

U.S. DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT

**FINAL FY 2000
ANNUAL PERFORMANCE PLAN**

MARCH 1999

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INTRODUCTION AND OVERVIEW

Good housing and thriving, safe communities are vital to the well-being of every American. Nationally, expenditures on housing and utilities comprise 18 percent of personal expenses, and investment and other expenditures on housing make up almost 10 percent of the U.S. economy. HUD's mission is to promote adequate and affordable housing, economic opportunity, and a suitable living environment without discrimination for all Americans. By working with partners in the public and private sectors, with community groups, and with families and individuals, and by carefully leveraging social and financial resources, HUD has an impact on America's communities that is far greater than its budget of roughly \$28 billion per year.

To pursue its mission, the U.S. Department of Housing and Urban Development has adopted a 5-year Strategic Plan on September 30, 1997. This plan covers fiscal year (FY) 1998 through FY 2003 to guide the Department's efforts into the early years of the 21st century. The present document, HUD's *FY 2000 Annual Performance Plan* (APP), covers the third year of the strategic planning period.¹

HUD's FY 2000 Annual Performance Plan

HUD's Strategic Plan set out HUD's mission and vision and identified eight Strategic Goals to further its mission. This year's APP has been revised to specify five Strategic Goals:

- Increase the availability of decent, safe, and affordable housing in American communities.
- Ensure equal opportunity in housing for all Americans.
- Promote self-sufficiency and asset development of families and individuals.
- Improve community quality of life and economic vitality.
- Restore public trust in HUD.

All these goals are critical. The first four Strategic Goals summarize the basic intent of HUD's major statutory authority. The last is a personal commitment made on behalf of HUD by Secretary Andrew Cuomo. Under Secretary Cuomo's leadership, the Department produced the *HUD 2020: Management Reform Plan*, a fundamental overhaul of HUD's internal systems and approaches to customers and partners. It set out the path for HUD to manage programs and people more efficiently and responsibly to ensure

¹ Neither the Strategic Plan nor this APP contain information for the Office of the Inspector General (OIG). Plans for the OIG were submitted separately through its office.

Exhibit I-1: HUD's Mission, Vision, Strategic Goals, and Strategic Objectives

HUD's Mission: Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.				
Vision: In order to fulfill its mission, HUD will be a high-performing, well-respected, and empowering partner with all levels of government, with the private sector, and with families and individuals.				
Strategic Goal 1	Strategic Goal 2	Strategic Goal 3	Strategic Goal 4	Strategic Goal 5
Increase the availability of decent, safe, and affordable housing in American communities.	Ensure equal opportunity in housing for all Americans.	Promote self-sufficiency and asset development of families and individuals.	Improve community quality of life and economic vitality.	Restore public trust in HUD.
Strategic Objectives	Strategic Objectives	Strategic Objectives	Strategic Objectives	Strategic Objectives
1.1 Homeownership is increased.	2.1 Housing discrimination is reduced.	3.1 Homeless families and individuals become self-sufficient.	4.1 The number, quality, and accessibility of jobs increase in urban and rural communities.	5.1 HUD's workforce and partners are empowered, capable, and accountable for results.
1.2 Affordable rental housing is available for low-income households.	2.2 Low-income people are not isolated geographically in America.	3.2 Poor and disadvantaged families and individuals become self-sufficient and develop assets.	4.2 Disparities in well-being among neighborhoods and within metropolitan areas are reduced.	5.2 HUD leads housing and urban research and policy development nationwide.
1.3 America's housing is safe and disaster resistant.	2.3 Disparities in homeownership rates among racial and ethnic groups are reduced.		4.3 Communities are safe.	

HUD's relevance and effectiveness into the 21st century. While treated as a separate goal, restoring the public trust also permeates all Departmental planning and is an integral part of each objective in the Annual Performance Plan.

The FY 2000 APP links the goals and objectives of the Strategic Plan with HUD's policies, its programs, its budget resources, and its impact on American communities. It links measures of desired societal outcomes (such as increasing homeownership rates, reducing worst case housing needs, and improving community economic vitality) with programmatic indicators of outputs from HUD programs. It also cites key external factors (such as macro-economic conditions, consumer confidence, mortgage interest rates, tax policies, and the like) that affect those outcomes, often in profound ways, but which are typically beyond HUD's control.

The strategic planning process is iterative by nature, with successive refinements. The five Strategic Goals and the Strategic Objectives described here have evolved from those presented in the 1997 Strategic Plan to more accurately portray our vision of HUD as we begin the next millennium.² The changes to the APP result from extensive consultation with Congress, the Office of Management and Budget (OMB), and our stakeholders in the public and private sectors. This document also reflects the evolution of our thinking as we implement HUD's 2020 management reforms and improve internal data systems.

Organization of this document

Each of the five following sections discusses one of the Strategic Goals, how it relates to the Departmental mission, and the Strategic Objectives important to realizing the goal. For each Strategic Objective, we have provided a detailed "crosswalk" between indicators of societal outcomes, indicators of programmatic outputs, and major external factors that influence the environment in which policies and programs are being carried out. These performance indicators and the targets set for FY 2000 specify how progress toward HUD's objectives will be measured. The discussion of each Strategic Objective is organized as follows:

- *Overview.*
- *External factors* likely to affect the achievement of the outcome and output targets chosen to measure progress toward the Strategic Objective.
- *Means and strategies* that HUD employs to achieve the Strategic Objective.
- *HUD programs* contributing to the Objective, and past and requested budgetary resources for each program.
- *Linkage to the HUD 2020: Management Reform Plan* to summarize how HUD's management reforms are advancing achievement of the Strategic Objective.
- *Coordination* with other Federal agencies.

² This document also alters terminology to conform to the A-11 guidance received from the Office of Management and Budget (OMB). For example, the terms *goal* and *objective* have been interchanged.

- A “crosswalk” table summarizing outcome indicators, programmatic output indicators, and external factors.
- Detailed discussion of each performance indicator including its background, the source of data, past performance, targets set for FY 2000³ in order to progress toward the Strategic Objective, and a summary of data validation and verification issues.

The final section discusses cross-cutting issues critical to improving HUD performance: resource allocation and data integrity/database development.

The issue of resource allocation includes identifying, justifying, and matching resource requirements for effective and efficient program administration and management. To better link management of its programs to the planning process, HUD has established an internal Business and Operating Plan process. The Department, through consultation with the National Academy of Public Administration, is developing a model for linking resource allocation to Strategic Goals and Objectives.

The Financial Systems Integration Project is discussed in this section because it addresses Department-wide data integrity. Specific program-related data quality issues are addressed within the commentary on each performance goal as they are listed throughout the remainder of the APP.

Together, the Strategic Plan and the APP are intended to create a useful overview of how HUD is delivering its programs and accounting for the dollars entrusted to us by taxpayers. The format used to present information here is designed to provide a broad overview of Departmental policies and programs, yet supply sufficient detail to accurately track progress within the Department's areas of responsibility. Guiding and tracking HUD's performance through planning efforts such as these will ensure better housing opportunities and stronger American communities into the next century.

³ Unless otherwise noted, all targets identified in the detailed discussions of indicators of societal outcomes and programmatic outputs below are for FY 2000.

STRATEGIC GOAL 1: INCREASE THE AVAILABILITY OF DECENT, SAFE, AND AFFORDABLE HOUSING IN AMERICAN COMMUNITIES

Strategic Objectives:

1.1 Homeownership is increased.

1.2 Affordable rental housing is available for low-income households.

1.3 America's housing is safe and disaster resistant.

One of HUD's most important functions is to increase the availability of decent, safe, and affordable housing for all Americans. Many HUD programs are dedicated to expanding opportunities for those who wish to become homeowners. In addition, HUD must continue to improve rental housing affordability, availability, and accessibility for low- and moderate-income individuals and families, thus strengthening the "ladder" to homeownership for more and more Americans. Although the quality of U.S. housing has steadily improved over the past five decades, actions to reduce or eliminate remaining hazards and substandard conditions and make housing more resistant to disasters are still vital.

Objective 1.1: Homeownership is increased.

Overview

Through homeownership, an individual or family makes an investment in the future. A home is an asset that can grow in value and provide capital to finance future needs of a family, such as college for children or financial security for retirement. Additionally, homeownership helps stabilize neighborhoods, strengthen communities, and stimulate economic growth. From the early days of the Federal Housing Authority (FHA) in the 1930s to the present, Congress and the President have repeatedly charged HUD with opening doors to homeownership for more Americans.

The Clinton-Gore Administration has achieved marked progress in raising the homeownership rate—a major accomplishment. After rising steadily between 1940 and 1980 (from 43.6 to 65.6 percent of households), the overall national ownership rate fell after 1980 to fluctuate near 64 percent throughout the 1986–93 period. But in the 5 years between 1993 and 1998, homeownership has again risen steadily and reached an all-time record high of 66.3 percent in 1998. Nevertheless, homeownership rates remain too low for many groups in our Nation. Although ownership among higher income households and those with older heads of household held steady during the decline, younger households and those with lower incomes fared less well. Between 1980 and 1991, for example, homeownership rates for households headed by

persons under the age of 35, both married and single, fell by nearly one-fifth. Over that decade, ownership rates fell by 10 percent for moderate-income households and by 17 percent for low-income households. Moreover, at low- and moderate-income levels, drops in ownership were concentrated among families with children—those who most need to build assets for a healthy, secure future.

Homeownership is particularly low in economically distressed areas, including those defined as “underserved” by the mortgage finance system. For example, in central cities overall, although ownership has recently increased (topping 50 percent for the first time in 1998), that rate still lags behind the 73.2 percent in the suburbs and 73.7 percent in nonmetropolitan areas.

HUD has a wide variety of programs to increase homeownership. Many programs, especially those of FHA, the Government National Mortgage Association (Ginnie Mae), and the Office of Housing, seek generally to cut the costs of homeownership, including financing, production, and transaction costs and fees, to make homeownership more affordable and to make financing more widely available. Other programs promote homeownership through housing counseling, use of Section 8 vouchers for homeownership, and Homeownership Zones. Homeownership is further advanced through goals set by HUD for the housing government-sponsored enterprises (GSEs). State and local grantees make extensive use of funds from Community Development Block Grants (CDBGs) and HOME (Housing Investment Partnerships) for homeownership.

External factors

National and regional economic conditions exert a critical influence on increasing homeownership or achieving any of HUD's specific performance targets that measure progress toward that objective. For example, higher interest rates can reduce the number of first-time homebuyers, thus reducing the number of homes insured by FHA in HUD's Office of Housing. Similarly, if the economy weakens and unemployment rises, FHA may experience a higher loan default rate. Conversely, *falling* interest rates might increase refinancing (as has occurred during the past few years), thus reducing the *share* of new loans going to first-time buyers, even as their numbers rise.

Increasing homeownership rates also depends on the actions of many private and public players. In the National Homeownership Strategy, HUD has joined with 54 partners, such as Habitat for Humanity, the Mortgage Bankers Association, the National Association of Realtors[®], and the National Association of Home Builders, in aiming to raise the national homeownership rate to an all-time high of 67.5 percent by 2000. Programs of other Federal agencies, particularly the Departments of Agriculture and Veterans' Affairs, and choices made by State and local governments, such as use of authority for State mortgage revenue bonds, also influence the success of homeownership objectives.

Means and strategies

HUD brings a wide variety of tools to bear on this objective. The overall strategy is to carefully apply public-sector dollars, whether through mortgage insurance, grants, loans, or direct

subsidies, so as to leverage the private market to make it easier for low- and moderate-income Americans to buy and keep their own homes. To implement that strategy, HUD will continue to work to:

- Maintain liquidity in the market for mortgage credit.
- Reduce FHA's cost of providing mortgage insurance.
- Increase the share of first-time homebuyers through Office of Housing, FHA, and Ginnie Mae programs.
- Encourage housing counseling programs to help underserved groups move to homeownership.
- Set regulatory goals for housing GSEs to expand opportunities for low- and moderate-income homebuyers.
- Encourage homeownership in lower income neighborhoods through initiatives such as Ginnie Mae's Targeted Lending Initiative.
- Encourage the use of Section 8 vouchers for first-time home purchases.
- Encourage public housing authorities (PHAs) to include ownership opportunities under HOPE VI public housing revitalization grants.
- Encourage the use of CDBG and HOME grants by States and large jurisdictions to help low-income households purchase and rehabilitate homes.
- Provide counseling services to reduce the default rate in order to encourage responsible homeownership.
- Reduce costs of operating and maintaining homes and of new homes through the interagency Partnership for Advancing Technology in Housing (PATH).

Additional strategies emphasized in the FY 2000 budget include the creation of additional Homeownership Zones to reestablish homeownership in distressed neighborhoods. The **Citizens Volunteer Housing Corps** will mobilize citizens to help rebuild abandoned housing for low-income homeowners across the country. In addition, the recent increase in the FHA loan limits will allow HUD to serve more low- and moderate-income homebuyers in high-cost housing markets.

Programs supporting Objective 1.1: Homeownership is increased.

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Community Planning and Development			
CDBGs	4,925	4,873	4,775
Homeownership Zones	0	0	[25]
Citizens Volunteer Housing Corps	0	0	[5]
HOME Investment Partnerships Program	1,500	1,600	1,610
Housing Counseling Assistance	[20]	[18]	[20]
Rural Housing and Economic Development	0	32	20
Public and Indian Housing			
Section 8 Homeownership Vouchers	NA	NA	NA
Public Housing Homeownership program	NA	NA	NA
Revitalization of Distressed Public Housing	550	625	625
Indian Housing Block Grants	600	620	620
Indian Loan Guarantee Program/Commitment Level	107	123	117
Housing			
FHA MMI/Commitment Level	110,000	110,000	120,000
Government National Mortgage Association/Commitment Level	130,000	150,000	200,000
Targeted Lending Initiative	2,000	2,000	2,000
Policy Development and Research			
Oversight of housing GSEs (Fannie Mae and Freddie Mac)	NA	NA	NA

Note: Brackets reflect funding as a set-aside. Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

Linkage to HUD 2020: Management Reform Plan

HUD has created four innovative Homeownership Centers (HOCs) to take advantage of economies of scale and allow better, more efficient use of new technologies. This consolidation and streamlining provides faster, more uniform service to FHA clients, lenders, and borrowers. Loan production is increasing in targeted populations with better marketing and outreach. Processing time for insurance endorsements is being cut from two weeks to one day. Providing higher-quality, more efficient service to the customer will help HUD achieve its homeownership objectives.

Coordination with other Federal agencies

Through PATH, HUD is working closely with the Departments of Energy, Commerce, and Agriculture, as well as with the Department of Labor's Occupational Safety and Health Administration, the Environmental Protection Agency (EPA), the National Science Foundation (NSF), and the Federal Emergency Management Administration (FEMA). Through the Interagency Task Force on Fair Lending, HUD works with the Department of Justice, Department of the Treasury, Federal Deposit Insurance Corporation, Federal Housing Finance Board, Federal Reserve Board, Federal Trade Commission, National Credit Union Administration, Office of Federal Housing Enterprise Oversight, Office of the Comptroller of the Currency, and Office of Thrift Supervision. Other agencies with which we coordinate in acting to advance homeownership include:

- Department of the Treasury.
- Department of Agriculture (USDA) (rural homeownership).
- Department of Veterans Affairs (VA) (home loans).
- Federal Housing Finance Board (affordable housing programs).

Performance goals

To progress toward this strategic objective, we aim to achieve these outcomes:

- The national homeownership rate increases.
- Numbers of first-time homebuyers rise, both absolutely and relatively.
- Homeownership rises among low- and moderate-income families.
- Homeownership rates increase in central cities.
- Monthly costs of homeownership decline.

A crosswalk summarizing the programmatic output and outcome indicators and targets for FY 2000 that we will use to measure progress toward this objective follows.

Crosswalk for Strategic Objective 1.1: Homeownership is increased		
Outcome Indicators	Programmatic Output Indicators	External Factors
<p>1.1.1: The overall homeowner-ship rate increases from 66.8 percent in 1998 to 67.5 percent in 2000, a gain of 2.8 million owners in two years.</p> <p>1.1.2: The share of all homebuyers who are first-time homebuyers increases by 1 percentage point to 48 percent.</p> <p>1.1.3: The homeownership rate among households with incomes less than median family income increases by 1 percentage point to 52 percent.</p> <p>1.1.4: The homeownership rate in central cities increases by 0.5 percentage point to 51 percent.</p> <p>1.1.5: The monthly cost of homeownership of new homes decreases by 1 percent (potential interagency indicator).</p> <p>1.1.6: Maintenance costs for homeowner-occupied dwellings decrease by 3 percent to \$0.23 per square foot per year (potential interagency indicator).</p> <p>1.1.7: Average residential energy consumption declines by 1 percent from 1999 levels (potential interagency indicator).</p>	<p>1.1.a: Ginnie Mae continues to securitize at least 95 percent of single-family FHA and VA loans.</p> <p>1.1.b: The share of FHA mortgage defaults resolved by loss mitigation alternatives to foreclosure increases by 2 percentage points.</p> <p>1.1.c: The FHA Mutual Mortgage Insurance Fund meets congressionally mandated capital reserve targets.</p> <p>1.1.d: The net recovery of FHA real estate-owned sales increases by 2 percentage points to 62.7 percent.</p> <p>1.1.e: The number of FHA single-family mortgage insurance endorsements nationwide increases by 5 percent to 1.21 million endorsements.</p> <p>1.1.f: The share of FHA-insured home-purchase mortgages for first-time homebuyers increases by 1 percentage point to 73 percent.</p> <p>1.1.g: Fannie Mae and Freddie Mac meet or surpass HUD-defined targets for low- and moderate-income mortgage purchases.</p> <p>1.1.h: The number of homeowners who have been assisted with HOME increases (see table under 1.2.d).</p> <p>1.1.i: Fannie Mae and Freddie Mac meet or surpass HUD-defined targets for special affordable mortgage purchases (also appears as 2.3.c).</p>	<p>Economic conditions, consumer confidence, house prices, and mortgage interest rates strongly influence decisions to rent or buy.</p> <p>High transaction costs of buying and selling make homeownership impractical for some families that move frequently.</p> <p>Increases in interest rates for adjustable-rate mortgages affect the number of defaults and associated foreclosures.</p> <p>Many renters need help to obtain mortgage financing, especially if their credit records are weak.</p> <p>Increases in interest rates can differentially discourage first-time homebuyers, reducing their share of home purchases.</p> <p>Many potential low- and moderate-income homebuyers do not earn enough to benefit from the mortgage interest deduction.</p> <p>Participating Jurisdictions determine whether to use HOME funds for homeownership or for other types of assistance.</p> <p>Both home-purchase prices and maintenance costs are affected by trends toward larger homes, complex construction, and luxury features. Land prices and neighborhood amenities also are significant factors.</p> <p>Low energy costs in recent years have decreased incentives to invest in weatherization measures or to otherwise conserve energy.</p>

Performance goals are for FY 2000 unless otherwise noted.

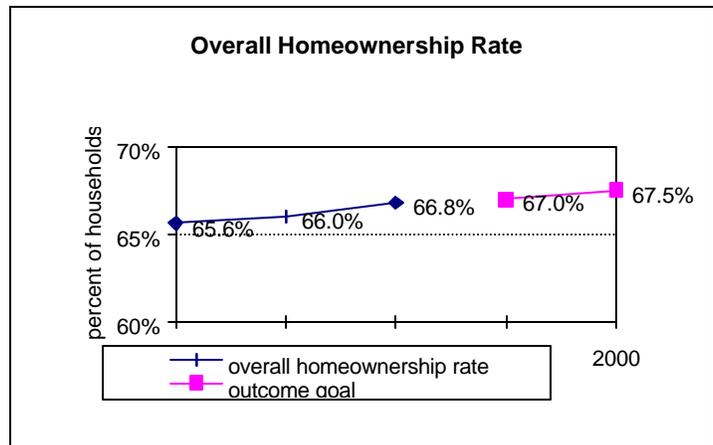
Outcome Indicator 1.1.1:

The overall homeownership rate increases from 66.8 percent in 1998 to 67.5 percent in 2000, a gain of 2.8 million owners in two years.

Indicator background and context. The overall homeownership rate indicates the share of households that have achieved the “American dream” of homeownership. Homeownership is widely believed to encourage commitment to communities and good citizenship. The homeownership rate has been climbing in recent years, but it is resistant to increases above an undetermined level because homeownership is not practical or desirable for some households. The National Housing Partnership and the President’s Homeownership Strategy have established the goal of 67.5 percent for 2000. Based on Census Bureau projections of household growth, achieving that goal will add 2.8 million to the 69.1 million homeowner total in 1998.

Data source. Third-quarter estimates from the Current Population Survey (CPS), conducted monthly by the Bureau of Census.

Limitations/advantages of the data. CPS data have the advantage of being widely recognized. Seasonally-adjusted data have recently become available for the total homeownership rate. Seasonally-adjusted data are not used here, however, because they are unavailable for subgroups like households in central cities or households with incomes below median family income.



Validation/verification of measure. HUD will not independently verify Bureau of Census data.

Programmatic Output Indicator 1.1.a: Ginnie Mae continues to securitize at least 95 percent of single-family FHA and VA loans.

Indicator background and context. Ginnie Mae creates a secondary market for residential mortgages. Securitizing a high share of FHA and VA loans increases the liquidity of funds in the market for mortgage credit, and the presence of government-backed securities lowers market interest rates, creating homeownership incentives.

Data source. Ginnie Mae, FHA, and VA. This is the ratio between the reported value of FHA single-family loan endorsements and VA guarantees and the total value of Ginnie Mae single-family program securities issued.

Limitations/advantages of the data. Both Ginnie Mae and FHA numbers are subject to annual financial audits because they represent an obligation on the part of the United States.

Validation/verification of measure. HUD will not verify this data independently.

Programmatic Output Indicator 1.1.b: The share of FHA mortgage defaults resolved by loss mitigation alternatives to foreclosure increases by 2 percentage points.

Indicator background and context. This indicator measures the success of FHA loan servicers in implementing statutorily required loss-mitigation techniques when borrowers default on their FHA mortgages. A borrower can resolve a default (90-day delinquency) in several ways short of foreclosure: by paying down the delinquency (cure), by a preforeclosure sale with FHA perhaps paying an insurance claim in the amount of the shortfall, or by surrendering a deed in lieu of foreclosure, among others. Better loss-mitigation efforts, such as enhanced borrower counseling, will help more borrowers keep their current homes or permit them to buy another home sooner. Avoidance of foreclosure also reduces FHA's insurance losses, making FHA more sound and enabling it to help more borrowers. For both reasons, by achieving this goal HUD will help increase the overall homeownership rate.

Data source. FHA's A43-C data system and the Single-Family Data Warehouse Loss Mitigation table. FHA is revising its data systems to monitor the effect of revisions to loss-mitigation strategies. The baseline will be determined in FY 1999.

Limitations/advantages of the data. No limitations are known.

Validation/verification of measure. FHA data are entered by the loan servicers with monitoring by FHA. HUD will not perform secondary verification for this indicator. The goal may need recalibration when trend and baseline are known.

Programmatic Output Indicator 1.1.c: The FHA Mutual Mortgage Insurance Fund meets congressionally mandated capital reserve targets.

Indicator background and context. FHA's Mutual Mortgage Insurance Fund (MMIF) funds all expenses, including insurance claims, incurred under FHA's basic single-family mortgage insurance program. The insurance program and fund are expected to be entirely self-financing from up-front and annual insurance premiums paid by borrowers obtaining FHA mortgage loans as well as from earnings on fund assets. Because the Department is expected to operate the program in an actuarially sound way, the fund is subject to an annual actuarial review that assesses the fund's current economic value, its capital ratio, and its ability to provide homeownership opportunities while remaining self-sustaining based on current and expected future cash flows.

The capital ratio is defined as the sum of FHA's capital resources plus the net present value of expected future cash flows (resulting from premium collections, asset earnings, and insurance claim losses) divided by the amortized insurance-in-force. The MMIF program operated very successfully for over 50 years, but experienced significant losses during the 1980s. The National

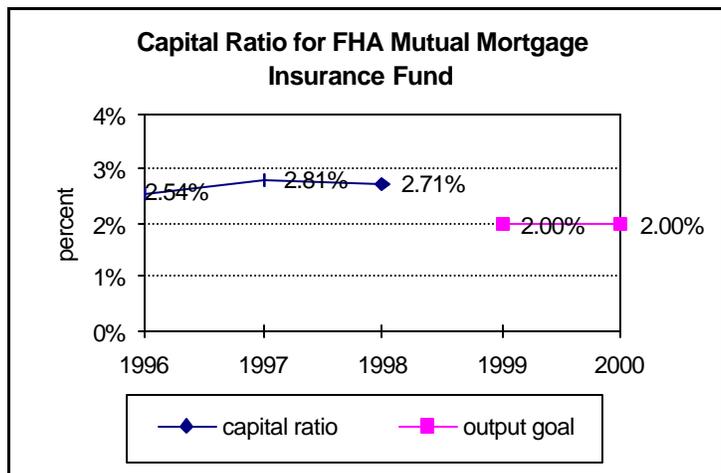
Affordable Housing Act of 1990 (NAHA) therefore directed FHA to achieve a minimum MMIF capital ratio of 1.25 percent by FY 1992, thus adopting the minimum capital ratio recommended by Price Waterhouse, LLP based on its 1990 independent actuarial review of the MMI Fund. NAHA also added a higher target of 2.0 percent for FY 2000 and beyond as an added cushion for the fund.

