-Making at HUD.”
- Increase the percentage of HUD partners who are “satisfied” or “very satisfied” with “Employee’s Knowledge, Skills, and Ability.”
- Increase the percentage of employees who “agree” or “strongly agree” they are given a real opportunity to improve their skills in their organization.
- Increase the number of decisions delegated to field offices.
- Reduce the number of burdensome regulations and reports.
- Reduce end-to-end hiring time.



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

When employees attain skills and are motivated to use those skills to help their organization reach goals, the capacity of the organization grows and employees in the organization grow as well. HUD will create training and leadership development opportunities for employees, managers, and leaders and conduct succession planning.

Strategies:

1. Enhance knowledge sharing and create learning opportunities by increasing access to training; cross-training; job rotations; details; career ladders; reassignments within and among program offices, field, and headquarters; and externships and by requiring managerial training.
2. Create and sustain a program to continually identify future vacancies and required skill sets arising from retirements, develop and hire the best qualified new leaders, and capture and transfer knowledge.
3. Set high performance expectations and create mechanisms to identify and address poor performance early through training, reassignment, or corrective action.
4. Develop a comprehensive and equitable recruiting strategy to identify, attract, and hire staff from inside and outside the Department.

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

Empowered employees who receive rewards for their focus on the customer and their success as team players bring improved results to an organization. HUD will measure performance, reward strong performance, and use performance data to improve results.

Strategies:

1. Delegate authority and accountability and remove layers of hierarchy, within headquarters and from headquarters to field offices, to make programmatic decisions and provide the resources and structure to support the new structure.
2. Collaborate across programs to develop place-based decisions.
3. Incorporate field and regional staff knowledge and customer input into policy decisions and implementation strategies.
4. Develop tracking and reporting tools to hold leadership and teams accountable to commitments related to mission accomplishment, customer satisfaction, employee engagement, cost-effectiveness, and cross-silo collaboration.
5. Develop a process to analyze performance data and guide problemsolving and decisionmaking.
6. Enhance the performance evaluation and rewards structure to deliver meaningful performance feedback from multiple stakeholders and encourage thoughtful risktaking.

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

Over time, the rules and regulations that develop within an organization become hurdles instead of the helpful pathways they were intended to be. HUD will simplify and combine programs, streamline regulations, and eliminate rules and constraints. In addition, the Department will reform information technology, human resources, procurement, and other internal support functions to give more authority to managers and provide better service to HUD customers.

Strategies:

1. Streamline and improve the hiring process to hire the best qualified staff and minimize the time it takes to bring them on board.
2. Define clear, customer-focused information technology, acquisition, and human capital service delivery policies, processes, roles, and responsibilities and develop the tools, staff, and organizational structure to execute them effectively.
3. 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.
4. Consolidate and streamline programs and program delivery that serve similar functions.
5. Refine the budget structure to increase spending flexibility.
6. Increase transparency, encourage stakeholder engagement, and promote collaboration in accordance with HUD's Open Government Plan.

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

To improve the culture of the Department, HUD will build an environment that promotes and enables creativity, innovation, and collaboration.

Strategies:

1. Change HUD's workspace, both at headquarters and in the field, to create environments that support a flexible, collaborative, and high-performing organization.
2. Develop and implement policies and programs that foster improved health and well-being of all employees.
3. Manage business operations of HUD in a way that supports the values of our mission (for example, sustainability, inclusivity) and assures quality administration free from fraud, waste, and abuse.

Examples of Themes for Goal 5

New Partners

Recognizing the need for fast, thoughtful input on critical housing policy issues, HUD formed the **What Works Collaborative**. The Collaborative consists of researchers from the **Brookings Institution's Metropolitan Policy Program, Harvard University's Joint Center for Housing Studies, New York University's Furman Center for Real Estate and Urban Policy, and the Urban Institute's Center for Metropolitan Housing and Communities**, as well as other experts from practice, policy, and academia. Support for the Collaborative comes from The Annie E. Casey Foundation, the Ford Foundation, The John D. and Catherine T. MacArthur Foundation, The Kresge Foundation, The Rockefeller Foundation, and the Surdna Foundation.

New Geography

With an Administration-wide focus on place-based policymaking that recognizes the interconnected economic and social needs of urban, suburban, and rural communities, HUD must become a more place-based partner. Unfortunately, many of the decisionmaking processes at HUD are highly centralized, slow, and narrowly focused on specific programs without regard to the broader community context. To address these issues, the **Place-Based Decisionmaking initiative** will delegate decisions wherever possible and build capacity of HUD staff to be more responsive to the challenges faced by the new geography of our country's metropolitan areas.

New Business Model

One primary value of open government is using the ingenuity and creativity of the public to generate ideas that can help HUD accomplish its mission. Through online tools, social media, and other technology, HUD is engaging our staff and partners to help solve problems. An example of this new type of engagement is an interactive suggestion box HUD launched in November 2009, called **HUD Ideas in Action** (www.hud.gov/ideasinaction). The site encourages users to submit ideas, which are voted on, rated, and then sent to the appropriate decisionmaking authority to assess implementation. If an idea is approved, the relevant program or support area becomes the 'owner' and is tasked with realization.



Signature Initiatives—

Ensuring Place-Based Decisionmaking

Over time, the decisionmaking processes at HUD have become centralized at headquarters, compartmentalized within program areas, variable across different geographies, and disconnected from a place-based approach. This lack of coordination has diminished customer service and led to significantly slow response times on requests. The Place-Based Decisionmaking initiative will—

- Improve response time and consistency to efficiently meet our customers' needs.
- Delegate more authority within headquarters and to the field for decisions that need to be more place based and that can be decentralized; escalate to headquarters only those decisions that require more centralized control.

Reforming the Hiring Process

The federal hiring process needs to be reformed, and HUD plans to be a model for this transformation. The current hiring process is lengthy, slowed down by burdensome requirements, bureaucratic processes, and outdated technology systems. In 2008, the Office of Personnel Management developed, in concert with Chief Human Capital Officers, an End-to-End Hiring Roadmap that focuses

on reducing the time it takes to hire and on making the application process easier and more readily understood by potential applicants. Our goal is to build on these initial steps to make hiring reform a reality at HUD. The hiring reform initiative plans to focus on four areas of hiring—timeliness, plain language and streamlined announcements, communication with applicants, and involvement of hiring managers to ensure we hire the best quality people. The Hiring Reform initiative will—

- Ensure top-quality talent and streamline the approval processes to reduce end-to-end hiring time to 79 days.
- Invest in technology, improve recruiting and assessment tools, and establish tracking and reporting mechanisms to ensure customer service accountability.

Eliminating and Simplifying HUD Rules and Reports

HUD and its partners often operate in a straightjacket environment in which managers and partners spend energy coping with the complex rules and processes that have accreted over several decades at the expense of investing in mission activities. The Eliminate and Simplify HUD Rules and Reports initiative will—

- Improve efficiency, transparency, and service delivery and reduce administrative burden on staff and partners.
- Solicit input from HUD partners on the most counterproductive rules and reporting requirements, create a SWAT team to redesign those rules, and report back to HUD partners on what we have changed to get their feedback on how well the simplified approach is working.

Creating Upward Mobility and Internal Placement Opportunities for HUD Staff

Many HUD employees do not have the opportunity to fully use their talents or gain broader professional development experiences outside their immediate role, resulting in lost opportunities for HUD to develop staff. The Create Upward Mobility and Internal Placement Opportunities for HUD Staff initiative will—

- Develop greater institutional knowledge, increase workforce flexibility and cross-training, retain employees, and potentially lower the cost of personnel disputes.
- Create a mobility program with lateral reassignments, details, and rotations within and among silos, bridge positions, and career advancement.

Place-based policies leverage investments by focusing resources in targeted places and drawing on the compounding effect of well-coordinated action. Effective place-based policies can influence how rural and metropolitan areas develop, how well they function as places to live, work, operate a business, preserve heritage, and more. Such policies can also streamline otherwise redundant and disconnected programs.

—Peter Orszag, Office of Management and Budget
August 11, 2009

Section 3. Implementation

Putting the Plan Into Action: Setting Targets and Tracking Performance

The Strategic Plan provides a framework for achieving the Department's mission. To fulfill that purpose, however, we must turn these ambitious commitments into an actionable plan that will guide implementation. This implementation plan will be carried out through a number of inter-linked mechanisms requiring departmentwide engagement.

The first step in this implementation plan is to align the strategies and programs that contribute to the achievement of each key outcome measure described in this Strategic Plan. For purposes of both the Strategic Plan and the Department's Annual Performance Plans, HUD will set annual national fiscal year targets for these outcome measures, based on the budgeted activities of contributing programs. The Department will also set annual place-based fiscal year targets for these same outcome measures, where applicable.

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

Where appropriate, the Department will conduct place-based target-setting and tracking, using these MAP activity and measurement templates, with executive-level reporting and monitoring at the HUD region level. Regional field directors will drill this down to the state and local levels. After the MAP is established, regular reports containing measures and milestones for each goal will be developed and reviewed at regular goal-specific management meetings with the Secretary and Deputy Secretary.

Delivering Solutions: Implementing HUD Programs

The following tables detail which HUD programs contribute and will contribute to achieving each goal.

