

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PROGRAM OFFICE SALARIES AND EXPENSES
OFFICE OF HOUSING**

Program Area Overview

The Office of Housing provides vital public services through its nationally administered programs. It oversees the Federal Housing Administration (FHA), the largest mortgage insurer in the world, and regulates housing industry business.

The mission of the Office of Housing is to:

- Contribute to building and preserving healthy neighborhoods and communities;
- Maintain and expand homeownership, rental housing and healthcare opportunities;
- Stabilize credit markets in times of economic disruption;
- Operate with a high degree of public and fiscal accountability; and
- Recognize and value its customers, staff, constituents and partners.

The FHA program operates through self-generated income in the form of charging insurance premiums that are priced to protect its insurance funds—and by extension, American taxpayers. The S&E related to administering FHA, however, is dependent on annual appropriations. During the past five years, while the FHA's loan activity increased the budget and staffing levels have declined, constrained resources have caused challenges and risks in its financial operating environment. For example, Multifamily and Healthcare volume increased 490 percent as staffing levels declined 2 percent over the same time period. Claims activity has increased 395 percent while Single Family staffing has declined 2 percent and Finance and Budget staffing has declined 18 percent. Continuing resolutions, hiring freezes, and other budget inconsistencies have made it difficult to respond to the significant risks posed to the insurance fund and taxpayers. This is especially problematic given the FHA's countercyclical role and is one of the clearest lessons learned from the recent financial crisis.

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Within the Office of Housing there are eight program offices:

Office of Single Family Housing Programs: HUD's Single Family programs include mortgage insurance on loans to purchase new or existing homes, condominiums; manufactured housing, houses needing rehabilitation, and reverse equity mortgages to elderly homeowners.

Office of Multifamily Housing Programs: HUD's Multifamily programs provide mortgage insurance to HUD-approved lenders to facilitate the construction, substantial rehabilitation, purchase and refinancing of multifamily housing projects. The Section 202, Section 811, and Section 8 Project-Based Rental Assistance programs deliver services to low and very low-income families and individuals, including the elderly and persons with disabilities.

Office of Healthcare Programs: HUD's Healthcare programs provide mortgage insurance on loans that finance the construction, renovation, acquisition, or refinancing of healthcare facilities such as hospitals and residential care facilities.

Office of Housing Counseling: HUD's Housing Counseling programs provide counseling to consumers on seeking, financing, maintaining, renting, or owning a home.

Office of Risk Management and Regulatory Affairs: In addition to administering the Manufactured Housing Program, the major objective of the Office of Risk Management and Regulatory Affairs is to conduct analysis and recommend actions to reduce exposure to FHA insurance funds while meeting its housing mission; ensure that FHA operates in compliance with statutory capital requirements; and promote a well-controlled operational infrastructure. The scope of the risk management staff encompasses Program Area (Single Family, Multifamily and Healthcare) activities conducted at headquarters and the field offices.

Office of Finance and Budget: The Office of Finance and Budget provides critical financial and budgetary oversight for the Office of Housing. The office is responsible for all Housing-FHA accounting records, the preparation of the annual audit, timely and accurate financial management reports, the sale and disposition of FHA mortgage notes, managing Housing's IT investment portfolio, and serves an advisory role on all issues involving financial management, budgetary and accounting policy.

Office of Operations: The Office of Housing Operations provides resources and services that are essential for Housing's program offices relating to: personnel, strategic management and workforce plans, Employee Labor Relations, procurement and contracting, business process re-engineering, correspondence, Continuity of Operations Plan (COOP), training and Web Administration and support.

Executive Direction: The immediate Office of the Assistant Secretary coordinates communication, policy implementation, and legislative tracking across the entire Office of Housing and with respect to all Housing programs. This office also engages in a

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variety of day-to-day business activities that support the Office of Housing, including contracting, oversight, and process management.

The table presents details on the total full-time equivalents (FTE) by program office:

Summary of FTE				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Office of Healthcare Programs	145.6	145.2	145.2	0.0
Office of Multifamily Housing Programs	1,442.6	1,359.1	1,261.2	(97.9)
Office of Risk Management and Regulatory Affairs	54.3	57.0	60.0	3.0
Office of Single Family Housing Programs	864.0	868.4	901.1	32.7
Office of Housing Counseling	59.8	64.1	71.0	6.9
Finance and Budget	243.5	241.6	245.7	4.1
Office of Housing Operations	138.7	140.5	140.5	0.0
Executive Direction	12.6	16.0	16.0	0.0
GRAND TOTAL	2,961.1	2,891.9	2,840.7	(51.2)

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The table presents details on the total salaries and expenses (S&E) and full-time equivalents (FTE) for Housing:

TOTAL - SALARIES AND EXPENSES				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$365,316	\$372,087	\$375,294	\$3,207
Non-Personnel Services				
Travel	2,589	3,997	4,898	901
Transportation of Things	10	398	811	413
Rent, Communications, Utilities	4	4	4	-
Printing and Reproduction	26	45	45	-
Other Services	2,544	2,969	3,175	206
Training	767	1,700	2,150	450
Supplies	313	300	300	-
Non-Personnel Subtotal	6,253	9,413	11,383	1,970
GRAND TOTAL	\$371,569	\$381,500	\$386,677	\$5,177
Associated FTE	2,961.1	2,891.9	2,840.7	(51.2)

Pursuant to Senate Report 113-45, the travel funds for fiscal year 2015 include approximately \$135K dedicated to grantee oversight.

DESCRIPTION OF CHANGES FROM FY 2014 TO FY 2015

Housing requests \$386,677K for S&E and 2,840.7 FTE in fiscal year 2015, with an increase of \$5.177 million from fiscal year 2014 enacted. A nominal increase in funding is included to fund the pay raise, promotions and within grade increases.

- Personnel Services: An increase of \$3,207K
- Non-Personnel Services: An increase of \$1,970K
 - An increase of 901K in Travel is requested for the Multifamily Transformation Initiative. The increase will be used to fund the travel costs related to relocation of current HUD employees, to fund the travel required to implement each

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phase of the plan, and to fund additional travel required due to having fewer offices that are greater distances from existing Multifamily properties and projects.

- An increase of \$413K in Transportation of Things due to the estimated relocation costs associated with the Multifamily Transformation.
- An increase of \$206K in Other Services due to the estimated relocation costs associated with the Multifamily Transformation.
- An increase of \$450K in Training due to the implementation of the Multifamily Transformation.

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Explanation of Changes from FY 2014 to FY 2015				
<i>(Dollars in Thousands)</i>				
	Personnel Services	Non-Personnel Services	Total	FTE
Multifamily Transformation Initiative				
FTE Savings	-\$10,341		-\$10,341	-97.9
Buyouts/Severance and Relocations	4,906	\$1,302	6,208	
Implementation -Travel/Training		750	750	
Total Changes	-5,435	2,052	-3,383	
FTE Increase	5,979		5,979	46.7
Change in NPS (Rest of Housing)	-	-82	-82	
Changes to Benefits/Pay Raise	2,664		2,664	
Total Changes	3,208	1,970	5,178	(51.2)

Multifamily Transformation Initiative

Beginning in fiscal year 2014 and continuing through fiscal year 2015, the Office of Multifamily Housing (MFH) will be implementing the transformation initiative known as the Multifamily Transformation (MFT) that will ultimately consolidate 52 existing Multifamily field offices to 12 field offices. Not only will this plan streamline Multifamily processes, but when the current plan is fully implemented by fiscal year 2016, it is estimated that Multifamily will save over \$60 million annually. This transformation will help MFH better serve its customers and stakeholders, operate more efficiently and consistently, engage and fully utilize staff, and improve its risk management. These changes are necessary to ensure MFH's operating model keeps pace with current market demands, while providing for future flexibility. While this transformation will achieve significant savings in a tight budget environment, the primary goal is improving MFH's ability to deliver on its mission.

The transformation builds on the success of past initiatives, *Breaking Ground* and *Sustaining our Investments*. These initiatives helped MFH respond to the financial crisis by reducing backlogs and improving application speed, while classifying assets according to risk. This provided liquidity and stability during and after the crisis. Despite these initiatives, however, MFH continues to operate within a harsh financial and fiscal environment, and with a legacy operating model unfit to meet the needs of its customers and stakeholders in the 21st century.

The transformation has four key components, all of which are consistent with GAO guidance and industry best practices. MFH will streamline its organizational model in headquarters and the field, consolidating its current field footprint (50 field offices organized into 17 Hubs) into a more manageable number of 12 locations (organized in 5 regions). MFH will also adopt workload sharing, risk-based underwriting, and troubled asset specialist support. Taken together, these components will better align MFH with its peers and industry standards, and ensure more consistent delivery of Multifamily Housing programs.

It is important to note that all MFH employees will have the opportunity to remain with the organization. Employees in field offices that are being consolidated will be asked to relocate and offered relocation pay, or they may elect to take a buyout and early retirement, if eligible. HUD will provide substantial support to affected employees, both those being reassigned and those who choose to retire or resign.

Consolidating offices will generate substantial operational cost savings. Full implementation is expected to save more than \$500 million over the next 10 years relative to maintaining existing staffing levels in their existing offices. The one-time investment cost of approximately \$75-\$80M will produce ongoing annual savings. The project is planned for 5 waves (including HQ transformation) over 2-3 years.