The MMIF's capital ratio, which was a negative 0.2 percent at the end of FY 1991, exceeded the 1.25 percent statutory target by FY 1993, when it reached 1.44 percent. By the end of FY 1995 the fund's capital ratio had grown to 2.05 percent, and it has been above the congressionally mandated 2 percent threshold for solvency ever since. This indicator thus tracks the MMI capital ratio as a measure of the fund's financial soundness.

Data source. Annual independent actuarial review of the MMIF.

Limitations/advantages of the data. The data are generated and solvency is assessed independently. FHA data are entered by direct-endorsement lenders and loan servicers with monitoring by FHA.

Validation/verification of measure. The annual independent actuarial review of FHA's MMIF includes an estimate of the current and projected capital ratio.



Validation may require additional public policy debate as to whether the 2-percent capital ratio is the appropriate standard to determine the solvency and self-sustainability of the MMIF. HUD will not perform secondary verification for this indicator.

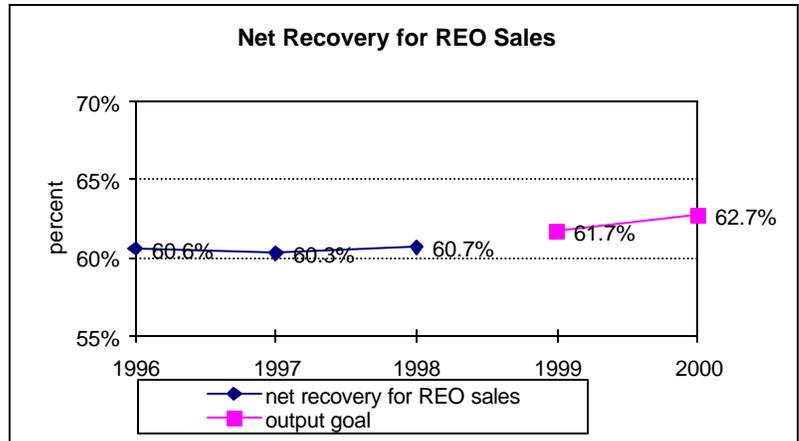
Programmatic Output Indicator 1.1.d: The net recovery of FHA real estate owned sales increases by 2 percentage points from FY 1998 levels to 62.7 percent.

Indicator background and context. When defaulted FHA loans go to foreclosure, HUD is forced to acquire real property, known as real estate owned (REO). Increasing the net recoveries on sales of REO will reduce FHA's insurance claim losses and strengthen the financial position of the FHA insurance funds. The net recovery is a ratio defined as the sales price net of expenses, divided by the acquisition cost.

Data source. FHA's A43-C data system.

Limitations/advantages of the data. HUD is not aware of significant data problems affecting this indicator.

Validation/verification of measure. FHA data are entered by direct-endorsement lenders with monitoring by FHA. HUD will not perform secondary verification for this indicator.



Outcome Indicator 1.1.2:

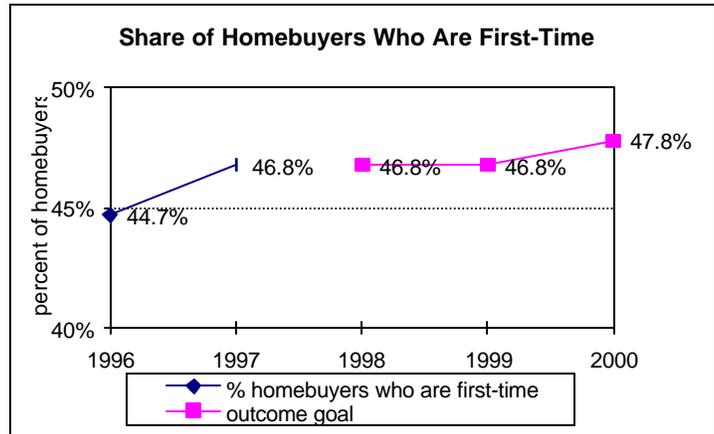
The share of all homebuyers who are first-time homebuyers increases by 1 percentage point to 48 percent.

Indicator background and context. The goal of raising overall ownership rates to a new high is intended, in large part, to increase homeownership opportunities for low- and moderate-income households that have not previously owned a home. To monitor overall progress for this important group, HUD will track the share of homebuyers who are first-time homebuyers. Increasing the share of first-time homebuyers directly increases the homeownership rate. This indicator is affected by a number of economic factors not controlled by HUD, particularly changes in mortgage interest rates.

Data source. Chicago Title Insurance Company: annual data on the characteristics of homebuyers taking out mortgages, based on surveys in 18 large metropolitan areas. The American Housing Survey (AHS) is a source of biennial data.

Limitations/advantages of the data. The Chicago Title data are the only annual data on first-time homebuyers. The AHS data provide a more comprehensive and representative sample of all homebuyers, but they are available only biennially with a time lag.

Validation/verification of measure. Chicago Title data will be verified by comparison with AHS in alternate years.



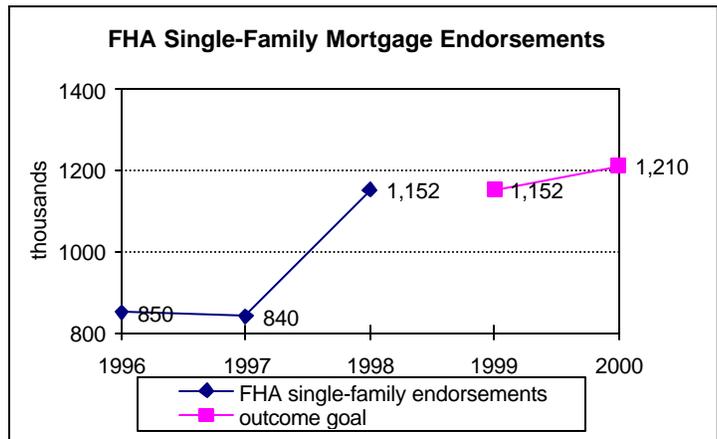
Programmatic Output Indicator 1.1.e: The number of FHA single-family mortgage insurance endorsements nationwide increases by 5 percent to 1.21 million endorsements.

Indicator background and context. FHA insures mortgages issued by private lenders, increasing access to mortgage capital so homeownership opportunities increase. This indicator tracks FHA's contribution to the homeownership rate through the annual volume of FHA-insured loans.

Data source. FHA's F42 data system.

Limitations/advantages of the data. The data have no deficiencies affecting this indicator.

Validation/verification of measure. FHA data are entered by direct-endorsement lenders with monitoring by FHA. HUD will not perform secondary verification for this indicator.



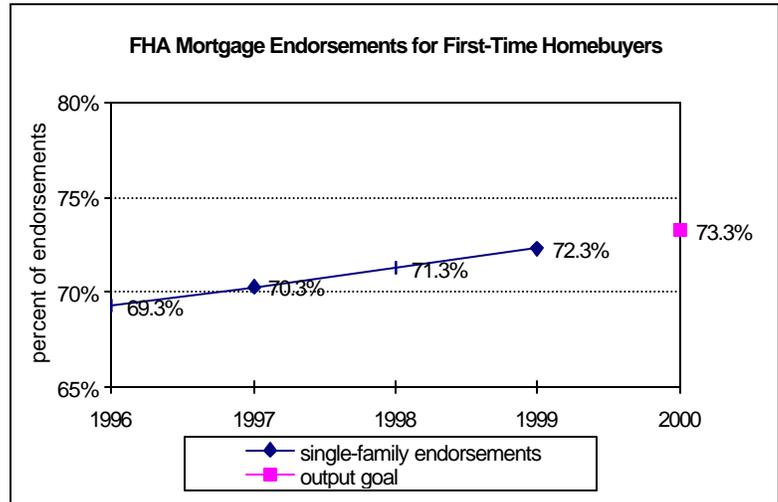
Programmatic Output Indicator 1.1.f: The share of FHA-insured home-purchase mortgages for first-time homebuyers increases by 1 percentage point to 73 percent.

Indicator background and context. FHA is a major source of mortgage financing for first-time buyers as well as for minority and lower income buyers. HUD will help increase the overall homeownership rate and reduce the homeownership gap between whites and minorities by increasing FHA endorsements for first-time homebuyers.

Data source. FHA's F42 data system.

Limitations/advantages of the data. FHA data on first-time buyers are more accurate than estimates of first-time buyers in the conventional market.

Validation/verification of measure. FHA data are entered by direct-endorsement lenders with monitoring by FHA. HUD will not perform secondary verification for this indicator.



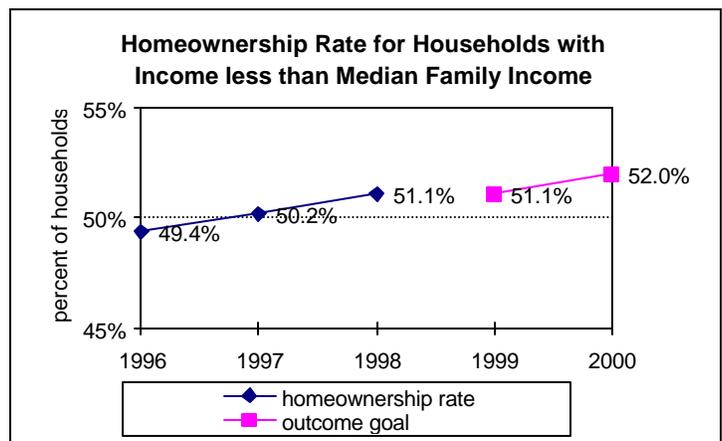
Outcome Indicator 1.1.3:

The homeownership rate among households with incomes less than median family income increases by 1 percentage point to 52 percent.

Indicator background and context. Homeownership is advantageous because of its contributions to asset development, better neighborhoods and schools, stability of tenure, and wider choice of housing types. Holding other factors equal, homeownership improves outcomes for children on a number of dimensions, including school achievement and dropout rates. Through this indicator, HUD will monitor national progress in increasing homeownership among households earning less than the national median family income through improved partnering, marketing, and outreach, as well as the higher loan limits recently approved for FHA.

Data source. Third-quarter estimates from the CPS, conducted by the Bureau of Census. The 1997 baseline will be determined in FY 1999.

Limitations/advantages of the data. CPS data are free of serious problems and have the advantage of being widely recognized.



Validation/verification of measure. HUD will not independently verify Bureau of Census data.

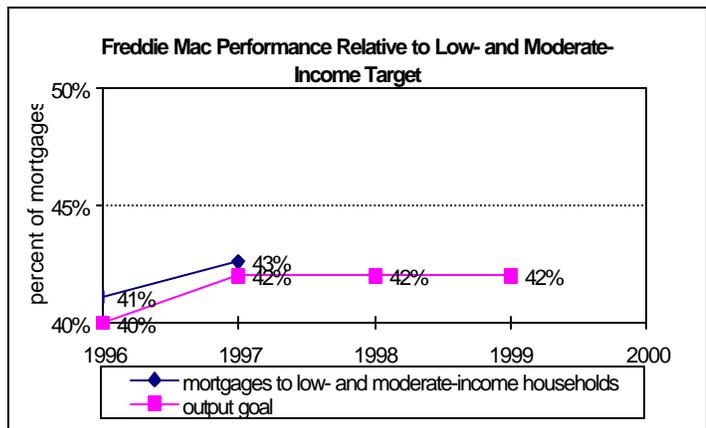
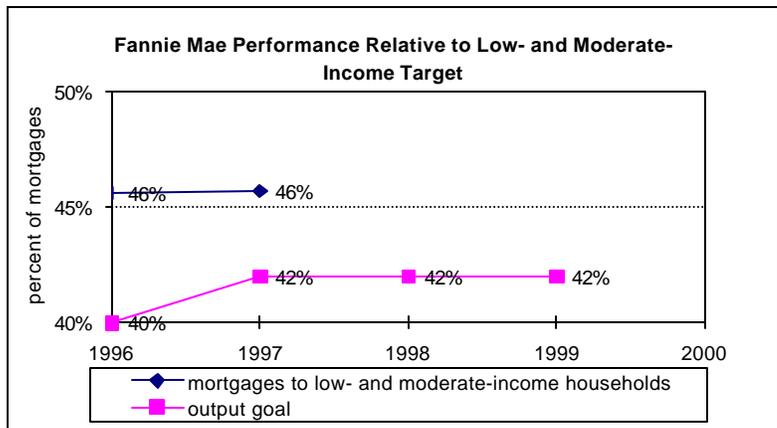
Programmatic Output Indicator 1.1.g: Fannie Mae and Freddie Mac meet or surpass HUD-defined targets for low- and moderate-income mortgage purchases.

Indicator background and context. These housing GSEs facilitate homeownership by providing a secondary market for mortgages, thereby increasing available capital and reducing interest rates. In return for their quasi-governmental status, Fannie Mae and Freddie Mac are expected to achieve a number of public interest goals. Meeting HUD's targets for low- and moderate-income mortgage purchases will aid in encouraging homeownership for these income groups (defined for the housing GSEs as household incomes less than or equal to area median). Since 1997 HUD's goals have been that at least 42 percent of each GSE's mortgage purchases are loans to low- and moderate-income households.⁴ In 1997 both housing GSEs surpassed the goal: Fannie Mae with 46 percent and Freddie Mac with 43 percent. HUD will establish the FY 2000 goals for the GSEs in FY 1999.

Data source. HUD's GSE database.

Limitations/advantages of the data. HUD is not aware of significant problems with these data. They are compiled directly from GSE records on single-family and multifamily loan purchases.

Validation/verification of measure. HUD verifies data submitted by the housing GSEs through comparison with independent data sources. GSE procedures for compiling data are reviewed with the GSEs as necessary.



⁴ Published in *Federal Register*, December 1, 1995 (Vol. 60, No. 231, pp. 61845-62005).

Programmatic Output Indicator 1.1.h: The number of homeowners who have been assisted with HOME increases.

Indicator background and context. HOME Investment Partnership block grants give communities flexibility to meet their housing needs in a variety of ways. Many Participating Jurisdictions (PJs) choose to use HOME funds to rehabilitate owner-occupied units and to help renters to become homeowners for the first time. This indicator tracks the number of homeowners assisted with HOME funds, but it does not imply that HUD desires to increase the share of HOME funds used for homeownership. The homeownership assistance figures represent projections based on past experience rather than HUD's attempts to change PJ strategy. The HOME homeownership data are presented under Outcome Indicator 1.2.d, "The number of households receiving housing assistance with CDBG, HOME, HOPWA and NAHASDA increases."

**Outcome Indicator 1.1.4:
The homeownership rate in central cities increases by 0.5 percentage point to 51 percent.**

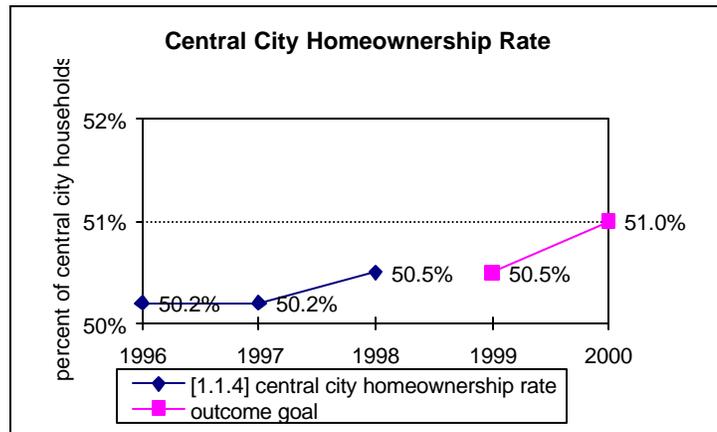
Indicator background and context. Homeownership rates in central cities are below average because of the extensive loss of middle-class families in past decades. Low homeownership can contribute to neighborhood decline because absentee landlords and their tenants put forth less maintenance effort than homeowners. In such cases, low homeownership often leads to a shrinking municipal tax base. HUD is increasing marketing and outreach efforts to promote central city homeownership. Cities also are making efforts to increase homeownership rates, as grantees increasingly use HOME funds to promote homeownership. HUD's Homeownership Zones Initiative will do much to help cities reestablish homeownership in distressed urban neighborhoods. This indicator tracks the rate of central city homeownership to focus attention on this important outcome for struggling communities.

Data source. Third-quarter estimates from the CPS, conducted monthly by the Bureau of Census.

Limitations/advantages of the data.

CPS data are free of serious problems and have the advantage of being widely recognized.

Validation/verification of measure. The indicator is widely recognized and is verified by the Bureau of Census, so HUD will perform no further verification.



Programmatic Output Indicator 1.1.i: Fannie Mae and Freddie Mac meet or surpass HUD-defined targets for special affordable mortgage purchases.

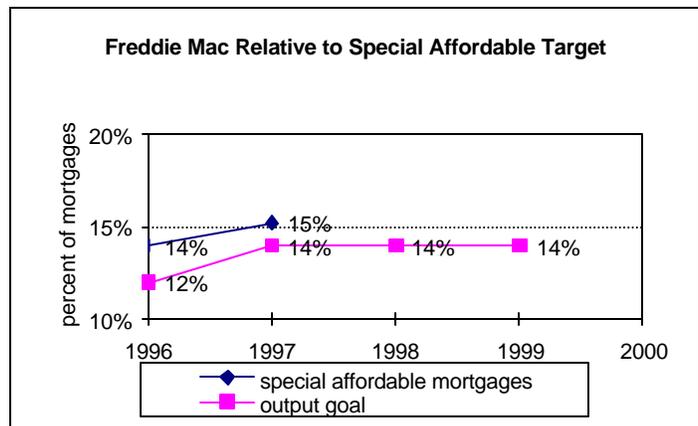
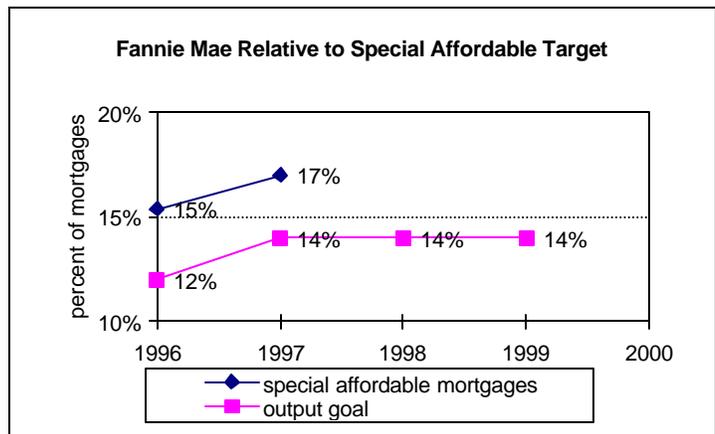
Indicator background and context. One of the four public purpose goals that HUD sets for the housing GSEs involves the number of loans in the “special affordable” mortgage category. Qualifying mortgages go to very-low-income households with incomes up to 60 percent of area median, or to low-income households earning up to 80 percent of area median in low-income areas. (HUD’s upper limit of “very low income” is 50 percent of median in other contexts.) Increasing homeownership in these groups will contribute to the outcome of increasing homeownership in central cities as well as among low-income families. For this indicator, low income areas are defined as metropolitan census tracts where the median income does not exceed 80 percent of area median and nonmetropolitan counties where median income does not exceed 80 percent of the greater of state nonmetropolitan median or national nonmetropolitan median. This indicator also contributes to Strategic Objective 2.3, “Disparities in homeownership rates among racial and ethnic groups are decreased,” and is repeated as Programmatic Output Indicator 2.3.c.

HUD has established GSE special affordability goals at 14 percent of mortgage purchases for each year from 1997 through 1999. Both GSEs exceeded the goal in 1997, with 17 percent of Fannie Mae’s mortgages and 15 percent of Freddie Mac’s mortgages meeting the criteria. HUD will establish the FY 2000 goal in FY 1999.

Data source. HUD’s GSE database.

Limitations/advantages of the data. The data have no serious problems. They are compiled directly from GSE records on single-family and multifamily loan purchases.

Validation/verification of measure. HUD verifies data submitted by the GSEs through comparison with independent data sources. GSE procedures for compiling data are reviewed with the GSEs as necessary.



Outcome Indicator 1.1.5:

The monthly cost of homeownership of new homes decreases by 1 percent.

Indicator background and context. The Partnership for Advancing Technology in Housing (PATH) is an interagency partnership with a goal of reducing the monthly cost of new housing by 20 percent by FY 2010. The principal categories of monthly housing costs are (1) payments of principal and interest of the mortgage loan, (2) taxes and insurance premiums, (3) utility and other operating costs, and (4) maintenance and repair. This indicator tracks costs in each of these categories, except that taxes are excluded because they are outside the scope of PATH. Mortgage interest costs are included because it is necessary to pay for, over time, the initial costs of home improvements that create a long-term stream of savings. In order to reduce the influence of external factors, however, the indicator will control for changes in market interest rates. That is, past and present indicators will be calculated using a common mortgage interest rate so that changes in the indicator will reflect changes in factors other than the interest rate.

Data source. National Association of Home Builders, *Annual Builder Practices Survey (ABPS)*. The 1998 baseline will be determined in FY 1999.

Limitations/advantages of the data. The data are published with a lag, so 1996 ABPS data were the most recent available in 1998.

Validation/verification of measure. Further discussion with PATH partners may be necessary to validate the indicator and methodology. HUD will not verify the data independently.

Outcome Indicator 1.1.6:

Maintenance costs for homeowner-occupied dwellings decrease by 3 percent to \$0.23 per square foot per year.

Indicator background and context. PATH has a goal of reducing the maintenance costs of homeowners by 50 percent by FY 2010. This indicator tracks progress toward increasing durability and reducing maintenance and repair costs, as measured by annual costs per square foot, controlling for age of the home. Controlling for dwelling size and age is necessary to maintain validity of the measure as the housing stock changes. This indicator excludes replacement costs.

The average single-family detached house cost \$453, or \$.24 per square foot, to maintain in 1997.

Data source. Bureau of Census, *Expenditures for Residential Improvements and Repairs (C50 Reports)*. The 1998 baseline will be determined in FY 1999.

Limitations/advantages of the data. The C50 data are published quarterly with a lag of about three quarters.

Validation/verification of measure. HUD will not verify the data independently. The methodology for controlling for age of the stock has not yet been determined.

Outcome Indicator 1.1.7:

Average residential energy consumption declines by 1 percent from 1999 levels.

Indicator background and context. PATH has a goal of reducing energy consumption in new homes by 50 percent or more and in 15 million existing homes by 30 percent or more by FY 2010. As new homes are being built with larger floor areas and more energy-consuming features than typical existing homes, technological improvements are necessary to reduce average energy consumption. For purposes of this indicator, residential energy consumption will be measured in millions of British thermal units (mBtu) of energy per household, adjusted regionally for climate and annually for weather by multiplying by heating degree days and cooling degree days (HDDs, CDDs). The national average household energy consumption declined from 138 mBtu in 1978 to 104 mBtu in 1993 (one mBtu of electricity equals 293 kilowatt-hours).

Data source. Energy Information Administration, from Residential Energy Consumption Survey (RECS). The 1999 baseline will be determined in 2002. Additional resources may be required to implement this indicator.

Limitations/advantages of the data. Data are published triennially with a lag of several years. The 1993 RECS data were the most recent available in 1998, so 1999 baseline data should be available sometime after FY 2001. RECS uses a regression model, designed to produce national estimates with sampling error below 1.25 percent in 1993.

Validation/verification of measure. HUD will not verify consumption data independently. The method of standardizing consumption by HDD and CDD will require validation.

Objective 1.2: Affordable rental housing is available for low-income households.

Overview

For households unable to purchase homes or those preferring to rent, HUD is charged with increasing the availability of decent, safe, and affordable rental housing. Over the past five decades, the physical quality of rental housing has improved greatly, but housing has become less affordable overall, particularly for poor households. Growing numbers and shares of low-income renters now pay more than 30 percent—in many cases more than 50 percent—of their income for housing expenses. In 1995 (latest available data), an all-time high of 5.3 million unassisted very-low-income renter households (with almost 12.5 million persons) had “worst case needs” for housing assistance, most of whom paid more than half of their already very low income for housing. Another 5.4 million very-low- and low-income renters paid 31 to 50 percent of income for rent. The numbers paying such excessive rent burdens are rising mainly because of growing shortages of units affordable to renters with incomes below 30 percent of median (extremely-low-income renters). Nationally in 1995, there were 130 renters for every 100 such units, up from 112 renters per 100 units in 1989. Moreover, because many of those units were already occupied by renters with higher incomes, there were effectively 227 extremely-low-income renters competing for every 100 affordable and *available* units, up from 208 renters per 100 units in 1989.