Implementing HUD’s Programs: Goal 1. Strengthen the Nation’s Housing Market To Bolster the Economy and Protect Consumers

	1A. Stem the foreclosure crisis	1B. Protect and educate consumers when they buy, refinance, or rent a home	1C. Create financially sustainable homeownership opportunities	1D. Establish an accountable and sustainable housing finance system
Brownfields Economic Development Initiative				
Community Development Block Grant (CDBG) (Catalytic Competition)				
CDBG (Disaster Recovery Assistance)			●	
CDBG (Entitlement)			●	
CDBG (Section 108 Loan Guarantee)				
CDBG (University Community Fund)	●	●		
Empowerment Zones				
HOME Investment Partnerships Program			●	
Homeless Assistance Grants (HAG)				
Housing Opportunities for Persons with AIDS (HOPWA)				
Housing Trust Fund			*	
Neighborhood Stabilization Program (NSP)	●		●	
Rural Housing and Economic Development Program			●	
Section 4 Capacity Building				
Self-Help Homeownership and Opportunity Program (SHOP)			●	
Fair Housing (Enforcement and Compliance)	●	●	●	●
Fair Housing Assistance Program (FHAP)	●	●	●	●
Fair Housing Initiatives Program (FHIP)	●	●	●	●
Section 3 Program				
FHA Hospitals and Nursing Homes				
FHA Multifamily Housing				
FHA Single Family Forward Mortgage Program	●	●	●	●
Home Equity Conversion Mortgage (HECM) Program (Section 255)		●	●	●
Housing Counseling Assistance	●	●	●	●
Manufactured Housing Programs		●		
Multifamily Housing Service Coordinators				
Real Estate Settlement Procedures Act (RESPA)		●		●
Section 8 Project-Based Rental Assistance (PBRA)				
Secure and Fair Enforcement (SAFE)		●		●
Supportive Housing for the Elderly (Section 202)				
Supportive Housing for Persons with Disabilities (Section 811)				
Guarantees of Mortgage-Backed Securities	●		●	●
Targeted Lending Initiative	●		●	●
Healthy Homes		●		
Lead-Based Paint Hazard Reduction		●		
Early Childhood Education Facilities				
Family Self-Sufficiency (FSS) Program		●		
Federal Guarantees for Financing for Tribal Housing Activities (Title VI)			●	
HUD-Veterans Affairs Supportive Housing (VASH)				
Indian Community Development Block Grant (CDBG)				
Indian Housing Loan Guarantee Fund (Section 184)	●	●	●	●
Native American Housing Block Grants		●	●	
Native Hawaiian Housing Block Grants			●	
Native Hawaiian Loan Guarantee Fund (Section 184A)	●	●	●	
Public Housing Capital Fund				
Public Housing Operating Fund				
Resident Opportunity and Self-Sufficiency (ROSS) Program		●		
Revitalization of Severely Distressed Public Housing (Hope VI)			●	
Tenant-Based Rental Assistance (TBRA)/Housing Choice Vouchers			●	
Analysis of Impediments				
Choice Neighborhoods			●	
Consolidated Plan	●	●	●	
Sustainable Communities Initiative		*	●	*
Transforming Rental Assistance Initiative				

● Community Planning and Development	● Healthy Homes and Lead Hazard Control	● Programs that currently support a subgoal
● Fair Housing and Equal Opportunity	● Public and Indian Housing	* Programs that will support a subgoal in the future
● FHA/Housing	● Planning Tools and Signature Initiatives	
● Ginnie Mae		

Implementing HUD’s Programs: Goal 2. Meet the Need for Quality Affordable Rental Homes

	2A. End homelessness and substantially reduce the number of families and individuals with severe housing needs	2B. Expand the supply of affordable rental homes where they are most needed	2C. Preserve the affordability and improve the quality of federally assisted and private unassisted affordable rental homes	2D. Expand families’ choices of affordable rental homes located in a broad range of communities
Brownfields Economic Development Initiative				
Community Development Block Grant (CDBG) (Catalytic Competition)				
CDBG (Disaster Recovery Assistance)		●		
CDBG (Entitlement)		●	●	
CDBG (Section 108 Loan Guarantee)		●		
CDBG (University Community Fund)				
Empowerment Zones				
HOME Investment Partnerships Program	●	●	●	
Homeless Assistance Grants (HAG)	●	●		
Housing Opportunities for Persons with AIDS (HOPWA)	●			
Housing Trust Fund	*	*	*	
Neighborhood Stabilization Program (NSP)	*	●	●	
Rural Housing and Economic Development Program		●		
Section 4 Capacity Building				
Self-Help Homeownership and Opportunity Program (SHOP)				
Fair Housing (Enforcement and Compliance)				●
Fair Housing Assistance Program (FHAP)				●
Fair Housing Initiatives Program (FHIP)				●
Section 3 Program				
FHA Hospitals and Nursing Homes				
FHA Multifamily Housing		●	●	●
FHA Single Family Forward Mortgage Program				
Home Equity Conversion Mortgage (HECM) Program (Section 255)				
Housing Counseling Assistance	●			*
Manufactured Housing Programs				
Multifamily Housing Service Coordinators				
Real Estate Settlement Procedures Act (RESPA)				
Section 8 Project-Based Rental Assistance (PBRA)	●	●	●	●
Secure and Fair Enforcement (SAFE)				
Supportive Housing for the Elderly (Section 202)	●	●	●	●
Supportive Housing for Persons with Disabilities (Section 811)	●	●	●	●
Guarantees of Mortgage-Backed Securities		●	●	
Targeted Lending Initiative		●		
Healthy Homes			●	
Lead-Based Paint Hazard Reduction			●	
Early Childhood Education Facilities				
Family Self-Sufficiency (FSS) Program				●
Federal Guarantees for Financing for Tribal Housing Activities (Title VI)				
HUD-Veterans Affairs Supportive Housing (VASH)	●			
Indian Community Development Block Grant (CDBG)	●	●	●	
Indian Housing Loan Guarantee Fund (Section 184)				
Native American Housing Block Grants	●	●	●	●
Native Hawaiian Housing Block Grants	●	●	●	
Native Hawaiian Loan Guarantee Fund (Section 184A)				
Public Housing Capital Fund	●	●	●	●
Public Housing Operating Fund	●	●	●	●
Resident Opportunity and Self-Sufficiency (ROSS) Program				●
Revitalization of Severely Distressed Public Housing (Hope VI)	●	●	●	●
Tenant-Based Rental Assistance (TBRA)/Housing Choice Vouchers	●	●		●
Analysis of Impediments	*	*	*	*
Choice Neighborhoods	●	●	●	●
Consolidated Plan	●	●	●	●
Sustainable Communities Initiative		●	●	●
Transforming Rental Assistance Initiative	●	●	●	●

● Community Planning and Development	● Healthy Homes and Lead Hazard Control	● Programs that currently support a subgoal
● Fair Housing and Equal Opportunity	● Public and Indian Housing	* Programs that will support a subgoal in the future
● FHA/Housing	● Planning Tools and Signature Initiatives	
● Ginnie Mae		

Implementing HUD's Programs: Goal 3. Utilize Housing as a Platform for Improving Quality of Life

	3A. Utilize HUD assistance to improve educational outcomes and early learning and development	3B. Utilize HUD assistance to improve health outcomes	3C. Utilize HUD assistance to increase economic security and self-sufficiency	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	3E. Utilize HUD assistance to improve public safety
Brownfields Economic Development Initiative					
Community Development Block Grant (CDBG) (Catalytic Competition)			*		
CDBG (Disaster Recovery Assistance)					
CDBG (Entitlement)		*	*		*
CDBG (Section 108 Loan Guarantee)					
CDBG (University Community Fund)					
Empowerment Zones			●		
HOME Investment Partnerships Program					
Homeless Assistance Grants (HAG)	●	●	●	●	*
Housing Opportunities for Persons with AIDS (HOPWA)		*	●	●	*
Housing Trust Fund					
Neighborhood Stabilization Program (NSP)					
Rural Housing and Economic Development Program					
Section 4 Capacity Building					
Self-Help Homeownership and Opportunity Program (SHOP)					
Fair Housing (Enforcement and Compliance)				●	
Fair Housing Assistance Program (FHAP)				●	
Fair Housing Initiatives Program (FHIP)			●	●	
Section 3 Program			●		
FHA Hospitals and Nursing Homes	*				
FHA Multifamily Housing					
FHA Single Family Forward Mortgage Program			*		
Home Equity Conversion Mortgage (HECM) Program (Section 255)			●	●	
Housing Counseling Assistance			●	*	
Manufactured Housing Programs					
Multifamily Housing Service Coordinators	*	●	*	●	*
Real Estate Settlement Procedures Act (RESPA)			●		
Section 8 Project-Based Rental Assistance (PBRA)		*	*	*	
Secure and Fair Enforcement (SAFE)					
Supportive Housing for the Elderly (Section 202)		*	*	●	*
Supportive Housing for Persons with Disabilities (Section 811)	*	*	*	●	*
Guarantees of Mortgage-Backed Securities					
Targeted Lending Initiative					
Healthy Homes		●			●
Lead-Based Paint Hazard Reduction		●			
Early Childhood Education Facilities	●				
Family Self-Sufficiency (FSS) Program	●	●	●	●	●
Federal Guarantees for Financing for Tribal Housing Activities (Title VI)					
HUD-Veterans Affairs Supportive Housing (VASH)		*	●	●	*
Indian Community Development Block Grant (CDBG)	●	●	●	●	●
Indian Housing Loan Guarantee Fund (Section 184)					
Native American Housing Block Grants	●	●	●	●	●
Native Hawaiian Housing Block Grants	●	●	●	●	●
Native Hawaiian Loan Guarantee Fund (Section 184A)					
Public Housing Capital Fund		●	●	●	●
Public Housing Operating Fund		●	●	●	●
Resident Opportunity and Self-Sufficiency (ROSS) Program	●	●	●	●	●
Revitalization of Severely Distressed Public Housing (Hope VI)	*	*	●	*	●
Tenant-Based Rental Assistance (TBRA)/Housing Choice Vouchers	*	*	●	●	*
Analysis of Impediments	*	*	*	*	
Choice Neighborhoods	●	●	●	●	●
Consolidated Plan	●	●	●	●	●
Sustainable Communities Initiative	*		*	*	*
Transforming Rental Assistance Initiative					

● Community Planning and Development	● Healthy Homes and Lead Hazard Control	● Programs that currently support a subgoal
● Fair Housing and Equal Opportunity	● Public and Indian Housing	* Programs that will support a subgoal in the future
● FHA/Housing	● Planning Tools and Signature Initiatives	
● Ginnie Mae		

