

U.S. Department of Housing
and Urban Development

**AMENDMENTS TO THE
FISCAL YEAR 2009
ANNUAL PERFORMANCE PLAN**

August 2009

ATTACHMENT: Amendments to the Fiscal Year 2009 Annual Performance Plan

These amendments reflect recalibrations made based on the final funding levels provided by the Fiscal Year (FY) 2009 Omnibus Appropriations Act, legislative and program changes, macroeconomic impacts beyond HUD's control, and updated analyses. Most of these amendments were reflected already in the Department's FY 2010 congressional budget submission on May 7, 2009.

Strategic Goal A: Increase Homeownership Opportunities

Cross-Departmental

A.1: HUD's major programs will promote affordable homeownership opportunities for individual and families.

CPD total contribution was increased to 156,488 units from 145,834. Specifically, Community Development Block Grant (CDBG) (homeownership assistance) was reduced to 3,290 units from 6,084; CDBG (owner-occupied rehabilitation) was increased to 117,553 units from 103,605; and American Dream Downpayment Initiative (ADDI) was reduced to 2,000 units from 2,500. The changes in targets reflect actual program outcomes in FY 2008 and FY 2009 appropriations, including no funding for ADDI.

PIH total contribution was reduced to 8,917 units from 9,000 because the Section 184A home loan guarantees were reduced to 17 from 100, reflecting difficulties and barriers in the current mortgage market.

FHA/Housing

A.12: HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined targets for low- and moderate-income mortgage purchases.

This indicator was deleted. HUD will no longer be reporting on Fannie Mae's and Freddie Mac's performance. Pursuant to the Housing and Economic Recovery Act of 2008, which became law on July 30, 2008, HUD's regulatory responsibilities over Fannie Mae and Freddie Mac have transferred to a new regulator, the Federal Housing Finance Agency, effective immediately.

A.13: HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined targets for mortgages financing special affordable housing.

This indicator was deleted. HUD will no longer be reporting on Fannie Mae's and Freddie Mac's performance. Pursuant to the Housing and Economic Recovery Act of 2008, which became law on July 30, 2008, HUD's regulatory responsibilities over Fannie Mae and Freddie Mac have transferred to a new regulator, the Federal Housing Finance Agency, effective immediately.

Ginnie Mae

A.19: At least 30 percent of all Ginnie Mae single family pools issued are Targeted Lending pools.

The indicator target was reduced from 20 percent to 30 percent to reflect market conditions outside of Ginnie Mae's control. Although Ginnie Mae had been on target to meet the original goal, the combination of the implosion of in the private label mortgage market during the summer of 2007 and Congress increasing FHA's loan limits significantly in March 2008 fundamentally altered the composition of loans in Ginnie Mae's pool. This dynamic has resulted in a significant decrease in the percentage of Ginnie Mae pools receiving targeted lending initiative credit, even while the number of targeted lending initiative-eligible loans has increased substantially.

Strategic Goal B: Promote Decent Affordable Housing

Cross-Departmental

B.1: Rental households and rental units will be assisted through major HUD programs.

CPD total contribution was reduced to 107,457 units from 122,352. Specifically, CDBG (rental units rehabilitated) was reduced to 20,781 from 23,176 units and Housing Opportunities for Persons With AIDS (HOPWA) was reduced to 58,000 from 70,500 units. Also, with respect to HOPWA, the units will be designated now as either Permanent Supportive Housing (20,000 units) or Short-Term Transitional (38,000 units). The changes in targets reflect actual program outcomes in FY 2008 and FY 2009 appropriations, as well as updated HOPWA data reporting.

FHA/Housing

B.4: FHA endorses at least 1000 multifamily mortgages.

The overall endorsement number has been revised downward from 1,000 to 626 endorsements to reflect current market conditions in the real estate market that have adversely affected refinance opportunities for the existing portfolio. Other factors include a decline in the financing for the

development of new construction properties, as well as slowing in the equity market for Low Income Housing Tax Credits. Also, the endorsements will be designated now as either multifamily (526 endorsements) or hospital loans (100). Thus, this indicator is now titled, "B.4: FHA endorses at least 626 mortgages, of which 526 are multifamily and 100 are hospital loans."