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A key component of the Multifamily plan will be the consolidation of its approximately 1,300 field employees, currently working in 50 offices around the country into 12 offices organized into 5 Hubs. The Hubs will be located in New York, Atlanta, Chicago, Fort Worth, and San Francisco, and the satellite offices will be in Boston, Baltimore, Jacksonville, Detroit, Minneapolis, Kansas City, and Denver. Although there will be a substantial reduction in the number of locations the work is performed, technological improvements and streamlining of roles within Multifamily headquarters offices will help ensure continued high quality work.

Multifamily is one of HUD's core program offices, and this effort is its first major restructuring since 1998. In an effort to keep pace with the marketplace, Housing will leverage technology, reduce its footprint, and enhance customer service in ways that will help ensure work is completed and our products delivered at a 21st Century level.

The current plan is to implement these changes through 5 phases beginning with the first phase scheduled to start during fiscal year 2014, phases 2 and 3 are to be implemented in fiscal year 2015, and as funds are available, we will continue to implement additional waves in fiscal year 2015.

	FY 2014	FY 2015	FY 2014 to FY 2015
Buyouts/Severance	\$4,925	\$7,878	\$2,953
Relocations	<u>2,985</u>	<u>6,240</u>	<u>3,255</u>
Total	7,910	14,118	6,208
Implementation: Travel/Training	750	1,500	750

Why Multifamily Needs to Change

Since its creation in 1934, the Office of Multifamily Housing (MFH) has supported the Federal Housing Administration (FHA) and the Department of Housing and Urban Development (HUD) in achieving the shared mission of creating strong, sustainable, inclusive communities and quality affordable homes for all. MFH has a longstanding track record of supporting the development of affordable, privately owned apartments for the elderly, the disabled, and low-income Americans as well as serving traditionally under-served markets across the country.

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Today, MFH oversees a portfolio of nearly 30,000 federally insured properties representing over 2.3 million units. This includes over 6,000 non-assisted (market rate) properties insured for over \$45 billion. At the same time, MFH continues to service an assisted housing portfolio of nearly 23,000 properties, which include 202 Direct Loan and Capital Advance assets, assets with Project Based Rental Assistance only, HUD-held assets without FHA mortgage/insurance or non-insured subsidized assets (i.e. Section 236 non-insured properties receiving interest reduction payments (IRP)). MFH works with lenders and owners on some of the most complicated real estate transactions in the marketplace, including those involving the preservation of legacy assisted assets and/or multi-layered finance transactions relying on sources such as Low-Income Housing Tax Credit (LIHTC) equity.

MFH has played a crucial role in providing liquidity in the marketplace since the onset of the financial crisis of 2008 while continuing to focus on preserving the existing stock. As a result, the level of demand for MFH services has never been higher. MFH issued over 1,800 firm commitments in 2013, more than six times greater than its workload in 2008. This increase in the absolute number of activities has also been accompanied by growing complexity. MFH's current model originated at a time when most transactions were subsidized or affordable; for those types of transactions, HUD was frequently the only financing source. Today, most affordable transactions include FHA financing as one of multiple sources of financing – including LIHTC, as well as other state and local subsidies. MFH has also seen a dramatic increase in its non-assisted (market rate) portfolio, which now represents a majority of going forward volume as well as overall unpaid principal balance on the FHA multifamily portfolio.

At the same time, MFH continues to operate within a harsh financial and fiscal environment, and with a legacy operating model unfit to meet the current and future needs of its customers and stakeholders in the 21st century. In 2009-10, MFH first began to see a spike in customer demand, and its operating model proved incapable of handling this increase. As a result, application processing times, normally completed in several months, stood in excess of 9 months, with some customers experiencing wait times of nearly 2 years. Offices and staff were overwhelmed by the high volumes, and unfamiliar with servicing a different type of asset. In response, MFH instituted a series of changes in its Production and Asset Management functions.

In the Fall of 2010, MFH began implementing *Breaking Ground*, an initiative which introduced process and management changes to its application-intake (Production) process. This included rolling out new team management processes, including milestone whiteboards, daily team meetings, and production dashboards. In addition, *Breaking Ground* introduced several operational changes to optimize processes and minimize redundancies, including rolling out an early warning system for applications at-risk, standardizing work where applicable, and developing application staging areas. Field offices also introduced an underwriting review template to strengthen risk management.

Breaking Ground led to a 70 percent reduction in application backlogs, a 50 percent reduction in cycle times for 223(a)(7) and 223(f) loans, and a 10 percent gain in reported employee morale across MFH offices. New Production timeframes targeted 30-90 days to process an application, depending on the application type – a dramatic improvement.

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While *Breaking Ground* addressed the issues on the Production, or application intake, side of MFH, there were improvements to be gained in the Asset Management processes of the organization as well. In the Fall of 2011, MFH launched *Sustaining Our Investments* (SOI), which instituted more formal, risk-based processes and tools to help the Asset Management function manage MFH's growing and increasingly complex portfolio. This program included introducing milestone whiteboards, creating an institutionalized problem-solving system, standardizing work where possible, and classifying assets as "troubled," "potentially troubled," and "not troubled."

Like *Breaking Ground*, SOI led to significant improvements. 100 percent of insured assets and 99 percent of assisted assets (as well as Stand Alone use agreements and HUD held loans) have been classified by risk, providing FHA and MFH leadership with unprecedented visibility into the health of the MFH portfolio.

However, despite the initial success of these initiatives, MFH today is struggling to sustain the changes across its 50 offices. The culprit is MFH's operating model, which remains outdated in a variety of ways and leads to a less than optimal way of doing business. Current challenges include geographic fragmentation, workload imbalance, inconsistent customer service, insufficient risk management, and poor employee utilization and engagement – none of which were directly addressed through *Breaking Ground* or *Sustaining our Investments*.

An examination of MFH's closest peer institutions has identified several best practices that should be adopted:

- 1) Introducing additional risk-based underwriting processes in Production to ensure efficiency and quality during application review;
- 2) Reinforcing a risk-based approach in Asset Management to put the most qualified staff on the most complex assets;
- 3) Increasing and formalizing a workload-sharing process to more equitably distribute work across offices; and
- 4) Consolidating to a best-practice field organization model that includes no more than 10-12 field offices.

Pursuing a new model based on these best practices will have an immediate impact. MFH will improve customer and stakeholder satisfaction by standardizing operations across offices. The new model will also mitigate risk by creating specialization – ensuring the right staff are focused on the right work. Employees will be better engaged and motivated through enhanced work processes, clearer roles, career advancement opportunities, and a streamlined organizational structure that fosters a more collaborative environment. Finally, this series of structural reforms will best position MFH to optimize scarce resources, maximize efficiency and move to industry and governmental best practices.

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The Transformation design is the result of careful analysis and deliberation, and reflects input from a variety of stakeholders and industry best practices. MFH must change the way it does business. The millions of Americans who rely on MFH for housing depend on it.

Specific Factors Necessitating Change

MFH continues to face five challenges with its operating model, none of which were directly addressed through *Breaking Ground* or *Sustaining our Investments*:

1. **Geographic fragmentation** – MFH’s inherited field structure, with 50 locations organized into 17 regional hubs, is highly decentralized (see Exhibit 1). This leads to inconsistent customer service and program delivery, while inhibiting risk management. It also creates massive, and sometimes logistically impossible, hurdles in implementing and sustaining large-scale initiatives such as *Breaking Ground* and SOI.
2. **Workload imbalance** – Work is not equitably distributed across MFH, with some Hubs managing more than 4 times the Production workload and more than 3 times the Asset Management workload of other Hubs. This leads to long queues in some markets and underused staff in others, creating inefficiencies, as maximum organizational efficiency has not been reached.
3. **Inconsistent customer service across offices** - MFH customers can experience vastly varying processing times, levels of communication, and inconsistent guidance from office to office. Further, multiple points of contact create duplicative touch points, and results in no one person being accountable for the application. On the Asset Management side, this can lead to inconsistent verification processes, varying gaps in compliance, and different methodologies used to calculate reserves.
4. **Insufficient ways of dealing with risk and complexity** – In production, MFH currently has a “one-size-fits-all” approach, where all applications are assigned to a group, regardless of the application’s risk profile or the expertise a specific group may have. Further, no single person fully holds responsibility for the full application review or knowledge of its risk profile. In Asset Management, Project Managers struggle with blended portfolios of low-, medium-, and high-risk assets
5. **Ineffective employee utilization and engagement** – The large number of direct reports to MFH leadership impedes effective communication and employee engagement, while making it difficult to maintain consistent programmatic delivery. At the field level, low spans of control create unnecessary layers that stifle employee engagement.

Key Elements of the Transformation

Four key initiatives will enable MFH to address its current operational practices to be more in line with the best practices of leading industry and government institutions. These initiatives are interdependent – in order to achieve the full impact of the Transformation, MFH must implement all four:

1. **Streamline its organizational model in both headquarters and the field** to accelerate decision-making and enhance accountability.
 - In headquarters, MFH will streamline and focus its structure, with four main offices: Production, Asset Management and Portfolio Oversight, Recapitalization, and Field Operations. These changes will reduce duplication and provide better support and service to both the field and external customers and stakeholders.
 - In the field, MFH is consolidating 17 hubs into 5 future regions. Each region will have 2-3 field offices – one hub and 1-2 satellite offices – for a total of 12 future offices. This structure will increase national consistency across MFH. The future locations, by region, will be: New York, Boston, and Baltimore; Atlanta and Jacksonville; Chicago, Detroit, and Minneapolis; Fort Worth and Kansas City; San Francisco and Denver.
2. **Launch workload sharing** to more equitably distribute workload across the country in both Production and Asset Management. This will mitigate pressure on staff and reduce wait time and backlogs for customers. Workload sharing is already being piloted, and has received positive feedback from both staff and customers.
3. **Introduce risk-based processing and underwriters in Production** to increase the efficiency of processing applications, provide improved customer service, and better manage risk. Applications will be segmented according to risk and complexity and then assigned to the appropriate underwriter. The underwriter will manage the end-to-end review of the application, drawing in technical experts such as construction analysts and appraisers as needed.
4. **Create specialist support in Asset Management** to allow senior staff to focus on risky, complex, or troubled assets. Troubled Asset Specialists, a new role, will focus on addressing challenges associated with at-risk assets. Account Executives, today's Asset Management Project Managers, will focus on the non-troubled portfolio. This increased focus will allow MFH experts to better manage risk while creating more manageably scoped roles for staff.