Implementing HUD’s Programs: Goal 4. Build Inclusive and Sustainable Communities Free From Discrimination

	4A. Catalyze economic development and job creation, while enhancing and preserving community assets	4B. Promote energy-efficient buildings and location-efficient communities that are healthy, affordable, and diverse	4C. Ensure open, diverse, and equitable communities	4D. Facilitate disaster preparedness, recovery, and resiliency	4E. Build the capacity of local, state, and regional public and private organizations
Brownfields Economic Development Initiative	●	●	●		●
Community Development Block Grant (CDBG) (Catalytic Competition)	●	*			
CDBG (Disaster Recovery Assistance)	●	*		●	
CDBG (Entitlement)	●	●	●	●	
CDBG (Section 108 Loan Guarantee)	●				
CDBG (University Community Fund)	●	●			
Empowerment Zones	●	●	●		●
HOME Investment Partnerships Program		●			●
Homeless Assistance Grants (HAG)					
Housing Opportunities for Persons with AIDS (HOPWA)			●		
Housing Trust Fund		*		*	*
Neighborhood Stabilization Program (NSP)		●			●
Rural Housing and Economic Development Program	●	●	●		●
Section 4 Capacity Building					●
Self-Help Homeownership and Opportunity Program (SHOP)					●
Fair Housing (Enforcement and Compliance)	●		●		●
Fair Housing Assistance Program (FHAP)			●		●
Fair Housing Initiatives Program (FHIP)	●	●	●		●
Section 3 Program	●		●		●
FHA Hospitals and Nursing Homes	●	●		*	
FHA Multifamily Housing		●	●	●	
FHA Single Family Forward Mortgage Program		●	●	*	
Home Equity Conversion Mortgage (HECM) Program (Section 255)		*	●	*	
Housing Counseling Assistance			●		*
Manufactured Housing Programs					
Multifamily Housing Service Coordinators					
Real Estate Settlement Procedures Act (RESPA)			●		
Section 8 Project-Based Rental Assistance (PBRA)		●	●	●	
Secure and Fair Enforcement (SAFE)					
Supportive Housing for the Elderly (Section 202)		●	●	*	
Supportive Housing for Persons with Disabilities (Section 811)		●	●	*	
Guarantees of Mortgage-Backed Securities					
Targeted Lending Initiative					
Healthy Homes	●	●			●
Lead-Based Paint Hazard Reduction		●			●
Early Childhood Education Facilities					
Family Self-Sufficiency (FSS) Program	●				
Federal Guarantees for Financing for Tribal Housing Activities (Title VI)					
HUD-Veterans Affairs Supportive Housing (VASH)				●	
Indian Community Development Block Grant (CDBG)	●	●	●	●	●
Indian Housing Loan Guarantee Fund (Section 184)			●	●	
Native American Housing Block Grants		●		●	●
Native Hawaiian Housing Block Grants		●		●	●
Native Hawaiian Loan Guarantee Fund (Section 184A)				●	
Public Housing Capital Fund		●	●	●	
Public Housing Operating Fund		●	●	●	●
Resident Opportunity and Self-Sufficiency (ROSS) Program	●				●
Revitalization of Severely Distressed Public Housing (Hope VI)		●		●	
Tenant-Based Rental Assistance (TBRA)/Housing Choice Vouchers			●	●	●
Analysis of Impediments	*		*		*
Choice Neighborhoods	●	●	●	●	●
Consolidated Plan	●	●	●	●	●
Sustainable Communities Initiative	●	●	●	●	●
Transforming Rental Assistance Initiative		●	*		*

● Community Planning and Development	● Healthy Homes and Lead Hazard Control	● Programs that currently support a subgoal
● Fair Housing and Equal Opportunity	● Public and Indian Housing	* Programs that will support a subgoal in the future
● FHA/Housing	● Planning Tools and Signature Initiatives	
● Ginnie Mae		

Investing in Our Priorities: Aligning Resources to Our Goals

The Department's ability to achieve the targets set forth in this Strategic Plan depends heavily on the level and allocation of budgetary and human resources. HUD strives to allocate resources efficiently by continually evaluating programs, consulting with stakeholders, and measuring performance.

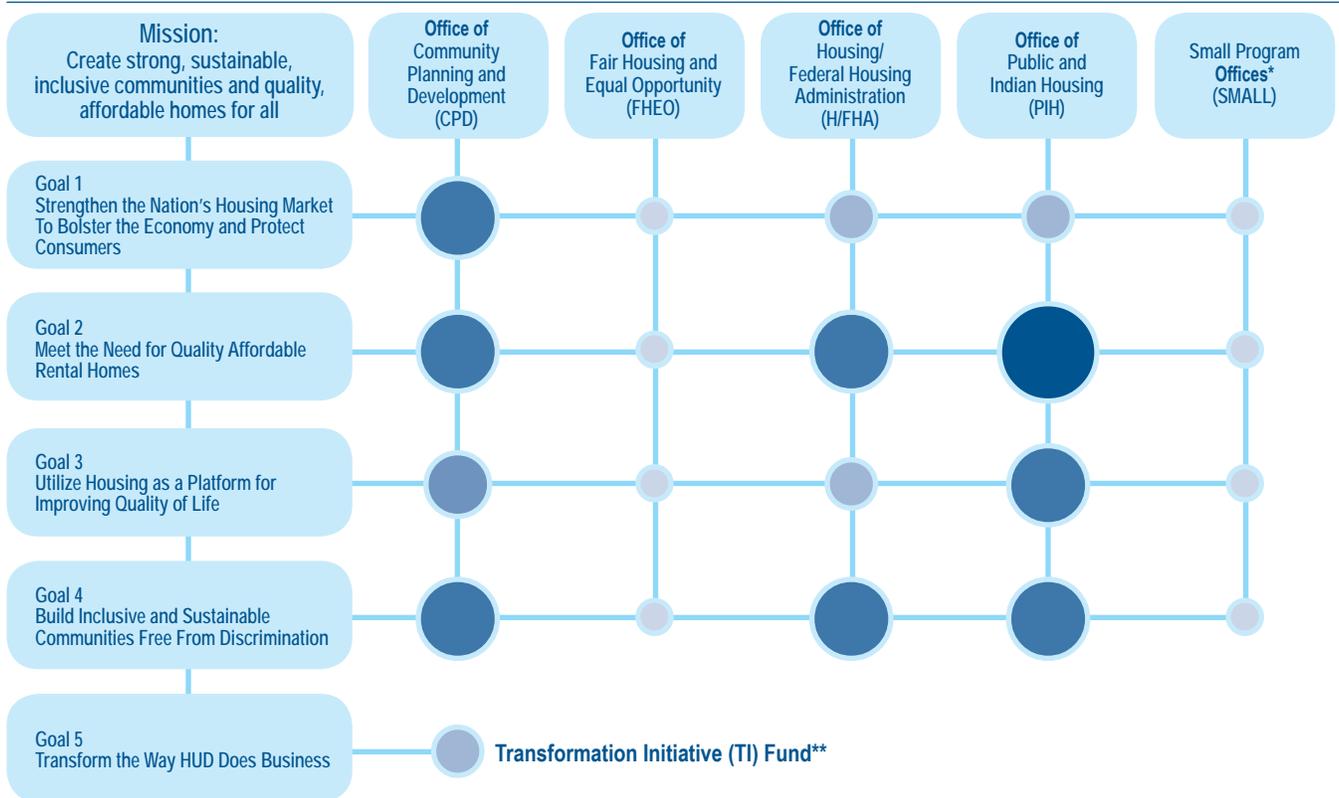
Budget

The achievement of the strategic goals does not depend on one program, office, or function but on multiple programs and offices spanning the Department and on working together to successfully accomplish each strategic goal. The following graphic *HUD's FY 2010 Program Budget Aligned by Strategic Goals and Transformation Initiative (TI) Fund* reflects the alignment of HUD's FY 2010 budget authority by programmatic area to each strategic goal.

Employees

The Department's overhead and management expenses total approximately \$1.5 billion in FY 2010, which is about 3.5 percent of the total discretionary budget. The largest number of programmatic full-time equivalent (FTE) employees is associated with rental assistance programs, which also represents the largest percentage of program budget resources. These resources support the 5.46 million households in HUD's affordable rental housing inventory and the effort to sustain, expand, and reinvent this area. The following graphic *HUD's FY 2010 Full-Time Equivalent Employees Aligned by Strategic Goals* shows how many FTE employees contribute to achieving each strategic goal by office.