B.5: HUD will complete 80 percent of the initial FY 2009 Mark-to-Market pipeline during the fiscal year, reducing rents and restructuring mortgages where appropriate.

The target has been revised downward from 80 percent to 70 percent to reflect the slowing of the Low-Income Housing Tax Credit market, leaving several transactions in the portfolio that otherwise would have been closed. Also, the introduction of the "Green Initiative," which makes for a better property and achieves broader savings and sustainability goals, adds, however, additional processing times onto transaction reviews, reducing the number of completions that can be accomplished.

B.7: HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined targets for special affordable multifamily mortgage purchases.

This indicator was deleted. HUD will no longer be reporting on Fannie Mae's and Freddie Mac's performance. Pursuant to the Housing and Economic Recovery Act of 2008, which became law on July 30, 2008, HUD's regulatory responsibilities over Fannie Mae and Freddie Mac have transferred to a new regulator, the Federal Housing Finance Agency, effective immediately.

B.9: The share of assisted and insured privately-owned multifamily properties that meet HUD-established physical standards are maintained at no less than 95 percent.

Target for this indicator has been reduced from 95 percent to 92 percent to reflect that the current property portfolio is aging and requires more capital improvements to meet HUD's physical standards, as well as inspection timing and system reporting issues.

B.12: The number of elderly households living in private assisted housing developments served by a service coordinator is maintained at the FY 2008 level.

The target for this indicator has been reduced from 353,765 service coordinators to 347,000. The service coordinator program has experienced greater participation, but decisions made by private owners to discontinue their participation in the program have reduced the overall number of units/households previously represented.

Public and Indian Housing

B.17: The share of public housing units that meet HUD-established physical standards will be 85 percent.

This indicator has been made into a tracking indicator because the reporting methodology has been changed because of asset management. Perspective data collection and analyses will be required to provide an updated performance target.

Strategic Goal C: Strengthen Communities

Community Planning and Development

C.4: Expand use of CDBG for economic opportunity by creating or retaining at least 36,090 jobs.

The total number of jobs created has been increased from 36,090 jobs to 36,779. Specifically, the job figure comprises 30,779 CDBG jobs, reduced from 36,090 jobs, and 6,000 Section 108 Loan Guarantee jobs, increased from zero jobs. The changes in targets reflect actual program outcomes in FY 2008 and FY 2009 appropriations, including continued Section 108 funding.

C.7: Sole proprietors will claim \$183 million in Renewal Communities and Empowerment Zone wage credits.

The target for this indicator has been reduced from \$183 million in wage credits to \$133 million to reflect recent trends in the volume of employment credits.

C.12: The percentage of Housing Opportunities for Persons With AIDS program clients who maintain housing stability, avoid homelessness, and access care will be maintained at 80 percent in 2009.

Instead of one overall outcome goal, this indicator will be reported in two parts to better capture the components of the program. (1) The percentage of HOPWA clients in permanent housing who maintain housing stability will be 90 percent by 2012, and will increase by one percentage point each subsequent year. The 2009 target is 85 percent. (2) The percentage of HOPWA clients receiving short-term housing assistance who experience reductions in their risks of homelessness will be 70 percent in 2012, and will increase by two percentage points each subsequent year. The 2009 target is 60 percent.

FHA/Housing

C.14: The share of multifamily properties insured by FHA in underserved areas is maintained at 33 percent of initial endorsements.

The target for this indicator has been adjusted upward to 40 percent from 33 percent of initial endorsements, reflecting location and utilization of Low-Income Housing Tax Credits.

C.15: HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined geographic targets for mortgage purchases in underserved areas.

This indicator was deleted. HUD will no longer be reporting on Fannie Mae's and Freddie Mac's performance. Pursuant to the Housing and Economic Recovery Act of 2008, which became law on July 30, 2008, HUD's regulatory responsibilities over Fannie Mae and Freddie Mac have transferred to a new regulator, the Federal Housing Finance Agency, effective immediately.