Savings to MFH

In addition to streamlining operations and improving organizational performance, the Transformation will generate significant savings. The MFH transformation will achieve over \$500 million in total salaries and expenses (S&E) savings over the next 10 years. This includes savings from streamlined staffing (\$435M), which is net of increased locality pay (as employees relocate to higher cost-of-living areas). The total also includes savings from lease payments (\$135M) and higher travel expenses (\$10M).

Overall, it is expected that long-term savings will amount to roughly \$60 million annually.

There will also be a series of one-time implementation costs resulting from severance, buyout, relocation, training, and facilities costs. It is expected that one-time costs will total about \$75 million to \$80 million, paid over the course of 2-3 years.

Support to the HUD Workforce

HUD has guaranteed a job for every employee who wishes to continue his or her career at another location. Full relocation benefits will be paid, as allowable by federal travel regulations and HUD travel policy. For those who choose to leave the Department, HUD will offer buyouts and early out retirement for eligible employees.

In implementing the Transformation, HUD is communicating with, and providing ongoing support both to those employees who will elect to continue their careers with HUD at another office, and to those who elect to retire or resign.

Internal communications - - The former Deputy Secretary announced the MFH Transformation on April 24, 2013. He conducted regular webcasts to update employees on the status of this initiative over the course of the last ten months. These webcasts have featured answers to previously submitted questions from employees, or live Q & A.

In addition, he and Assistant Secretary/FHA Commissioner Carol Galante have conducted 'all hands' teleconferences with these offices to answer questions directly from affected employees and, along with former Deputy Assistant Secretary Head and current Deputy Assistant Secretary Metcalf, have been visiting affected offices.

An extensive website has been developed for employees, providing background information, updates, and frequently asked questions related to the closure process, relocation entitlements, retirement benefits, etc.

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HUD technical experts have been actively involved in the process from the beginning, and where requested, these experts have conducted one-on-one sessions with employees to discuss their individual situations, including benefits and retirement counseling, and briefings on relocations benefits.

Redeployment - Those employees who choose to continue their careers with HUD will be redeployed, via directed reassignments, to offices where they can better support program delivery. For these employees there will be:

- No impact on jobs - There will be no jobs lost, no downgrades, and no effect on employees' participation in existing career development and upward mobility programs.
- Preference in reassignment location - Prior to final decisions about the locations to which employees will be reassigned, all employees were afforded the opportunity to express four preferences from any of the twelve future state office locations. MFH employees in Seattle will also have the opportunity to move to the Office of Healthcare Programs. Management will honor their preferences wherever possible and preliminary indications are that this will be possible in nearly all cases. All three unions have agreed to this process and all affected multifamily employees are participating if they choose.
- Expanded relocation benefits - Full relocation benefits will be provided for each eligible employee. In addition, expanded benefits are being offered wherever possible which will provide extended time for the storage of household items, the use of temporary quarters, and the period during which real estate transactions must be completed.
- To ease the burden of transition, all employees will be given a period of at least 90 days from the time they receive their new assignment to the time they need to report to the new location.

Retirement or resignation - Other employees, for a variety of reasons, will elect not to accept directed reassignments. Eligible employees will have the following options:

- Buyouts - OPM has approved buyout authority covering all affected positions, up to \$25,000, the maximum allowable under law.
- Early outs - OPM has also approved early out authority for every affected position, allowing those who qualify to immediately access pension benefits without waiting for the regular retirement age.

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Implementation Timeline

The MFH Transformation will take place in five waves, one for each region, starting with the Fort Worth/Kansas City region and HUD Headquarters (HQ). A 1- to 2-month gap between each wave to update implementation plans based on the experience in previous wave(s) will allow MFH to better prepare for the following wave. Throughout implementation, employees will participate in training aimed to inform them on the new processes being introduced. The training will include extensive workshops on the underwriter model and risk-based processing for Production employees. Similar workshops are planned to introduce the Troubled Asset Specialist positions and associated new processes to Asset Management personnel.

Beyond the initial implementation stages, MFH plans to have follow-up training to reinforce key skills, address employee concerns and incorporate any other training necessary. There will be periodic check-ins across all leadership levels, increased coaching and feedback, weekly and bi-weekly team activities, Hub-wide and leadership activities to provide an atmosphere of continued learning.

Creation of Multifamily Assisted Housing Recapitalization Office

In fiscal year 2015, Housing has separated the Recapitalization function from the Multifamily Asset Management and Recapitalization function. This reflects the repurposing of the Office of Affordable Housing Preservation into the Office of Recapitalization. This Office is processing multiple financing-related activities related to mandated or needed refinancing, restructuring, recapitalization and preservation of assisted multifamily properties, including the Rental Assistance Demonstration (RAD), which was established by Congress under the Consolidated and Further Continuing Appropriations Act of 2012 (P.L. 112-55), and other complex financial multifamily recapitalization transactions undertaken in the Office of Housing. The Office has assumed some recapitalization functions that have been historically performed at the field office level.

This Office will be initially staffed by 50 current Multifamily Housing employees, and HUD plans to transfer another 56 employees who are currently performing this function from the office of PIH.

FTE Changes

The 2015 request allows Housing to continue the implementation of the Multifamily Transformation Initiative, and both backfill and maintain the most critical positions lost to the fiscal year 2013 hiring freeze and the budget uncertainties over the past few fiscal years that have significantly reduced Housing's staffing levels. The request also allows Housing to address significant operational backlogs and staffing capacity barriers created in selected offices by rebalancing resources within Housing.

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End of Year Staffing
Fiscal Years 2010 through 2015

	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2014
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Estimate.</u>	<u>Request</u>	<u>to FY 2015</u>
Multifamily	1,577	1,582	1,526	1,438	1,379	1,258	-121
Other Housing Offices	1,658	1,590	1,570	1,513	1,580	1,580	0
End of Year, Staffing	3,235	3,172	3,096	2,951	2,959	2,838	-121
FTE Usage	3,221.5	3,220.7	3,137.5	2,961.1	2,891.9	2,840.7	-51.2

SUMMARY OF SYSTEMS/TOOLS REQUIRED TO MANAGE PROGRAM

FHA Transformation: The goal of this initiative is to develop and implement a modern financial services Information Technology (IT) environment to better manage and mitigate risk across all of FHA's Mortgage Insurance Programs. It will enable risk detection and fraud prevention by capturing critical data points at the front-end of the loan life cycle, and leverage the right set of risk and fraud tools, rules-based technology, and transactional controls to minimize exposure to FHA's Insurance Funds. It will provide decision-makers with higher quality data and lower data latency to facilitate enhanced business analytics and informed decision-making. This will enable FHA's leadership to analyze portfolio trends and patterns across the lending community and will help with the identification of fraudulent lenders and reduce risk in the FHA portfolio.

FHA Transformation Initiative will allow HUD to start the careful process of migrating relevant portions of Housing's legacy applications into a modern financial service automated environment. The use of existing commercial products will minimize operational risk as the functionality of the legacy applications are migrated into the new environment. The FHA Transformation Initiative will also help HUD manage credit risk prudently at the portfolio and loan level and will also help respond rapidly to changing market conditions. The FHA Transformation Initiative will help administer many aspects of the multifamily and health care insurance programs. For example, the monitoring and enforcement projects will allow the Office of Lender Activities to automate many

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processes that are currently manual. It will also bring a new level of intelligent rules-based activities such as automated risk analysis and lender targeting according to a risk scoring framework. The new federal Financial Services Platform will be leveraged across other lines of business in the Housing program by migrating off the 30-year old Computerized Home Underwriting Management System (CHUMS). This will decrease the CHUMS footprint and therefore reduce operations & maintenance costs over the long term. The FHA Transformation Initiative will enable FHA to better recognize risk and fraud trends in borrower attributes, collateral attributes, and appraisal valuation accuracy during the transaction process, to help identify cases that may be detrimental to the Mutual Mortgage Insurance fund.

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OFFICE OF HEALTHCARE PROGRAMS

HUD's Office of Healthcare programs provide mortgage insurance on loans that finance the construction, renovation, acquisition, or refinancing of healthcare facilities such as hospitals and residential care facilities. The request for the Office of Healthcare Programs is distributed amongst three functions:

Office of Healthcare Programs				
Summary of FTE by Budget Function				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Healthcare Asset Management and Recapitalization	75.3	75.1	75.1	0.0
Healthcare Policy Development	8.2	8.1	8.1	0.0
Healthcare Production and Processing	62.1	62.0	62.0	0.0
Total FTE	145.6	145.2	145.2	0.0

Summary of Change

No change in FTE requested from fiscal year 2014 to fiscal year 2015.