HUD's FY 2010 Program Budget Aligned by Strategic Goals and Transformation Initiative (TI) Fund



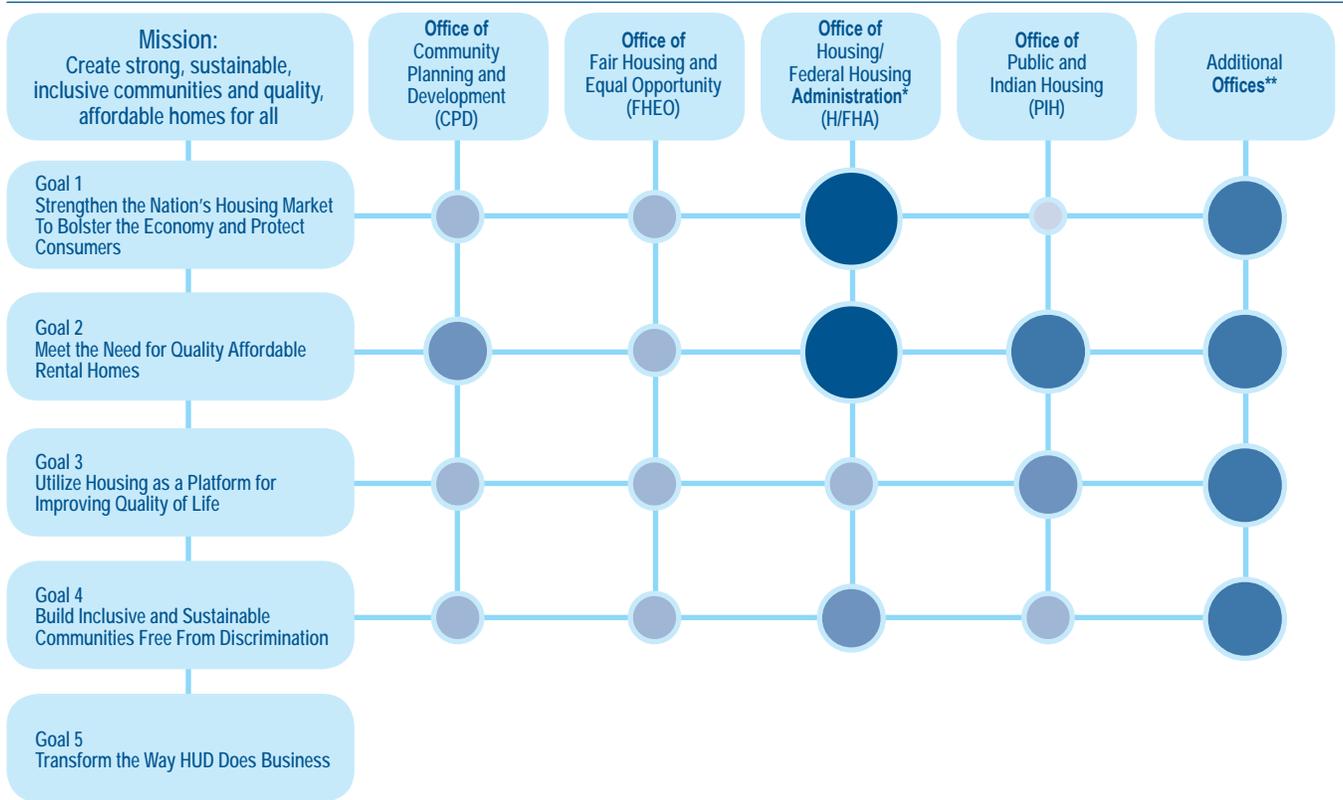
*Small Program Offices are the Office of Sustainable Housing and Communities (OSHC) and the Office of Healthy Homes and Lead Hazard Control (OHLHC).

**TI Fund dollars are allotted to the respective offices within HUD for use on transformational initiatives.

Source: FY 2010 Appropriations



HUD's FY 2010 Full-Time Equivalent Employees Aligned by Strategic Goals



FTE = full-time equivalent.

*Includes Ginnie Mae staff.

**Additional offices represent approximately 2,500 FTE (this includes CFBNP, CFO, CIO,CIR, CPO, DSOHUD staff, FPM, OCHCO, ODEEO, ODEM, ODOC, OGC, OHHLHC, OPA, OSDDBU, OSHC, OSPM, PD&R, and SOHUD staff) divided evenly across Goals.

Source: FY 2010 Appropriations



Appendix A

Development of the *FY 2010–2015 HUD Strategic Plan*

In the fall of 2009, HUD embarked on a strategic planning process of several months to set the course of the Department over the next 6 years. The process has been highly inclusive—perhaps one of the most inclusive processes in HUD’s history. HUD employed a broad engagement strategy to collect input from many knowledgeable employees and partners—voices critical to HUD’s transformation. The strategic planning process generated valuable ideas, increased dialogue among parties invested in HUD’s success, and laid the foundation for all stakeholders to support the accomplishment of HUD’s goals.

The strategic planning process, led by the Office of Strategic Planning and Management (SPM), included multiple sessions with the Secretary’s leadership team and a 3-day session with six different TIGER Teams comprising headquarters and field staff, from middle managers to senior leadership. It included two HUD nationwide town hall meetings; feedback sessions in eight regions with both field employees and external stakeholders; a series of internal focus groups; and interviews and focus groups with multiple external stakeholders, including congressional staff and Office of Management and Budget and White House advisors.

In addition, SPM held monthly sessions with union leadership from the American Federation of Government Employees (AFGE) and the National Federation of Federal Employees (NFFE) to develop Goal 5: Transform the Way HUD Does Business. These discussions were instrumental in shaping Goal 5 subgoals and in determining the ways that the union and management can work together as partners to achieve the Department’s transformation goals.

Through these sessions, the thoughts and ideas of more than 1,500 HUD employees and partners have been incorporated into HUD’s FY 2010–2015 Strategic Plan. In addition, through an interactive website, *HUD Ideas in Action*, SPM provided employees, external stakeholders, and the public at large with an ongoing opportunity to provide input and feedback on the *FY 2010–2015 HUD Strategic Plan* and its goals.

The Strategic Plan emphasizes strong cross-sectional engagement; meaningful linkages with federal, state, and local partners; and an effort to create an actionable and integrated management plan for the next several years.

Appendix B

Outcome Measure Descriptions and Additional Implementation Measures

Because many outcome measures in Goals 1 through 4 are aspirational, this section describes HUD's plans for developing the data and tools to set baselines, targets, and, where possible, other ways to measure our progress while we assemble the information needed.

In addition to the outcome measures, we developed additional implementation measures, which require further development but are included here for two reasons: (1) Some demonstrate how HUD may break down the larger outcome measures into more discrete or actionable components, and (2) others show additional outcomes of interest that HUD may want to track to provide context for the main outcome measures.

Success in housing and community development often cannot be fully measured by one set of measures. Recognizing that issues like homelessness and availability of community opportunities are complex, we have created cross-cutting measures to ensure they are addressed in multiple goals.

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

Outcome Measures

1. Reduce the number of completed foreclosures.

The rate of completed foreclosures is crucial for measuring HUD's success in stemming the foreclosure crisis. HUD does not currently have direct access to marketwide foreclosure data but will obtain the data and begin analyzing it regularly. HUD will develop performance targets with the recognition that HUD programs directly control only a relatively small portion of the overall mortgage market and larger macroeconomic forces. The effect of marketwide foreclosures on the current economy, however, necessitates a broad measure to couple specific Federal Housing Administration (FHA) and HUD measures to the larger housing market and cross-agency partnerships.

1a. Interim: Assist 3 million homeowners who are at risk of losing their homes due to foreclosure:

- 200,000 homeowners will be assisted through FHA programs.
- 400,000 homeowners will be assisted through third-party lender loss mitigation initiatives mandated by FHA but not receiving FHA subsidy.
- 2.4 million homeowners will be assisted through joint HUD-Treasury programs.
- For all FHA borrowers who become 30 days late, achieve a Consolidated Claim Workout ratio of 75 percent, and, for those receiving a CCW, achieve a 6-month re-default rate of 20 percent or less.

This High Priority Performance Goal for the FY 2011 budget is only a 2-year goal and will require updating to project targets through FY 2015. Because this measure addresses a component of foreclosure issues, it will serve as HUD's interim measure until we are able to measure overall completed foreclosures.

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

FHA captures mortgage insurance premiums in two reserve accounts: the financing account, which retains reserves for all projected insurance claims over the next 30 years, and the capi-

tal reserve account, which retains excess reserves beyond the financing account. The ratio of its excess reserves to the total insurance in force is mandated by Congress to be 2 percent, but the ratio fell to 0.53 percent in FY 2009. In addition to addressing the state of the housing finance system under HUD's control, this measure addresses stemming foreclosures, protecting and educating consumers, and creating financially sustainable homeownership.

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

Addressing the empty or damaged properties that are the consequence of the foreclosure crisis and associated mortgage fraud is crucial to stabilize neighborhoods with high foreclosure rates. The NSP is HUD's primary tool for mitigating the effects of foreclosures on neighborhoods, and this measure will show the progress of this program, specifically, whether vacant homes in NSP investment areas are occupied or converted into other viable uses.

3a. Interim: Reduce the average residential vacancy rate in Neighborhood Stabilization Program Round 2 (NSP2) investment areas.

The nature of the competitive award process for NSP2 enabled HUD to immediately track the exact geography of NSP2 investment areas. The 5.17-percent rate of unoccupied homes in NSP2 jurisdictions during the fourth quarter of 2009 will serve as a baseline for progress. However, because NSP1 funds were distributed via formula grants, preprogram vacancy rates are more difficult to calculate. Vacancy rate data in NSP2 investment areas will be supplemented later in 2010 with a preprogram vacancy rate in NSP1 areas, which is currently being aggregated.

Goal 1 Additional Implementation Measures

- Reduce the number of markets with housing price declines.
- Increase the number of clients receiving effective prepurchase counseling or financial literacy training, with training effectiveness verified by comprehensive testing of counselors and clients.
- Reduce the defect rate of FHA loans to comparable industry rates from mortgage insurance claims.
- Reduce the disparity of homeownership rates across racial and ethnic categories, adjusted for age, income, and wealth.
- Reduce the number of households that lose their homes to foreclosure.
- Increase the number of affordable homeownership units produced.

Goal 2: Meet the Need for Quality Affordable Rental Homes

Outcome Measures

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

HUD's biennial "Worst Case Needs" report to Congress has long provided an indicator of access to affordable rental homes. Households with "worst case needs" are defined as unassisted renters with very low incomes who have one or both of two "priority problems"—paying more than 50 percent of their income for housing ("severe rent burden") or living in severely substandard housing. In the latest published data from 2005, 5.99 million renter households had worst case housing needs, or 17.6 percent of U.S. renter households. HUD will update these estimates in the forthcoming 2007 study.

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

This measure will complement the worst case housing needs measure to address the location of affordable housing with need. It will assess progress made to close the affordable housing gaps in communities with the greatest unmet needs.

5a. Interim: HUD programs will meet more of the growing need for affordable rental homes by serving 5.46 million families by the end of FY 2011, which is 207,000 more than in FY 2009.

This High Priority Performance Goal for the FY 2011 budget is only a 2-year goal and will require updating to project targets through FY 2015. HUD will use this interim measure while we develop a long-term measure addressing the location of HUD's assisted housing in relation to where the greatest need exists.