Public and Indian Housing

C.18: Overcrowded households in Indian County shall be reduced by one percent.

The target for this indicator has been revised upward from a one percent to a three percent reduction in overcrowding to reflect FY 2008 outcomes and continuing expected improved performance.

Strategic Goal D: Ensure Equal Opportunity in Housing

Fair Housing and Equal Opportunity

D.2: Recipients of Fair Housing Initiative Program education and outreach grants will hold at least 300 activities, to include outreach to faith-based and grassroots organizations, reaching at least 180,000 people.

The targets for this indicator have been increased from 300 activities to 400, and 270,000 people reached from 180,000. These increased targets reflect FY 2008 outcomes and consistently better than expected performance for this goal.

D.3: Increase the number of HUD-assisted units made accessible as a result of Voluntary Compliance Agreements.

In FY 2007, HUD developed a database to effectively track the number of accessible housing units made available as a result of fair housing enforcement efforts. Information was collected and evaluated in

FY 2008, and now a target of at least 600 HUD-assisted units will be made accessible has been established for FY 2009.

Strategic Goal E: Embrace High Standards of Ethics, Management and Accountability

Cross-Departmental

E.3: The rate of program errors and improper payments in HUD's rental housing assistance programs will continue to be reduced.

The target established in the 2009 APP (based on 2008 data) and to be reported in the 2009 Performance and Accountability Report, has been lowered to 3.4 percent from 5.3 percent as a result of program changes made to the Rental Housing Assistance programs, full implementation of the Enterprise Income Verification system, the efficient use of funding in the Public Housing Operating fund, the establishment of a budget based funding methodology in the Housing Choice Voucher program, and technical assistance and training to minimize administrator errors. Note, there is a one-year lag in reporting the error rate due to the timing of data availability.

Support Offices

E.9: HUD will reduce mission critical skill gaps by 25 percent in the identified leadership and management competency of the Management Competency plan.

The data source for this indicator has been changed to the HUD Virtual University.

E.12: HUD will test, train, and exercise the Continuity of Operations and Continuity of Government capabilities.

This indicator has been revised slightly to include an additional goal (#3). The indicator goals are now as follows: "In FY 2009, the Office of Security and Emergency Planning will (1) perform quarterly testing of the Headquarters Continuity of Operations and Continuity of Government alert and notification procedures; (2) conduct annual training of the Program Office Continuity of Operations Coordinators; and (3) conduct an annual COOP exercise."

E.17: Policy Development and Research work products will be high quality and useful to customers.

The target for this indicator has been adjusted upward from 6.2 million to 7 million downloads of files related to housing and community development topics, reflecting FY 2008 outcomes and updated analysis.

Strategic Goal F: Promote Participation of Faith-Based and Community Organizations

Centers for Faith-Based and Community Organizations

F.1: The Center for Faith-Based and Community Initiatives will measure the participation of faith-based and community organizations, through new and past relationships with public-private partners and through the Department’s SuperNOFA process for FY 2009 compared to FY 2008.

This indicator has been deleted to reflect a shift in emphasis of this initiative under the new Administration to a partnership model that engages a wide range of stakeholders – both secular and faith-based – to collaborate with the federal government not only through grants but other important non-financial partnerships. New metrics and indicators that capture efforts at collaboration and partnerships, both financial and non-financial, are under development.

F.3: The Center for Faith-Based and Community Initiatives will work cooperatively with the HUD program offices to build and expand partnerships between faith-based and community organizations and its traditional local grantees and subgrantees.

This indicator title has been reworded as follows: “The Center for Faith-Based and Community Initiatives will work collaboratively with HUD program and field offices to build and expand partnerships between non-profit organizations (both faith-based and secular) and HUD within the communities we serve.” The rewording incorporates the new Administration’s focus on neighborhood action; places a premium on innovation, not merely incorporation into existing activities; and reflects the departmental mandate to improve coordination across program offices. The Center will work with at least two program offices in fulfillment of the indicator.