Office of Healthcare Programs Request by Function:

Healthcare Asset Management and Recapitalization

Healthcare Asset Management and Recapitalization includes all activities associated with monitoring, loan servicing, claim prevention and (if a claim occurs) asset recovery in the insured hospital and residential care facility loan portfolio. This program: 1) conducts ongoing, extensive financial, operational, market, management, and on-site reviews of healthcare facilities with FHA-insured loans; 2) identifies facilities with declining performance and works with management, medical staff and governing boards to identify causes and encourage steps toward financial recovery(e.g. use of consultants to develop financial turnaround plans); 3) works intensively on healthcare facilities placed on the Credit Watch List to explore solutions, including change of management, merger or acquisition;

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4) if bankruptcy occurs, works with the Department of Justice and stakeholders toward a solution that protects HUD’s mortgage insurance risk; 5) consults with the Office of Risk Management on risk mitigation/claim avoidance strategies; and 6) if a claim occurs, recovers as many assets as possible to offset cost of the claim.

Healthcare Asset Management and Recapitalization				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$10,207	\$10,384	\$10,504	\$120
Non-Personnel Services				
Travel	173	201	201	-
Training	14	37	36	(1)
Supplies	19	18	18	-
Non-Personnel Services Subtotal	206	256	255	(1)
GRAND TOTAL	\$10,413	\$10,640	\$10,759	\$119
Associated FTE	75.3	75.1	75.1	0.0

Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$120K in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases with no increase in FTE.

- The \$1K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

Healthcare Policy Development

The Office of Healthcare Programs performs the following functions to administer FHA Mortgage Insurance Programs: 1) develops and updates policy related to all aspects of implementing the healthcare programs; 2) documents policies and procedures in regulations and handbook guidance for program participants; 3) in collaboration with the Office of Multifamily programs, provides oversight of FHA approved lenders; 4) provides oversight and monitoring of staff for implementation of policy and procedures related to implementing FHA programs; 5) conducts training for FHA lenders and Office of Healthcare Programs (OHP) staff; 6) ensures that adequate funding is requested for contract services such as inspections and other review functions required to implement the programs; 7) provides

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technical support and assistance to lenders and OHP staff; 8) manages the operation of Section 242 and 232 Loan Committees; and 9) reviews regulatory waiver requests.

Healthcare Policy Development				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$1,111	\$1,120	\$1,133	\$13
Non-Personnel Services				
Travel	19	22	22	-
Training	2	4	4	-
Supplies	2	2	2	-
Non-Personnel Services Subtotal	23	28	28	-
GRAND TOTAL	\$1,134	\$1,148	\$1,161	\$13
Associated FTE	8.2	8.1	8.1	0.0

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$13K in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases with no increase in FTE.

Healthcare Production and Processing

Healthcare Production and Processing activities are associated with pre-application and full application review of applications for mortgage insurance for hospitals and residential care facilities. The production and processing includes initial contact with potential applicants; receipt and review of Preliminary Review requests to identify healthcare facilities that do not meet statutory, regulatory, or financial guidelines; informing potential applicants that they are/are not good candidates for the program; receipt and review of full applications; and making recommendations to the authorized official to issue/not issue insurance commitments for proposed projects. Other activities include: 1) conducting extensive financial, operational, market, management, and on-site reviews of healthcare facilities seeking mortgage insurance; 2) maintaining lender liaison; 3) providing customer service to applicants; 4) inspecting projects under construction and approving advances of mortgage proceeds; 5) consulting with members of the Office of Risk Management on cases that may present unusual insurance risks; and 6) conducting review and improvement of policies and procedures.

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Healthcare Production and Processing				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$8,417	\$8,572	\$8,671	\$99
Non-Personnel Services				
Travel	143	167	167	-
Training	12	30	29	(1)
Supplies	15	15	15	-
Non-Personnel Services Subtotal	170	212	211	(1)
GRAND TOTAL	\$8,587	\$8,784	\$8,882	\$98
Associated FTE	62.1	62.0	62.0	0.0

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$99K in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases with no increase in FTE.

- The \$1K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

OFFICE OF MULTIFAMILY HOUSING PROGRAMS

HUD's Multifamily programs provide mortgage insurance to HUD-approved lenders to facilitate the construction, substantial rehabilitation, purchase and refinancing of multifamily housing projects. The Section 202, Section 811, and Section 8 Project-Based Rental Assistance programs deliver services to low and very low-income families and individuals, including the elderly and persons with disabilities. Multifamily Housing is undergoing one of the biggest organization restructurings in HUD's history and absorbing one of HUD's highest priorities (RAD), and continues to have historically high demand for its products. The request for the Office of Multifamily Housing Programs is distributed amongst six functions:

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Office of Multifamily Housing Programs				
Summary of FTE by Budget Function				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Multifamily Assisted Housing Recapitalization	0.0	0.0	50.0	50.0
Multifamily Asset Management	541.1	509.7	410.9	(98.8)
Multifamily Grant Administration	83.0	78.2	78.1	(0.1)
Multifamily Policy Development	72.2	68.1	68.1	0.0
Multifamily Production and Processing	604.6	569.6	520.6	(49.0)
Multifamily Subsidy Administration	141.7	133.5	133.5	0.0
Total FTE	1,442.6	1,359.1	1,261.2	(97.9)

FTE/Workload Summary & Summary of Change

The FTE changes from fiscal year 2014 are the result of the implementation of the Multifamily Transformation Initiative and the creation of the Multifamily Assisted Housing Recapitalization Office/Function.

**Office of Multifamily Programs Request by Function:
Multifamily Assisted Housing Recapitalization**

HUD continues to make an aggressive effort to better deliver rental assistances programs. This has included launching new programs, initiatives, and pilots aimed at mitigating the declining stock of affordable housing units, addressing the growing problem with worst case housing needs, and addressing struggling neighborhoods with distressed public or HUD-assisted housing. These

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initiatives include Choice Neighborhoods, RAD, and Promise Zones. They add to the other targeted rental assistance programs in HUD's portfolio (e.g., HOPE VI, PBRA, and Section 202).

While these programs are important for the targeted objectives, there is a clear need for better integration across initiatives and more effective interactions with external partners who often use more than one program to deliver affordable housing and support better communities.

To achieve more effective and efficient delivery of rental assistance programs, HUD aims to streamline these programs into one organization to be called the Office of Recapitalization. HUD is repurposing the Office of Affordable Housing Preservation into the Office of Recapitalization to create a centralized focus on preservation and recapitalization. In fiscal year 2015, The Office of Recapitalization will expand to integrate many public housing recapitalization functions currently being performed in PIH. This is consistent with the Administration's goals for streamlining organization silos across government. This new office will integrate mixed finance and neighborhood revitalization programs currently sitting across two different program offices at HUD (PIH and Housing) and fragmented out in field offices.

Specifically, HUD plans on moving several programs and their related staff from PIH's Office of Public Housing Investments to the new Office of Recapitalization within the Office of Housing. These programs include:

- Choice Neighborhoods;
- HOPE VI;
- Energy Performance Contract (EPC);
- Public Housing Mixed/Alternative Finance (CFFP/OFFP/PHMP); and
- Special Application Center (SAC).

These programs that will move from PIH will be consolidated with other programs from Multi-family (Section 202 and 2136, Mark to Market) as well as new programs (RAD and Promise Zones).

The goal of this office is to provide expert, expedited attention to the preservation, recapitalization and repositioning of assisted housing, with an aim to streamline complex preservation transactions. This focused approach recognizes the need to preserve at-risk affordable housing, including properties with expiring contracts and maturing mortgages, reduce the backlog of capital repair needs, reconfigure obsolete housing, and reposition assisted housing in the service of holistic neighborhood revitalization that meets the needs of communities.

The Office of Affordable Housing Preservation, which is being repurposed into the Office of Recapitalization, today works with Public Housing Authorities and Multifamily Owners to receive and refine applications, review and process such applications, and allocate

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various resources according to program requirements for recapitalization transactions. The Office coordinates and streamlines affordable housing preservation activities. As the focus of the office is conducting recapitalization transactions, it does not perform any ongoing monitoring, review, oversight, reporting, inspection, troubleshooting or other functions related to asset management. Following the recapitalization activity, the assets will be serviced and overseen, according to the source of subsidy, by the Office of Multifamily Housing or the Office of Public and Indian Housing as part of the multifamily asset management function. Today, OAHF works closely with Participating Administrative Entities (PAEs) to process mortgage restructuring transactions under the Mark to Market (M2M) program. Also, HUD desires statutory flexibility to allow the Office of Recapitalization to engage PAEs to process other recapitalization activities such as RAD transactions.

Multifamily Assisted Housing Recapitalization						
(Dollars in Thousands)						
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015	PIH Transfer	Total Function
Personnel Services	-	-	\$6,335	\$6,335	\$7,211	\$13,546
Non-Personnel Services						
Travel	-	-	100	100	100	200
Training	-	-	10	10	10	20
Supplies	-	-	6	6	6	12
Non-Personnel Services Subtotal	-	-	116	116	116	232
GRAND TOTAL	-	-	\$6,451	\$6,451	\$7,327	\$13,778
Associated FTE	0.0	0.0	50.0	50.0	56.0	106.0

FTE/Workload Summary & Summary of Change

In fiscal year 2015, 56 staff from PIH will be transferred to the Office of Multifamily Assisted Housing Recapitalization and will perform public housing recapitalization functions currently housed in PIH. The fiscal year 2015 requested level of \$13,778 reflects several factors:

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- Transaction volume is expected to climb in fiscal year 2014 and stay steady heading into fiscal year 2015; reflecting growth in RAD transactions (assuming elimination of the cap and \$10 million in funding), an increase in Choice grants, and consolidation of transaction activity currently taking place in the field in Multifamily for which staff are being reduced.
- While the productivity of the office is 9.9 transactions per FTE in fiscal year 2013, HUD is working on increasing that productivity by consolidating these programs into one office. The office is expecting a 20 percent increase in productivity between fiscal year 2013 and fiscal year 2015.
- Staffing levels in the front office will be reduced as staff working on HOPE VI activity continues to decrease.