6. Reduce homelessness (*cross-cutting measure for Goals 2 and 3*).

6a. Reduce the number of homeless families.

6b. Reduce the number of chronically homeless individuals.

6c. Reduce the number of homeless veterans to 59,000 by June 2012 (jointly with the Department of Veterans Affairs).

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. HUD plans to define these three outcome measures more specifically in coordination with the United States Interagency Council on Homelessness (USICH), after USICH presents its Federal Strategic Plan to Prevent and End Homelessness to Congress on May 20, 2010.

Goal 2 Additional Implementation Measures

- Improve the quality of housing and available community opportunities reported by HUD residents (*cross-cutting measure for Goals 2, 3, and 4*).
- Increase the proportion of HUD-assisted families in low-poverty and racially diverse communities (*cross-cutting measure for Goals 2 and 4*).
- Admit more extremely low-income households to HUD-funded rental assistance programs.
- Increase the number of affordable rental homes constructed and rehabilitated with federal assistance.
- Reduce the loss of unassisted privately owned rental units that are affordable to households with incomes below 50 percent of area median income.
- Reduce the loss of affordable rental homes in neighborhoods where HUD is supporting nonhousing investment (*cross-cutting measure for Goals 2 and 4*).
- Reduce the number of low-income renter households residing in housing with moderate or severe housing quality.
- Increase the rate of multifamily property owners renewing subsidy contracts with HUD.

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

Outcome Measures

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

HUD's strategies to improve the educational outcomes of its residents recognize the reality that residential location influences the quality of educational opportunities and that location can either support or constrain individual educational achievements. HUD is working with

the U.S. Department of Education to develop information on the schooling options available to HUD-assisted residents and will use this information to develop this outcome measure.

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.

One of HUD's strategies for improving educational outcomes and economic opportunity is to increase access to broadband Internet. HUD is pursuing this strategy jointly with the Federal Communications Commission and, together, performed an initial analysis on the availability of broadband to our residents. In 2009, 89 percent of multifamily and public housing units in buildings with 10 or more units were listed by a broadband Internet service provider as within their service area. As joint efforts progress and more data are available, HUD aims to measure more direct availability and Internet utilization by resident.

9. Improve the health of HUD-assisted residents.

The connection among housing, neighborhoods, and health has been well established. HUD is developing a multidimensional health and wellness measure that speaks to a range of strategies for improving the health of assisted residents. This measure will be complemented by an evaluation of healthcare costs of HUD-assisted households compared with similar households without HUD assistance. HUD will consider factors such as access to health care, use of primary and emergency care, and a wide array of health status indicators to assess the condition of residents' health and the progress that HUD's policies make in their improvement.

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

The annual change in income for HUD-assisted residents measures whether residents are able to find and keep employment and how much they earn, a primary driver of economic security and self-sufficiency. Income will be tracked longitudinally, using the increases that each family or individual experiences over a year. Elderly and disabled residents will be delineated separately, including nonwage income, to track the progress of strategies related to these populations.

11. Improve the quality of housing and available community opportunities reported by HUD residents (*cross-cutting measure for Goals 2, 3, and 4*).

Resident surveys in the past have addressed satisfaction with the physical quality of homes and limited neighborhood characteristics. HUD will develop a resident survey that builds on previous survey efforts by integrating key issues such as access to transportation, health care, quality education, employment, and amenities.

Goal 3 Additional Implementation Measures

- Reduce homelessness (*cross-cutting measure for Goals 2 and 3*).
- Increase the number of households prevented from becoming homeless.
- Increase the number and percentage of 3-year-olds and kindergartners living in HUD-assisted housing who demonstrate age-appropriate functioning across multiple domains of early learning.
- Increase the number and percentage of students living in HUD-assisted housing who are at or above grade level according to standardized assessments.
- Reduce the reliance on high-cost health services (number of emergency room visits, number of hospital visits) by recipients of HUD housing assistance.
- Reduce the prevalence and severity of diabetes, obesity, smoking, asthma, and other health issues in HUD housing.
- Reduce the prevalence of irritants leading to asthma in HUD housing.

- Increase the percentage of HUD-assisted households that have earned income as a primary source of income.
- Decrease the ratio of crime rate in HUD-assisted housing relative to the surrounding neighborhood, city, or county crime rate.
- Reduce the number of HUD-assisted housing residents with serious crime problems in their neighborhood, as reported in the American Housing Survey.

Goal 4: Build Inclusive and Sustainable Communities Free From Discrimination

Outcome Measures

The HUD-DOT-EPA Interagency Partnership for Sustainable Communities is currently drafting performance measures related to Goal 4. When the partnership reaches a conclusion, HUD will revisit the measures listed in this plan to ensure that they align with our federal agency partners.

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.

This performance goal focuses on Sustainable Housing and Communities programs that increase location efficiency and sustainability and supports informing consumers about total housing costs. HUD will develop a baseline for communities served through the Sustainable Communities programs and measure ongoing progress in locating housing for greater economic and environmental sustainability.

13. Complete cost-effective energy and green retrofits of 159,000 public, assisted, and other HUD-supported affordable homes by the end of 2011.

This High Priority Performance Goal from the FY 2011 budget addresses strategies to increase energy efficiency and to incorporate sustainability principles into HUD programs. It is only a 2-year goal and will require updating to project targets through FY 2015.

14. Increase the proportion of HUD-assisted families in low-poverty and racially diverse communities (cross-cutting measure for Goals 2 and 4).

Fair housing is at the core of HUD's mission. A central goal of this Strategic Plan is to create opportunities for low-income people residing in low-income neighborhoods. This measure will demonstrate the opportunities available to HUD's residents and simultaneously track the Department's efforts in ensuring open, diverse, and equitable communities that increase these opportunities. In 2008, HUD residents lived in communities where poverty rates averaged 21 percent and minorities made up 47 percent of the population. HUD's goal is to ensure its investments promote equal access to more economically and ethnically 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.

This measure tracks the efforts of the Department in the Gulf Coast to rebuild housing, infrastructure, amenities, and jobs. HUD will track the individual homes that sustained major and severe damage during Hurricanes Katrina and Rita—75.4 percent are occupied as of March 2010. In addition, HUD will work with our partners in the Gulf Coast to identify which of the remaining unoccupied homes have been demolished and converted to another use, such as green space. This is an immediate measure, which HUD plans to supplement with broader performance measures for disasters. The variable nature of disasters makes it difficult to measure resiliency and recovery in a single measure that covers all disasters and addresses federal efforts. This issue has been identified by the White House Long-Term Disaster Recovery Working Group, and HUD continues to coordinate with the Department of Homeland Security and other agencies as they draft the National Disaster Recovery Framework.

Goal 4 Additional Implementation Measures

- Improve the quality of housing and available community opportunities reported by HUD residents (*cross-cutting measure for Goals 2, 3, and 4*).
- Increase the number of people employed in communities with HUD investments.
- Increase the number of HUD-assisted residents hired in or trained by agencies or companies receiving HUD funds and compare this number with construction contracts (Section 3 employment program).
- Decrease the number of vacant residential and commercial properties in HUD-funded investment areas.
- Reduce the number of households traveling more than 30 miles or more than 30 minutes to work.
- Reduce the number of Vehicle Miles Traveled in major metropolitan regions.
- Reduce the number of homes with indoor environmental hazards, including physical problems, radon, mold, lead-based paint hazards, and pests.
- Decrease the proportion of all households in communities with concentrated poverty.
- Decrease the proportion of all households in racially segregated communities.
- Reduce the incidence of housing discrimination, as measured through housing discrimination studies.
- Increase the percentage of people with disabilities living outside institutional settings.
- Increase the number of newly constructed multifamily properties compliant with accessibility provisions of the Fair Housing Act.
- Increase the proportion of Consolidated Plans that incorporate disaster-resiliency and sustainability principles and that are linked to Federal Emergency Management Agency hazard mitigation plans.
- Decrease the number of grantees receiving high-risk assessments through the Section 8 Management Assessment Program, Public Housing Assessment System, Real Estate Assessment Center, and Community Planning and Development risk assessments.
- Increase the number of successful technical assistance engagements, based on a survey of recipients.
- Reduce the loss of affordable rental homes in neighborhoods where HUD is supporting nonhousing investment (*cross-cutting measure for Goals 2 and 4*).

Goal 5: Transform the Way HUD Does Business

Outcome Measures

16. Make HUD the “Most Improved Large Agency” in the *Best Places to Work in the Federal Government* report.

HUD received an overall index score of 58.0 in the 2009 *Best Places to Work in the Federal Government* report produced by the Partnership for Public Service and American University’s Institute for the Study of Public Policy Implementation. This score, which measures the performance of agencies and agency subcomponents related to employee satisfaction and commitment, placed HUD 24th out of 30 large agencies. The most improved large agency from 2007 to 2009 was the Small Business Administration, which improved its index score from 43.4 to 56.5, an increase of 30.10 percent.

17. Increase the percentage of HUD partners who are “satisfied” or “very satisfied” with the “Timeliness of Decision-Making at HUD.”

A critical dimension of customer service is HUD’s ability to make timely decisions. In HUD’s 2005 *Partner Satisfaction with HUD’s Performance* survey, only 53.0 percent of HUD partners were “satisfied” or “very satisfied” with how quickly HUD made decisions.

18. Increase the percentage of HUD partners who are “satisfied” or “very satisfied” with “Employee’s Knowledge, Skills, and Ability.”

For HUD to become a high-performing organization, it is crucial that HUD employees have the knowledge, skills, and abilities to perform at their best. In HUD’s 2005 *Partner Satisfaction with HUD’s Performance* survey, 76.2 percent of HUD partners were “satisfied” or “very satisfied” with employees’ knowledge, skills, and abilities.

19. Increase the percentage of employees who “agree” or “strongly agree” they are given a real opportunity to improve their skills in their organization.