HUD's three basic rental assistance programs—public housing, project-based assisted housing (including that for the elderly or disabled under Sections 202 or 811), and Section 8 tenant-based vouchers—provide the most direct means of ensuring affordable housing. Under these subsidies, the 4.3 million households assisted typically pay 30 percent of income for housing. A variety of other programs, including HOME and the Low-income Housing Tax Credit (LIHTC), provide subsidies that lower the costs of producing new rental housing or rehabilitating existing housing. Although the rents charged under these programs must be affordable to incomes between 50 and 60 percent of area median, they often are unaffordable to the extremely-low-income renters most likely to have worst case needs.

External factors

Many external factors affect the supply of affordable rentals, including tax policy, local rental markets and land use regulations, State and local programs and decisions, and the actions of HUD's many partners. Although nationally rental vacancy rates are unusually high, local rental markets vary in the availability of housing with rents below local fair market rents (FMRs), and many large metropolitan areas have severe shortages of units that would be affordable to extremely-low-income renters without Section 8 vouchers. Under regulations from the Department of the Treasury, moreover, States administer two of the main federally funded programs now producing affordable rental housing: the LIHTC and tax-exempt rental revenue

bonds. States and localities also decide, with citizen input, how they will use funds from CDBG, HOME, and Housing Opportunities for Persons with AIDS (HOPWA).

HUD's ability to provide access to affordable housing depends to a great extent on the state of the broader economy. Rises in unemployment, increases in the cost of developing and maintaining housing, or changes in personal income—factors over which HUD has little control—all affect housing affordability. Because tenant-paid rents are established as a percent of income in HUD's rental assistance programs, lower incomes necessitate greater subsidies. With the number of renters with worst case needs far exceeding the number of deep subsidies available and with the pressure of welfare reform, the success of HUD's efforts in this area will be highly dependent on the ability of the economy to continue to generate jobs with decent wages.

Means and strategies

At a time when vacancy rates in rental housing are, on average, high across the Nation, use of tenant-based assistance is most appropriate and cost effective in the many areas with ample supplies of below-FMR units. In metropolitan areas with serious shortages of housing affordable to extremely-low-income renters and rising FMRs, however, increasing the supply of below-FMR units is also desirable to increase opportunities for those with vouchers and to slow increases in FMRs over time. Doing so requires a multi-pronged approach. Not only should HUD and its partners generally increase the supply of affordable rental housing, but HUD also must encourage PHAs to transform public housing and encourage private owners to transform HUD-assisted rental properties in ways that keep rents affordable to families using vouchers. To increase the supply, FHA must endorse more multifamily loans and risk-sharing mortgages, and States and localities should continue to support rental housing with CDBG and HOME funds. HUD should also continue to improve its processes by, for example, shortening the time needed to approve demolition of uninhabitable public housing units, to restructure multifamily mortgages, and to issue Section 8 vouchers to replace housing that leaves the public or assisted housing inventory.

For these reasons, HUD's approach to this objective combines efforts to promote wider access to existing rental housing, retain existing housing in the affordable stock, increase supplies of affordable housing where they are needed most, and encourage and inform local activities appropriate to local needs and housing market conditions. Issuing 100,000 incremental vouchers in FY 2000 will be a particularly cost-effective way of aiding groups most in need of affordable housing, including the elderly, families moving from welfare to work, and others with worst case needs. HUD will work to:

- Ensure greatest possible access to existing housing through Section 8 vouchers, particularly for extremely-low-income families—who are most likely to have worst case needs—and for those moving from welfare to work.
- Revitalize and transform public housing projects to retain them as affordable housing in decent neighborhoods.

- Retain subsidized and assisted FHA-insured projects as affordable housing in tight markets and attractive locations.
- Retain subsidies to low-income tenants and prevent undue hardship resulting from changes in the stock of assisted housing.
- Increase affordable housing and rental subsidies for older or disabled renters through Sections 202/811, and convert elderly housing to assisted living facilities to meet the growing needs of the oldest elderly.
- Reduce the cost of mortgage insurance for multifamily loans through FHA general and special risk insurance funds.
- Increase capital available for rental housing through special affordable multifamily goals for housing GSEs.
- Aid States, localities, and PHAs in analyzing their housing markets, their most pressing needs for affordable housing, and their most cost-effective responses through Community 2020, Consolidated Plans, and PHA plans.
- Through CDBG and HOME, provide formula grants to States and large jurisdictions that may be used for producing, rehabilitating, or subsidizing rents of housing affordable to low-income households.
- Restructure projects with above-market rents and address their physical, financial, and management needs, reducing costs of renewing Section 8 project-based subsidies and reducing future FHA insurance claims while promoting the continued viability and availability of this stock.

Special initiatives for FY 2000 to advance this objective include 25,000 new vouchers for the Administration's Welfare-to-Work initiative; 42,000 new fair share vouchers to address worst case needs; 15,000 vouchers for extremely-low-income elderly movers to LIHTC projects; 18,000 vouchers to provide permanent housing for the homeless; grants to convert elderly housing to assisted living facilities; and a major increase in service coordinators for elderly residents of HUD projects.

Programs supporting Objective 1.2: Affordable rental housing is available for low-income households.

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Community Planning and Development			
CDBGs	4,925	4,873	4,775
HOME Investment Partnerships program	1,500	1,600	1,610
HOPWA	204	225	240
Public and Indian Housing			
Housing Certificate Fund (Section 8 Project-based & Tenant-based Assistance)	9,373	10,326	11,522
Public Housing Operating Fund	2,900	2,818	3,003
Public Housing Capital Fund	2,500	3,000	2,555
Indian Housing Block Grants	600	620	620
Revitalization of Severely Distressed Public Housing	550	625	625
Housing			
Sections 202/811 (elderly and disabled)	839	854	854
FHA: GI/SRI (FHA multifamily insurance)/Credit Level	4,456	4,240	5,249

Note: Brackets reflect funding as a set-aside. Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

Linkage to HUD 2020: Management Reform Plan

Amounts requested for technical assistance are critical for successful implementation of the HUD 2020 management reforms as they relate to rental housing. These funds support HUD’s new Real Estate Assessment Center (REAC) and the Troubled Agency Recovery Centers. HUD’s new evaluation tools—the Public Housing Assessment System (PHAS) and Section 8 Management Assessment Program (SEMAP)—will be fully operational by 2000.

Section 8 processing is being improved through the creation of a Section 8 Financial Processing Center for the Office of Housing and the Office of Public and Indian Housing (PIH). PIH has also consolidated special (nonfunded) applications and processes for its unique programs in a single Special Applications Center. Consolidating these discrete functions has increased staff effectiveness and program accountability. The center has standardized its application processing and uses staff specifically trained for evaluating and processing these applications.

HUD is instituting more effective approaches for assessing PHAs in order to more quickly identify troubled PHAs, to turn around troubled PHAs, and to prevent PHAs from reaching the troubled stage. In addition to inspecting the physical condition of public and assisted housing, REAC also assesses the management risk of privately owned, HUD-subsidized, multifamily

projects based on physical and financial factors and refers high-risk properties to the Enforcement Center (EC).

Coordination with other Federal agencies

HUD works with other agencies responsible for increasing the affordability of rental housing. These are:

- Department of the Treasury (with regard to LIHTC).
- USDA (the rental programs of the Rural Housing Service).
- Federal Housing Finance Board (affordable housing program).

Performance goals

To measure progress toward this strategic objective, we aim to achieve these outcomes:

- Decrease the number of households with worst case housing needs, particularly among families with children and the elderly.
- Reduce the share of very-low-income households with worst case housing needs in at least five States.
- Maintain the share of extremely-low-income renters living in HOME rental developments.
- Decrease mismatches of units affordable for extremely-low- and very-low-income renter households nationally.
- In States with shortages of housing affordable for extremely-low- and very-low-income households, decrease mismatches of units relative to renter households.

A crosswalk summarizing the programmatic output and outcome indicators we will use to measure progress toward this objective follows.

Crosswalk for Strategic Objective 1.2: Affordable rental housing is available for low-income households		
Outcome Indicators	Programmatic Output Indicators	External Factors
<p>1.2.1: The number of households with worst case housing needs decreases by 3 percent by 1999 among families with children and elderly households.</p> <p>1.2.2: The share of very-low-income renter households with worst case housing needs declines by at least 1 percentage point in at least five States.</p> <p>1.2.3: Among households living in HOME rental developments, the share with incomes below 30 percent of median at initial occupancy will be maintained at 45 percent.</p> <p>1.2.4: The number of households with a head or spouse aged 62 or older living in a public or assisted housing development that is served by a service coordinator for the elderly increases.</p>	<p>1.2.a: Among extremely-low-income renters, the ratio of assisted households to households with worst case needs or assistance increases by 1 percentage point to 43 percent by 1999.</p> <p>1.2.b: HUD maximizes the number of households served during the transformation of public and assisted housing.</p> <p>1.2.c: The number of tenant-based Section 8 households served by housing authorities that have voucher lease-up rates below 95 percent decreases by 10 percent.</p> <p>1.2.d: The number of households receiving housing assistance with CDBG, HOME, HOPWA, and NAHASDA increases.</p> <p>1.2.e: The number of HOME production units that are completed within the fiscal year will increase by 4 percent.</p> <p>1.2.f: All households living in HOME rental developments will be income eligible, pay appropriate rent, and live in physically adequate units.</p> <p>1.2.g: Based on recent-year appropriations, at least 200 Section 202 projects for the elderly will reach initial closing during 2000.</p> <p>1.2.h: In at least five States, assisted living facilities will have begun to house elders using housing vouchers combined with Medicaid or other third-party funding for services.</p>	<p>Economic cycles affect the number of worst case housing needs by changing the number of very-low-income households.</p> <p>Localized economic recessions could increase worst case needs in particular States and metropolitan areas.</p> <p>Decisions about whether to use CDBG funds for housing, how to target HOME funds, and whether to use HOME for homeownership or rental assistance are made locally.</p>

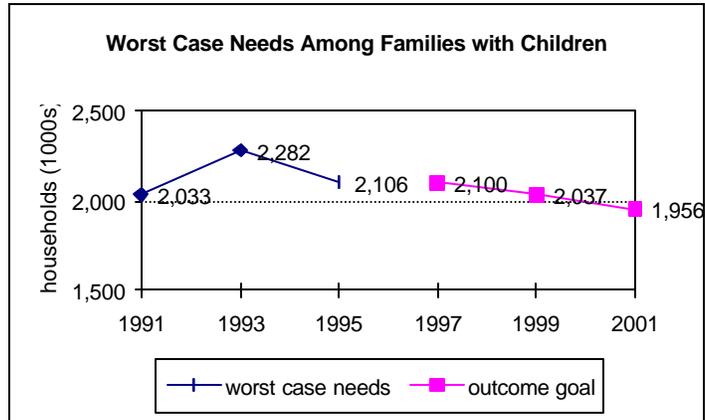
<p>1.2.5: For extremely-low-income renters, the ratio of affordable units to households increases by 2 percentage points to 79 percent by 1999.</p> <p>1.2.6: For very-low-income renters, the ratio of affordable units actually available to households increases by 5 percentage points to 75 percent by 1999.</p> <p>1.2.7: Ratios of affordable units to rental households will be higher for at least six of the 30 States that in 1990 had absolute shortages of units affordable to extremely-low-income households.</p> <p>1.2.8: Ratios of affordable units to rental households will be higher for at least four of the 16 States that in 1990 had absolute or relative shortages of units affordable to very-low-income households.</p>	<p>1.2.i: Fannie Mae and Freddie Mac meet or surpass HUD-defined targets for special affordable multifamily mortgage purchases.</p> <p>1.2.j: Ginnie Mae securitizes at least 60 percent of eligible FHA multifamily mortgages.</p> <p>1.2.k: Ginnie Mae credit enhancements on REMIC securities increase by 10 percent to \$44.8 billion in FY 2000.</p> <p>1.2.l: FHA endorses at least 400 multifamily mortgages annually.</p> <p>1.2.m: Among multifamily developments newly insured by the FHA General and Special Risk Insurance funds, the share of units that are affordable to households with incomes below 60 percent of median increases by 1 percentage point.</p> <p>1.2.n: Seventy-five percent of multifamily mortgages restructured under the Mark to Market program are closed within 12 months.</p> <p>1.2.o: Among high-risk or troubled multifamily projects referred to EC, the shares that have aged pending enforcement and that have aged during enforcement processing will decrease (also appears as 5.1.j).</p> <p>1.2.p: Among Consolidated Plan jurisdictions with housing authorities, the share that have included housing authority representatives in consolidated planning efforts approaches 90 percent (also appears as 3.2.b).</p>	<p>LIHTC currently is the major Federal housing subsidy for production and rehabilitation of rental housing. The units must be affordable to incomes at 50 or 60 percent of median. LIHTC is administered by the Department of Treasury and decisions are made by States. Most households with extremely low incomes that are served by LIHTC developments either have tenant-based assistance or high rent burdens.</p> <p>States have the major responsibility for determining the affordability of units produced under LIHTC and rental revenue bonds.</p>
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Performance goals are for FY 2000 unless otherwise noted.

**Outcome Indicator 1.2.1:
The number of households with worst case housing needs decreases by at least 3 percent by 1999 among families with children and elderly households.**

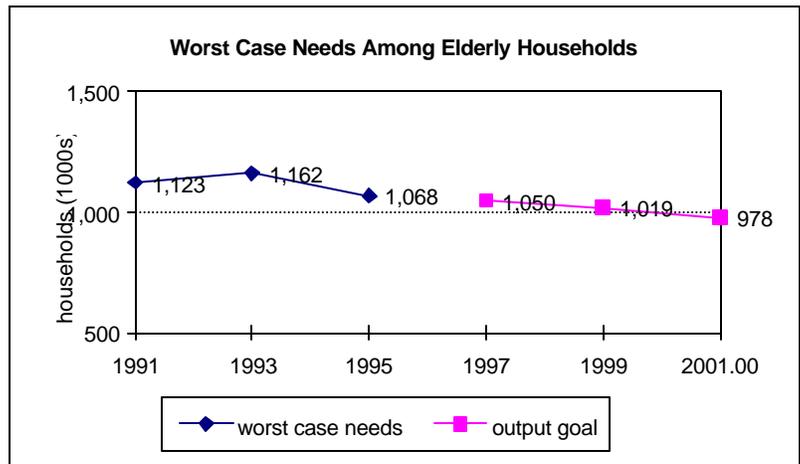
Indicator background and context. Households with worst case needs—unassisted very-low-income renters who pay more than half of their income for housing or live in severely substandard housing—are those with the most severe needs for housing assistance. Despite robust economic growth between 1993 and 1995, the number with these severe needs remained at an all-time high of 5.3 million households containing almost 12.5 million people. Although HUD has little influence over the *number* of households with very low incomes, the public housing and Section 8 programs provide them access to housing they can afford. Reducing the number with worst case needs among all household types is one of HUD's highest priorities.

In FY 1999 HUD made 50,000 welfare-to-work vouchers available to families with children to support their new independence from welfare. In addition, the repeal of the delay in reissuing vouchers when tenants leave the program will make tenant-based assistance available to 40,000 more families with worst case needs, of which nearly one-fifth could be elderly if current trends continue. In FY 2000 HUD proposes to reduce worst case needs further by targeting 15,000 vouchers to elderly households, 25,000 vouchers to help welfare families move to work, 18,000 vouchers to homeless persons, and 42,000 fair share vouchers for locally determined use. Through such initiatives we aim to reduce needs among families with children by 3 percent between 1997 and 1999 to 2 million, and an additional 4 percent by 2001. Among the elderly, HUD's 3-percent goal implies worst case needs of 1 million in 1999. Overall, worst case needs are targeted to fall by 200,000 from their 1995 record high.



Data source. AHS, conducted for HUD by the Bureau of Census.

Limitations/advantages of the data. AHS data are available for the Nation and regions only biennially, and for 44 metropolitan areas once every four or five years. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent



implementation of computer-aided interviewing. Comparable data on worst case needs will not be available for 2000 from decennial Census data.

Validation/verification of measure. HUD will not verify AHS data beyond standard quality assurance procedures.

Outcome Indicator 1.2.2:

The share of very-low-income renter households with worst case housing needs declines by at least 1 percentage point from 1990 levels in at least five States.

Indicator background and context. States and localities should aim in developing their Consolidated Plans to address worst case housing needs. State and local governments can direct the use of HOME and CDBG grants, as well as LIHTCs and State rental revenue bonds, to respond to housing needs. Regional and metropolitan differences in rents and income distributions make shares of worst case housing needs much higher in some States and metropolitan areas. In 1990, for example, worst case needs, proxied as severe rent burdens among very-low-income renters, were highest in California, Florida, Nevada, Michigan, Arizona, and New York, where 48 percent or more of very-low-income renters paid more than half of their income in rent. This indicator will track the progress that States make in reducing severe housing needs among very-low-income renters.

Data source. Decennial Census and American Community Survey (ACS). Census data from 2000 are expected to be available in 2002 for estimating change since 1990. ACS data for State-level tabulations will be available annually beginning in 2003.

Limitations/advantages of the data. ACS sample sizes in small States may support only biennial estimates of worst case needs rather than annual estimates.

Validation/verification of measure. HUD will not verify Census or ACS data independently.

Outcome Indicator 1.2.3:

Among households living in HOME rental developments, the share with incomes below 30 percent of median at initial occupancy will be maintained at 45 percent.

Indicator background and context. Renters with extremely low incomes (below 30 percent of area median) have much more pressing needs for affordable housing than others eligible for HOME rental assistance. Households with incomes up to 80 percent of area median are eligible to live in HOME-assisted rental developments, but 90 percent of those households living in HOME-assisted rental units must have income below 60 percent of median. HOME exceeds this statutory requirement and 45 percent of households in HOME rental developments had extremely low incomes in 1998. The Department would like to ensure the program's continued success in serving this population because in 1995 extremely-low-income renters accounted for 71 percent of worst case housing needs. This indicator tracks the contribution of HOME toward meeting the needs of households with incomes below 30 percent of median.

Data source. Integrated Disbursement and Information System (IDIS) and Departmental Grants Management System (DGMS).

Limitations/advantages of the data. HOME data concerning household characteristics are reported by PJs when the development is initially occupied. The income distribution of tenants at occupancy may not reflect incomes at later periods because of income changes and tenant turnover.

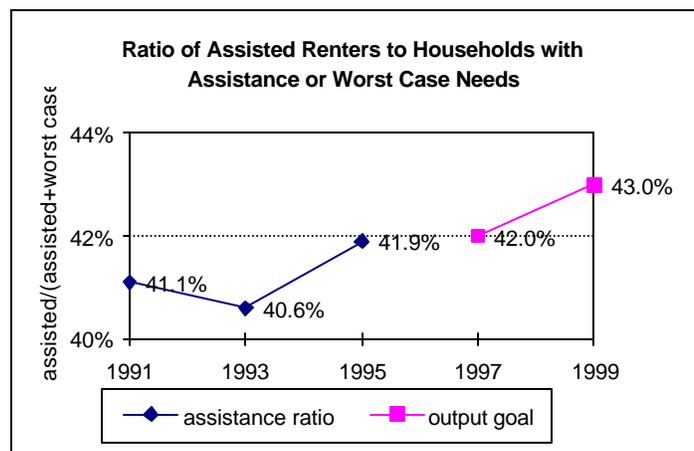
Validation/verification of measure. HUD is currently working to increase the accuracy and completeness of IDIS data. DGMS is the next-generation system for grants management and will incorporate more detailed reporting and data-quality enhancements.

Programmatic Output Indicator 1.2.a: Among extremely-low-income renters, the ratio of assisted households to households with worst case needs or assistance increases by 1 percentage point to 43 percent by 1999.

Indicator background and context. HUD's public housing and Section 8 programs and USDA's rental assistance programs provide the most direct way of meeting and solving worst case needs for households unable to afford market-rate housing. Because renters with incomes below 30 percent of area median are most likely to have worst case needs, Congress (in the Public Housing Reform Act of 1998) directed 75 percent of Section 8 vouchers and 40 percent of newly available public housing to this income group. This indicator tracks the ratio of federally assisted households to the sum of potential needs—those already assisted plus those with worst case needs—to determine how well assistance is meeting needs. In 1995, there were 3.997 million extremely-low-income renters with worst case needs and 2.88 million extremely-low-income renters with housing assistance, so the ratio was 41.9 percent. Assisted households are determined by self-reporting by respondents to the American Housing Survey. Because this indicator counts only extremely-low-income households, the number of assisted households is lower than the total number of households assisted by HUD.

Data source. AHS, conducted for HUD by the Bureau of Census.

Limitations/advantages of the data. National and regional AHS data are available only biennially. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent implementation of computer-aided interviewing. The count of assisted households in the AHS is known to be imperfect because survey respondents may be unsure of the source of assistance; to improve this situation, more specific questions about assistance have been asked beginning in 1997.



Validation/verification of measure. Assisted household counts from the AHS will be verified with program data.

Programmatic Output Indicator 1.2.b: HUD maximizes the number of households served during the transformation of public and assisted housing.

Indicator background and context. Several transformations to HUD's housing programs threaten HUD's ability to serve worst case housing needs with incremental appropriations for rent vouchers. In order to fully utilize incremental housing, HUD and HUD's partners must lease-up units, fill vacancies in a timely way, and offset losses caused by program transformations currently underway—including the demolition of distressed public housing, Mark to Market, and owner decisions not to renew Section 8 contracts. During FY 1999 HUD intends to formulate appropriate policy and develop a performance indicator that addresses performance in this area.

Programmatic Output Indicator 1.2.c: The number of tenant-based Section 8 households served by housing authorities that have voucher lease-up rates below 95 percent decreases by 10 percent.

Indicator background and context. Funds for tenant-based housing assistance can be wasted if housing authorities are not efficient in their efforts to grant vouchers to families and help them find housing. Although on average most budgeted vouchers are used, some PHAs fail to award, or lease up, significant numbers of potential vouchers. Housing authorities with low lease-up rates are subject to sanctions under SEMAP. This indicator tracks the progress in reducing worst case housing needs by increasing the number of PHAs that use potential assistance. The lease-up rate is defined as the number of units under Housing Assistance Payment (HAP) contracts divided by the number of units under budget. As a national average, 92.5 percent of units under budget were leased-up in 1998.

Data source. SEMAP, based on HUD Central Accounting Processing System (HUDCAPS). Lease-up is determined from housing authority budgets and HUD-approved year-end statements. Complete SEMAP data will not be available until FY 2001, but basic HUDCAPS data for units under lease are currently available. The FY 1999 baseline will be determined in FY 1999.

Limitations/advantages of the data. HUD is not aware of significant data problems affecting this indicator.

Validation/verification of measure. This component of housing authority records will be subject to independent single audits (at auditor discretion) beginning in FY 1999.

Programmatic Output Indicator 1.2.d: The number of households receiving housing assistance with CDBG, HOME, HOPWA, and NAHASDA increases.

Indicator background and context. This indicator tracks both homeownership assistance and

rental assistance because local communities decide whether to use HOME and HOPWA funds for homeownership, rental housing, or both. In the case of CDBG funds, housing assistance is one of several eligible activities among which grantees may choose. Analysis suggests that the share of CDBG funds used for housing may be declining. Because of widespread shortages of affordable housing and the need to maintain existing housing units, it is desirable to increase the number of households aided with housing assistance including rental housing production. The level of these housing outputs is subject to appropriations as well as local discretion.

Households Assisted by Grant Programs	1996 act.	1997 act.	1998 est.	1999 est.	2000 goal
CDBG households	204,900	202,100	196,700	197,800	204,000
HOME tenant-based assistance	9,118	7,792	8,246	8,246	8,246
HOME rental units committed	23,918	23,041	24,148	25,114	26,118
HOME new homebuyers committed	25,858	28,403	29,514	30,695	31,922
HOME existing homeowners committed	12,167	13,053	13,415	13,952	14,510
HOME total households	71,061	72,289	75,323	78,006	80,796
HOPWA households	32,200	35,945	37,300	41,500	43,990
Section 184 Native American homeowners			598	635	650
Native Americans assisted with NAHASDA	-	-	-	baseline TBD	baseline + 3%

Data source. CDBG, HOME, and HOPWA data come from grantees through the IDIS/Grants Management System (GMS). Baseline data for NAHASDA will be available from PIH in FY 1999.

Estimates for units produced by HOME (rental, homebuyer, and homeowner) extend a historical trend of a 4-percent annual increase in units committed in a fiscal year consistent with recent appropriation levels. Estimates for HOME tenant-based rental assistance are based on historical averages, which show no sustained trend. These estimates reflect units for which funds are committed during each fiscal year. They are not the same as estimates in the budget that project production over the life of the requested appropriation.

Limitations/advantages of the data. CDBG, HOME, and HOPWA data come from grantees through GMS. Grantees are not required to identify whether CDBG housing assistance or production is for homeownership or rental housing, so GMS lacks detail about CDBG activities. Further, Annual Progress Reviews (APRs) have not yet been converted to IDIS so the actual numbers assisted under CDBG are not available.

Validation/verification of measure. IDIS data will be sampled to determine accuracy, completeness, and timeliness, and actual performance data will be reviewed.

Programmatic Output Indicator 1.2.e: The number of HOME production units that are completed within the fiscal year will increase by 4 percent.