Multifamily Asset Management

This function within FHA multifamily programs at the Headquarters level: develops policy related to all aspects of implementing asset management including handbooks, notices, guides, regulations, etc.; provides oversight and monitoring of field staff implementation of policy and procedures related to sponsor and owner obligations and responsibilities; monitors field achievement of goals and targets; and ensures compliance with HUD business agreements with respect to financial and physical requirements. Field staff perform the following functions to administer the FHA multifamily programs: process Previous Participation requests, process transactions such as prepayment requests, transfer of physical assets, all regulatory waivers, Partial Payments of Claims and mortgage modifications and the disposition of assets; respond to correspondence, audits, and to other requests for information; conduct site visits, perform financial analysis, monitor projects' physical condition, handle tenant complaints and issues; conduct training and outreach sessions to our industry partners; process renewals of Section 8 housing assistance contracts, review request for budget-based rent increases, process contract opt-outs and requests to combine contracts, monitor service coordinator grants, approve requests to change management agents, review requests for releases from reserve accounts, monitor project use agreements, and input data to reporting systems.

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Multifamily Asset Management				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$65,904	\$67,675	\$59,030	(\$8,645)
Non-Personnel Services				
Travel	372	1,111	1,551	440
Transportation of Things	6	239	487	248
Printing and Reproduction	5	12	12	-
Other Services	639	830	967	137
Training	192	415	696	281
Supplies	26	24	18	(6)
Non-Personnel Services Subtotal	1,240	2,631	3,731	1,100
GRAND TOTAL	\$67,144	\$70,306	\$62,761	(\$7,545)
Associated FTE	541.0	509.7	410.9	(98.8)

FTE/Workload Summary & Summary of Change

The decrease of 98.8 FTE from the fiscal year 2014 request is the result of the implementation of the Multifamily Transformation Initiative and the transfer of 50 FTE for the creation of the Multifamily Recapitalization function.

- The decrease of \$8.6 million in Personnel Services is the result of \$6.3 million transferred for the creation of the Office of Multifamily Assisted Housing Recapitalization and \$5.4 million in savings from the decreased FTE usage from the implementation of the Multifamily Transformation Initiative, offset by \$4.9 million for relocation, severance and buyout costs associated with the implementation of the Multifamily Transformation Initiative.
- The \$440K increase to Travel will be used for the implementation of the Multifamily Transformation Initiative, and for the related relocation costs.
- An increase of \$248K in Transportation of Things will be used for the relocation costs associated with the Multifamily Transformation Initiative.

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- An increase of \$137K in Other Services is requested for anticipated increases to annual contracts and for the relocation costs associated with the Multifamily Transformation.
- An increase of \$281K in Training is the estimated amount to the training needed for the Multifamily Transformation.
- The decrease of \$6K in Supplies is the estimated amount to be transferred to the newly created Multifamily Recapitalization function.

Multifamily Grant Administration

The Section 202 Housing for the Elderly program helps non-profit organizations own and operate affordable housing with supportive services for very low-income elderly persons. With the Section 202 program, vulnerable elderly persons are more likely to have the affordable housing they need to effectively access community-based support and services to live independently and age in place, thereby avoiding more expensive institutional settings or at-risk settings such as homelessness. Section 202 funds under the Service Coordinator in Multifamily Housing program are also awarded to owners of certain multifamily housing projects to hire service coordinators to help link project residents to needed services as well as provide funds to directly fund services under the Congregate Housing Services program. Other programs for which Section 202 funds are provided include the Assisted Living Conversion program, where funds are provided to convert units in existing multifamily housing project to assisted living units, and the Demonstration Planning Grant program that awards funds to Section 202 sponsors to pay for some pre-development activities.

Section 811 Housing for Persons with Disabilities provides supportive housing for adults with serious and long-term disabilities, including physical or developmental disabilities as well as mental illness.

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Multifamily Grant Administration				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$10,109	\$9,764	\$9,895	\$131
Non-Personnel Services				
Travel	57	69	69	-
Printing and Reproduction	1	2	2	-
Other Services	3	9	9	-
Training	29	41	39	(2)
Supplies	4	4	4	-
Non-Personnel Services Subtotal	94	125	123	(2)
GRAND TOTAL	\$10,203	\$9,889	\$10,018	\$129
Associated FTE	83.0	78.2	78.1	(0.1)

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level increase of \$131K in Personnel Services and a decrease of 0.1 FTE from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

- The \$2K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

Multifamily Policy Development

HUD's Multifamily rental assistance programs provide FHA mortgage insurance to HUD-approved lenders to facilitate the construction, substantial rehabilitation, purchase and refinancing of multifamily housing projects. In fiscal year 2014, it is estimated that Multifamily Housing will insure a record \$17.4 billion in new loans for multifamily properties. This is a 12 percent increase over the record \$15.5 billion that Multifamily Housing insured in fiscal year 2012. This will continue to bolster the supply of much-needed rental housing, and help many multifamily owners refinance into more affordable loans. Additionally, HUD's rental assistance portfolio administers many projects which are conventionally financed and could include other funding such as flexible subsidies, tax credits, and municipal bonds. Headquarters staff engage in all activities associated with development and dissemination of policy and guidance for Section 8 Housing Assistance Payments contracts and occupancy requirements in multifamily subsidized housing

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programs. Headquarters staff develops policy on the renewal of Section 8 contracts and the provision of rent adjustments; writes guidebooks and notices; responds to inquiries regarding contract provisions, including internal and external correspondence, and waiver requests; develops and provides technical support and training on Section 8 contract renewals to HUD field offices, contract administrators, property owners and management agents; and provides oversight and monitoring of field staff implementation of policy and procedures related to implementing Section 8 contract renewal, rent increase, and occupancy requirements.

Multifamily Policy Development				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$8,794	\$8,503	\$8,628	\$125
Non-Personnel Services				
Travel	50	60	60	-
Printing and Reproduction	1	2	2	-
Other Services	3	8	8	-
Training	25	35	34	(1)
Supplies	3	3	3	-
Non-Personnel Services Subtotal	82	108	107	(1)
GRAND TOTAL	\$8,876	\$8,611	\$8,735	\$124
Associated FTE	72.3	68.1	68.1	0.0

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level increase of \$125K in Personnel Services from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative and there will be no change in FTE.

- The \$1K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

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Multifamily Production and Processing

Headquarters staff administers the various FHA Multifamily Mortgage Insurance Programs and Section 202 and Section 811 programs. In performing its function, the Headquarters staff:

- develops policy and provides oversight and monitoring of field staff;
- monitors field achievement of goals and targets;
- drafts Notices of Funding Availability;
- ensures availability of funding for all funding commitments;
- responds to correspondence, audits, and other requests for information; and
- approves field offices' recommendations for selection of new projects/grants.

Field staff processes and recommends approval of applications; review construction plans and specifications and cost estimates; underwrite mortgage insurance applications, conduct financial analysis of borrowers, determine adequacy of market conditions, conduct environmental assessment, participate in training of FHA approved lenders, process requests for handbook waivers, review requests for appeals of rejections; conduct site reviews; participate in marketing and outreach of the Sections 202 and 811 programs; train sponsors; process requisitions for release of funding; ensure compliance with Davis-Bacon wage rate requirements; conduct cost certification reviews; and monitor the completion of development of the projects.

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Multifamily Production and Processing				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$73,639	\$73,809	\$70,605	(\$3,204)
Non-Personnel Services				
Travel	415	943	1,304	361
Transportation of Things	4	159	324	165
Printing and Reproduction	6	13	13	-
Other Services	23	146	237	91
Training	213	397	584	187
Supplies	29	27	27	-
Non-Personnel Services Subtotal	690	1,685	2,489	804
GRAND TOTAL	\$74,329	\$75,494	\$73,094	(\$2,400)
Associated FTE	604.6	569.6	520.6	(49.0)

FTE/Workload Summary & Summary of Change

The decrease of 49.0 FTE and \$3.2 million from the fiscal year 2014 is the result of the implementation of the Multifamily Transformation Initiative.

- The decrease of \$3.2 million in Personnel Services is the result of \$5.4 million in savings from the decreased FTE usage from the implementation of the Multifamily Transformation Initiative, offset by \$4.9 million for relocation, severance and buyout costs associated with the implementation of the Multifamily Transformation Initiative.
- The \$361K increase to Travel will be used for the implementation of the Multifamily Transformation Initiative, and for the related relocation costs.
- An increase of \$165K Transportation of Things will be used for the relocation costs associated with the Multifamily Transformation Initiative.

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- An increase of \$91K in Other Services is requested for anticipated increases to annual contracts and for the relocation costs associated with the Multifamily Transformation.
- An increase of \$187K in Training to assist with changes of the implementation of the Multifamily Transformation Initiative.