A motivated and skilled workforce has access to training and leadership development opportunities so that employees can reach their full potential. In the 2008 Federal Human Capital Survey, 51.2 percent of HUD employees responded positively that they were given a real opportunity to improve their skills, which compares unfavorably to the 64 percent positive response in the governmentwide ranking.

20. Increase the number of decisions delegated to field offices.

To measure HUD’s successful transition to a place-based decisionmaking model, HUD will be proactive in identifying decisions that can be made in the field and do not need to be escalated to headquarters. Increasing decisions made in the field should lead to improved response time and quality of local input.

21. Reduce the number of burdensome regulations and reports.

Burdensome regulations and reports limit the effectiveness of HUD employees and frustrate HUD partners. To create a more streamlined organization, HUD will eliminate the most counterproductive rules and requirements after soliciting feedback from HUD partners and employees. In the 2005 *Partner Satisfaction with HUD’s Performance* survey, only 47.6 percent of HUD partners were satisfied with the time commitment needed to comply with HUD reporting, a clear indicator of the frustration faced by HUD partners.

22. Reduce end-to-end hiring time.

The current federal hiring process is lengthy, slowed down by burdensome requirements, bureaucratic processes, and outdated technology systems. The hiring reform initiative plans to focus on four areas of hiring—timeliness, plain language and streamlined announcements, communication with applicants, and involvement of hiring managers to ensure we hire the best quality people. We plan to reduce end-to-end hiring time to 79 days.

Goal 5 Additional Implementation Measures

- Increase the percentage of employees who “agree” or “strongly agree” that physical conditions (for example, noise level, temperature, lighting, cleanliness in the workplace) allow employees to perform their jobs well.
- Increase the percentage of HUD partners who are “satisfied” or “very satisfied” with “HUD’s Overall Performance.”
- Increase the retention rate of high-performing staff.
- Increase the percentage of employees who believe their performance reviews and ratings were fair and meaningful.
- Improve customer satisfaction with internal processes.

- Reduce the number of sick days used.
- Improve collaboration between management and labor (for example, the number of grievances filed).
- Increase the energy performance of the HUD headquarters building.
- Improve the perception of openness of HUD workspace to support collaboration and transparency.
- Increase HUD operations that support HUD Sustainability Principles.
- Increase the percentage of employees who “agree” or “strongly agree” that their work unit is able to recruit people with the right skills.
- Increase the percentage of employees who “agree” or “strongly agree” that the workforce has the job-relevant knowledge and skills necessary to accomplish organizational goals.

Appendix C

External Factors

Across the five goals of this Strategic Plan, a number of consistent themes have emerged regarding the external factors that could work as barriers to their achievement. These themes are as follows:

- Broad economic trends, particularly regarding capital market liquidity, can potentially swamp the actions that HUD and its partners undertake.
- Logistical hurdles associated with local capacity, coordination challenges, legislative requirements, and third-party participation can significantly slow progress.
- A lack of good data and clearly defined outcome measures make the establishment of evidence-based policy quite difficult.

Broad Economic Trends

Although the poor performance of housing markets was the initial trigger for the economic recession, **how the broad macroeconomy rebounds** will be important for determining the effectiveness of HUD's actions in achieving all the strategic goals. The recession has exacerbated troubles in the housing sector and added stresses in every community. Sluggish income growth, job losses, and declining home prices have combined to dampen consumer confidence, limit home purchase and broader economic activity, and stifle growth and innovation. In addition, they have reduced the ability of families to weather emergencies, such as health problems or divorce, and thus have reduced family stability and increased strains on service providers.

Equally important will be the **availability of private capital** to support the activities that generate stability and growth. Tightening credit markets and lack of liquidity in the capital markets serve to limit the number of new homebuyers approved for mortgages. In recent years, much less capital has been available to support rental markets in terms of new construction, rehabilitation, and preservation of affordable units. Moreover, investments to create community growth and to support innovations that will drive energy-efficient housing and sustainable growth, although facilitated with public funds, will originate primarily from private sources, and these sources have been more limited in the current economic environment.

The performance of the U.S. economy relies on the independent decisions of millions of families and employers and therefore has a scope well beyond HUD's purview. In addition, private capital flows within the economy depend on intangibles beyond simple economics, including marketing and idiosyncratic circumstances (that is, serendipity), which make it difficult to predict and control. HUD's success in achieving its strategic goals will rely in important ways on how these decisions and events interact to produce economic growth and capital investment patterns.

Logistical Hurdles

Achieving any outcome is heavily dependent on the “nuts and bolts” of program execution, in which logistics play a major role. In the context of HUD's strategic goals, external logistical hurdles arise along four dimensions: coordination, legislative requirements, local capacity, and third-party participation.

Coordination. For community development to be holistic and sustainable, different agencies and different levels of government must work together. Thus, **lack of coordination among federal agencies and among federal agencies and regional, state, and local governments** is a

potentially major impediment to achieving these goals. Although federal agencies such as HUD, the Department of Transportation, the Department of Energy, and the Environmental Protection Agency have signed memoranda of understanding to develop interagency sustainability initiatives, how these partnerships operate on the ground in the field remains to be seen. Concerns include whether effective cooperation across jurisdictions within a region is equally possible in all metropolitan areas; whether collaboration involving multiple agents with differing protocols, expertise, and cultures is sustainable over time; and who at the local level will assume responsibility for coordinating partnerships. Although HUD is aware of many examples of successful coordination and collaboration, the Department also recognizes a sizable number of failures. Although HUD will seek to design programs and incentives to increase the probability of success in this area, it is impossible to guarantee that the disparate agencies and organizations will cooperate effectively.

Legislative requirements. The legislative process is a key consideration, because, ultimately, it defines and shapes HUD's programs and affects HUD's ability to make changes to them. Because the strategic goals involve supporting new programs, streamlining and enhancing existing programs, expanding HUD's authority, and changing how resources are directed, the workings of the legislative process will be quite important. In addition, the relationships between HUD and other agencies, including how regulations and programs are aligned, will need to be redefined for a number of the strategic goals to be reached. Finally, legislation may be required to change how HUD does business, including introducing new, more flexible structures for funding salaries and expenses, technology investments, research, development, and technical assistance and implementing new procedures for procurement, hiring, and partnering. All of these requirements involve navigating a political process that incorporates the views and interests of many constituents, including legislators, advocates, industry groups, and citizens. Members of each of these groups have the ability to change, slow, or even stop the legislative process and to influence the extent to which strategic goals are achieved.

Local capacity. HUD's programs operate in a decentralized manner, so their success depends on the ability of local organizations to use allocated funds efficiently to develop and provide effective services. Recent developments have placed this capacity at risk in some locations. Many local governments and nonprofit organizations are struggling to stay afloat financially. Staff sizes have shrunk considerably as have other assets, a reality that limits the ability of the organizations on the ground to carry out their sizeable mandates. Even when organizations and governments are not in financial hardship, they may lack the capacity or will to further HUD's goals at the local level. For example, local governments may not have the capacity to adequately enforce fair housing laws. Similarly, local zoning laws may prevent smart growth development, constraining the sustainability agenda. Capacity can also be an issue for users of HUD services. For example, many consumers lack an understanding of the homebuying process or basic financial information. These shortfalls make the effective use of HUD programs more difficult and retard the advancement of particular HUD strategic goals. In all of these cases, the achievement of the strategic goals is subject to the ability of government agencies, nonprofit and other organizations, and individuals to use their resources to leverage programmatic incentives to create lasting change.

Third-party participation. As noted, much of the work that HUD supports happens through the **private market, outside the direct control of federal, state, and local governments.** Banks and investors play a major role in providing financing for both ownership and rental housing and for determining the character of community development. Similarly, HUD's rental assistance programs place considerable reliance on private owners of housing. Without significant participation by these private agents, even if a program or initiative establishes appropriate incentives and objectives, achieving the strategic goals is unlikely.

Lack of Data and Measures

A key requirement for successfully accomplishing goals is the ability to measure progress. Many of the outcomes that the strategic goals of this Plan seek to achieve—such as increasing the capacity of local governments and nonprofit organizations or increasing the financial literacy of Americans—are difficult to measure. In some instances, the difficulties arise because the data simply do not currently exist. For example, good data on community development or location efficiency at all levels are lacking. In other situations, logistical issues loom, because HUD must partner with local, state, and federal agencies to obtain accurate and reliable data. Existing data on health, education, and employment status are necessary to monitor performance and track success for many of HUD's goals, yet these data are often restricted because of confidentiality concerns and systems limitations, among other reasons.

Because of the wide range of issues that HUD's strategic goals touch, the availability of data and measures of performance depends on cooperation and support from people and organizations beyond HUD's control. To the extent that these other partners have competing demands, resource constraints, and different priorities, HUD's ability to overcome data and measurement issues will be impaired.

Appendix D

History of HUD

1937 The U.S. Housing Act of 1937 establishes the public housing program to help lower income families most in need of housing.

1949 The U.S. Housing Act of 1949 establishes the goal of “a decent home and suitable environment” for every family and sets up an urban renewal program.

1965 The Department of Housing and Urban Development Act of 1965 creates HUD as a Cabinet-level agency.

1966 **Robert C. Weaver** becomes the first HUD Secretary, January 18, under the presidency of Lyndon B. Johnson.

1968 Riots in major cities follow the assassination of Dr. Martin Luther King, Jr. The Civil Rights Act of 1968 (also known as the Fair Housing Act) outlaws most housing discrimination and gives HUD enforcement responsibility. The Housing Act of 1968 establishes the Government National Mortgage Association (Ginnie Mae) to expand the availability of mortgage funds for moderate-income families using government-guaranteed mortgage-backed securities.

1969 **Robert C. Wood** receives a recess appointment as HUD Secretary, January 7. President Richard M. Nixon appoints **George C. Romney** HUD Secretary, January 22.

1970 The Housing and Urban Development Act of 1970 introduces the Federal Experimental Housing Allowance Program and Community Development Corporation.