Indicator background and context. Historically the HOME program has reported on “committed units,” units for which HOME PJs had contractual obligations committing HOME funds. This indicator tracks the number of “units completed,” HOME-assisted units that have been put into service.

Data source. GMS/IDIS, containing completion reports submitted by PJs.

Limitations/advantages of the data. HUD relies on PJs to input data into GMS/IDIS. Historically there has been a time lag between the time when project construction is complete and the submission of a completion report.

Validation/verification of measure. CPD field staff will monitor PJs on a random sample basis.

HOME Units Completed	Total through FY 1998	FY 1998	FY 1999	FY 2000 goal
HOME rental units produced	72,469	18,083	18,806	19,559
HOME new homebuyers	77,363	24,046	25,008	26,008
HOME existing homeowners	60,053	11,783	12,254	12,744
HOME total households assisted	209,885	53,912	56,068	58,311

Programmatic Output Indicator 1.2.f: All households living in HOME rental developments will be income eligible, pay appropriate rent, and live in physically adequate units.

Indicator background and context. Regulations for the HOME Investment Partnership program are complex, and PJs may not understand monitoring responsibilities nor allocate sufficient staff for monitoring responsibilities. This is significant because landlords may have incentives to circumvent rent requirements and/or to be lax on meeting housing quality standards. This indicator tracks the share of HOME rental households for which units meet housing quality standards, tenant incomes are eligible, and rents are appropriate. HOME regulations require certifications by development owners during the period of affordability for each development.

Data source. Baseline data will be provided by a HUD Office of Policy Development and Research (PD&R) survey of HOME rental developments to be conducted for the first time in FY 2000. New resources will be required for this indicator.

Limitations/advantages of the data. The survey will provide a representative sample of HOME rental households.

Validation/verification of measure. The procurement will contain provisions and controls that ensure that the research is statistically valid.

Outcome Indicator 1.2.4:

The number of households with a head or spouse aged 62 or older living in a public or assisted housing development that is served by a service coordinator for the elderly increases.

Indicator background and context. Service coordinators improve the lives of elders by helping them to remain as active and independent as their health permits. Service coordinators for public housing and assisted housing projects are funded in a number of ways: through grants made by the Office of Housing, from grants made as part of the Resident Opportunity and Social Services (ROSS) and predecessor programs, from assisted housing project budgets and reserves, from public housing Operating and Capital Funds, and from other resources raised in the community. In 2000 HUD proposes a significant increase in funding for service coordinators in multifamily assisted housing to help close the gap between the number of developments with service coordinators and those that need them for a population that is aging in place.

Data source. Survey of a sample of owners and managers of public and assisted housing. The Office of Housing has already developed a voluntary reporting form that can be built upon. The baseline will be developed in 2000. New resources are needed for this indicator.

Limitations/advantages of the data. Because of the diverse sources of funding for service coordinators, an independent survey is needed for a representative sample of all public and assisted housing developments serving the elderly.

Validation/verification of the measure. The procurement will contain provisions and controls that ensure that the research is statistically valid.

Programmatic Output Indicator 1.2.g: Based on recent-year appropriations, at least 200 Section 202 projects for the elderly will reach initial closing during 2000.

Indicator Background and Context. During 1996–98, annual appropriations for Section 202 housing for the elderly averaged \$645 million. Section 202 projects can be difficult to bring to closing because sponsors usually must find other sources of funding for project features not fundable by the program but necessary to meet the needs of the population, and because neighborhoods sometimes oppose the developments. This indicator tracks the number of projects each year that reach the closing stage (when the project design has been approved and all of the local community requirements have been met).

Data source. Office of Housing Development Application Processing (DAP) system.

Limitations/advantages of the data. No data problems are known to affect this indicator.

Validation/verification of measure. HUD's central office receives copies of the closing document that will be used to verify data system entries.

Programmatic Output Indicator 1.2.h: In at least five States, assisted-living facilities will have begun to house elders using housing vouchers combined with Medicaid or other third-party funding for services.

Indicator background and context. Currently just over half the States have approved Medicaid waivers for assisted living for the elderly. Much work needs to be done to make these waivers usable in combination with housing subsidies. HUD is proposing a legislative change to permit the use of housing vouchers in assisted-living developments. The FY 2000 budget also includes funding for converting Section 202 projects to assisted-living, but none of these conversions will be complete in 2000. An indicator tracking those conversions will be developed for 2001 and beyond.

Data source. PIH Multifamily Tenant Characteristics System (MTCS)—household data submitted electronically by housing authorities. A data element will be added to this system identifying Section 8 tenant-based assistance used in assisted-living developments. New resources are needed for this indicator.

Limitations/advantages of the data. MTCS has automated edits to prevent input errors.

Validation/verification of measure. Quality control studies are performed to verify the accuracy of income data in MTCS.

Outcome Indicator 1.2.5:

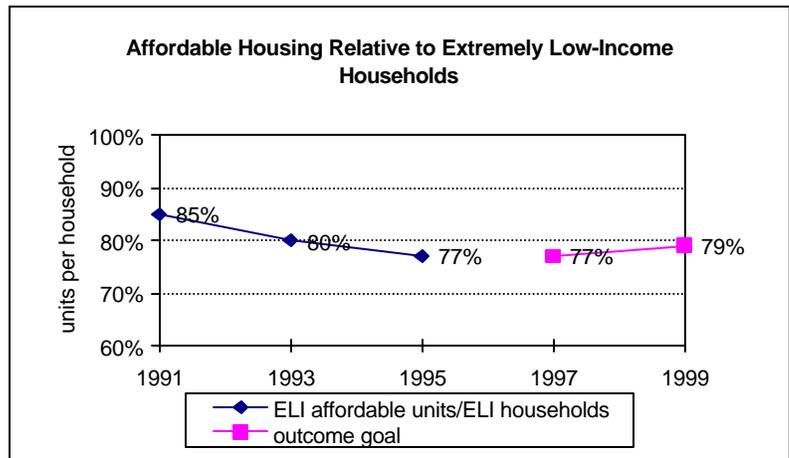
For extremely-low-income renters, the ratio of affordable units to households increases by 2 percentage points to 79 percent by 1999.

Indicator background and context. As a national average in 1990, there were fewer than four affordable units for every five extremely-low-income renters (those with incomes below 30 percent of area median). Thirty States exhibited such mismatches between units and renters needing them. During the 1990s, as the figure illustrates, the ratio of units to renters continued to drop nationally, as well as in each of the four Census regions. Reversing this trend is essential to reducing worst case needs. HUD's Community Builders are working to encourage public and private partnerships and mobilize Federal, State, and local resources to maintain affordable housing for this most needy population.

Data source. AHS and decennial Census.

Limitations/advantages of the data. AHS data are available for the Nation and the four Census regions only biennially, and for 44 metropolitan areas every 4 or 5 years. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent implementation of computer-aided interviewing.

Validation/verification of measure. HUD will not verify AHS data beyond standard quality assurance procedures.



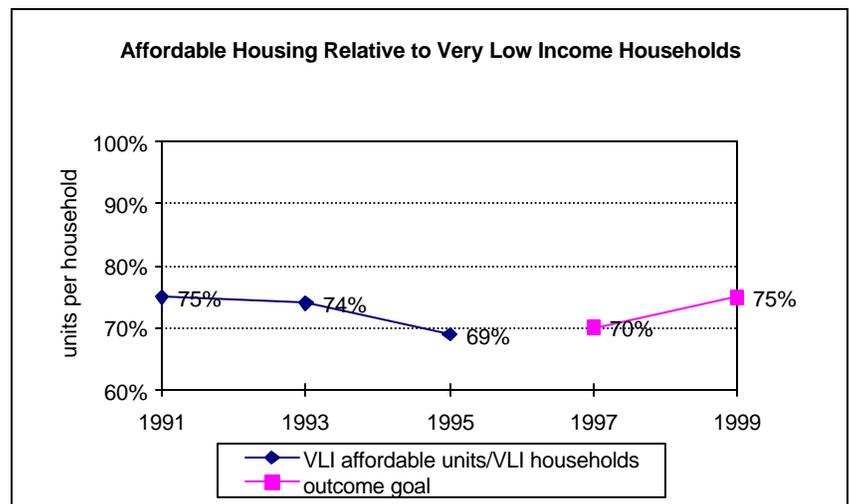
Outcome Indicator 1.2.6:

For very-low-income renters, the ratio of affordable units actually available to households increases by 5 percentage points to 75 percent by 1999.

Indicator background and context. In 1990 the number of units affordable to very-low-income renters (that is, units with annual rents at or below 30 percent of 50 percent of area median) exceeded the number of renters both nationally, on average, and in all but three States. However, some 40 percent of these units were occupied by households with incomes above 50 percent of median, and thus were unavailable to very-low-income renters.

During the 1990s, as the figure illustrates, the number of available units per 100 renters continued to drop. Because HOME, the LIHTC, and State rental revenue bonds can add to the supply of units with rents near this level, it should be possible for States and localities, working with HUD's Community Builders, to reverse this trend. This indicator tracks

national trends in the extent to which rental housing affordable for renters with incomes below 50 percent of area median is actually available to them.



Data source. AHS and decennial Census.

Limitations/advantages of the data. AHS data are available for the Nation and the four Census regions only biennially, and for 44 metropolitan areas every 4 or 5 years. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent implementation of computer-aided interviewing.

Validation/verification of measure. HUD will not verify AHS data beyond standard quality assurance procedures.

Outcome Indicator 1.2.7:

Ratios of affordable units to households will be higher for at least six of the 30 States that in 1990 had absolute shortages of rental units affordable to extremely-low-income households.

Indicator background and context. In 1990 there were nationally, on average, fewer than four affordable units for every five extremely-low-income renters (those with incomes below 30 percent of area median), with 30 States exhibiting such mismatches of affordable units relative to the number of households needing them. Shortages were worst in California (with only 0.43 units per renter), Nevada (0.6), New York and Michigan (0.63), and Florida (0.64). Because States and localities decide on the most appropriate use of LIHTC, HOME, and CDBG resources to meet local needs, tracking changes in this ratio at the State level is highly desirable. Community Builders will be active in promoting State and local commitments to address the severest shortages of affordable housing and worst case needs.

Data source. At present only the Comprehensive Housing Affordability Strategy (CHAS) database of 1990 Census data provides the needed data at the State level. Equivalent data should be produced from the 2000 Census, becoming available in 2002. After 2003, State data will be available annually or biennially from the American Community Survey.

Limitations/advantages of the data. Limited availability until 2003.

Validation/verification of measure. HUD will not verify the data beyond Bureau of Census procedures.

Outcome Indicator 1.2.8:

Ratios of affordable rental units to rental households will be higher for at least four of the 16 States that in 1990 had absolute or relative shortages of rental units affordable to very-low-income households.

Indicator background and context. Affordable housing shortages are less severe and less common for very-low-income renters than for extremely-low-income renters. Nevertheless, relative shortages of very-low-income housing stock reduce the ability of the poorest renters to find affordable, adequate housing because they increase the incentives for very-low-income renters to compete for less costly housing. In 1990 only three States had absolute shortages of

such units, California (with 0.62 units per renter household), Nevada (0.82), and Florida (0.86), but high levels of worst case needs were strongly correlated with relative shortages (those worse than the U.S. average) as well. Because States and localities decide on the most appropriate use of LIHTC, HOME, and CDBG funds, tracking changes in this ratio at the State level is highly desirable.

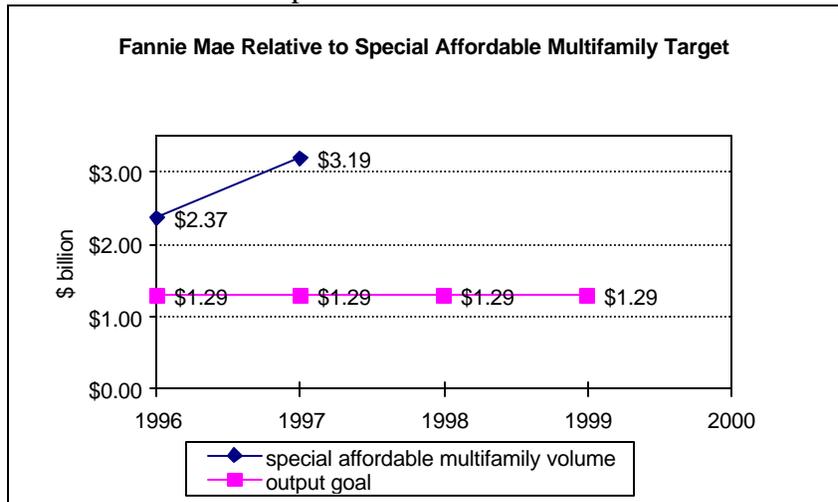
Data source. At present only the CHAS database of 1990 Census data provides the needed data at the State level. Equivalent data should be produced from the 2000 Census, but will not be available until 2002. After 2003, data will be available annually or biennially from the American Community Survey.

Limitations/advantages of the data. Limited availability until 2003.

Validation/verification of measure. HUD will not verify the data beyond Bureau of Census procedures.

Programmatic Output Indicator 1.2.i: Fannie Mae and Freddie Mac meet or surpass HUD-defined targets for special affordable multifamily mortgage purchases.

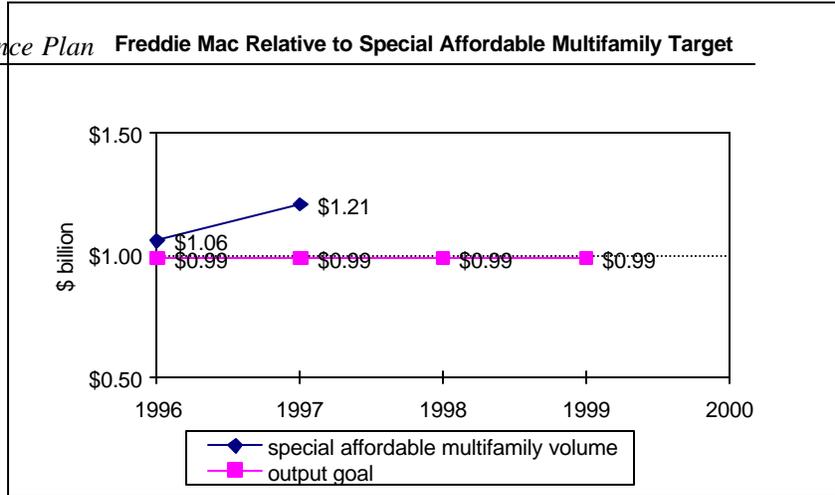
Indicator background and context. Fannie Mae and Freddie Mac are housing GSEs established for the public purpose of creating a secondary market for residential mortgages. HUD is charged with identifying suitable performance goals for the GSEs. This indicator tracks the performance of the GSEs in providing capital, measured in billions of dollars, for affordable multifamily housing. HUD's goal for Fannie Mae is \$1.29 billion annually, and for Freddie Mac, \$0.99 billion annually. Qualifying multifamily mortgages provide five or more units that are affordable at incomes less than or equal to 60 percent of area median, or less than or equal to 80 percent of area median in low-income areas. Low-income areas are defined as metropolitan census tracts where the median income does not exceed 80 percent of area median and nonmetropolitan counties where median income does not exceed 80 percent of the greater of State nonmetropolitan median or national nonmetropolitan median. HUD will establish the FY 2000 goals for the GSEs in FY 1999.



Data source. HUD's GSE database.

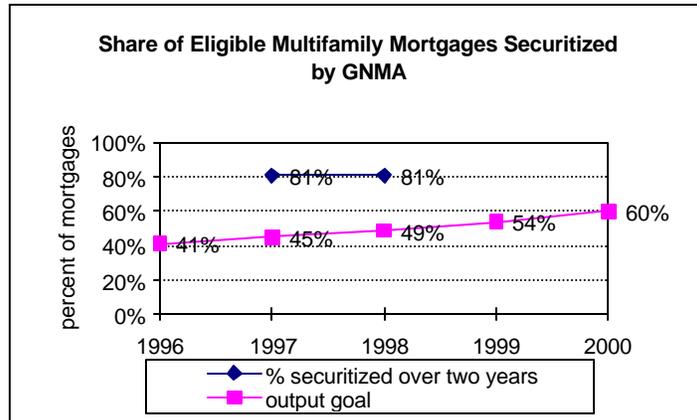
Limitations/advantages of the data. The data have no serious problems.

Validation/verification of measure. HUD verifies data submitted by the GSEs by comparing them with independent data sources. HUD also reviews GSE procedures for compiling data as necessary.



Programmatic Output Indicator 1.2.j: Ginnie Mae securitizes at least 60 percent of eligible FHA multifamily mortgages.

Indicator background and context. Ginnie Mae makes the multifamily mortgage market more liquid by helping lenders package FHA-insured loans into secondary-market securities for investors. Increasing the amount of capital available for multifamily mortgages is desirable because loans become less costly and easier to obtain. Ginnie Mae-guaranteed securitizations are limited by the fact that some types of FHA multifamily loans (elder care facilities, risk sharing, and hospitals) are not eligible. Ginnie Mae volume also is constrained by the fact that many larger FHA multifamily mortgages are sold directly to investors who do not need the Ginnie Mae guaranty (for example, pension funds often do not require the Ginnie Mae guaranty to purchase an FHA-insured multifamily mortgage). In 1997 the share of eligible FHA loans securitized by Ginnie Mae reached 81 percent.



Data source. Ginnie Mae database of multifamily loan securities compared to FHA multifamily database adjusted to remove ineligible projects.

Limitations/advantages of the data. Both Ginnie Mae and FHA/VA data are tabulations of activity that the organizations track continually.

Validation/verification of measure. Both Ginnie Mae and FHA data are subject to annual financial audits because they represent an obligation on the part of the United States.

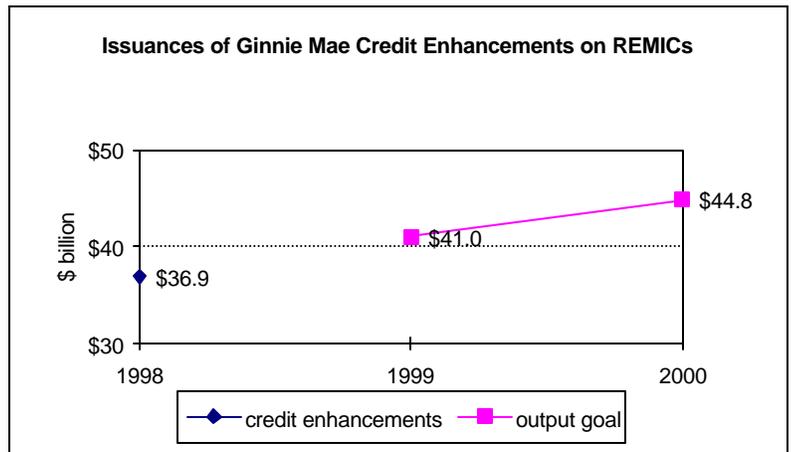
Programmatic Output Indicator 1.2.k: Ginnie Mae credit enhancements on REMIC securities increase by 10 percent to \$44.8 billion in FY 2000.

Indicator background and context. Real Estate Mortgage Investment Conduit (REMIC) securities were first issued by Ginnie Mae in 1994. A REMIC is a financing vehicle in which a pool of mortgages or mortgage-backed securities is sold as multiple-class securities. By spreading investor risk among the various security classes (tranches), REMICs increase the secondary mortgage market's liquidity, which can reduce the cost of capital for borrowers. This indicator tracks the extent of Ginnie Mae's contribution toward increasing the availability and decreasing the cost of multifamily mortgages through REMIC securities.

Data source. Ginnie Mae database of REMIC issuances.

Limitations/advantages of the data. The data reflect actual securities issued. HUD is not aware of significant data problems affecting this indicator.

Validation/verification of measure. Ginnie Mae data are subject to annual financial audits because they represent an obligation on the part of the United States. HUD will not verify the data further.



Programmatic Output Indicator 1.2.l: FHA endorses at least 400 multifamily mortgages annually.

Indicator background and context. FHA multifamily mortgage insurance plays a definite role in the mortgage market. FHA insurance is vitally important to a number of higher risk segments in the housing industry, including small builders, buyers or owners of aging inner-city properties, and nonprofit sponsors. FHA offers many unique and valuable products in the market, including insurance that covers both the construction financing and long-term permanent financing of modest-cost rental housing, insurance for assisted living facilities, and a vehicle whereby lenders (including many with public purpose missions such as housing finance agencies) can gain access to the AAA rating of GNMA securities. FHA also brings stability to the market: many conventional loans that would otherwise have gone into default as they reached maturity during the credit crunch of the early 1990s were successfully refinanced with FHA. FHA also retains a leadership position in the market for high loan-to-value and long-term fully-amortizing multifamily loans, which can help in the provision of affordable rental housing.

The result of maintaining FHA multifamily volume will be more decent rental housing made available to consumers at modest cost. This indicator tracks FHA's annual output of initial multifamily endorsements.

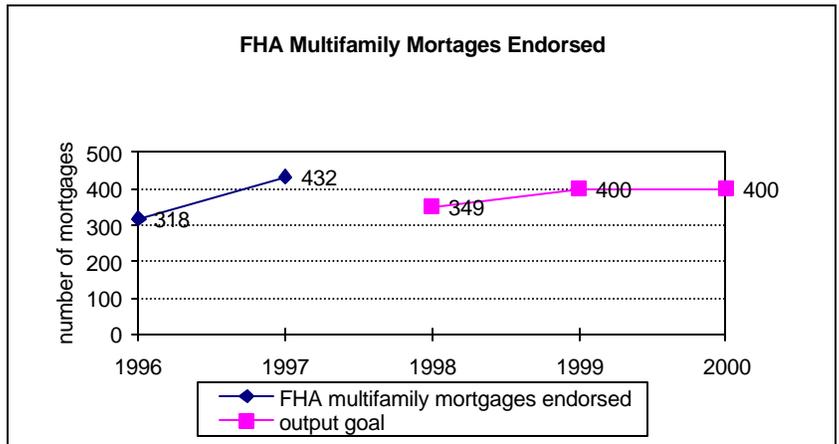
Data source. FHA's Real Estate Management System (REMS), based on lender-submitted data from the F47 system. REMS data will be available early in FY 1999.

Limitations/advantages of the data.

The data are not known to have problems affecting this indicator.

Validation/verification of measure.

FHA monitors the quality of data submitted by lenders. The performance goal may require recalibration when estimates are finalized.



Programmatic Output Indicator 1.2.m: Among multifamily developments newly insured by the FHA General and Special Risk Insurance funds, the share of units that are affordable to households with incomes below 60 percent of median increases by 1 percentage point.

Indicator background and context. The vast majority (more than 95 percent) of multifamily rental units that are newly mortgaged, including those mortgaged conventionally, are affordable to households at or below area median income. Increasing the share of units insured by FHA that are affordable at 60 percent of area median income would increase the availability of decent housing to low-income households and to poorer families with rent vouchers.

Available preliminary data show that 36.3 percent of unassisted FHA multifamily units insured in FY 1997 were affordable at 60 percent of area median income. For multifamily insurance for existing developments only (Section 223(f)), the share was 44.7 percent.

Data source. FHA. Beginning in FY 1999, the DAP system, used for processing multifamily development applications under Sections 221(d)3, 221(d)4, and 223(f). New resources may be needed for this indicator.

Limitations/advantages of the data. Data with which to determine the affordability of FHA-insured multifamily units were not available from HUD's automated data systems until 1998. For 1997, data were collected manually from case binders. Estimates are now being developed for the first time, but will soon be available annually. The DAP system will not contain data for the Section 220 program, nor for risk-sharing endorsements. DAP may not have complete FY 1999 baseline data.

Validation/verification of measure. The collection of data on FHA rent affordability depends on accurate geocoding of cases as well as accurately recording rents at the time of initial endorsement. Until 1998 this information was not collected by FHA's automated data systems. Therefore, HUD will verify the first year of automated data by comparison with FHA case

binders. The performance goal will require recalibration when automated data become available because Section 220 units will be excluded.

Programmatic Output Indicator 1.2.n: Seventy-five percent of multifamily mortgages restructured under the Mark to Market program are closed within 12 months.

Indicator background and context. The careful restructuring of assisted multifamily developments reduces the average cost of providing housing assistance and helps maintain the supply of good quality, affordable housing units. Multifamily developments eligible for mortgage restructuring are those with FHA-insured or HUD-held mortgages, Section 8 contracts, and above-market rents. Beginning in FY 1999 the Office of Multifamily Housing Assistance Restructuring (OMHAR) will contract with Participating Administrative Entities (PAEs) (usually State housing finance agencies) to restructure developments. This production indicator tracks the efficiency of PAEs in dealing with oversubsidized multifamily developments, as measured by the share of developments restructured within a year.

Data source. OMHAR administrative data. The baseline will be determined in FY 1999.

Limitations/advantages of the data. No data problems are known to affect this indicator.

Validation/verification of measure. No external data source exists to verify restructuring process data. This indicator may need recalibration when data become available.

Programmatic Output Indicator 1.2.o: Among high-risk or troubled multifamily projects referred to EC, the shares that have aged pending enforcement and that have aged during enforcement processing will decrease.