Multifamily Subsidy Administration

MF rental assistance programs, unlike the Tenant-Based Rental Assistance program, provide rental assistance on behalf of eligible tenants residing in specific multifamily rental developments. These households are primarily seniors, families with children, and persons with disabilities. Project-Based Rental Assistance is provided through contracts between the Department and owners of multifamily rental housing; thus, if a tenant moves, the assistance stays with the housing development. The amount of rental assistance paid to the owner is the difference between what a household can afford (based on paying 30 percent of household income for rent) and the approved contract rent for the unit. Currently, the program serves nearly 1.2 million low-income and very low-income households.

Headquarters staff is responsible for the administration of its rental assistance programs to ensure that the highest compliance levels are maintained and that the right benefits go to the right people. This includes developing policy on occupancy requirements, writing guidebooks and notices, responding to inquiries regarding occupancy issues, training, and working with other HUD offices that administer rental assistance programs. The Division supports the Rental Housing Integrity Improvement Project initiative and other special projects related to multifamily rental assistance.

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Multifamily Subsidy Administration				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$17,259	\$16,669	\$16,914	\$245
Non-Personnel Services				
Travel	97	118	118	-
Printing and Reproduction	1	3	3	-
Other Services	6	15	15	-
Training	50	69	67	(2)
Supplies	7	7	7	-
Non-Personnel Services Subtotal	161	212	210	(2)
GRAND TOTAL	\$17,420	\$16,881	\$17,124	\$243
Associated FTE	141.7	133.5	133.5	0.0

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level decrease of \$245K in Personnel Services from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative and no change in FTE.

- The \$2K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

OFFICE OF RISK MANAGEMENT AND REGULATORY AFFAIRS

In addition to administering the Manufactured Housing Program, the major objective of the Office of Risk Management and Regulatory Affairs is to conduct analysis and recommend actions to reduce exposure to FHA insurance funds while meeting its housing mission; ensure that FHA operates in compliance with statutory capital requirements; and, promote a well-controlled operational infrastructure. The scope of credit and operational risk management work of the Office of Risk Management and Regulatory Affairs encompasses the Single Family, Multifamily and Healthcare program areas as well as and regulatory management of the manufactured housing industry. The request for the Office of Risk Management and Regulatory Affairs is distributed amongst two functions:

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Office of Risk Management and Regulatory Affairs				
Summary of FTE by Budget Function				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Manufactured Housing	9.3	9.8	10.3	0.5
Risk Management	45.0	47.2	49.7	2.5
Total FTE	54.3	57.0	60.0	3.0

Summary of Change

The fiscal year 2015 requested level of 3 FTE and includes a nominal increase in funding for Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases.

Office of Risk Management and Regulatory Affairs by Function:

Manufactured Housing

Program functions for Manufactured Housing includes reduction of civilian fire deaths in manufactured housing, increased identification of non-conforming manufactured homes, increased number of manufactured homes impacted by investigations and enforcement cases, and increased re-sale value of owner-occupied manufactured housing.

Program functions required by the National Manufactured Housing Construction and Safety Standards Act of 1974, as amended by the Manufactured Housing Improvement Act of 2000, include the following:

- Establishment of Construction and Safety, and Installation Standards.
- Compliance with the Construction and Safety Standards.

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- Establishment and Enforcement of Installation Standards.
- Dispute Resolution Program.

Manufactured Housing				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$1,359	\$1,454	\$1,546	\$92
Non-Personnel Services				
Travel	3	5	5	-
Other Services	90	100	100	-
Training	1	5	5	-
Supplies	4	3	3	-
Non-Personnel Services Subtotal	98	113	113	-
GRAND TOTAL	\$1,457	\$1,567	\$1,659	\$92
Associated FTE	9.3	9.8	10.3	0.5

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$92K in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases with a 0.5 increase in FTE.

Risk Management

The major objective of the Office of Risk Management and Regulatory Affairs (ORMRA) is to: conduct analysis and recommend actions to reduce exposure to FHA insurance funds while meeting its housing mission; ensure that FHA operates in compliance with statutory capital requirements; and promote a well-controlled operational infrastructure. The risk management staff's scope of credit and operational risk management work encompasses Program Area (Single Family, Multifamily and Healthcare) activities conducted at Headquarters and the Field Offices. ORMRA performs the following functions to manage risk:

- performs analyses and recommends actions to support FHA's ability reduce risk exposure to its insurance funds;

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- identifies the policies and processes that are key drivers of risk via a structured risk identification framework;
- recommends risk mitigation strategies for FHA and specific program areas and provide independent oversight and assessment of risk remediation activities;
- designs and maintains a comprehensive risk governance infrastructure, including implementing policies, processes, and committees to reduce risk exposure to the insurance funds;
- maintains risk management processes to perform independent internal risk and control assessments aligned with federal standards, including front end risk assessments of new and high impact programs and activities; and
- ensures that risks are measured, monitored and managed according to an integrated framework across programs.

Risk Management				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$6,577	\$7,007	\$7,464	\$457
Non-Personnel Services				
Travel	15	22	22	-
Other Services	436	482	482	-
Training	5	22	21	(1)
Supplies	15	15	15	-
Non-Personnel Services Subtotal	471	541	540	(1)
GRAND TOTAL	\$7,048	\$7,548	\$8,004	\$456
Associated FTE	45.0	47.2	49.7	2.5

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$457K in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases with a 2.5 increase in FTE.

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- A decrease of \$1K in Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

OFFICE OF SINGLE FAMILY HOUSING PROGRAMS

HUD's Single Family programs include mortgage insurance on loans to purchase new or existing homes, condominiums; and manufactured housing, houses needing rehabilitation, and for reverse equity mortgages to elderly homeowners. Single Family Housing has had unprecedented demand on its operations. Single Family Housing is managing high volume of endorsements, increasing operational risk on multiple dimensions--quality assurance, lender/servicer oversight, loss mitigation and asset disposition; risks are measured in billions of dollars. Single Family is focused on improving operational efficiency on multiple dimensions: updating/improving policy documentation, enhancing loan level quality assurance, and improving REO recoveries; on REO alone, annual savings in excess of \$500 million on fiscal year 2013 dispositions have been realized.

The request for the Office of Single Family Programs is distributed amongst five functions:

Office of Single Family Housing Programs				
Summary of FTE by Budget Function				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Single Family Asset Management	241.3	242.6	251.7	9.1
Single Family Customer Service	67.2	67.6	70.1	2.5
Single Family Lender Oversight	171.7	172.6	179.1	6.5
Single Family Policy Development	100.8	101.3	105.1	3.8
Single Family Production and Processing	283.0	284.3	295.1	10.8
Total FTE	864.0	868.4	901.1	32.7

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Summary of Change

The increase of 32.7 FTE is requested to assist with the implementation of a pilot for new alternative disposition strategies for the Single Family REO portfolio, to implement changes in Single Family’s Quality Assurance framework, and to ensure timely and quality responsiveness to departmental and FPM requests.

Office of Single Family Programs Request by Function:

Single Family Asset Management

The Asset Management Staff at Headquarters performs the following functions to administer the HUD asset management programs: develops and updates policy related to all aspects of implementing and monitoring the single family property disposition program; ensures that adequate funding is provided to the field for necessary contract services required to implement the program; provides oversight of regulatory compliance of FHA’s loss mitigation requirements for lenders that have been approved to participate in single family FHA mortgage insurance programs; and provides technical support and assistance to field staff, including Single Family Homeownership Center staff.

Field staff performs the following functions to implement HUD asset management programs: provides contract requirement development and oversight of Field Service Manager and Asset Manager Contractors that perform property maintenance services and property disposition/sale services for all HUD Real Estate Owned (REO) properties in the inventory.

Single Family Asset Management				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$29,146	\$29,918	\$31,424	\$1,506
Non-Personnel Services				
Travel	273	299	299	-
Training	47	119	116	(3)
Supplies	16	15	15	-
Non-Personnel Services Subtotal	336	433	430	(3)
GRAND TOTAL	\$29,482	\$30,351	\$31,854	\$1,503
Associated FTE	241.3	242.5	251.7	9.2

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$1.5 million in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases as well as an increase of 9.2 FTE.

- The FTE increase of 9.2 from fiscal year 2014 will be used to implement a pilot for new alternative disposition strategies for the Single Family REO portfolio. As such strategies are implemented, at least 1 additional full-time equivalent (FTE) resource will be required to ensure appropriate guidance and oversight to the industry and FHA stakeholders to ensure program compliance occurs, as well as perform analyses of the various strategies to determine if they should continue or need to have changes made to ensure a higher net return to be realized by the Department on the ultimate sale of the property.
- The \$3K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

Single Family Customer Service

All Single Family Customer Service activities associated with performing internal and external customer relations include the following:

- Respond to Congressional and White House requests;
- Respond to non-policy related customer requests;
- Provide outreach to customer groups;
- Provide Technical Assistance and Programmatic Training;
- Respond to OIG, GAO, and OMB Audits and Inquiries;
- Manage Controlled Correspondence;
- Research and Respond to Customer Inquiries;
- Provide Training, Education and Outreach, and promote homebuyer education initiatives;
- Foster good industry/community relations; and
- Negotiate partnership agreements with state and local governments, nonprofit organizations, and community organizations.

Program Office Salaries and Expenses-Office of Housing

Single Family Customer Service				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$8,114	\$8,340	\$8,752	\$412
Non-Personnel Services				
Travel	76	84	84	-
Training	13	33	32	(1)
Supplies	4	4	4	-
Non-Personnel Services Subtotal	93	121	120	(1)
GRAND TOTAL	\$8,207	\$8,461	\$8,872	\$411
Associated FTE	67.2	67.6	70.1	2.5

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$412K in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases as well as an increase of 2.5 FTE.