1972 Pruitt-Igoe public housing buildings in St. Louis, which had gained notoriety for their poor living conditions, are demolished less than 20 years after they were built.

1973 President Nixon declares a moratorium on housing and community development assistance. **James T. Lynn** becomes HUD Secretary, February 2. Section 504 of the Rehabilitation Act of 1973 prohibits discrimination against people with disabilities in programs or activities receiving federal financial assistance.

1974 The Housing and Community Development Act consolidates programs into the Community Development Block Grant program. Section 8 tenant-based certificates increase low-income tenants’ choice of housing. The Fair Housing Act is expanded to include prohibition against sex discrimination. Gerald R. Ford becomes president following President Nixon’s resignation.

1975 **Carla A. Hills** is appointed HUD Secretary, March 10, under the presidency of Gerald R. Ford.

1977 President James Carter appoints **Patricia R. Harris** as HUD Secretary, January 23. Urban Development Action Grants give distressed communities funds for residential or nonresidential use.

1979 **Moon Landrieu** becomes HUD Secretary, September 24, under the presidency of James Carter. Inflation hits 19 percent, seriously affecting homebuying and home mortgage loans.

1980 The Depository Institutions' Deregulation and Monetary Control Act of 1980 changes rules governing thrift institutions and expands alternative mortgages.

1981 President Ronald Reagan appoints **Samuel R. Pierce, Jr.**, as HUD Secretary, January 23. Interest rates for Federal Housing Administration (FHA)-insured mortgages peak at 15.17 percent (up from 7 percent in 1972).

1983 The Housing and Urban-Rural Recovery Act of 1983 begins Housing Development Action Grant and Rental Rehabilitation programs.

1986 Created by the Tax Reform Act of 1986, the Low-Income Housing Tax Credit Program gives states the equivalent of nearly \$5 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower income households.

1987 The Stewart B. McKinney Act sets up programs to help communities deal with homelessness.

1988 The Indian Housing Act gives HUD new responsibilities for housing needs of Native Americans and Alaska Indians. The Housing and Community Development Act allows sale of public housing to resident management corporations. The Fair Housing Amendments Act makes it easier for victims of discrimination to sue, stiffens penalties for offenders, and is expanded to cover familial status and disability discrimination.

1989 President George H. W. Bush appoints **Jack F. Kemp** as HUD Secretary, February 13. The Financial Institutions' Reform, Recovery, and Enforcement Act bails out failing thrift institutions.

1990 The Cranston-Gonzalez National Affordable Housing Act emphasizes homeownership and tenant-based assistance and launches HOME housing block grants. The Low-Income Housing Preservation and Residential Homeownership Act of 1990 fortifies the federal commitment to preservation of assisted low-income, multifamily housing.

1992 The Federal Housing Enterprises' Financial Safety and Soundness Act of 1992 creates the HUD Office of Federal Housing Enterprise Oversight to provide public oversight of the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac).

1993 President William J. Clinton appoints **Henry G. Cisneros** as Secretary of HUD, January 22. The Empowerment Zone and Enterprise Community program becomes law as part of the Omnibus Budget Reconciliation Act of 1993.

1995 The “Blueprint for Reinvention of HUD” proposes sweeping changes in public housing reform and the FHA and also consolidation of other programs into three block grants.

1996 Homeownership totals 66.3 million American households, the largest number ever.

1997 President Clinton names **Andrew M. Cuomo** to be Secretary of HUD, the first appointment from within the Department.

1998 HUD opens the Enforcement Center to take action against HUD-assisted multifamily property owners and other HUD fund recipients who violate laws and regulations. Congress approves Public Housing reforms to reduce segregation by race and income, encourage and reward work, bring more working families into public housing, and increase the availability of subsidized housing for very poor families.

2000 America’s homeownership rate reaches a new record high of 67.7 percent in the third quarter of 2000. A total of 71.6 million American families own their homes—more than at any time in American history.

2001 President George W. Bush names **Mel Martinez** to be Secretary of HUD. The U.S. Senate unanimously confirms him on January 23.

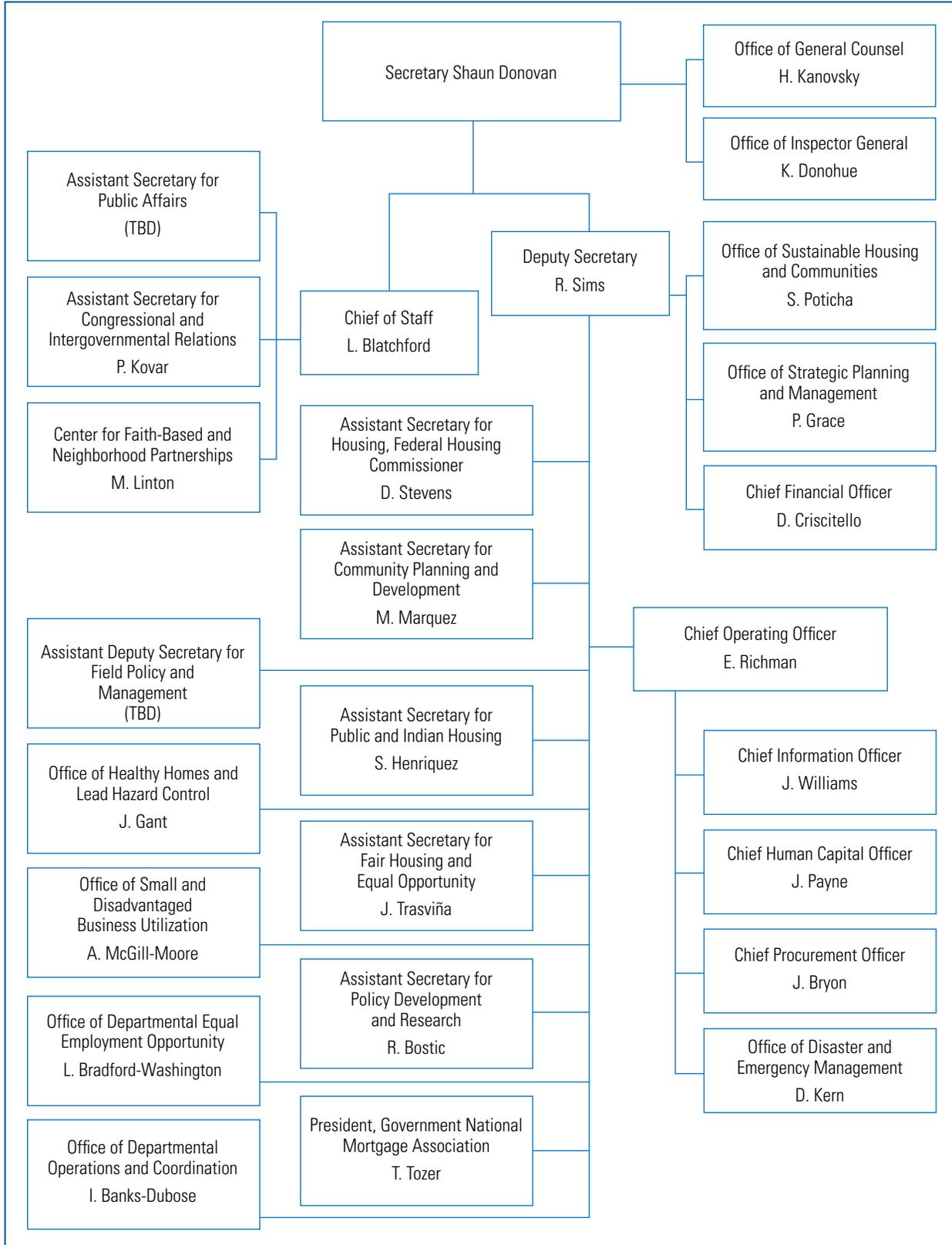
2004 President George W. Bush appoints **Alphonso Jackson** to be Secretary of HUD. The U.S. Senate unanimously confirms him on March 31. Mr. Jackson is the first Deputy Secretary to subsequently be named Secretary.

2008 President George W. Bush’s appointee **Steve Preston** is sworn in as the 14th HUD Secretary on June 5, after being unanimously confirmed by the Senate.

2009 President Barack Obama names **Shaun Donovan** to be Secretary of HUD. After the U.S. Senate confirms his nomination to confront the challenges facing today’s housing market, he is sworn in as the 15th Secretary of the U.S. Department of Housing and Urban Development on January 26.

Appendix E

HUD Organizational Chart



Appendix F

Implementing HUD Programs Detail

The following table provides additional detail for the tables listed on pages 47 through 50 of the Strategic Plan.