Indicator background and context. REAC assesses the management risk of multifamily projects based on physical and financial factors. Physical trouble typically consists of high capital needs backlogs and deferred and inadequate maintenance. Financial trouble can involve mortgage defaults, high vacancy rates, inadequate rent roll, or fraud in the form of equity skimming. Properties scored as high risk are referred to the Departmental Enforcement Center (DEC or EC) directly from REAC. The Office of Multifamily Housing also can refer properties identified as troubled to EC. The EC will work closely with the Office of Housing to determine appropriate remedies.

This indicator tracks the disposition of referrals to EC in terms of two components: the inventory of projects referred to EC but waiting for enforcement action, and the inventory of projects that remain under enforcement action for lengthy periods. Because prosecution can introduce uncontrollable delays, a referral from EC to the Department of Justice and Office of the Inspector General on criminal and civil proceedings stops the clock on Enforcement Center time for purposes of this indicator. This indicator also appears in the context of increasing public trust as Programmatic Output Indicator 5.1.j.

Data source. REAC maintains the database of properties eligible for enforcement. The EC initially will provide data about the status of referred properties using the Real Estate Management System (REMS). EC is in the process of developing a case status module as part of its planned Departmental Tracking system (DTS). At the end of FY 1999 HUD will determine the baseline share of “aged” projects as well as the threshold number of days defining “aging” on the referral list and during enforcement processing.

Limitations/advantages of the data. REAC uses objective criteria to identify high-risk projects so the denominator of this measure is largely independent. The remedies worked out by EC and Housing will involve a different set of criteria for case closure.

Validation/verification of measure. DEC Satellite Offices will verify data collected by the contractor and ensure that documentation is adequate before entering data into REMS. EC will update data quality assurance procedures following implementation of REMS and DTS.

Programmatic Output Indicator 1.2.p: Among Consolidated Plan jurisdictions with housing authorities, the share that have included housing authority representatives in consolidated planning efforts approaches 90 percent.

Indicator background and context. Both States and cities are required to develop Consolidated Plans to assess needs and determine strategies for allocating HUD grants. Consolidated Plans must consider the full range of community needs to be valid guidelines, and the families served by housing authorities represent an important component of area needs. HUD also has an interest in promoting cooperation among housing authorities and local officials because the transformation of public and assisted housing increasingly relies upon forming partnerships and coordinating activities. For example, several communities are committing HOME Investment Partnership funds to retain private multifamily developments as assisted housing. This indicator tracks the share of Consolidated Plans that demonstrate that States or communities include officials from housing authorities in a decision-making role. This indicator also appears in the context of welfare reform as Programmatic Output Indicator 3.2.b.

Data source. CPD Grants Management Program (GMP). The baseline will be determined in FY 1999.

Limitations/advantages of the data. Self-reported data, including characterizations of the extent of cooperation, are subject to distortion by communities.

Validation/verification of measure. CPD field staff monitor communities to ensure accurate reporting.

Objective 1.3: America’s housing is safe and disaster-resistant.

Overview

A longstanding primary objective of Federal housing policy is to assure decent housing in a suitable environment. Housing quality has improved markedly over the past five decades—a major success. By 1995 only 2 percent of renters and owners lived in housing categorized by the American Housing Survey as severely inadequate, down from 6 percent of renters and 3 percent of owners in 1978.

Housing in need of repair or rehabilitation, however, remains a frequent problem among the lowest-income renters and owners, and too often they must settle for inadequate housing to find units they can afford. In 1995, 1.8 million very-low-income renters (12 percent of such renters) and 1.1 million very-low-income owners (10 percent) lived in physically inadequate housing. Moreover, as of 1994, approximately 900,000 children under the age of 6 were estimated to have elevated blood lead (EBL) levels. Older housing, which is more often occupied by lower income households, is one of the primary environmental EBL hazards.

In recent years, the serious destruction caused by hurricanes, earthquakes, and other natural disasters also highlights the need for housing that is as resistant to such stresses as possible. HUD coordinates with other Federal agencies and also with private industry to encourage the development and widespread diffusion of new disaster-resistant technologies throughout the housing industry. HUD also works through the CDBG program to improve local building codes.

External factors

Improving the physical condition of housing often requires funding for rehabilitation, in addition to public awareness of the importance of such actions. While HUD can document problems in housing inspections and encourage private builders and owners to improve their properties, the Department cannot mandate those changes. Public awareness of hazards and of ways of reducing them is also important but often lacking. For example, although 93 percent of homes have smoke detectors, it is estimated that smoke detectors are inoperable in one-fifth of these homes. An additional external factor in efforts to reduce lead hazards and reduce the incidence of EBL in children is the presence in soil of residual lead from gasoline.

Regardless of rehabilitation and new technologies applied in housing, changes in climate, such as global warming, may increase the number and severity of disasters in the U.S. Moreover, a wide array of local factors, such as building codes and other regulations, affect the choices that builders make in constructing and rehabilitating American homes. HUD urges, but cannot mandate, improvements and better enforcement of local building codes, which would be the best way for communities to make their housing safer and reduce their risks of disaster losses.

Means and strategies

HUD acts to reduce housing hazards by enforcing housing quality standards in the housing programs it funds, funding housing rehabilitation, awarding grants to abate lead hazards, and encouraging the development of new housing technology. Most recently, the interagency Partnership for Advancing Technology in Housing (PATH) was established "to improve the quality, durability, environmental efficiency, and affordability of tomorrow's homes." PATH is a private-public partnership intended to accelerate dramatically the adoption of building technologies by the housing industry. HUD's approach to disasters combines promoting technological advances; improving the quality of housing and its resistance to disasters; and increasing public awareness of the problem.

To make housing safer and more resistant to disaster, HUD will:

- Regularly inspect the physical quality of public and assisted housing and enforce contracts that require housing to be kept in standard condition.
- Accelerate allocation and use of capital improvement funds for smaller housing authorities by replacing the current time-consuming, staff-intensive application process.
- Demolish the worst units of severely distressed, vacant public housing to improve surrounding neighborhoods.
- Monitor and abate concentrations of lead in floor dust in units declared "lead safe" by HUD-funded programs.
- Campaign for greater consumer awareness and adoption of safer technologies through the Healthy Homes Initiative.
- Work closely with EPA and community partners to ensure that residents of HUD housing programs are not subjected to negative environmental conditions (e.g., toxic waste, Superfund sites).
- Ensure that properties assisted under HUD programs comply with applicable seismic standards.
- Regulate manufactured housing.
- Encourage improved housing conditions and affordable housing opportunities for colonias, Indian tribes, and farm workers through the Rural Housing and Economic Development Program.
- Identify disaster-resistant technologies through PATH, especially in disaster recovery settings.
- Identify and reduce potential vulnerability to disasters in HUD-assisted units.
- Encourage local consideration of disaster-resistant housing and improved building codes in the consolidated plans of CDBG and HOME grantees.

- Work with the National Oceanic and Atmospheric Administration of the Department of Commerce and with the Federal Emergency Management Agency to improve the use of warning systems throughout communities.

**Programs supporting Objective 1.3:
America's housing is safe and disaster-resistant.**

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Community Planning and Development			
CDBG	4,925	4,873	4,775
HOME Investment Partnerships	1,500	1,600	1,610
Public and Indian Housing			
Housing Certificate Fund (S. 8 Project-based & Tenant-Based)	9,373	10,326	11,522
Public Housing Operating Fund	2,900	2,818	3,003
Public Housing Capital Fund	2,500	3,000	2,555
Revitalization of Severely Distressed Public Housing	550	625	625
Housing			
Multifamily Insurance/Credit Union	4,456	4,240	5,249
Policy Development and Research			
PATH	0	[10]	[10]
Office of Lead Hazard Control			
Lead-Based Paint Hazard Reduction	60	80	80
Healthy Homes Initiative	0	[10]	[10]

Note: Brackets reflect funding as a set-aside. Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

Linkage to HUD 2020: Management Reform Plan

The HUD 2020: Management Reform implementation will make dramatic improvements in the reduction and elimination of hazards in HUD supported housing. These improvements will result directly from major improvements in enforcement activities in all HUD programs. The physical and financial conditions of every PHA will be scored under a new Public Housing Assessment System (PHAS) and will be enforced by the new Enforcement Center (EC). The new Troubled Agency Recovery Centers will address all public housing that fails a physical, financial, or management assessment. For housing authorities for which this failure persists (i.e., lasts beyond the maximum recovery period), the EC will petition the courts or the Department to place the agency in judicial or administrative receivership. In addition, the effort to improve public housing conditions will be enhanced by HUD's new staff organization into Community Builders and Public Trust Officers. In the area of assisted housing, the new Real Estate Assessment Center,

complemented by the Section 8 Financial Processing Center, will ensure that the assets of HUD's assisted housing inventory are fully reviewed for financial and physical soundness and that remedial actions are taken where necessary. REAC will also help identify areas where the housing needs to be more disaster-resistant.

Coordination with other Federal agencies

Through PATH, HUD is working closely with the Departments of Energy, Commerce, and Agriculture, as well as with the Department of Labor's Occupational Safety and Health Administration, EPA, NSF, and FEMA. HUD jointly chairs with EPA a staff-level interagency task force on lead-based paint poisoning prevention. Under the Healthy Homes initiative, HUD works closely with the Centers for Disease Control and Prevention, EPA, the National Institute of Environmental Health Sciences, the National Institute for Occupational Safety and Health, and the National Institute of Standards and Technology. To improve housing quality, reduce hazards, and minimize damage from disasters, we also work with:

- Department of Health and Human Services (Centers for Disease Control and Prevention).
- EPA (Sustainable Development Grants and implementation of the Residential Lead-Based Paint Hazard Reduction Act of 1992).
- FEMA.
- Department of Justice (enforcing the lead-based paint disclosure rule).
- Department of Agriculture.

Performance goals

We aim to achieve these outcomes:

- Reduce the share of very-low-income households living in housing with physical problems.
- Reduce the share of units with exposed wiring, unvented heaters, and other physical problems.
- Increase the share of public and assisted housing units that meet HUD standards.
- Reduce the share of public and assisted housing with dangerous defects.
- Increase the number of units protected by the lead hazard control program.
- Decrease the rates of injuries and deaths due to home accidents.
- Reduce the rate of deaths in residential fires.
- Increase the ratio of manufactured housing conforming to high-wind standards.

A crosswalk summarizing the programmatic output and outcome indicators and targets for FY 2000 that we will use to measure progress toward this objective follows.

Crosswalk for Strategic Objective 1.3: America's housing is safe and disaster resistant		
Outcome Indicators	Programmatic Output Indicators	External Factors
<p>1.3.1: The share of very-low-income households living in units with moderate or severe physical problems decreases by 1 percentage point to 9 percent for owners and 11 percent for renters by 1999.</p> <p>1.3.2: The share of housing units with exposed wiring, unvented heaters, holes in the floors, or rats decreases by 1 percentage point by 1999.</p> <p>1.3.3: The share of public housing units and assisted multifamily units that meet HUD established standards increases by 1 percentage point (also appears as 5.1.7).</p> <p>1.3.4: The share of public housing units and assisted multifamily units that contain life-threatening health and safety deficiencies decreases by 10 percentage points (also appears as 5.1.8).</p>	<p>1.3.a: The number of households receiving housing assistance with CDBG, HOME, HOPWA, and NAHASDA increases (also appears as 1.2.d).</p> <p>1.3.b: 13,750 units of severely distressed public housing are demolished.</p> <p>1.3.c: The share of HOPE VI Revitalization Developments that are on schedule increases by 2 percentage points annually to 94 percent.</p>	<p>Physical housing problems have been declining for decades as homes with substandard utility systems are renovated or demolished, and as building codes improve and are better enforced.</p> <p>Inadequate utility systems and construction have regained prominence with the growth of colonias on the southern U.S. border since 1980.</p>

Outcome Indicators	Programmatic Output Indicators	External Factors
<p>1.3.5: The number of housing units made lead safe by the Lead Hazard Control Grant Program increases by 37 percent to 25,352.</p>	<p>1.3.d: The average percentage reduction of floor dust lead levels in units made lead safe is 25 percent.</p>	<p>The number of children with EBL levels declined dramatically after lead was banned from gasoline, but residual lead in soil as well as in lead-based paint continues to put many young children at risk of long-term developmental problems.</p>
<p>1.3.6: The rate of deaths and injury caused by accidents in the home declines by 0.5 incident per 100,000 by 1998 (potential interagency indicator).</p>	<p>1.3.e: The first eight cooperative agreements and interagency agreements for the Healthy Homes Initiative become operational and an additional eight agreements are awarded (potential interagency indicator).</p>	<p>Hazardous appliances and furniture and careless behavior may cause many household accidents.</p>
<p>1.3.7: The rate of deaths in residential fires declines by 0.02 fatality to 1.25 per 100,000 persons by 1997 (potential interagency indicator).</p>	<p>1.3.f: The share of HUD-assisted units with functioning smoke detectors at time of inspection increases by 5 percentage points.</p>	<p>The 7 percent of homes without smoke detectors in the United States account for nearly 50 percent of fires, and deaths occur in those fires about twice as frequently. Smoke detectors are inoperable in about 19 percent of homes with detectors.</p>
	<p>1.3.g: The share of public housing and assisted multifamily developments that comply with the standards of the Fire Safety Act increases by 3 percentage points.</p>	<p>The incidence of deaths from fires is higher for manufactured housing than for site-built housing.</p>
<p>1.3.8: The ratio of manufactured housing stock conforming to high-wind standards for Zones 2 and 3 to total manufactured housing in those zones increases by 5 percentage points from 2000 levels by 2005.</p>	<p>1.3.h: The share of CDBG entitlement communities with building codes incorporating seismic and wind requirements from national model codes less than 2 years old increases by 3 percentage points.</p>	<p>HUD's ability to influence local building codes and their enforcement is slight.</p>

Performance goals are for FY 2000 unless otherwise noted.

Outcome Indicator 1.3.1:

The share of very-low-income households living in units with moderate or severe physical problems decreases by 1 percentage point to 9 percent for owners and 11 percent for renters by 1999.

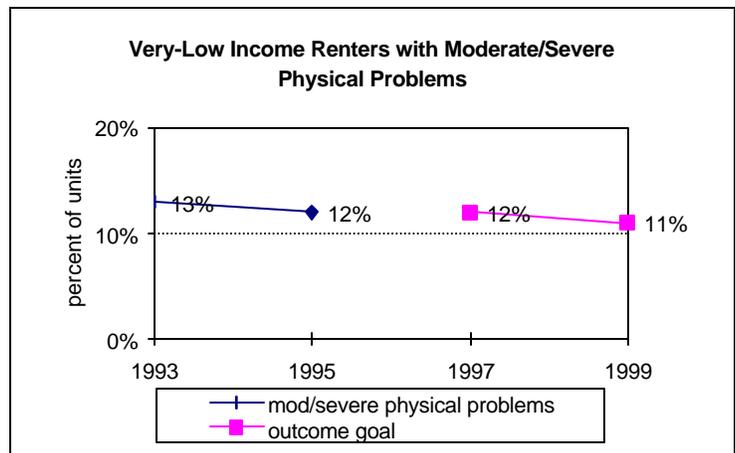
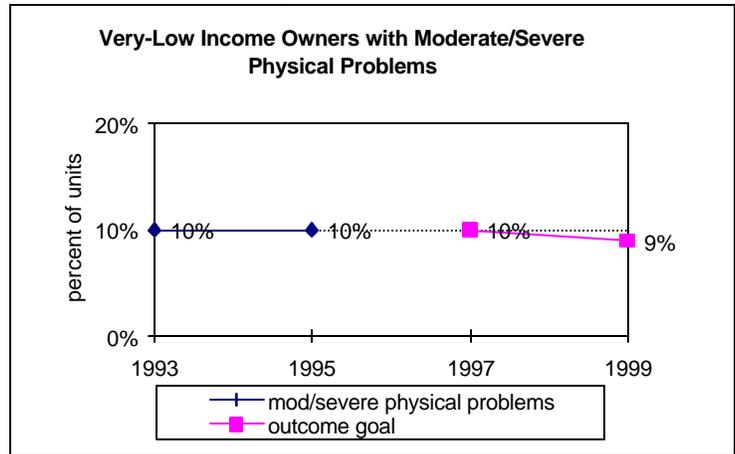
Indicator background and context. Rates of inadequate housing have declined greatly over the last 40 years. Nevertheless, 9 percent of all renters and 12 percent of very-low-income renters lived in units with moderate or severe physical problems in 1995.

Ten percent of very-low-income homeowners had homes with moderate or severe physical problems. This indicator tracks reductions in physical problems for households with incomes below 50 percent of area median because very-low-income households have fewer resources to address these problems.

Data source. American Housing Survey, conducted for HUD by the Bureau of Census.

Limitations/advantages of the data. AHS data are available biennially, and 1999 data will be available in 2000. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent implementation of computer-aided interviewing. Definitions of severe problems and moderate problems determined from AHS data are not directly comparable to definitions used by REAC for the assisted housing stock.

Validation/verification of measure. HUD will not verify the data beyond standard AHS data quality procedures.



Outcome Indicator 1.3.2:

The share of housing units with exposed wiring, unvented heaters, holes in the floors, or rats decreases by 1 percentage point by 1999.

Indicator background and context. The physical problems indicator above (1.3.1) captures combinations of problems that may or may not be safety hazards. This indicator focuses on specific safety hazards found in occupied housing units. HUD block grant programs help reduce hazards in housing when communities use them for housing rehabilitation and code enforcement or other public services.

Data source. AHS, conducted for HUD by the Bureau of Census. The 1997 baseline will be determined in FY 1999.

Limitations/advantages of the data. AHS data are available biennially. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent implementation of computer-aided interviewing. The fact that a single safety hazard causes failure makes this measure less consistent than the previous indicator because the statistical variance is higher.

Validation/verification of measure. HUD will not verify the data beyond standard AHS data quality procedures. The performance goal may require recalibration following analysis of trends.

Programmatic Output Indicator 1.3.a: The number of households receiving housing assistance with CDBG, HOME, HOPWA, and NAHASDA increases.

Indicator background and context. Many communities use HUD's block grant programs to rehabilitate substandard housing. This indicator appears under Strategic Objective 1.2 as Programmatic Output Indicator 1.2.d.

Outcome Indicator 1.3.3:

The share of public housing units and assisted multifamily units that meet HUD-established standards increases by 1 percentage point.

Indicator background and context. Housing authorities are required to inspect and maintain public housing to ensure compliance with HUD established standards, or with local codes if they are more stringent. Some housing authorities and owners of assisted housing projects have poor performance records regarding inspection and maintenance. This indicator tracks the share of inspected units that meet physical condition standards, as determined by REAC inspections. These independent inspections are replacing the self-certified inspections to Housing Quality Standards performed by housing authorities and development owners.

Data source. REAC inspection summary database. REAC will determine the public housing baseline in FY 1999 using the PHAS advisory scores, based on physical inspections. PHAS advisory scores are being developed to phase in the system and to introduce it to housing authorities before full implementation in FY 2000. The multifamily housing baseline will be established in FY 2000 from physical inspection scores.

Limitations/advantages of the data. Inspections are conducted independently and are statistically representative of public housing and private multifamily assisted housing.

Validation/verification of measure. REAC reinspects units and properties on a sample basis for quality assurance. The performance goal (percent of units in compliance) may need to be recalibrated in response to the new physical inspection procedures.

Outcome Indicator 1.3.4:

The share of public housing units and assisted multifamily units that contain life-threatening health and safety deficiencies decreases by 10 percentage points.

Indicator background and context. REAC conducts physical inspections that identify a number of health and safety deficiencies that are life threatening, such as frayed electrical wires, nonfunctional smoke detectors, and sharp edges on fencing. This indicator tracks the share of HUD stock whose tenants are subject to these threatening conditions. The implementation of physical inspections by REAC is likely to promote sharp declines in the incidence of hazards in FY 2000.

Data source. REAC inspection summary database. The public housing baseline will be established in FY 1999 from PHAS advisory scores, based on physical inspections. The multifamily housing baseline will be established in FY 2000 from physical inspection scores.

Limitations/advantages of the data. Inspections are conducted independently and are statistically representative of the entire HUD stock.

Validation/verification of measure. REAC reinspects units and properties on a sample basis for quality assurance. The performance goal may need to be recalibrated to reflect the results of the new physical inspection procedures.

Programmatic Output Indicator 1.3.b: 13,750 units of severely distressed public housing are demolished.

Indicator background and context. Many units of high-rise public housing for families with children already have been demolished. These developments, ill-designed for family occupancy, experienced crime and social breakdown that contributed to severe maintenance problems and excessive vacancies. The troubled stock in some cases is physically uninhabitable and in other cases drains housing authority resources because it is too costly to operate cost effectively. This indicator tracks progress toward eliminating the burden of 100,000 units of severely distressed public housing, a prerequisite for reconstruction and relocating families in safer and more humane environments.

Data source. PIH Integrated Business System (IBS).

Limitations/advantages of the data. IBS is the basic resource for information on the public housing stock. No data problems are known to affect this indicator.

Validation/verification of measure. Field staff verify that units were demolished.

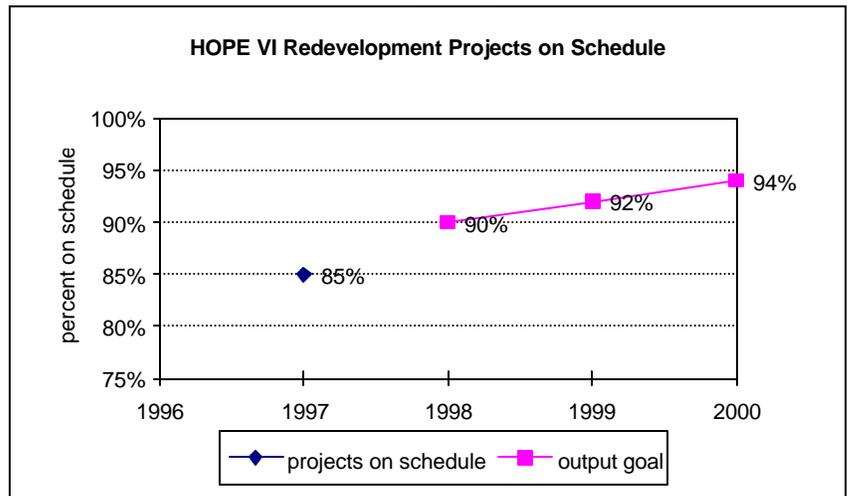
Programmatic Output Indicator 1.3.c: The share of HOPE VI Revitalization Developments that are on schedule increases by 2 percentage points annually to 94 percent.

Indicator background and context. HOPE VI is HUD's primary program for eliminating the worst public housing by demolishing unsustainable developments and rebuilding in accordance with community-sensitive principles. Housing authorities have been slower in implementing HOPE VI redevelopment plans than was hoped because of the extensive planning and partnering involved. This indicator tracks the share of HOPE VI redevelopment plans that are being implemented on schedule.

Data source. PIH's Stand Alone Tracking System, developed by the KPMG firm.

Limitations/advantages of the data. The KPMG system is relatively untested.

Validation/verification of measure. Field staff verify redevelopment progress through site visits.



Outcome Indicator 1.3.5:

The number of housing units made lead safe by the Lead Hazard Control Grant Program increases by 37 percent to 25,352.

Indicator background and context. When Congress passed the 1992 Residential Lead Hazard Reduction Act, as many as 3.8 million homes with children contained lead-based paint hazards. The Centers for Disease Control and Prevention report that nearly 1 million children ages 1 to 5 have elevated blood lead levels—amounting to about 5 percent of all children in that age group. The majority of cases involve low-income children. Exposure to lead can cause permanent damage to the nervous system and a variety of health problems, including reduced intelligence and attention span, hearing loss, stunted growth, reading and learning problems, and behavior difficulties.

HUD's Office of Lead Hazard Control (OLHC) provides grants to control lead hazards in privately-owned assisted and unassisted housing. The program requires grantees to employ certified personnel to collect clearance (quality control) lead-dust samples in housing to confirm that it has been made lead safe, because lead dust is the major pathway by which children are exposed to lead-based paint. Evidence from the program evaluation of the Lead Hazard

Control Grant Program indicates that, at any point in time, there is an average of 0.7 children less than 6 years of age living in each treated unit. With new births and turnover of occupancy, additional children are protected. External benefits of lead mitigation programs are unquantifiable but potentially large because grantees undertake outreach and public information activities.

Data source. OLHC administrative data.

Housing Units made Lead Safe by the Lead Hazard Control Grant Program						
	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999	FY 2000
Annual	400	2,294	4,325	5,527	6,000	6,800
Cumulative	406	2,700	7,025	12,552	18,552	25,352

Limitations/advantages of the data. The data have no problems affecting this indicator.

Validation/verification of measure. The University of Cincinnati has conducted a series of program evaluations to validate the extent of lead-dust reduction in units declared lead safe.

Programmatic Outcome Indicator 1.3.d: The average percentage reduction of floor dust lead levels in units made lead-safe is 25 percent.