- The FTE increase of 2.5 from fiscal year 2014 will be used to correct a finding from a recent review of workforce planning in the Homeownership Centers (HOCs) that identified is a lack of consistency in the program level staff dedicated to working with the Field Policy and Management (FPM) staff. Directly aligned to support the Secretary’s strategic plan, it is critical that each Homeownership Center (HOC) have dedicated staff to ensure timely and quality responsiveness to FPM requests in this area. Currently, the Santa Ana HOC is the only HOC that does not have a resource dedicated to this function and must attempt to meet these needs by sharing responsibility across a number of individuals. The ability to dedicate one resource to this need will ensure better quality of responsiveness and consistency and allow the HOC director to focus on the core responsibilities of his/her position.
- The \$1K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

Program Office Salaries and Expenses-Office of Housing

Single Family Lender Oversight

Headquarters staff for the Office of Lender Activities and Program Compliance: develops and updates policy related to all aspects of monitoring the program and approval into the program; provides approval and oversight of FHA approved lenders; ensures that adequate funding is provided to the field for necessary contract services required to implement the program; and provides technical support and assistance to field staff.

Field staff performs the following functions to monitor FHA approved lenders: monitors originating lenders and servicing lenders for FHA requirement compliance; oversees and coordinates audit response for lender related activities; and provides referrals to the Mortgagee Review Board for lenders with serious violations.

Single Family Lender Oversight				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$20,731	\$21,293	\$22,360	\$1,067
Non-Personnel Services				
Travel	195	214	214	-
Training	33	85	82	(3)
Supplies	11	11	11	-
Non-Personnel Services Subtotal	239	310	307	(3)
GRAND TOTAL	\$20,970	\$21,603	\$22,667	\$1,064
Associated FTE	171.7	172.6	179.1	6.5

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$1.1 million in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases as well as an increase of 6.5 FTE.

- The 6.5 FTE increase from fiscal year 2014 will be used to implement changes in Single Family’s Quality Assurance framework. The planned changes include a five-fold increase in the volume of loans sampled for review, increased reporting and analytics, and oversight of potential contract resources.

Program Office Salaries and Expenses-Office of Housing

- The \$3K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

Single Family Policy Development

Headquarters staff performs the following functions to administer FHA Mortgage Insurance Programs: management, development, implementation and oversight of all Single Family (SF) FHA Insurance and Appraisal programs and policies; initiates and executes program and policy changes in response to market changes; supports SF Credit and Appraisal handbooks, FAQs and policy publications, market outreach, communication, and training. Additionally the department is responsible for the Lender Insurance Program, Direct Endorsement authority, the FHA Appraisal Roster and providing guidance, technical support and assistance to field staff. Headquarters staff also supports several systems critical to supporting the SF FHA Insurance program: FHA Connection, CHUMS, IACS/HERMIT, SF Data Warehouse, CAIVRS and the Housing Counseling System. This responsibility includes supporting and executing system changes required to support the FHA SF programs and business model, including TOTAL Scorecard. The staff is responsible for ensuring that adequate funding is provided for necessary contract services required to implement and manage the insurance program and related functions and is playing a lead role in the SF Transformation initiative, which will incorporate fraud/risk tools in the origination and insuring process. Headquarters staff also manages the web posting function for SF Housing and regulatory audits related to FHA Insurance programs and policy.

Single Family Policy Development				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$12,170	\$12,497	\$13,122	\$625
Non-Personnel Services				
Travel	114	125	125	-
Training	19	50	48	(2)
Supplies	7	6	6	-
Non-Personnel Services Subtotal	140	181	179	(2)
GRAND TOTAL	\$12,310	\$12,678	\$13,301	\$623
Associated FTE	100.8	101.3	105.1	3.8

Program Office Salaries and Expenses-Office of Housing

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$625K in Personnel Services to fund for the pay raise, promotions and within grade as well as an increase of 3.8 FTE.

- The 3.8 FTE increase from fiscal year 2014 will be used to implement changes in Single Family Policy Development framework.
- A decrease of \$2K in Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

Single Family Production/Processing

Field staff performs the following functions to administer FHA Mortgage Insurance Programs: provides oversight of contractors that process case-level endorsement for mortgage insurance; reviews underwriting and mortgage credit analyses of loan files for FHA-approved lenders; provides oversight of contract field appraisers that conduct site reviews; monitors appraisers for compliance with FHA requirements; participates in marketing and outreach of FHA programs; trains FHA lenders; provides technical assistance to lenders for facilitation of loan endorsements; and provides oversight of the condominium approval process.

Single Family Production/Processing				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$34,157	\$35,086	\$36,843	\$1,757
Non-Personnel Services				
Travel	321	352	352	-
Training	54	140	135	(5)
Supplies	19	18	18	-
Non-Personnel Services Subtotal	394	510	505	(5)
GRAND TOTAL	\$34,551	\$35,596	\$37,348	\$1,752
Associated FTE	282.9	284.4	295.1	10.7

Program Office Salaries and Expenses-Office of Housing

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$1.8 million in Personnel Services to fund for the pay raise, promotions and within grade as well as an increase of 10.7 FTE.

- The 10.7 FTE increase from fiscal year 2014 will be used to implement changes in Single Family Production/Processing framework.
- A decrease of \$5K in Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

OFFICE OF HOUSING COUNSELING (OHC)

HUD’s Housing Counseling programs provide counseling to consumers on seeking, financing, maintaining, renting, or owning a home. The request for the Office of Housing Counseling is distributed amongst three functions:

Office of Housing Counseling				
Summary of FTE by Budget Function				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Housing Counseling Outreach and Capacity Building	18.8	20.1	22.3	2.2
Housing Counseling Policy and Grants Administration	25.7	27.6	30.5	2.9
Housing Counseling Program Oversight and Accountability	15.3	16.4	18.2	1.8
Total FTE	59.8	64.1	71.0	6.9

Program Office Salaries and Expenses-Office of Housing

Summary of Change

The increase of 6.9 FTE is requested to assist with the required testing and certification of individual counselors, and to work on policy initiatives such as designing and implementing major modifications to the HECM counseling protocol and program handbook; creating and updating performance impact reports; working with other HUD programs that have a counseling element to ensure program consistency with OHC and Dodd-Frank requirements.

Office of Housing Counseling Request by Function:

Housing Counseling Outreach and Capacity Building

All Housing Counseling Outreach and Capacity Building activities are related to program visibility: counselor, agency, applicant, and constituent training and education. The Program Awareness function within the Office of Housing Counseling Outreach and Capacity Building is responsible for helping the Department meet consumers' post-recession needs to restore their income and borrowing ability, and improve their housing quality and affordability.

Housing Counseling Outreach and Capacity Building				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$2,406	\$2,716	\$3,027	\$311
Non-Personnel Services				
Travel	55	31	31	-
Training	3	7	8	1
Supplies	4	4	4	-
Non-Personnel Services Subtotal	62	42	43	1
GRAND TOTAL	\$2,468	\$2,758	\$3,070	\$312
Associated FTE	18.8	20.1	22.3	2.2

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$311K in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases as well as an increase of 2.2 FTE.

Program Office Salaries and Expenses-Office of Housing

- 2.2 additional FTE is needed in the Office of Outreach and Capacity Building to help ensure enough capacity to implement statutorily required testing and certification of individual counselors. This requirement constitutes a major change in the industry requiring training and preparation for housing counselors to meet housing counseling requirements as defined in the Dodd-Frank Act. In fiscal year 2013, OHC initiated the rule making process to implement this legislative requirement. OHC is also initiating procurements to help support the test development and administration and counselor training. OHC estimates that a final rule will be effective in fiscal year 2015. Once the final rule is effective only HUD certified counselors will be able to provide housing counseling services at HUD approved agencies. OHC requires an additional FTE to support the increased workload anticipated with managing the training and certification of individual housing counselors. An additional FTE will also enhance the capacity to manage the implementation of a new Federal Advisory Committee as mandated by the Dodd-Frank Act. The additional FTE would help ensure adequate staff capacity for training, technical assistance and outreach on the west coast where there is a current staffing gap.
- The \$1K increase to Training from fiscal year 2014 will be used to train staff to implement the statutorily required testing and certification of individual counselors.

Housing Counseling Policy and Grants Administration

The functions of the Office of Policy and Grants Administration are to prepare reports on program effectiveness and impact, initiate and evaluate efforts to streamline the program, draft rules and regulations, and design and oversee a competitive process for awarding grants.

Housing Counseling Policy and Grants Administration includes all activities related to developing metrics, standards and policies for housing counseling for the homeless, renters, homebuyers and homeowners, including:

- Developing and implementing policies relating to housing counseling;
- Collecting and analyzing data and research documenting the effectiveness of HUD's housing counseling program; and
- Coordinating the grant-making process, conducting program reporting and evaluation, conducting policy development, and coordinating grants management.

Program Office Salaries and Expenses-Office of Housing

Housing Counseling Policy and Grants Administration				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$3,289	\$3,730	\$4,139	\$409
Non-Personnel Services				
Travel	75	43	43	-
Training	2	11	11	-
Supplies	6	6	6	-
Non-Personnel Services Subtotal	83	60	60	-
GRAND TOTAL	\$3,372	\$3,790	\$4,199	\$409
Associated FTE	25.7	27.6	30.5	2.9

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$409K in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases as well as an increase of 2.9 FTE.