Programs	Includes the following programs (programs that are a subset of other programs are also listed)
Brownfields Economic Development Initiative	
Community Development Block Grant (CDBG) (Catalytic Competition)	
CDBG (Disaster Recovery Assistance)	
CDBG (Entitlement)	CDBG (Non-Entitlement) for States and Small Cities; CDBG for Insular Areas
CDBG (Section 108 Loan Guarantee)	
CDBG (University Community Fund)	
Empowerment Zones	Renewal Communities; Enterprise Communities
HOME Investment Partnerships Program	
Homeless Assistance Grants (HAG)	Section 8 Moderate Rehabilitation Single Room Occupancy (SRO); Supportive Housing Program (SHP); Shelter Plus Care; Emergency Shelter Grant (ESG) Program
Housing Opportunities for Persons with AIDS (HOPWA)	
Housing Trust Fund	
Neighborhood Stabilization Program (NSP)	
Rural Housing and Economic Development Program	
Section 4 Capacity Building	
Self-Help Homeownership and Opportunity Program (SHOP)	
Fair Housing (Enforcement and Compliance)	Title VIII; Section 504; Title VI; Section 3 of Americans with Disabilities Act; Section 109
Fair Housing Assistance Program (FHAP)	
Fair Housing Initiatives Program (FHIP)	
Section 3 Program	
FHA Home Equity Conversion Mortgage (HECM) Program (Section 255)	
FHA Hospitals and Nursing Homes	New Construction or Substantial Rehabilitation of Nursing Homes, Intermediate Care Facilities, Board and Care Homes, and Assisted-Living Facilities (Section 232); Purchase or Refinancing of Existing Facilities (Sections 232/223(f)); Two Year Operating Loss Loans (Section 223(d)); Hospitals (Section 242)
FHA Multifamily Housing	Mortgage Insurance for Single Room Occupancy (SRO) Projects; Manufactured Home Parks (Section 207); Combination and Manufactured Home Lot Loans; Cooperative Housing (Section 213); Mortgage and Major Home Improvement and Rental Housing Loan Insurance for Urban Renewal Areas (Section 220); Multifamily Rental and Cooperative Housing for Moderate Income Families and Elderly, Market Interest Rate (Section 221); Existing Multifamily Rental Housing (Section 207/223(f)); Mortgage Insurance for Rental Housing for the Elderly (Section 231); Supplemental Loans for Multifamily Projects (Section 241); Multifamily Mortgage Risk-Sharing Program (Sections 542(b) and 542(c)); Mark to Market Program
FHA Single Family Forward Mortgage Program	One- to Four-Family Home and Condominium Mortgage Insurance (Section 203(b)); Mortgage Insurance for Disaster Victims (Sec 203(h)); Rehabilitation Loan Insurance (Section 203(k)); Single Family Cooperative Housing (Section 203(n)); Single Family Property Disposition Program (204(g)); Mortgage Insurance for Older, Declining Areas (Section 223(e)); Mortgage Insurance for Condominium Units (Sections 234(c) and 234(d)); Graduated Payment Mortgage (GPM) (Section 245(a)); Adjustable Rate Mortgages (ARMS) (Section 251); Growing Equity Mortgages (GEMS) (Section 245(a)); Manufactured Homes Loan Insurance (Title I); Property Improvement Loan Insurance (Title I); Good Neighbor Next Door; Insured Mortgages on Hawaiian Home Lands (Section 247); Insured Mortgages on Indian Land (Section 248); Accelerated Claim and Asset Disposition demonstration program (Section 601); Energy Efficient Mortgages
Housing Counseling Assistance	Foreclosure Prevention, Pre-purchase Homebuyer, HECM, Rental, Homeless, Post-purchase Homebuyer, and Homebuyer Education, Voucher Homeownership
Manufactured Housing Programs	Construction and Safety Program, Dispute Resolution Program, and Manufactured Home Installation Program
Multifamily Housing Service Coordinators	Subset of Section 202

- Community Planning and Development
- FHA/Housing
- Healthy Homes and Lead Hazard Control
- Fair Housing and Equal Opportunity
- Ginnie Mae
- Public and Indian Housing

Programs	Includes the following programs (programs that are a subset of other programs are also listed)
Real Estate Settlement Procedures Act (RESPA)	
Section 8 Project-Based Rental Assistance (PBRA)	Rental Housing Assistance (Section 236)
Secure and Fair Enforcement (SAFE)	
Supportive Housing for the Elderly (Section 202)	Assisted Living Conversion Program (ALCP); Emergency Capital Repairs Program. Does not include Multifamily Housing Service Coordinators.
Supportive Housing for Persons with Disabilities (Section 811)	
Guarantees of Mortgage-Backed Securities	
Targeted Lending Initiative	
Healthy Homes	
Lead-Based Paint Hazard Reduction	
Early Childhood Education Facilities	Subset of Public Housing Capital Fund
Family Self-Sufficiency (FSS) Program	Subset of Public Housing Capital Fund
Federal Guarantees for Financing for Tribal Housing Activities (Title VI)	Subset of Native American Housing Block Grants
HUD-Veterans Affairs Supportive Housing (VASH)	Subset of TBRA
Indian Community Development Block Grant (CDBG)	
Indian Housing Loan Guarantee Fund (Section 184)	
Native American Housing Block Grants	Does not include Title VI
Native Hawaiian Housing Block Grants	
Native Hawaiian Loan Guarantee Fund (Section 184A)	
Public Housing Capital Fund	Does not include ROSS, FSS, Early Childhood Education Facilities
Public Housing Operating Fund	
Resident Opportunity and Self-Sufficiency (ROSS) Program	Subset of Public Housing Capital Fund
Revitalization of Severely Distressed Public Housing (Hope VI)	
Tenant-Based Rental Assistance (TBRA)/Housing Choice Vouchers	Permanent Supportive Housing Vouchers; Non-Elderly/Disabled Vouchers; Project-Based Voucher Program; Family Unification Vouchers; Public Housing Homeownership (Section 32); Homeownership Voucher Assistance; Public and Indian Housing Section 811 Vouchers. Does not include VASH.

Community Planning and Development
 FHA/Housing
 Healthy Homes and Lead Hazard Control
 Fair Housing and Equal Opportunity
 Ginnie Mae
 Public and Indian Housing

Appendix G

Evaluating Our Success

Program Evaluation Overview

The Government Performance and Results Act (GPRA) calls for agencies to use program evaluations to assess the manner and extent to which federal programs achieve intended objectives. The statute further calls for an agency's Performance Plan to include a summary of the findings of program evaluations completed in the fiscal year covered in the report. Finally, GPRA calls for a schedule for future program evaluations to be presented in Strategic Plans.

In response to these mandates, HUD reports its completed program evaluations annually in *Department of Housing and Urban Development Performance and Accountability Reports*. This report integrates feedback from HUD Office of Inspector General reports, Government Accountability Office reports, and Program Assessment Rating Tool (PART) reviews to demonstrate how HUD might achieve results more effectively or address future conditions. The Department considered these in writing the strategies presented in this Strategic Plan.

The following table presents the schedule for future HUD program evaluations, which aim to assess the manner and extent to which HUD is achieving our intended objectives. These evaluations represent a cross-section of HUD programs that must be well managed in full support of budget-performance integration. HUD defines the methodologies used in the following table.

Program Evaluation Methodologies

Impact evaluations use empirical data to compare measurable program outcomes with what would have happened in the absence of the program. Impact evaluations represent the highest standard of program evaluations.

Outcome evaluations assess the extent to which programs achieve their outcome-oriented objectives. Outcome evaluations use quantitative methods to assess program effectiveness.

Process evaluations assess the extent to which a program is operating as intended. Although a true process evaluation will use objective measurement and analysis, it does not address the causal links between intervention and outcome. Cost-benefit and cost-effectiveness analyses compare a program's outputs or outcomes with the costs to produce them. This type of analysis conforms to program evaluation when applied systematically to existing programs and when measurable outputs and outcomes are monetized.

HUD Program Evaluation Plan (FY 2010–2015)

All evaluations will be conducted by an independent contractor, unless otherwise noted.

Evaluation	Strategic Goal Alignment					Methodology	Description	FY Completed
	1	2	3	4	5			
Community Development Block Grant (CDBG) Targeting Evaluation				●		Outcome*	An assessment of whether CDBG funding relative to the level of community development needs affects CDBG funding patterns	2011
Tenant-Based Rental Assistance Cost Model		●				Process	An assessment of how market conditions and other factors affect the subsidy level needed for project-based housing	2011
Project Reunite			●			Processr	An assessment of the economic and social benefits of reuniting male ex-offenders with their families in public housing	2012
Healthy Neighborhoods			●			Outcome	An assessment of the health improvements and cost savings from the use of the National Institutes of Health "With Every Heartbeat is Life" heart health curriculum in public housing	2012
Homelessness Prevention			●			Process	An assessment of the results achieved by the homeless prevention activities funded through the Recovery Act.	2013
Innovative Rural Development Initiative				●		Process	A before-and-after examination of projects conducted under this new initiative	2013
Native American Housing Needs Assessment		●				Process	An assessment of housing conditions among Native Americans and an assessment of how these conditions are affected by housing assistance programs	2013
Neighborhood Stabilization Program	●			●		Outcome	An assessment of the results achieved by the neighborhood stabilization activities funded through the Recovery Act.	2013
Rapid Rehousing		●	●			Process and outcome	An assessment of the rapid rehousing model of homelessness assistance for families.	2013
Sustainable Building in Indian Country	●	●		●		Outcome	An evaluation of sustainable building practices in different parts of the country to improve quality of housing in Native American lands	2013
Energy Retrofits				●		Outcome	An estimate of the energy savings generated by energy retrofit programs funded through the Recovery Act	2014
Impact of Housing and Service Intervention for Homeless Families		●	●			Impact	A random-assignment study to determine whether different interventions yield better outcomes for homeless families	2014
Prepurchase Housing Counseling	●					Impact	A random-assignment study to determine whether counseling promotes effective homeownership	2014
Rent Reform Demonstration		●				Impact	A random-assignment study to determine outcomes associated with alternative rent structures	2014
Choice Neighborhoods			●	●		Outcome	A before-and-after assessment and comparison with similar nonprogram neighborhoods	2015
Family Self-Sufficiency			●			Impact	A random-assignment study to determine the effectiveness of family self-sufficiency and its components	2017

* To be conducted by an independent contractor and inhouse staff.

Appendix H

Notes

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- ⁷ HUD, PD&R. 2010 (forthcoming). “Worst Case Housing Needs 2007: Report to Congress.” Available from www.huduser.org. Calculated from Table A-3.
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- ¹⁰ HUD. July 2009. “The 2008 Annual Homeless Assessment Report.” http://www.huduser.org/portal/publications/povsoc/ahar_4.html.
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- ¹³ HUD, PD&R. 2010 (forthcoming). “Worst Case Housing Needs 2007: Report to Congress.” Available from www.huduser.org. Disabled households in this estimate include nonelderly disabled adult households as well as households with children that had an adult with a disability present. Pages 16–17.
- ¹⁴ U.S. Census Bureau. “National Population Projections Summary Table 3: Projections of the Population by Selected Age Groups and Sex for the United States: 2010 to 2050.” <http://www.census.gov/population/www/projections/2008projections.html>. (Accessed April 23, 2010.)
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