Indicator background and context. OLHC has contracted a series of evaluations of the lead abatement grant program to determine whether mitigation is successful and to determine the most effective methods. This indicator tracks the percentage decrease in lead dust on floors achieved by lead-hazard control treatment. The decrease is measured in micrograms of lead per square foot prior to treatment and 1 year after treatment (because lead dust may reaccumulate). Floors generally have lower pretreatment lead-dust levels than do window sills and window troughs, so percentage reductions tend to be greater for windows. However, lead dust on floors often is more hazardous to young children if window paint is intact.

Data source. Data are from the University of Cincinnati report of the program evaluation of the Lead Hazard Control Grant Program.

Limitations/advantages of the data. Data may not be representative of lead-hazard control efforts nationwide because they pertain to the units enrolled in the evaluation, which covers only the first 14 grantees. Grantees sometimes achieve floor-dust lead levels below the threshold of detection for some laboratories, which underestimates the actual percentage reduction.

Validation/verification of measure. Grantee programs test the accuracy and reliability of participating laboratories by asking them to evaluate blind quality control samples with known quantities of lead.

Outcome Indicator 1.3.6:

The rate of deaths and injury caused by accidents in the home declines by 0.5 incident per 100,000 by 1998.

Indicator background and context. Nationwide, in 1995 about 93,000 deaths (35.5 per 100,000 persons) occurred from accidents, not counting motor vehicle accidents and injury by firearms. Some undetermined subset of these were caused by accidents in the home.

Data source. National Center for Health Statistics (NCHS), *Vital Statistics*.

Limitations/advantages of the data. It is not clear that the NCHS variable called "accidents and adverse effects" can be disaggregated to focus on accidents in the home, especially those accidents related to housing conditions. It would be desirable to measure nonfatal accidents in the home as well. Data are published annually with 2 years' lag.

Validation/verification of measure. HUD will not verify NCHS independently. This goal may be recalibrated or the indicator may be dropped if analysis does not demonstrate its validity.

Programmatic Output Indicator 1.3.e: The first eight cooperative agreements and interagency agreements for the Healthy Homes Initiative become operational and an additional eight agreements are awarded.

Indicator background and context. HUD has been working closely with the Centers for Disease Control and Prevention, EPA, the National Institute for Occupational Safety and Health, and the National Institute of Environmental Health Sciences to plan and develop the Healthy Homes Initiative. Under the initiative, OLHC is awarding agreements to research organizations and other Federal agencies for evaluation studies and demonstration projects to address housing conditions responsible for diseases and injuries. The purpose is to learn how to best prevent diseases related to toxic mold in housing and how to most effectively and efficiently control the residential environment to prevent multiple childhood health problems, such as asthma, unintentional injuries, and developmental problems. In FY 2000, work will begin on the first eight Healthy Homes agreements executed in FY 1999, eight additional agreements will be issued, and an interim report on the Initiative will be prepared. This indicator tracks OLHC's progress during this important interagency work.

Data source. Office of Lead Hazard Control.

Limitations/advantages of the data. The success of interagency agreements may not become apparent for several years.

Validation/verification of measure. OLHC will certify the number of agreements awarded and made operational.

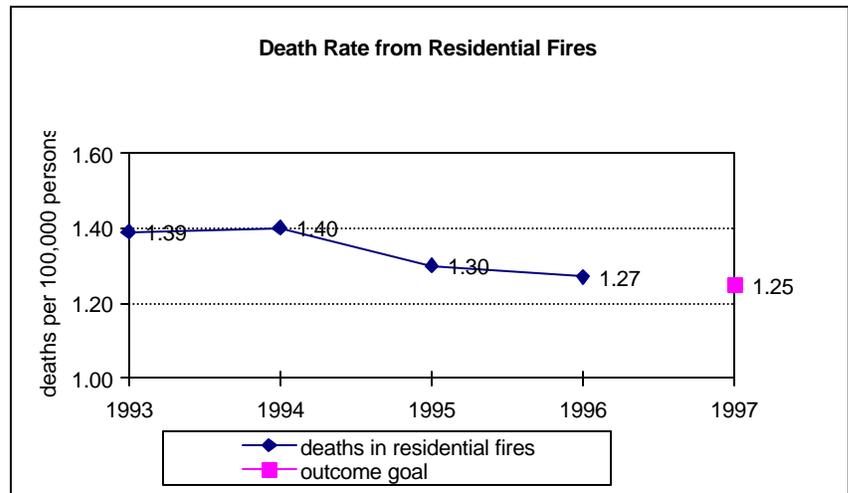
Outcome Indicator 1.3.7:

The rate of death in residential fires declines by 0.02 fatality to 1.25 per 100,000 persons by 1997.

Indicator background and context. Residential fires occur primarily from accidents and defective conditions within homes. Death rates from residential fires have been declining in recent years because of increasing adoption of smoke detectors, which provide early warning of hazardous conditions. This indicator tracks progress toward making homes safer from fire hazards.

Data source. National Center for Health Statistics, *Vital Statistics*. Published by National Center for Injury Prevention and Control as *Unintentional Residential Fire and Flames Deaths and Rates per 100,000*.

Limitations/advantages of the data. Data are published annually with 2 years' lag.



Validation/verification of measure. HUD will perform no further verification.

Programmatic Output Indicator 1.3.f: The share of HUD-assisted units with functioning smoke detectors at time of inspection increases by 5 percentage points.

Indicator background and context. Nationally, smoke detectors are inoperable in about 19 percent of homes with detectors. REAC's initial physical inspections of public housing and project-based Section 8 units showed that many smoke detectors had been disabled, creating an opportunity for rapid improvements in the share of units with operable smoke detectors.

Data source. REAC inspection summary database. The public housing baseline will be established in FY 1999 from PHAS advisory scores based on REAC inspections. The multifamily housing baseline will be established in FY 2000 from physical inspection scores.

Limitations/advantages of the data. Inspections are conducted independently and are statistically representative of the entire HUD stock.

Validation/verification of measure. REAC reinspects units and properties on a sample basis for quality assurance.

Programmatic Output Indicator 1.3.g: The share of public housing and assisted multifamily developments that comply with the standards of the Fire Safety Act increases by 3 percentage points.

Indicator background and context. The Fire Safety Act generally requires functional sprinkler systems in multifamily residential buildings. Sprinkler systems have been found to fail during fires (at least once from not being connected to a water source), so this indicator tracks the share of assisted multifamily developments that are shown to be in compliance by inspection.

Data source. REAC inspection summary database. The public housing baseline will be established in FY 1999 from PHAS advisory scores. The multifamily housing baseline will be established in FY 2000 from physical inspection scores.

Limitations/advantages of the data. Inspections are conducted independently and are statistically representative of the entire HUD stock.

Validation/verification of measure. REAC reinspects units and properties on a sample basis for quality assurance.

Outcome Indicator 1.3.8:

The ratio of manufactured housing stock conforming to high-wind standards for Zones 2 and 3 to total manufactured housing in those zones increases by 5 percentage points from 2000 levels by 2005.

Indicator background and context. Zones 2 and 3 are coastal areas subject to hurricanes. HUD has published Manufactured Home Construction and Safety Standards with high-wind-resistance requirements for manufactured housing sold in these zones.

Data source. High-wind-compliant units from HUD's Label, Distribution, and Reporting System, managed under contract by the Housing and Building Technology division of the National Conference of States on Building Codes and Standards (NCSBCS). For manufactured housing stock totals with sufficient geographic detail, the decennial census will be used, and updated with the American Community Survey in the future. The baseline using 2000 census data will be developed in FY 2001. New resources are needed to produce the analysis for this indicator.

Limitations/advantages of the data. ACS will not be conducted until 2003, with data likely to be available by 2005. No data are available for manufactured housing units that leave the stock, nor for the date of manufacture or design of those units. Furthermore, it is not clear that units placed on permanent foundations will be correctly identified as manufactured rather than site-built. Therefore the ratio of compliant units produced to total units in the region will be subject to error in both the numerator and denominator.

Validation/verification of measure. HUD will not verify ACS data beyond standard Bureau of Census procedures. The performance goal may need recalibration following data analysis.

Programmatic Output Indicator 1.3.h: The share of CDBG entitlement communities with building codes incorporating seismic and wind requirements from national model codes less than 2 years old increases by 3 percentage points.

Indicator background and context. Although HUD plays a central role in long-term disaster recovery efforts, we have limited ability to promote comprehensive local building codes that minimize disaster losses. This indicator tracks progress of communities toward incorporating responsible seismic and wind standards in building codes, as defined in national model codes developed in 1998. Community Builders will encourage communities to adopt building codes that reflect current knowledge of best practices with respect to seismic conditions and wind resistance.

Data source. National Institute of Building Sciences (NIBS) local code database, matched to list of CDBG entitlement communities. The baseline will be developed in FY 1999. New resources are needed for this indicator.

Limitations/advantages of the data. The data are susceptible to human error because of the qualitative and subjective nature of the judgments involved. HUD has not yet begun to link building code data to CDBG communities.

Validation/verification of measure. The goal may have to be recalibrated based on initial analysis. HUD will perform no further verification of the NIBS data.

STRATEGIC GOAL 2: ENSURE EQUAL OPPORTUNITY IN HOUSING FOR ALL AMERICANS

Strategic Objectives:

2.1 Housing discrimination is reduced.

2.2 Low-income people are not isolated geographically in America.

2.3 Disparities in homeownership rates among racial and ethnic groups are reduced.

Since 1962, HUD and its predecessor agencies have been responsible for enforcement of the Fair Housing Act and for ensuring that HUD programs promote fair housing and comply with civil rights laws. The U.S. Government has made it clear that it is unlawful to discriminate in housing or employment against persons because of considerations of race, color, religion, sex, national origin, age, disability, or familial status.

Racial segregation has declined over the past three decades, but it remains very common, and careful recent "audit" studies continue to show discrimination against minorities seeking to buy or rent homes. Addressing this problem is more important than ever as shares of minorities continue to increase and much of our population growth and economic vitality stems from a large influx of diverse immigrant groups, most of them nonwhite and non-European. Since 1970, moreover, geographical concentration of poverty and isolation of low-income households has worsened.

Objective 2.1: Housing discrimination is reduced.

Overview

HUD's efforts to promote equal housing opportunities go beyond enforcement of fair housing laws. Discrimination is a reality for many Americans—including poor people, ethnic minorities, families with children, and persons with disabilities. HUD's programs and initiatives strive to provide housing, employment opportunities, and supportive services to disadvantaged Americans. All of HUD's programs targeted at lower income persons, including grant programs such as CDBG and HOME, present opportunities to reduce barriers and promote equal opportunities.

External factors

A key factor over which HUD has little direct influence is the nature and extent of discrimination in society in the future. As the share of minorities in the population continues to increase,

Americans may become more accepting of these differences so that discrimination will diminish. It is conceivable, however, that housing discrimination may remain one of the country's most intractable problems—a key barrier to creating, from many peoples, One America. The rate at which disadvantaged minority groups join the ranks of the middle class will also influence patterns of housing discrimination.

Means and strategies

HUD is committed to enforcing fair housing and equal opportunity laws and to encouraging local creativity in promoting housing choice. HUD will work to:

- Expand housing opportunities and address discrimination by concentrating program resources of the Office of Fair Housing and Equal Opportunity (FHOO) in selected communities.
- Encourage the growth of a network of State and local agencies that enforce laws “substantially equivalent” to the Federal Fair Housing Act.
- Encourage the development and support of private fair housing groups, particularly in underserved areas such as those not already served by “substantially equivalent” agencies.
- Educate protected groups, the housing industry, grantees, and project sponsors about the Fair Housing Act and the Americans with Disabilities Act.
- Participate in monitoring the housing GSE compliance with responsibilities for furthering fair housing and fair access to credit.
- Support local efforts to address tensions that arise in communities when persons seek to expand their housing choices.
- Empower communities to implement their own strategies for promoting housing choice; coordinate them with their Consolidated Plan and community development programs; and build upon collaborative grassroots efforts among local governmental agencies, fair housing organizations, and other community groups.

To advance progress toward this objective for FY 2000, HUD will establish innovative Fair Housing Partnerships between State and local government fair housing enforcement agencies and private fair housing groups, thus combining the strengths of the public and private groups to enhance their joint impact.

Programs supporting Objective 2.1: Housing discrimination is reduced.

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Fair Housing and Equal Opportunity			
Fair Housing Initiatives Program	15	23	27
Fair Housing Assistance Program	15	17	20

Note: Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

Linkage to HUD 2020: Management Reform Plan

Under HUD's 2020 reforms, FHEO has cross-trained staff, consolidated Field Office oversight and FHEO policy functions, and made greater use of technology, including the information systems of HUD's housing and community development programs.

In particular, FHEO has consolidated existing organizations and employees and contracted, where appropriate, with outside investigators, auditors, and attorneys. Community Builders are being trained in fair housing laws, issues surrounding Section 8 recipients, and opportunities to promote fair housing. A process has been established to ensure that fair housing compliance is included in regular assessments of PHAs and development of local PHA plans.

Coordination with other Federal agencies

- USDA (rural housing).
- Department of Justice.

Performance goals

We aim to achieve these outcomes:

- Decrease instances of housing discrimination.
- Reduce racial segregation.
- Increase public awareness of fair housing rights and responsibilities under law.

A crosswalk summarizing the programmatic output and outcome indicators and targets for FY 2000 that we will use to measure progress toward this objective follows.

Crosswalk for Strategic Objective 2.1: Housing discrimination is reduced.		
Outcome Indicators	Programmatic Output Indicators	External Factors
<p>2.1.1: Housing discrimination declines 2 percentage points from 1989 levels by 2001.</p> <p>2.1.2: Racial isolation declines from 1990 levels by 2000, as measured by a segregation index.</p> <p>2.1.3: The share of the population with adequate awareness of fair housing law increases.</p>	<p>2.1.a: HUD clients and partners have greater ability to promote fair housing, as shown by doubling enforcement actions by the end of 2000.</p> <p>2.1.b: At least two new fair housing groups funded by the Fair Housing Initiatives Program (FHIP) will serve geographic areas that are unserved or underserved by FHAP agencies enforcing “substantially equivalent” laws.</p> <p>2.1.c: The number of enforcement agencies rated as substantially equivalent under the Fair Housing Act increases by five to a total of 90 agencies.</p> <p>2.1.d: At least 25 percent of FHAP grantees increase enforcement actions by 20 percent above FY 1999 levels.</p> <p>2.1.e: The percentage of fair housing complaints aged over 100 days will over two years decrease by 8 percentage points to 65 percent of the HUD inventory, and by 5 percentage points to 60 percent of the inventory of substantially equivalent agencies.</p> <p>2.1.f: A substantial number of communities that identify impediments to fair housing as part of their Consolidated Plans also provide plans for appropriate actions to address these impediments.</p> <p>2.1.g: The share of tenant selection plans, waiting lists, and affirmative marketing plans reviewed by FHEO staff to ensure that field reviews address fair housing issues increases by 5 percentage points to 35 percent.</p>	<p>Many people are not aware of their fair housing rights.</p> <p>Discrimination can be subtle as well as overt, which makes prevention and enforcement difficult.</p> <p>Racial concentration in central cities has declined moderately as minorities have moved to suburban areas, but very large pockets of minorities remain when segregation is considered at the neighborhood level.</p>

Performance goals are for FY 2000 unless otherwise noted.

**Outcome Indicator 2.1.1:
Housing discrimination declines 2 percentage points from 1989 national levels by 2001.**

Indicator background and context. HUD’s most recent audit of housing discrimination, conducted in 1989, revealed that the incidence of discrimination against African Americans in the rental market is 53 percent and 46 percent for Hispanics. In the sales market the rates are higher: 59 percent for African Americans and 56 percent for Hispanics. This research also revealed no evidence that the incidence of unfavorable treatment had either declined or risen from HUD’s prior national audit, conducted in 1977. This indicator tracks progress in reducing the incidence of discrimination in these four types of transactions.

Data source. In FY 1999, HUD will implement a new 20-site national estimate of discrimination against African Americans and Hispanics in the rental and sales markets using methods based on the 1989 Housing Discrimination Study (HDS). The final report is due early in FY 2001. HUD intends to increase the sample of sites to 40 in the following year to produce more robust estimates of the incidence and severity of discrimination. New resources will be needed for this indicator.

Limitations/advantages of the data. The new study will adopt core HDS methods and will provide findings that are comparable to those developed in 1989. It also will address the issue of racial steering in the sales and mortgage markets and include data on discrimination against Asian Americans and American Indians. The development of better methods will establish a more useful benchmark against which to measure future reductions in levels of racially based differential treatment.

Validation/verification of measure. The research will be carefully designed to produce statistically valid and reproducible estimates.

Outcome Indicator 2.1.2:

Racial isolation declines from 1990 levels by 2000, as measured by a segregation index.

Indicator background and context. A segregation index (also called an index of dissimilarity) measures the extent to which minority households are unevenly distributed among geographic areas. For this indicator the segregation index would be based on the distribution of minorities within census tracts of all metropolitan areas. HUD promotes mobility with tenant-based assistance, with housing counseling and Regional Opportunity Counseling, and through enforcement of fair housing law.

Data source. Tabulations of the decennial Census of Population and the American Community Survey (Bureau of Census). Other common data sources such as the CPS do not contain sufficient data for small areas like census tracts. Estimates from 1990 census data prepared by the Bureau of Census will be reviewed for their usefulness in FY 1999, and estimates of 2000 data will be available in 2002. New resources may be needed for this indicator.

Limitations/advantages of the data. The American Community Survey will begin in 2003, but tract-level data will not be available until 2005. ACS tract-level data eventually will be available every 5 years.

Validation/verification of measure. HUD will not perform further verification of data quality.

Outcome Indicator 2.1.3:

The share of the population with adequate awareness of fair housing law increases.

Indicator background and context. Public awareness of the law concerning fair housing reduces discriminatory actions, but no nationally available data exist to estimate the extent of awareness. This indicator tracks the effect of fair housing enforcement activities and of public information campaigns such as the National Education and Outreach Grants program on public understanding of their rights and responsibilities under the law.

Data source. HUD proposes to undertake a biennial random-digit dialing telephone survey to assess public knowledge of fair housing issues and law. The baseline will be established in 2000. The survey also could assess public perceptions about local fair housing enforcement agencies. New resources are needed for this indicator.

Limitations/advantages of the data. Undertaking a periodic survey would support evaluation of the National Education and Outreach Grants program by establishing a pre-intervention baseline. However, survey respondents could be confused by local fair housing ordinances that differ from national law, and this confusion could threaten the validity of policy conclusions. Opinions about fair housing issues also would be influenced by recent news events, which would tend to increase the statistical variance of public understanding.

Validation/verification of measure. Randomized sampling will improve chances of representative results. FHEO and PD&R will jointly procure the research. The performance goal may need recalibration when initial results are available.

Programmatic Output Indicator 2.1.a: HUD clients and partners have greater ability to promote fair housing, as shown by doubling enforcement actions by the end of 2000.

Indicator background and context. Throughout the nation, HUD receives complaints of alleged housing discrimination from private citizens and interest groups. HUD investigates and resolves these complaints, or, as required by the Fair Housing Act, refers them for investigation to partner human rights agencies within state and local governments that have been judged to provide substantially equivalent protection from housing discrimination. (These agencies are participants in the Fair Housing Assistance Program and are known collectively as FHAP agencies).

HUD has worked diligently to increase public awareness of laws prohibiting discrimination in order to ensure that persons victimized by discrimination know how and where to file fair housing complaints. It is the Department's goal to motivate citizens who experience this kind of harm to act in order that discrimination can be identified and eliminated. In addition, HUD and its partners have worked to increase their capacity to effectively investigate a wide variety of civil rights complaints and to enforce the Act and equivalent laws. The increase in public awareness, in conjunction with an increase in agency effectiveness, is expected to result in larger numbers of enforcement actions being taken against discriminators.

This indicator tracks the number of fair housing enforcement actions taken by HUD including charges filed against discriminators, enforcement agreements negotiated, and referrals to the Department of Justice. The target reflects the goal of doubling HUD enforcement actions during the second term of the Clinton/Gore administration (1997–2000) when compared with the first term (1993–96).

Enforcement Actions Completed	1997 act.	1998 act.	1999 est.	2000 goal
Enforcement actions	199	462	735	1100

Data source. FHEO's Title VIII Automated Paperless Office and Tracking System (TEAPOTS).

Limitations/advantages of the data. Tracking the number of enforcement actions taken by the Department is a valid measure of FHEO's success in reaching members of the public who have experienced discrimination and effectively processing their cases. This measure does not, however, take into account work done by FHEO in accepting, investigating and bringing to appropriate close complaints which do not merit enforcement activity.

Validation/verification of measure. The outcome of each complaint is recorded in TEAPOTS. Documents verifying that a particular outcome is properly considered an enforcement action are submitted to Headquarters for review and verification.

Programmatic Output Indicator 2.1.b: At least two new fair housing groups funded by FHIP will serve geographic areas that are unserved or underserved by FHAP agencies enforcing "substantially equivalent" laws.

Indicator background and context. Many communities do not have strong State or local legal protections from housing discrimination. HUD's Fair Housing Initiatives Program (FHIP) addresses this shortfall by helping independent fair housing groups to educate, to reach out, and to ensure compliance with the Fair Housing Act and the Americans with Disabilities Act. Although the number of agencies funded depends on the level of appropriations, HUD intends to increase the impact of FHIP by developing capacity in unserved or underserved areas. This indicator tracks the number of FHIP grantees newly funded in areas that are unserved or underserved by FHAP agencies enforcing "substantially equivalent" laws.

Data source. FHEO administrative data systems.

Limitations/advantages of the data. Data should clearly define jurisdictional boundaries of FHIP and FHAP grantees.

Validation/verification of measure. Clear criteria defining "underserved" areas will be developed. FHEO directors will review whether new agencies serve unserved or underserved areas.

Programmatic Output Indicator 2.1.c: The number of enforcement agencies rated as substantially equivalent under the Fair Housing Act increases by five to a total of 90 agencies.

Indicator background and context. HUD provides FHAP grants to “substantially equivalent” fair housing agencies to support fair housing enforcement. Substantially equivalent agencies are those that enforce State fair housing laws or local ordinances that are substantially equivalent to the Fair Housing Act. This indicator tracks the number of enforcement agencies that have been certified as substantially equivalent.

Data source. FHEO’s TEAPOTS.

Limitations/advantages of the data. There are no known problems affecting this indicator.

Validation/verification of measure. FHEO directors will review counts of enforcement agencies. Determinations of whether an agency is substantially equivalent will be made according to standardized decision rules.

Programmatic Output Indicator 2.1.d: At least 25 percent of FHAP grantees increase enforcement actions by 20 percent above FY 1999 levels.

Indicator background and context. Increasing the production of enforcement actions by fair housing agencies boosts the visibility of fair housing laws and prohibitions, forces potential violators to stop discriminating, and reduces HUD’s enforcement workload. This indicator tracks the number of substantially equivalent FHAP grantees that post significant increases in enforcement activity. Memoranda of understanding with FHAP grantees will be modified to reflect this goal.

Data source. FHEO’s TEAPOTS.

Limitations/advantages of the data. Although the data are self-reported by FHAP agencies, TEAPOTS controls quality by tracking the progress of cases from receipt through closure.

Validation/verification of measure. FHEO will review the investigation reports of the agencies for comprehensiveness and completeness. This performance goal may require recalibration after baseline data become available.

Programmatic Output Indicator 2.1.e: The percentage of fair housing complaints aged over 100 days will over two years decrease by 8 percentage points to 65 percent of the HUD inventory, and by 5 percentage points to 60 percent of the inventory of substantially equivalent agencies.

Indicator background and context. The efficiency of enforcement processing is an important dimension of the fair housing performance of HUD and of substantially equivalent agencies. Speedy processing encourages victims of discrimination to file complaints and increases the likelihood that violations will be punished. This indicator tracks processing time for fair housing

complaints, including time for determination of jurisdiction and for conducting investigations and conciliation.

FHAP agencies, with their smaller inventories and their ability to refer novel and complex complaints to HUD for processing, can reasonably be expected to maintain a slightly lower aged case inventory.

Data source. FHEO's TEAPOTS.

Percentage of cases that are more than 100 days old	9/30/96 act.	9/30/97 act.	9/30/98 act.	1999 est.	2000 goal
HUD	73.1%	75.1%	73.3%	70%	65%
FHAP agencies	71.5%	66.9%	65%	62.5%	60%

Limitations/advantages of the data. The data represent a

“snapshot” of the fair housing case inventory carried by HUD and substantially equivalent agencies as of the last date of each fiscal year, and thus do not necessarily reflect typical case processing times throughout the year. The year-end snapshot allows agencies to track and record their own efficiency in handling complaints over all, and the measurement will not be unduly affected by an agency carrying within its inventory a few complex or far-reaching cases requiring investigative periods extending far beyond 100 days.

Validation/verification of measure. TEAPOTS incorporates controls to ensure data quality. This performance goal may require recalibration after FY 1999 baseline data become available.

Programmatic Output Indicator 2.1.f: A substantial number of communities that identify impediments to fair housing as part of their Consolidated Plans also provide plans for appropriate actions to address these impediments.

