

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

HOME INVESTMENT PARTNERSHIPS PROGRAM

PROGRAM PERFORMANCE

STRATEGIC GOAL/OBJECTIVE	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
Strategic Goal H: Increase homeownership opportunities.			
Discretionary BA (Dollars in Thousands)	\$449,010	\$671,025	\$693,100
FTE			
Headquarters	11	13	13
Field	15	18	18
Subtotal	26	31	31
S&E Cost (Dollars in Thousands)			
Personal Services	\$2,296	\$2,766	\$2,869
Travel	26	27	28
Printing	19	15	15
Other Services	73	82	108
Supplies	2	1	1
Subtotal	2,416	2,891	3,021
Strategic Objective H.1: Expand national homeownership opportunities.			
Indicator: The number of homeowners who have been assisted with HOME is maximized.	32,490	34,746	34,050
Indicator: The homeownership Downpayment Assistance Initiative will be fully implemented and assist 10,000 new homebuyers.	NA	10,000	20,000

EXPLANATION OF PERFORMANCE

Performance/Means and Strategies

The HOME Investment Partnership Program plays a key role in expanding homeownership in America. The HOME program also make a significant contribution to the President's/Secretary's challenges to expend homeownership to 5.5 million minority families by the end of the decade. Through this program, an estimated 687,274 units have been newly constructed, rehabilitated, or acquired in standard condition and 83,939 families have received tenant-based rental assistance. Three independent evaluations of the HOME Program have been conducted since 1995. Each found that the HOME Program to be effective in achieving its intended results. In addition, the Millennial Housing Commission report, issued in May 2002, recommended a "substantial increase in funding" for the HOME Program in recognition of its effectiveness and accomplishments. A key contribution to expending homeownership is the \$200 million American Dream Downpayment Initiative, which will help fund downpayments for 40,000 families

For the Home Investment Partnerships program, the Department requests \$543.1 million in program funding and \$3.0 million in S&E for a total of \$546.1 million to support Strategic Goal H: Increase homeownership opportunities.

Strategic Goal H: Increase Homeownership Opportunities

Objective H.1: Expand National Homeownership Opportunities

Based on project fund commitments over the duration of the HOME program, 25 percent of HOME funds have been dedicated to homebuyer assistance.

Indicator H.1.9 (The number of homeowners who have been assisted with HOME is maximized):

The HOME Investment Partnerships Program provides communities with the flexibility necessary to meet their housing needs in a variety of ways, and has become an important part of the Department's efforts to increase the homeownership rate of minorities and persons with disabilities. Many Participating Jurisdictions (PJs) use HOME funds to help renters become homeowners. HOME funds may be used as direct assistance to the homebuyer for downpayment or closing costs, interest rate subsidies, or development subsidies, including the hard and soft costs associated with the acquisition, new construction, or rehabilitation of single-family, and 1-4 unit homes. PJs must provide matching contributions of at least 25 percent of HOME funds spent for tenant-based rental assistance, rehabilitation, acquisition, and new construction. All households assisted through the HOME program must have annual incomes that do not exceed 80 percent of the area median income. Eighty-two percent of existing homeowners and 52 percent of new homebuyers receiving assistance under HOME have incomes below 60 percent of the median income. The majority of the new homebuyers are purchasing housing outside areas of poverty concentration. The average poverty rate of census tracts in which assisted homebuyers purchase new homes is less than 20 percent.

The number of new homeowner households assisted in fiscal year 2002 was 32,490 with 34,746 projected for fiscal year 2003. Thirty percent of families assisted in becoming homeowners through the HOME Program since 1992 have had incomes at or below 50 percent of their area median income. The \$443 million in fiscal year 2004 HOME funds that are estimated to be expended on assisting homebuyers is based upon the historical commitment of HOME funds for this purpose - 25.5 percent of all project commitments. A total of 34,050 new homeowners assisted with HOME funds are projected for fiscal year 2004, including approximately 1,000 who will be assisted with 2004 funds. Approximately 40,000 new homeowners will be assisted over time using fiscal year 2004 funds based upon an average HOME commitment level for each homebuyer of \$11,128 historically (exclusive of administrative overhead).

Indicator H.1.15 (The homeownership American Dream Downpayment Initiative will be fully implemented and assist 10,000 new homebuyers):

Program Assessment Rating Tool (PART). The Program Assessment Rating Tool (PART) was used to evaluate the HOME Program as part of the fiscal year 2004 Budget process. PART was designed to identify programs' strengths, weaknesses, and to recognize steps to improve performance. The Office of Management and Budget determined that the HOME Program was performing at a high level, receiving a perfect score for management with "a strong management team in place." The PART summary concluded that the Program has a clear public purpose, a flexible design that enables HOME to have a potentially significant impact on affordable housing problems, and managers who "excel at using performance information submitted by grantees to manage the program and promote accountability and transparency." OMB noted the lack of long-term goals for HOME. HUD's Strategic Plan, currently under development, will include long-term outcome measures for HOME. The President is requesting an increase of \$113 million or 5.4 percent above the fiscal year 2003 Budget based on the performance and priority of this program which is also reflected in the PART analysis.