- 2.9 additional FTEs are needed in the Office of Policy Development and Grant Administration to work on policy initiatives such as designing and implementing major modifications to the HECM counseling protocol and program handbook; creating and updating performance impact reports; working with other HUD programs that have a counseling element to ensure program consistency with OHC and Dodd-Frank requirements.

Housing Counseling Program Oversight and Accountability

Housing Counseling Program Oversight and Accountability includes all activities associated with monitoring, reporting, and certification of new and existing Housing counselors, counseling agencies and related activities. It also includes:

- Conducting Performance Monitoring;
- Providing Program Management and Oversight;
- Performing Counselor and Counseling Agency Certification Assessment and Review; and
- Responding to external audits.

Program Office Salaries and Expenses-Office of Housing

Housing Counseling Program Oversight and Accountability				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$1,958	\$2,216	\$2,470	\$254
Non-Personnel Services				
Travel	45	26	26	-
Training	1	7	6	(1)
Supplies	4	4	4	-
Non-Personnel Services Subtotal	50	37	36	(1)
GRAND TOTAL	\$2,008	\$2,253	\$2,506	\$253
Associated FTE	15.3	16.4	18.2	1.8

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$254K in Personnel Services to fund a pay raise, increased benefit costs, promotions and within grade increases as well as an increase of 1.8 FTE.

- 1.8 additional FTE is needed in the Office of Outreach and Capacity Building to help ensure enough capacity to implement statutorily required testing and certification of individual counselors. This requirement constitutes a major change in the industry requiring training and preparation for housing counselors to meet housing counseling requirements as defined in the Dodd-Frank Act. In fiscal year 2013, OHC initiated the rule making process to implement this legislative requirement. OHC is also initiating procurements to help support the test development and administration and counselor training. OHC estimates that a final rule will be effective in fiscal year 2015. Once the final rule is effective only HUD certified counselors will be able to provide housing counseling services at HUD approved agencies. OHC requires an additional FTE to support the increased workload anticipated with managing the training and certification of individual housing counselors. An additional FTE will also help the Office have the capacity to manage the implementation of a new Federal Advisory Committee as mandated by the Dodd-Frank Act. The additional FTE would help ensure adequate staff capacity for training, technical assistance and outreach on the West Coast where there is a current staffing gap.
- The \$1K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

OFFICE OF FINANCE AND BUDGET

Finance and Budget

The Office of Finance and Budget (FAB) provides critical financial and budgetary oversight for the Federal Housing Administration (FHA) (Housing-FHA). The organization serves as the principal advisor to the FHA Commissioner on fiscal and budgetary matters and has primary leadership responsibility for the financial integrity of the Office of Housing-FHA programs. The office is responsible for all Housing-FHA accounting records, the preparation of the annual FHA Generally Accepted Accounting Principal statements/ Management Report, management of the annual audit, timely and accurate financial management reports, the sale and disposition of FHA mortgage notes, claims processing, debt collection activities, managing Housing’s corporate IT investment portfolio, budget formulation, execution, presentations, and serves an advisory role on all issues involving financial management, budgetary and accounting policy to the program offices’ Deputy Assistant Secretaries. FAB’s staff is responsible for the integrity of transactional data and internal controls within Housing-FHA direct loan, loan guarantee, grants and subsidy programs. Through Office of Chief Financial Officer, this Office works closely with Congressional Appropriations Committees on Housing’s budgetary matters and assists the program offices with reviewing program legislation language and policies for human capital and other resource impacts. Based on impact, FAB makes recommendations to and advises FHA senior leadership (to include the Commissioner), the Office of the Chief Financial Officer, Office of the HUD Secretary and Office of Management and Budget.

Finance and Budget				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$30,279	\$30,503	\$31,360	\$857
Non-Personnel Services				
Travel	14	20	20	-
Rent, Communications, Utilities	4	4	4	-
Printing and Reproduction	5	5	5	-
Training	29	119	115	(4)
Supplies	60	58	58	-
Non-Personnel Services Subtotal	112	206	202	(4)
GRAND TOTAL	\$30,391	\$30,709	\$31,562	\$853
Associated FTE	243.5	241.6	245.7	4.1

Program Office Salaries and Expenses-Office of Housing

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$857K in Personnel Services to fund a pay raise, increased benefits costs, promotions and within grade increases with a 4.1 increase in FTE.

- A decrease of \$4K in Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

OFFICE OF HOUSING OPERATIONS

The Office of Housing Operations provides resources and services that are essential for Housing’s program offices relating to: personnel, strategic management and workforce plans, Employee Labor Relations, procurement and contracting, business process re-engineering, correspondence, Continuity of Operations Plan (COOP), training and Web Administration and support. The request for the Office of Operations is distributed amongst two functions:

Office of Housing Operations				
Summary of FTE by Budget Function				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Business Development	56.8	57.5	57.5	0.0
Housing Human Capital & Procurement	81.9	83.0	83.0	0.0
Total FTE	138.7	140.5	140.5	0.0

Summary of Change

No change in FTE requested from fiscal year 2014 to fiscal year 2015.

Program Office Salaries and Expenses-Office of Housing

Office of Operations Request by Function

Business Development

The Office of Business Development (OBD) within the Office of Housing provides numerous marketing and technological support functions for the Office of Housing on a demand basis. In the face of increasing FHA and Housing importance to the American Housing markets, it is crucial that Housing and the FHA be properly represented, especially in the efforts to modernize the Federal Housing Administration (FHA) and better manage and mitigate risk across all FHA insurance programs. Additionally, as FHA focuses more on automation and workload sharing, there is a greater demand to modernize FHA systems and capture electronic records and files for millions of FHA mortgages. Additionally, records management is essential in assisting to reduce mortgage fraud.

The Office of Housing continues to pursue modernization of its IT systems and automation of manual processes to more effectively meet customer needs and demands and enable the FHA to respond to a rapidly changing environment. Project managers, IT specialists and system developers, all housed in Operations, are essential to managing the multiple contracts and meeting the deliverables and timelines associated with FHA transformation.

Business Development				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$7,270	\$7,497	\$7,585	\$88
Non-Personnel Services				
Travel	11	13	13	-
Printing and Reproduction	3	3	3	-
Other Services	551	565	556	(9)
Training	9	28	27	(1)
Supplies	18	18	18	-
Non-Personnel Services Subtotal	592	627	617	(10)
GRAND TOTAL	\$7,862	\$8,124	\$8,202	\$78
Associated FTE	56.8	57.5	57.5	0.0

Program Office Salaries and Expenses-Office of Housing

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$88K in Personnel Services to fund a pay raise, increased benefits costs, promotions and within grade increases with no increase in FTE.

- The \$9K decrease to Other Services from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.
- The \$1K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

Housing Human Capital & Procurement

Due to the complexity of Housing FHA and Housing programs, Housing OPS helps assure that the Office of Housing meets Departmental and Federal mandates for Human Capital and workforce planning requirements given limited general resources. Housing OPS also assures through its Procurement Management Division (PMD) that the administration of over 1,000 Housing contracts annually, meets all applicable Federal Acquisition Regulations, while simultaneously supports HUD's Office of Small and Disadvantaged Business Utilization goals. With increases in demands on FHA and Housing programs occurring at the same time that salaries and expense levels have been shrinking, strategic workforce planning is an essential piece of critical operations. Coupled with effective training and strategic recruitment and hiring, Housing OPS works with Housing program offices to effectively meet the demands of constantly changing political and housing environments.

Program Office Salaries and Expenses-Office of Housing

Housing Human Capital & Procurement				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$10,483	\$10,822	\$10,949	\$127
Non-Personnel Services				
Travel	16	18	18	-
Printing and Reproduction	4	4	4	-
Other Services	793	814	801	(13)
Training	12	40	39	(1)
Supplies	27	26	26	-
Non-Personnel Services Subtotal	852	902	888	(14)
GRAND TOTAL	\$11,335	\$11,724	\$11,837	\$113
Associated FTE	81.9	83.0	83.0	0.0

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$127K in Personnel Services to fund a pay raise, promotions and within grade increases with no increase in FTE.

- The \$13K decrease to Other Services from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.
- The \$1K decrease to Training from fiscal year 2014 will be realigned to Multifamily to help offset the costs for the implementation of the Multifamily Transformation Initiative.

Program Office Salaries and Expenses-Office of Housing

OFFICE OF EXECUTIVE DIRECTION

Executive Direction

The immediate Office of the Assistant Secretary coordinates communication, policy implementation, and legislative tracking across the entire Office of Housing and with respect to all Housing programs. This office also engages in a variety of day-to-day business activities that support the Office of Housing, including contracting, oversight, and process management.

Executive Direction				
(Dollars in Thousands)				
	FY 2013	FY 2014	FY 2015	FY 2014 to FY 2015
Personnel Services	\$1,937	\$2,512	\$2,538	\$26
Non-Personnel Services				
Travel	50	54	54	-
Printing and Reproduction	-	1	1	-
Training	2	6	6	-
Supplies	13	12	12	-
Non-Personnel Services Subtotal	65	73	73	-
GRAND TOTAL	\$2,002	\$2,585	\$2,611	\$26
Associated FTE	12.6	16.0	16.0	0.0

FTE/Workload Summary & Summary of Change

The fiscal year 2015 requested level assumes a nominal increase of \$26K in Personnel Services to fund a pay raise, promotions and within grade increases with no increase in FTE.