Indicator Background and Context. The Analysis of Impediments to Fair Housing Choice (AI) is a component of Fair Housing Planning within the Consolidated Plan. Department approval of a Consolidated Plan is required in order for a jurisdiction to receive any of the CPD formula grant funds. A review of the Consolidated Plan will also include a review of the AI. Recently, the Department issued a “Proposed Rule on Fair Housing Performance Standards for Acceptance of Consolidated Certifications and Compliance with Community Development Block Grant Performance Review Criteria.” The Proposed Rule provides a single set of standards for HUD to use in reviewing Consolidated Plan and CDBG certifications to affirmatively further fair housing and gives clear guidance on these standards to communities so they can take actions needed to meet them.

Data source. FHEO's Analysis of Impediments Management System (AIMS). The baseline will be determined in FY 1999.

Limitations/advantages of the data. At this printing, AIMS is being prepared for pilot testing. Federal regulations do not require Entitlement Communities to submit either their AIs or their action plan to address impediments on a routine basis. Communities are required to maintain these documents and to produce them if requested to do so.

Validation/verification of measure. FHEO will review actions taken by grantees to eliminate identified impediments to determine if the desired output is achieved.

Programmatic Output Indicator 2.1.g: The share of tenant selection plans, waiting lists and affirmative marketing plans reviewed by FHEO staff to ensure that field reviews address fair housing issues increases by 5 percentage points to 35 percent.

Indicator background and context. Field staff review applications and planning documents for public housing and private multifamily developments and then submit these reviews to FHEO and program staff in Headquarters. FHEO works with program staff to ensure that the documents are consistent with nondiscrimination principles (under Title VI of the Civil Rights Act) and affirmatively further fair housing. FHEO's fair housing reviews reflect the increasingly crosscutting nature of fair housing responsibilities for HUD's public trust employees and the need to ensure consistent enforcement of fair housing law. The 35 percent goal represents a reasonable quality assurance sample given the complexity of the Title VI review responsibilities newly shifted to HUD's field-based public trust officers.

Data source. FHEO administrative data.

Limitations/advantages of the data. No data quality issues are known to affect this indicator.

Validation/verification of measure. Directors will monitor document reviews to ensure quality and certify the number of reviews completed.

Objective 2.2: Low-income people are not isolated geographically in America.

Overview

Reducing the geographic isolation of low-income people is key to HUD's Strategic Plan. The extent to which HUD succeeds in its other Strategic Objectives will depend greatly upon its successes in creating greater choice and housing mobility for lower income and minority families and in reducing concentrations of poverty.

External factors

Revitalization of distressed neighborhoods will not necessarily reduce isolation of the poor unless there is an explicit and successful effort to attract new residents with a range of incomes to every neighborhood. Yet many factors (real or perceived) such as high taxes, crime, poor schools, and high density discourage people from living in central cities, especially in poorer neighborhoods. Such factors affect HUD's ability to promote economic integration. Many inner-city minorities may fear that they will be displaced by white, middle-class "gentrifiers." Suburban communities may resist development of low-income housing or in-migration of households receiving rental assistance, fearing declines in community quality of life and property values. Such fears persist despite evidence from leading scholars showing that subsidized housing generally does not lead to neighborhood decline. Even when tenant-based rental vouchers provide very-low-income persons an opportunity to move to better neighborhoods, many prefer to remain in or nearer familiar areas.

Means and strategies

On this issue, HUD combines the roles of law enforcer with those of opportunity generator and awareness builder. HUD will continue to:

- Ensure that housing opportunities are available without discrimination, through compliance reviews and complaint investigations of entities receiving Federal financial assistance.
- Create housing opportunities in neighborhoods closer to jobs and good schools through the use of Section 8 rental certificates and vouchers.
- Recruit private landlords of geographically dispersed housing to participate in the Section 8 housing program and administer the program well so that it is seen as a positive addition to neighborhoods.
- Seek to preserve project-based assisted housing in nonpoor neighborhoods.

- Encourage income mixing in existing and transformed public housing projects.
- Encourage the use of HOME funds for mixed-income rental projects.

Regional Connections is an important new initiative that furthers this objective.

Programs supporting Objective 2.2: Low-income people are not isolated geographically in America.

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Community Planning and Development			
CDBGs	4,925	4,873	4,775
Homeownership Zones	0	0	[25]
HOME Investment Partnerships program	1,500	1,600	1,610
Regional Connections	0	0	50
Public and Indian Housing			
Housing Certificate Fund (Sec. 8 Project-based & Tenant-Based)	9,373	10,326	11,522
Welfare-to-Work vouchers	0	[283]	[144]
Regional Opportunity Counseling	0	[10]	[20]
Revitalization of Severely Distressed Public Housing	550	625	625

Note: Brackets reflect funding as a set-aside. Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

Coordination with other Federal agencies

- Department of Labor.
- Department of Justice.
- Department of Health and Human Services.

Performance goals

We aim to achieve these outcomes:

- Reduce income isolation.
- Reduce the share of Section 8 families with children living in high-poverty neighborhoods.

A crosswalk summarizing the indicators we will use to measure progress toward this objective follows.

Crosswalk for Strategic Objective 2.2: Low-income people are not isolated geographically in America		
Outcome Indicators	Programmatic Output Indicators	External Factors
<p>2.2.1: Income isolation declines from 1990 levels by 2000, as measured by a segregation index.</p> <p>2.2.2: Among families with children that receive Section 8 certificates or vouchers, the share that live in census tracts with poverty rates below 20 percent increases by 1 percent annually to 63 percent.</p>	<p>2.2.a: At least 90 percent of PHAs required to develop new deconcentration admissions policies will develop and adopt them within the year.</p>	<p>As inner suburbs age they in turn are experiencing middle-class flight. Continued development of edge suburbs and gated communities is reinforcing patterns of income isolation. HUD's control over land use and development patterns is slight.</p>

Performance goals are for FY 2000 unless otherwise noted.

**Outcome Indicator 2.2.1:
Income isolation declines from 1990 levels by 2000, as measured by a segregation index.**

Indicator background and context. An income segregation index (also called an index of dissimilarity) measures the extent to which poor households are unevenly distributed among geographic areas. In this case, the weighted average of the distribution across census tracts of all metropolitan areas would be used.

Data source. Tabulations of the decennial Census of Population and the American Community Survey (Bureau of Census). Other common data sources (Current Population Survey) do not contain sufficient data for small areas like census tracts. Estimates from 1990 census data prepared by Census Bureau staff will be reviewed in FY 1999 for their usefulness as a baseline and estimates using 2000 data will be available in 2002. New resources may be needed for this indicator.

Limitations/advantages of the data. Census data for 2000 will be available in 2002. The American Community Survey will begin in 2003, but tract-level data will not be available until 2005. ACS tract-level data eventually will be available every 5 years.

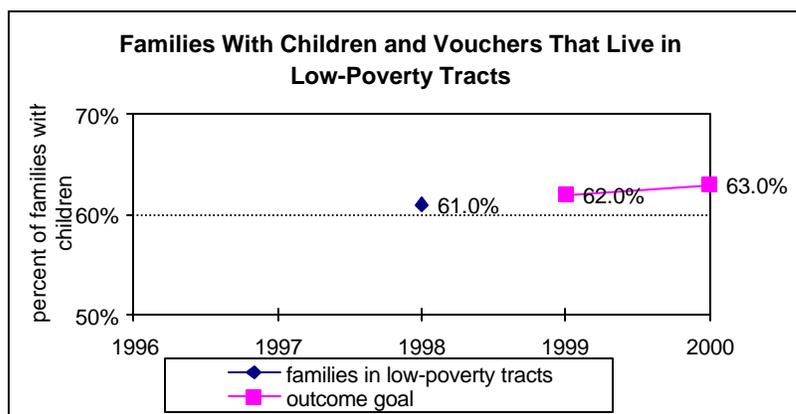
Validation/verification of measure. HUD will not perform further verification of data quality.

Outcome Indicator 2.2.2:

Among families with children that receive Section 8 certificates or vouchers, the share that live in census tracts with poverty rates below 20 percent increases by 1 percentage point annually to 63 percent.

Indicator background and context. The tenant-based Section 8 program provides rental assistance vouchers, which tenants can apply toward rent of housing in any area. Section 8 vouchers enable poor families to escape job-poor and distressed neighborhoods, but counseling is often necessary to inform recipients of their options. This indicator measures the impact of the housing choice provided by the tenant-based Section 8 program by tracking the share of families with children that use their vouchers in census tracts with poverty rates below 20 percent. In 1998, 61 percent of voucher-assisted families with children lived in these low-poverty tracts.

Data source. Multifamily Tenant Characteristics System (MTCS). Automatic report generation will be added to MTCS in FY 1999, where it will be available to field offices and housing authorities. Tract poverty rates are from the decennial Census of Population and ACS. Baseline estimates using 1990 census data were created in FY 1998. Estimates using 2000 data will be available in 2002.



Limitations/advantages of the data. MTCS data suffer from poor reporting by some housing authorities. Tract poverty rates may change when updated with 2000 census data. ACS will begin in 2003, but tract-level data will not be available until 2005. ACS tract-level data eventually will be available every 5 years.

Validation/verification of measure. The validity of tenant data, collected and submitted by housing authorities, is checked automatically by MTCS. The performance goal is likely to require recalibration when tract poverty data are updated.

Programmatic Output Indicator 2.2.a: At least 90 percent of PHAs required to develop new deconcentration admissions policies will develop and adopt them within the year.

Indicator background and context. The public housing reform law requires housing authorities to adopt admission guidelines that are designed to provide for the deconcentration of poverty and income-mixing in public housing by bringing higher income tenants into lower income projects, and lower income tenants into higher income projects. PHAs will be required

to submit their policies governing admissions, including policies encouraging deconcentration of poverty and income mixing, as part of the PHA plan. PHA plans are required to be submitted to HUD 75 days prior to the beginning of a PHA's fiscal year. The first PHA plans will be submitted by October 15, 1999, for those PHAs with fiscal years beginning January 1, 2000.

Data source. PHA plans submitted to HUD. New resources will be needed to enhance MTCS reporting of income mixing.

Limitations/advantages of the data. While the Department intends to develop an electronic submission of the PHA plan that could provide summary data for this measure, such a system will not be available at initial submission of PHA plans.

Validation/verification of measure. Field Office review of PHA plans.

Objective 2.3: Disparities in homeownership rates among racial and ethnic groups are reduced.

Overview

Homeownership rates remain substantially lower among minorities than among whites. In 1998, 46.1 percent of African-American households and 44.7 percent of Hispanic households were homeowners, compared with 72.6 percent of non-Hispanic white households. Research shows that these gaps exist regardless of income. Both higher income and lower income minorities are less likely to own their homes than white households of comparable incomes.

Reducing these disparities is an important objective of many of HUD's programs: FHA insurance, CDBG and HOME homeownership activities, Homeownership Zones, and homeownership through Section 8 vouchers and public housing. The many partners joining with HUD in the National Homeownership Strategy are also taking actions to achieve this objective.

External factors

Historical patterns of discrimination and differences in schooling and income levels make it more difficult for minorities to secure the income and credit history needed to become homeowners. Also, many private lenders need to continue developing credit assessment tools and loan products for traditionally underserved groups to better reach these markets. Despite the remaining gaps, African-American and Latino households made faster gains in homeownership (in percentage terms) than other groups over the past 6 years.

Means and strategies

Most HUD homeownership programs and initiatives target assistance to low- and moderate-income Americans, who are disproportionately members of racial or ethnic minorities. Initiatives aimed at central cities and distressed neighborhoods typically also benefit minorities. HUD will continue to work to:

- Ensure equal opportunity for minorities in first-time home-purchase programs.
- Enforce fair housing laws.
- Support home purchase among minorities in central cities.
- Ensure equal treatment of minorities by HUD grantees.
- Through HUD regulation of housing GSEs, encourage more mortgage funds for minority homebuyers.
- Increase FHA endorsements for minority homebuyers.

Programs supporting Objective 2.3: Disparities in homeownership rates among racial and ethnic groups are reduced.

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Community Planning and Development			
CDBGs	4,925	4,873	4,775
Homeownership Zones	0	0	[25]
HOME Investment Partnerships program	1,500	1,600	1,610
Housing Counseling Assistance	[20]	[18]	[20]
Public and Indian Housing			
Public Housing Homeownership program	NA	NA	NA
Section 8 Homeownership Vouchers	NA	NA	NA
Housing			
FHA MMI/Commitment Level	110,000	110,000	120,000
Ginnie Mae			
Targeted Lending Initiative	2,000	2,000	2,000
Fair Housing and Equal Opportunity			
FHIP	15	23	27
FHAP	15	17	20
Policy Development and Research			
Housing GSEs (Fannie Mae and Freddie Mac)	NA	NA	NA

Note: Brackets reflect funding as a set-aside. Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

Linkage to HUD 2020: Management Reform Plan

The HUD 2020 reform creates a more integrated Department. The responsibility to ensure equal opportunity in homeownership and other areas for racial and ethnic groups is a focus and responsibility for all program areas: housing, community development, public housing, and fair housing. Efforts to ensure that HUD's programs produce results that expand homeownership opportunities for all are enhanced by the responsibilities of both the Community Builders and the Public Trust Officers. Homeownership opportunities will also be furthered through the availability of assistance from HUD storefronts and kiosks.

Coordination with other Federal agencies

- USDA (rural housing).

- Department of Justice.

Performance goals

We aim to achieve these outcomes:

- Reduce the disparity between homeownership rates of minorities and nonminorities of equal income.
- Reduce the disparity between mortgage disapproval rates of minorities and nonminorities of equal income.

Crosswalk for Strategic Objective 2.3: Disparities in homeownership rates among racial and ethnic groups are reduced		
Outcome Indicators	Programmatic Output Indicators	External Factors
<p>2.3.1: The disparity between homeownership rates of minorities and nonminorities of equal incomes decreases by 2 percentage points by 1999.</p> <p>2.3.2: The ratio of mortgage disapproval rates between minority and nonminority applicants of equal income decreases by 1 percentage point.</p>	<p>2.3.a: The number of FHA endorsements for minority homebuyers increases by 1 percent per year.</p> <p>2.3.b: Section 184 mortgage financing is guaranteed for 650 Native American homeowners (see table under 1.2.d).</p> <p>2.3.c: Fannie Mae and Freddie Mac meet or surpass HUD-defined targets for special affordable mortgage purchases (also appears as 1.1.1.).</p>	<p>Historical patterns of discrimination and differences in education and income levels make it difficult for some groups to become homeowners.</p>

Performance goals are for FY 2000 unless otherwise noted.

Outcome Indicator 2.3.1: The disparity between homeownership rates of minorities and nonminorities of equal incomes decreases by 2 percentage points by 1999.

Indicator background and context. The President's Housing Strategy and the National Homeownership Partnership have established the goal of increasing homeownership. Homeownership rates are most susceptible to policy intervention among renters who are marginally creditworthy, discouraged by discrimination, or unaware of the economic benefits of homeownership. This indicator tracks progress in reducing these barriers to homeownership among African-American and Hispanic populations, as measured by the ratio of homeownership rates with respect to nonminorities. The effects of income and household type are controlled by comparing homeownership rates for moderate-income families with children (those with incomes of 81 to 100 percent of area median).

Data source. American Housing Survey, conducted for HUD by the Bureau of Census.

Limitations/advantages of the data. AHS data are published biennially. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent implementation of computer-aided interviewing.

Validation/verification of measure. HUD will not verify the data beyond standard AHS quality assurance procedures. The performance goal may need recalibration following initial data analysis, and the method of controlling for income requires validation. Controls for metropolitan location may also be required.

Outcome Indicator 2.3.2:

The ratio of mortgage disapproval rates between minority and nonminority applicants of equal income decreases by 1 percentage point.

Indicator background and context. Equal access to home loans is critical for decreasing disparities in homeownership rates. In some cases lenders have been shown to discriminate against minority applicants for mortgages by disapproving their mortgages while approving nonminorities who were less creditworthy or had less income. FHEO has in the past increased, and Community Builders will in the future increase, fair lending outcomes by signing best-practice agreements with major mortgage lending institutions across the country. Changes in mortgage disapproval rates for minorities are an early indicator of trends in minority homeownership rates. This indicator tracks mortgage disapproval rates of African Americans and Hispanics as a ratio of mortgage disapproval rates of nonminorities, controlling for income.

Data source. Home Mortgage Disclosure Act (HMDA) database, as tabulated by Mortgage Lending Information System (MLIS). New resources will be needed to develop reporting screens in the MLIS.

Limitations/advantages of the data. Income alone does not measure creditworthiness, and minority status is correlated with other factors that do affect creditworthiness, so the data are not able to demonstrate discriminatory practices. HUD is not aware of problems with data quality that affect this indicator.

Validation/verification of measure. HUD will not verify HMDA data for this indicator beyond standard quality control procedures.

Programmatic Output Indicator 2.3.a: The number of FHA mortgage endorsements for minority homebuyers increases by 1 percent per year.

Indicator background and context. FHA has targets for underserved populations. FHA is a major source of mortgage financing for minority as well as lower income buyers. Increasing the number of FHA endorsements for minority homebuyers will help reduce the homeownership gap between whites and minorities as well as increase the overall homeownership rate.

Data source. FHA's F42 data system. The baseline will be determined in FY 1999.

Limitations/advantages of the data. No significant data problems exist for this indicator.

Validation/verification of measure. FHA data are entered by direct-endorsement lenders with monitoring by FHA.

Programmatic Output Indicator 2.3.b: Section 184 mortgage financing is guaranteed for 650 Native American homeowners.

Indicator background and context. Homeownership rates on reservations are low and housing needs are great. NAHASDA block grants provide housing assistance to many Native Americans. This indicator tracks the number of homeownership loans for Native Americans under another program, the Section 184 Indian Home Loan program for families living on reservations. Approximately 635 loans under Section 184 are projected for FY 1999, adding to the 528 home loans to date. This indicator also contributes to Strategic Objective 1.1, "Homeownership is increased," and data are presented under Programmatic Output Indicator 1.2.d.

Data source. Office of Native American Programs administrative data.

Limitations/advantages of the data. No data problems are known to affect this indicator.

Validation/verification of measure. Program directors will review administrative records.

Programmatic Output Indicator 2.3.c: Fannie Mae and Freddie Mac meet or surpass HUD-defined targets for special affordable mortgage purchases.

Indicator background and context. Special affordable mortgage purchases by GSEs contribute to minority homeownership because of the correlation of low incomes and minority status. This indicator is discussed as Programmatic Output Indicator 1.1.i under Strategic Objective 1.1, "Homeownership is increased."

STRATEGIC GOAL 3: PROMOTE SELF-SUFFICIENCY AND ASSET DEVELOPMENT BY FAMILIES AND INDIVIDUALS

Strategic Objectives:

- 3.1 Homeless families and individuals become self-sufficient.**
- 3.2 Poor and disadvantaged families and individuals become self-sufficient and develop assets.**

HUD has a history of providing support to residents of public and assisted housing to help them attain self-sufficiency. HUD's efforts predate recent changes resulting from welfare reform. Whether through programs for resident management and ownership of public housing or through direct education and training, these programs have focused on providing individuals with the wide array of skills necessary to achieve financial self-sufficiency as well as self-respect. Welfare reform has meant that HUD has had to adjust its self-sufficiency programs, which were, for the most part, long-range human capital investment efforts to reflect the shorter term, work-first emphasis of the new Temporary Assistance to Needy Families (TANF) program. HUD has also made changes in its income determination and rent-setting policies to eliminate disincentives to work that result when rent is set at a percent of income. Finally, HUD has forged partnerships at the Federal level to assure that HUD clients are well served by the self-sufficiency programs sponsored by its sister agencies.

Objective 3.1: Homeless families and individuals become self-sufficient.

Overview

The need for homeless assistance remains acute. In 1987 an estimated 600,000 persons in the United States were homeless on any given night. Since then the U.S. Conference of Mayors has repeatedly reported that homelessness is increasing and that some 30 percent of those homeless are members of families with children. HUD's Continuum of Care system, which coordinates Federal, State, and local resources and services for homeless people, assists a growing number of families and individuals in attaining transitional and permanent housing, but demand continues to greatly exceed available funding.

The Continuum of Care approach is based on the understanding that homelessness is not caused merely by a lack of shelter, but involves a variety of unmet needs—physical, economic, and social. Because of this complex causality, the coordination of housing and supportive services is crucial to breaking the cycle of homelessness. Given the variety of individual needs

and locally available resources, each community can best design its own strategies to help each homeless person and family achieve permanent housing and self-sufficiency. HUD's Section 8 vouchers are a valuable resource to help homeless people move from transitional housing into the housing mainstream. Other housing and community development programs, such as public housing, CDBG, HOME, and HOPWA, provide resources that at local discretion may be targeted to aid the homeless.

External factors

Success in aiding the homeless to become self-sufficient is affected by a variety of factors beyond HUD's control, and depends critically on the efforts of a wide variety of community partners. The incidence of homelessness is affected by macroeconomic forces such as unemployment levels, structural factors such as the supply of low-skilled jobs and the availability of low-cost housing. Personal factors such as domestic violence, substance abuse, disabilities, and the extent of a person's educational or job skills may also underlie homelessness.

Partners in the Continuum of Care effort include State and local agencies, nonprofit organizations, service providers, housing developers, neighborhood groups, private foundations, the banking community, local businesses, and current and former homeless persons. State and local governments also make critical decisions about zoning and the use of funds from programs such as CDBG, HOME, and tax-exempt bonds for rental housing, which may affect the local housing supply. HUD's success in aiding the homeless also is affected by the level of funding appropriated by Congress for homeless assistance.

Means and strategies

HUD's homeless assistance programs provide needed resources and set a framework to guide localities while encouraging innovation. Other HUD programs provide resources that may be used in developing local approaches and leveraging dollars from other sources. HUD will continue to:

- Provide continued support for vital housing and service programs and new funding to fill housing and services gaps locally through Homeless Assistance Grants.
- Promote and facilitate a community-based process that responds comprehensively to the varying needs of homeless individuals and families by consulting with all relevant local and State groups to identify gaps and set priorities to meet those gaps.
- Train and fund communities to plan and execute a comprehensive, coordinated delivery system for homeless services—from outreach, intake, and assessment through emergency and transitional housing, to permanent independent or supportive housing.
- Aid in the transition to permanent housing through incremental Section 8 vouchers directed to the homeless.

- Encourage grantees to use CDBG, HOME, and HOPWA funds for purposes aiding the homeless or increasing supplies of housing affordable to the poor.

In FY 2000, HUD will join with the Departments of Health and Human Services (HHS), Labor, and Agriculture to demonstrate how mainstream social services can better be tapped to serve the homeless. The FY 2000 budget also requests funds for 18,000 vouchers to help homeless persons move from transitional to permanent housing.

**Programs supporting Objective 3.1:
Homeless families and individuals become self-sufficient.**

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Community Planning and Development			
CDBG	4,925	4,873	4,775
HOME Investment Partnerships Program	1,500	1,600	1,610
Homeless Assistance Grants	823	975	1,020
Multi-Agency Support Services Demonstration	0	0	5
Section 8 vouchers for the homeless	0	0	104
HOPWA	204	225	240

Note: Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

Coordination with other Federal agencies

HUD works through the Interagency Council for the Homeless with the Departments of HHS, VA, Agriculture, Commerce, Education Energy, Justice, Labor, and Transportation as well as the Social Security Administration and the Federal Emergency Management Agency.

Performance goals

HUD will continue to focus on the challenge of increasing the share of homeless persons moving from transitional to permanent housing.

Crosswalk for Strategic Objective 3.1: Homeless families and individuals become self-sufficient		
Outcome Indicators	Programmatic Output Indicators	External Factors
3.1.1: The share of those homeless persons leaving HUD transitional housing who move to permanent housing increases	3.1.a: The share of the population living in communities with a Continuum of Care system	Homelessness has multiple and interacting causes including low job skills, substance abuse, mental illness and disabilities, and shortages of

<p>by 5 percentage points.</p>	<p>increases by 1 percentage point to 84 percent.</p> <p>3.1.b: The ratio of outside funds leveraged by each dollar of HUD homeless funds remains at or above 1:1.</p> <p>3.1.c: The number of transitional housing beds linked to supportive services increases by 10,000 to 150,000.</p> <p>3.1.d: The number of permanent beds linked to supportive services increases by 7,500 to 80,000.</p>	<p>affordable housing.</p> <p>Homeless assistance is affected by the level of funding appropriated by Congress and by local use of funds.</p>
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Performance goals are for FY 2000 unless otherwise noted.

Outcome Indicator 3.1.1:

The share of those homeless persons leaving HUD transitional housing who move to permanent housing increases by 5 percentage points.

Indicator background and context. The ultimate objective of homeless assistance is to help homeless families and individuals achieve permanent housing and self-sufficiency. The needs of the homeless subpopulations within a particular community are varied. Some need extensive supportive services while in permanent housing to maintain self-sufficiency. For others, market- rate housing with minimal services is adequate. This indicator tracks the percentage of persons who leave HUD-funded transitional housing and who move to permanent housing each year. Preliminary estimates based on small samples of grantee reports show that 30 percent of assisted homeless persons moved from transitional to permanent housing in 1997.