Down Payment Assistance Initiative. This Initiative constitutes Indicator H.1.15 in its entirety. The fiscal year 2004 budget proposes allocating \$200 million among PJs and states for low-income families in need of down payment assistance. Homeownership provides low-income families with an opportunity to build assets and share in the American dream. The Administration believes that providing such an opportunity to these households is an important national policy objective whose achievement will be maximized by increased funding under the existing HOME Program. Obtaining the resources to meet upfront down payment and closing costs is the most significant obstacle to homeownership among lower income groups.

The \$200 million proposed for the American Dream Down Payment Initiative in fiscal year 2004 would eliminate that obstacle for 10,000 families in fiscal year 2004 and 40,000 families over time-based on an average assistance amount of \$5,000 per family. The effort will specifically contribute to the Presidential/Secretarial goal of creating 5.5 million new minority homeowners over 10 years. The funds will enable jurisdictions to increase homeownership rates, especially among minority groups, who generally have lower rates of homeownership compared to the national average, and to stabilize neighborhoods. Since over 55 percent of all new homebuyers assisted with HOME funds are minorities, the \$200 million requested under the Downpayment Initiative should create approximately 22,000 new minority homeowners over time, thus contributing to the

achievement of objective H.2--Increase minority homeownership and Indicator H.2.2, specifically: the ratio of homeownership rates of minority and non-minority low- and moderate-income families with children increases by 0.4 percentage points to 76.0 percent by 2003.

HOME Performance Reporting and Program Evaluation

Information on HOME Program performance is collected through the Integrated Disbursement and Information System (IDIS) on a real-time basis. Summary information on program progress for factors such as commitments, disbursements, completions, leveraging, low-income benefit, activities undertaken and average costs are compiled on a monthly basis and posted on the HOME Web-page at <http://www.hud.gov/offices/cpd/affordablehousing/reports/index.cfm>.

The Office of Affordable Housing Programs, which has responsibility for administering the HOME Program, is developing a performance "report card" that will measure the progress of individual PJs on several key program implementation factors and compare performance against other PJs in the same State and nationally. The report cards will be useful in reporting HOME program progress of PJs to their constituents, and will be an important tool in helping to evaluate their performance by providing a context for their accomplishments. The first report cards will measure cumulative program progress through calendar year 2002.

HUD's Office of Policy Development and Research has selected a contractor to conduct an evaluation of homeownership under the HOME Program and is awaiting OMB approval of survey documents. It is expected that the evaluation will be completed in 2003.

President's Management Agenda

Improving the performance of housing intermediaries.

Under the HOME Investment Partnerships Program, new participating jurisdictions are permitted to use a portion of the community housing development organization (CHDO) set-aside portion of their grants to assist these organizations to build capacity. If during the first 24 months of its participation in the HOME program a jurisdiction finds that it is unable to identify a sufficient number of capable CHDOs, Section 231 of the National Affordable Housing Act of 1990, as amended, permits it to use up to 20 percent of the funds it set aside for community housing development organizations for capacity building. To date, participating jurisdictions have used more than \$3.6 million of their HOME funds to build CHDO capacity under this provision.

In addition, TA funds are made available annually by competition to qualified organizations that will provide capacity building assistance to CHDOs and PJs. Since 1997, HUD has provided \$66 million and \$61 million for CHDO TA and PJ (HOME) TA, respectively, for this purpose. The HOME budget proposes \$16 million for technical assistance activities for States and local government participating jurisdictions (PJs) and non-profit CHDOs in fiscal year 2004. Technical assistance provides the support and tools needed to strengthen local capacity, improve program compliance, expand participation by non-profit housing providers, ensure cost-effectiveness and design innovative approaches to affordable housing needs. TA funds can be used to provide direct assistance to individual State and local PJs upon request, as well as for national training courses ranging from HOME basics to advanced topics. In addition, TA funds the production of a variety of written and web-based materials that provide guidance to HOME participants. To date, 19 model guidebooks have been produced including guides on comprehensive monitoring techniques, property and asset management, employer-assisted housing, and special needs housing.

Six new training courses have been developed to add to the existing curricula of housing and community development courses. They are: an advanced HOME course dealing with combining HOME with other sources of financing, a monitoring course, a program management course, one of performance and productivity, a new lead course focused on implementation, and a course focused on PJ interaction with nonprofits and CHDOs and how to develop effective, productive partnerships. Approximately 150 deliveries of these new courses and the other existing courses are scheduled over the next 14 months. Work is also underway on six new model guides, including a rehab tune-up to help assess current program design, a mixed-income housing guide about ways to do both affordable and market-rate housing together, and a practical guide for using IDIS in HOME. Additional Web-based training modules are also under development to be posted along with the existing ones on HOME's interactive "HOMEfront" training center accessible at:

<http://www.hud.gov/offices/cpd/affordablehousing/training/homefront/index.cfm>.

Resource Management Information

No additional FTE are requested for 2004.