Data source. Grantee Annual Performance Reports (APRs). The baseline will be determined in FY 1999 on the basis of a substantial sample of APRs.

Limitations/advantages of the data. No data problems are known to affect this indicator.

Validation/verification of measure. CPD field staff monitor grantees on a sample basis to verify APRs. The performance goal will be recalibrated when data analysis is complete.

Programmatic Output Indicator 3.1.a: The share of the population living in communities with a Continuum of Care system increases by 1 percentage point to 84 percent.

Indicator background and context. HUD's Continuum of Care approach to homeless assistance allows communities to determine the local sources and solutions of homelessness and to respond appropriately. HUD urges communities to develop comprehensive approaches that respond to the service needs of the homeless and develop their self-sufficiency. This indicator tracks the share of the population that lives in areas covered by these comprehensive systems.

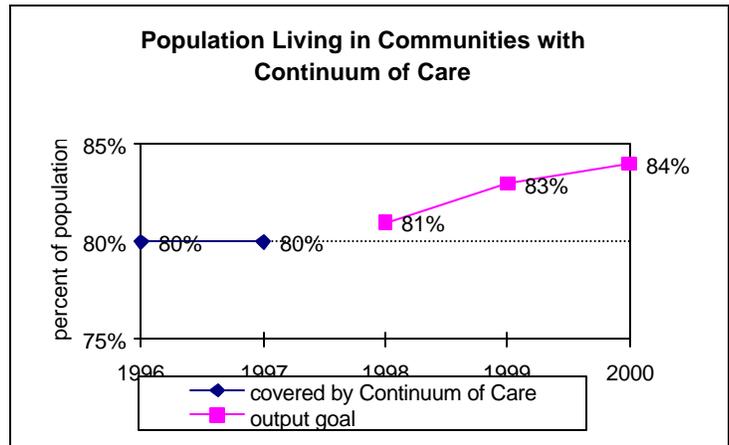
Data source. Grants Management System, containing data from grantee APRs.

Limitations/advantages of the

data. The distribution of homeless persons does not necessarily mirror the distribution of the general population, so this indicator may be slightly biased.

Validation/verification of measure.

CPD directors review the analysis and estimates. Standardized assessment criteria will be used to determine which communities have homeless programs that provide a continuum of care.



Programmatic Output Indicator 3.1.b: The ratio of outside funds leveraged by each dollar of HUD homeless funds remains at or above 1:1.

Indicator background and context. This indicator tracks the amount of local funds contributed to Continuum of Care systems for each HUD dollar—essentially the resource inputs to homeless assistance.

Data source. Grants Management System, containing information from local Continuum of Care plans.

Limitations/advantages of the data. Estimates are difficult to verify because outside funds may include the value of in-kind services and because documentation of firm commitments is no longer required.

Validation/verification of measure. None.

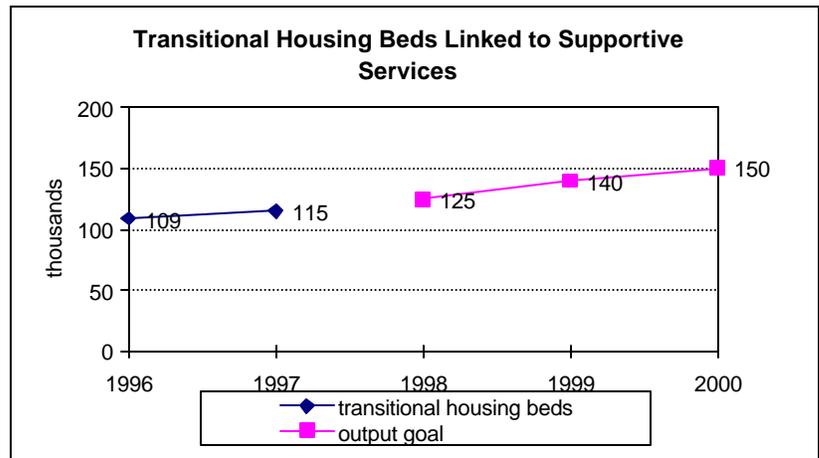
Programmatic Output Indicator 3.1.c: The number of transitional housing beds linked to supportive services increases by 10,000 to 150,000.

Indicator background and context. The heart of the Continuum of Care approach is the availability of supportive services to stabilize the lives of the homeless and prepare them for permanent housing. This indicator tracks the national capacity of homeless providers to fulfill this need. The cumulative number of beds in FY 2000, based on funded grant applications over the life of the program, will total 150,000. The actual total may be higher or lower.

Data source. Estimates based on grant applications. The Department plans to make actual data from grantee reports available through DGMS by FY 2001.

Limitations/advantages of the data. Current data are planning estimates; actual usage depends on local decisions.

Validation/verification of measure. Field staff will monitor grantees to assess quality of data in grantee reports.



Programmatic Output Indicator 3.1.d: The number of permanent beds linked to supportive services increases by 7,500 to 80,000.

Indicator background and context. To meet the needs of homeless persons with disabilities, the Continuum of Care system provides permanent housing with intensive supportive services. This indicator tracks the national capacity to meet service-linked permanent housing needs. The cumulative number of beds in FY 2000, based on funded grant applications over the life of the program, will total 80,000. The actual total may be higher or lower.

Data source. Estimates based on grant applications. The Department plans to make actual data from grantee reports available through DGMS by FY 2001.

Limitations/advantages of the data. Current data are planning estimates; actual usage depends on local decisions.

Validation/verification of measure. Field staff will monitor grantees to assess quality of data in grantee reports.

Objective 3.2: Poor and disadvantaged families and individuals become self-sufficient and develop assets.

Overview

The passage of welfare reform has brought major change in the expectations placed upon poor families. Time limits on benefits, work requirements, and the possibilities of benefit sanctions for not cooperating with the new requirements are expected to result in smaller welfare caseloads and greater shares of income from earnings. Thanks to a strong job economy and active public-private partnerships at all levels, there has been a dramatic drop in caseloads nationwide. However, research to date shows that moving from welfare to work will not always increase overall family income.

There is considerable overlap between the families served by HUD programs and those that are recipients of other forms of third-party assistance for poor and disadvantaged families and individuals (e.g., Temporary Assistance For Needy Families, Food Stamps, and Welfare-to-Work Grants from the Department of Labor). In 1997, for example, some 850,000 families with children in HUD-assisted housing—one-fifth of all assisted residents—received some form of means-tested public assistance, as did more than 900,000 of the 5.3 million households with worst case needs for rental assistance. Thus, understanding how those other systems work and undertaking efforts to help ensure that recipients of HUD assistance succeed within these systems are important for both the families we serve and the agencies that deliver our services.

HUD has a variety of tools available to help families achieve financial independence, not just gaining income but building assets as well. In many communities, HUD-supported facilities are located where other agencies can conveniently provide services to low-income families. In some cases we support training and education programs to help people transitioning from welfare gain the skills necessary to find and keep a job that pays enough to support themselves and their families. We also deliver, either directly or through service coordination, supportive services such as child care or transportation. In addition, PHAs may adjust their rent policies to reduce the financial disincentives to increasing a household's earnings that have been present in some of our programs. The escrow accounts allowed in the Family Self-Sufficiency (FSS) program support asset development, as do Section 8 Homeownership vouchers.

External factors

A healthy economy with an increase of jobs in the service sector has made it easier for many low-skilled or inexperienced workers to enter the workforce in recent years. Should the economy lose steam, it may become more difficult to make this transition or to retain current employment. Opportunities for better paying jobs continue to be concentrated in technical fields for which many recipients of HUD assistance are not prepared. Jobs continue to grow faster in

suburban areas, while families making the transition from welfare are more likely to live in inner-city or rural areas. Many of the educational, training, and service programs available to help families make the transition to self-sufficiency are operated by local recipients of Federal funds from agencies other than HUD, and these agencies have not traditionally made special efforts to serve residents of public and assisted housing.

Means and strategies

HUD and the recipients of HUD funds must make strategic use of their own resources to supplement and leverage the services offered elsewhere in the community. Thus, community-wide planning and strong cooperative relationships with other local agencies must be developed so that HUD's clients may access all available self-sufficiency efforts. HUD will use its many available tools to:

- Encourage PHAs to use ceiling rents to help retain or attract working families and encourage families to move to work or to better jobs.
- Create work incentives by disregarding some or all income of newly employed families in setting rents so they can keep more of their earnings as they meet the costs of going to work.
- Create site-based waiting lists that, in compliance with fair housing laws, permit families to choose where they live.
- Use Section 8 welfare-to-work vouchers, HOME funding for tenant-based housing assistance, and Regional Opportunity Counseling to help families move to neighborhoods with better access to jobs and supportive services.
- Help families prepare for work and remain working through the Family Self-Sufficiency, Resident Opportunity and Social Services (ROSS) and Neighborhood Networks programs.
- Use the escrow accounts of the FSS program, Individual Development Accounts, and other programs to encourage saving.
- Expand homeownership opportunities for low-income families through Section 8 vouchers as an incentive to work and save.
- Enforce Section 3 requirements to expand employment and training opportunities for low-income residents through HUD-funded construction, rehabilitation, or other public construction.
- Through Bridges to Work, link residents of low-income neighborhoods to employment in areas where low-skilled jobs are available through means such as transportation initiatives.

New initiatives contributing to this objective would use HUD funds to spark better city-suburb coordination and development of job opportunities. The **Regional Empowerment Zone Initiative** will assist Empowerment Zones and Enterprise Communities in their efforts to

develop regional approaches to the economic revitalization of inner cities. The private funds leveraged by Federal investments in **American Private Investment Companies (APIC)** will help create and retain jobs accessible to many low-income residents, as will the economic development activities made possible by the Community Empowerment Fund.

Programs supporting Objective 3.2: Poor and disadvantaged families and individuals become self-sufficient and develop assets.

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Community Planning and Development			
CDBG	4,925	4,873	4,775
Community Empowerment Fund (CEF/EDI)	[138]	[225]	[125]
Youthbuild	[35]	[43]	[75]
Resident Opportunity and Social Services (ROSS)	[55]	[55]	[55]
Section 108 Loan Guarantees/Loan Commitments	382	1,261	1,261
HOME Investment Partnerships program	1,500	1,600	1,610
Urban Empowerment Zones	5	45	150
Regional Empowerment Zone Initiative	0	0	50
APIC/Commitment Level	0	0	1,000
Public and Indian Housing			
Housing Certificate Fund (Sec. 8 Project-based & Tenant-based)	9,373	10,326	11,522
Welfare-to-Work vouchers	0	[283]	[144]
Regional Opportunity Counseling	0	[10]	[20]
FSS Coordinators	[24]	[25]	[25]
Public Housing Operating Fund	2,900	2,818	3,003
Public Housing Capital Fund	2,500	3,000	2,555
Drug Elimination Grants/Anti-Drug Diversion Program	310	310	310
Revitalization of Severely Distressed Public Housing	550	625	625
Neighborhood Networks	NA	NA	NA

Note: Brackets reflect funding as a set-aside. Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

Coordination with other Federal agencies

The Department works closely with the Departments of Labor and Health and Human Services to ensure the successful implementation of welfare reform. HUD's participation in the design of DOL's welfare-to-work grant program has resulted in many housing authorities receiving DOL grants individually or as part of local consortia. Both DOL and HHS have cooperated on the

design of HUD's welfare to work voucher program and have provided letters of support to their state and local funding agencies. HUD also coordinates with:

- Department of Agriculture.
- Small Business Administration.
- Department of Transportation.

Performance goals

We aim to achieve these outcomes:

- Increase the earnings and employment of former welfare recipients.
- Increase the share of working households in public housing.
- Increase the share of public housing and Section 8 families with children who move from welfare to work.
- Increase the share of households on housing assistance that accumulate assets worth more than \$5,000.
- Reduce the unemployment rate among entry-level jobseekers in central cities.

<p align="center">Crosswalk for Strategic Objective 3.2: Poor and disadvantaged families and individuals become self-sufficient</p>		
<p align="center">Outcome Indicators</p>	<p align="center">Programmatic Output Indicators</p>	<p align="center">External Factors</p>
<p>3.2.1: The average quarterly earnings of newly employed TANF welfare recipients or former recipients increase from FY 1998 (interagency indicator).</p> <p>3.2.2: The share of recipients of welfare-to-work vouchers who hold jobs at time of annual recertification increases.</p> <p>3.2.3: Among public housing households with nonelderly, nondisabled heads, the share that derive more than 50 percent of their income from work increases by 1 percentage point to 40 percent.</p> <p>3.2.4: The share of welfare families that move from welfare to work while residing in public housing increases 10 percentage points per year to 33 percent in the two-year period 1998 to 2000.</p> <p>3.2.5: The share of welfare families that move from welfare to work while assisted by tenant-based Section 8 increases by 15 percentage points per year to 53 percent in the two-year period 1998 to 2000.</p> <p>3.2.6: The share of households that accumulate assets exceeding \$5,000 in cash value while receiving housing assistance increases by 2 percentage points.</p>	<p>3.2.a: The lease-up rate for the 50,000 welfare-to-work vouchers appropriated in FY 1999 exceeds 50 percent in FY 2000.</p> <p>3.2.b: Among Consolidated Plan jurisdictions with housing authorities, the share that have included housing authority representatives in consolidated planning efforts approaches 90 percent (also appears as 1.2.p).</p> <p>3.2.c: The share of housing authorities scoring at least 8 points under the SEMAP indicator for FSS increases by 5 percentage points.</p>	<p>The welfare time limits under welfare reform terminate assistance for many welfare recipients, sometimes when they have few employable skills. It is not clear whether recipients in States with stringent time limits will be more or less likely to escape poverty, but comprehensive supportive services are likely to be critical success factors.</p> <p>The new public housing law permits housing authorities to pursue income-mixing policies, including establishing admission preferences for working families.</p> <p>General economic and labor market conditions directly influence rates of work, poverty, and welfare.</p> <p>Bankable assets may not reflect all the activities that families undertake to increase self-sufficiency. They may determine that education, for example, is a more productive use for their income.</p>

3.2.7: Unemployment rates among young entry-level jobseekers in central cities decline by 0.5 percent annually to 18.0 percent by 2000 (potential interagency indicator).	3.2.d: A total of 283,000 jobs will be created or retained through CDBG and Section 108 (also appears as 4.1.f).
	3.2.e: A total of 9,000 youths are trained in construction trades through Youthbuild.
	3.2.f: HUD's capability to enforce Section 3 requirements and create employment for low-income workers is enhanced by automating Section 3 data collection by FY 2000.

Performance goals are for FY 2000 unless otherwise noted.

Outcome Indicator 3.2.1:

The average quarterly earnings of newly employed TANF welfare recipients or former recipients increase from FY 1998.

Indicator background and context. This outcome indicator represents an interagency goal with the HHS, which administers the Temporary Assistance for Needy Families (TANF) welfare program. The indicator is significant to HUD because of the Nation's need to reduce welfare dependency and because of the large overlap of the welfare and housing-assisted populations. About one-fourth of the welfare population had housing assistance in 1997, and about one-fourth of the housing-assisted population was on welfare. Welfare recipients who lose public assistance under welfare reform time limits and fail to obtain adequate employment will reduce their rent contribution, increasing operating subsidies for public housing. More importantly, HUD wants welfare termines to become self-sufficient to free assisted housing resources for families with similar needs but fewer options. This indicator tracks the economic outcomes of TANF recipients or former TANF recipients who become newly employed.

Data source. Tabulations by the HHS, based on TANF administrative data from most States and Unemployment Insurance data in remaining States. The 1998 baseline will be determined in FY 1999.

Limitations/advantages of the data. TANF administrative data typically are not clean, so HHS engages in extensive data quality efforts. No further analysis by HUD is necessary.

Validation/verification of measure. HUD will not perform further verification of HHS data or analysis.

Outcome Indicator 3.2.2:

The share of recipients of welfare-to-work vouchers who hold jobs at time of annual recertification increases.

Indicator background and context. HUD's welfare-to-work vouchers provide a major source of support to help former welfare recipients obtain and keep jobs. Housing assistance provides stability and housing security at a critical point in the transition to work, when work experience is too low to obtain a job paying a living wage. This indicator tracks the work

success of former welfare recipients who are assisted by welfare-to-work vouchers, as determined by the share of recipients employed when housing authorities recertify their incomes after one year.

Data source. Multifamily Tenant Characteristics System (MTCS), consisting of household data submitted electronically by housing authorities. The baseline for households receiving vouchers in FY 2000 will be determined in FY 2001. New resources will be needed to enhance reporting capability in MTCS.

Limitations/advantages of the data. MTCS has automated edits to prevent input errors.

Validation/verification of measure. Quality control studies are performed to verify the accuracy of income data in MTCS.

Programmatic Output Indicator 3.2.a: The lease-up rate for the 50,000 welfare-to-work vouchers appropriated in FY 1999 exceeds 50 percent in FY 2000.

Indicator background and context. This indicator tracks progress in promoting self-sufficiency by providing welfare-to-work vouchers in timely fashion. The lease-up rate is defined as the number of units under HAP contracts divided by the number of units under budget. Housing authorities will have to make special efforts to select families for whom vouchers are needed to move to work and to implement partnerships with other agencies that are helping families move to work. Nevertheless, substantial numbers of welfare-to-work vouchers allocated in FY 1999 should be under lease by the end of FY 2000.

Data source. For the number of units under contract, MTCS household data submitted by housing authorities. For the number of units under budget, HUDCAPS.

Limitations/advantages of the data. HUDCAPS is unable to identify welfare-to-work vouchers under contract separately from other vouchers. Accurate identification of households with welfare-to-work vouchers depends on housing authorities flagging the appropriate data field when they report household characteristics in MTCS. The lease-up rate will be underestimated to the extent that housing authorities fail to identify whether voucher holders have welfare-to-work vouchers. PIH will need to instruct housing authorities how to use a reserved field in the MTCS system to identify welfare-to-work vouchers specifically.

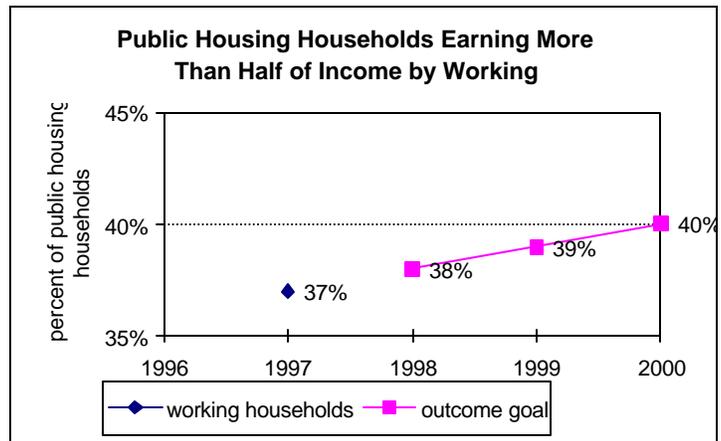
Validation/verification of measure. This component of housing authority records will be subject to independent single audits (at auditor discretion) beginning in FY 1999. Housing authorities will be informed of estimated lease-up rates and will be given the opportunity to verify that households with welfare-to-work vouchers were identified correctly.

Outcome Indicator 3.2.3:

Among public housing households with nonelderly, nondisabled heads, the share that derive more than 50 percent of their income from work increases by 1 percentage point to 40 percent.

Indicator background and context. The public housing reform legislation passed in 1998 allows housing authorities to admit some higher income families, which usually are working households. The legislation also permits PHAs to exclude new earned income from tenant rent calculations or to establish flat rents that do not increase as income increases. The FSS and ROSS programs also help PHAs promote work among public housing families. This indicator tracks the success of housing authorities in attracting working families as role models and in promoting work participation among existing residents.

Data source. PIH Multifamily Tenant Characteristics System, consisting of household data submitted electronically by housing authorities. The FY 1999 baseline will be determined in FY 1999. New resources will be needed to enhance reporting capability in MTCS.



Limitations/advantages of the data. MTCS has automated edits to prevent input errors.

Validation/verification of measure. Quality control studies are performed to verify the accuracy of income data in MTCS.

Outcome Indicator 3.2.4:

The share of welfare families that move from welfare to work while residing in public housing increases 10 percentage points per year to 33 percent in the two-year period 1998 to 2000.

Indicator background and context. HUD wants housing authorities to help public housing residents move from welfare to work by helping families to access needed services and by building work incentives into the administration of the public housing program. Under the recently enacted public housing reform law, housing authorities are required to use best efforts to coordinate efforts with local welfare agencies. This indicator tracks the work participation outcomes for welfare families while they reside in public housing. The goal was set in comparison to the baseline of 13 percent that represents the share of families with children that moved from welfare to work as their primary income source in the two-year period 1995-97. For this indicator, primary income source refers to welfare income or wage income exceeding 50 percent of total income.

Data source. PIH Multifamily Tenant Characteristics System, consisting of household data submitted electronically by housing authorities. When MTCS annual data permit, both baseline and goal will be measured in terms of annual rather than biennial rates.

Limitations/advantages of the data. MTCS has automated edits to prevent input errors. The baseline suffers from poor reporting by many housing authorities.

Validation/verification of measure. Quality control studies are performed to verify the accuracy of income data in MTCS. Because older MTCS data are biased by poor reporting, the performance goal may require recalibration when additional data become available.

Outcome Indicator 3.2.5:

The share of welfare families that move from welfare to work while assisted by tenant-based Section 8 increases by 15 percentage points per year to 53 percent in the two-year period 1998 to 2000.

Indicator background and context. Tenant-based Section 8 assistance is one of HUD's best tools to help families escape welfare dependency, because families are free to move to neighborhoods that are close to jobs. In addition, most housing authorities administering Section 8 have implemented Family Self-Sufficiency programs to help families become economically independent. This indicator tracks work participation outcomes for welfare families assisted by tenant-based Section 8 vouchers. The goal was set by comparison to the baseline of 23 percent, representing the share of families with children that moved from welfare to work as their primary income source during the two-year period 1995-97. For this indicator, primary income source refers to welfare income or wage income exceeding 50 percent of total income.

Data source. PIH Multifamily Tenant Characteristics System, consisting of household data submitted electronically by housing authorities. When MTCS annual data permit, both baseline and goal will be measured in terms of annual rather than biennial rates.

Limitations/advantages of the data. MTCS has automated edits to prevent input errors.

Validation/verification of measure. Quality control studies are performed to verify the accuracy of income data in MTCS. Because older MTCS data are biased by poor reporting, the performance goal may require recalibration when additional data become available.

Programmatic Output Indicator 3.2.b: Among Consolidated Plan jurisdictions with housing authorities, the share that have included housing authority representatives in consolidated planning efforts approaches 90 percent.

Indicator background and context. Both States and cities are required to develop Consolidated Plans to assess needs and determine strategies for allocating HUD grants. Consolidated Plans must consider the full range of community needs to be valid guidelines, and the families served by housing authorities represent an important component of area needs. This

indicator is discussed in the context of promoting affordable rental housing as Programmatic Output Indicator 1.2.p.

Outcome Indicator 3.2.6:

The share of households that accumulate assets exceeding \$5,000 in cash value while receiving housing assistance increases by 2 percentage points.

Indicator background and context. Public housing historically has been transitional housing that enabled assisted renters to become economically self-sufficient because housing stability aids in job retention and lower housing costs permit greater rates of saving. The lack of an asset test that excludes relatively well-off households from public and assisted housing encourages asset accumulation. (Imputed earnings from assets are included in the income on which rents are based.)

The FSS program requires housing authorities to sign self-sufficiency progress contracts with specified numbers of Section 8 and public housing tenants. The FY 1999 appropriations bill freed housing authorities from the requirement to offer FSS programs to new tenants, but PHAs still must complete existing programs. EDSS, renamed Resident Opportunity and Self Sufficiency for FY 2000, likewise contributes to asset accumulation. Unlike FSS, EDSS/ROSS does not explicitly require escrow accounts.

This indicator tracks the success of public housing and Section 8 tenant-based housing assistance programs in helping families become economically self-sufficient, by measuring whether assisted renters accumulate wealth. It thus goes beyond the welfare-to-work indicators described below to measure whether the economic condition of welfare tenants improves after they begin work.

Data source. Multifamily Tenant Characteristics System, consisting of household data submitted electronically by housing authorities. The baseline will be determined in FY 1999. New resources will be needed to enhance reporting capability in MTCS.

Limitations/advantages of the data. Housing authorities have little incentive to probe deeply or verify tenant-reported assets. As a result, the quality of the MTCS asset data is not yet clear. HUD does not count FSS escrow savings as assets for purposes of determining rent.

Validation/verification of measure. MTCS has automated edits to prevent input errors. PD&R will verify MTCS data using the quality control study.

Programmatic Output Indicator 3.2.c: The share of housing authorities scoring at least 8 points under the SEMAP indicator for FSS increases by 5 percentage points.

Indicator background and context. The Family Self Sufficiency (FSS) program requires housing authorities to sign self-sufficiency progress contracts with specified numbers of Section 8 and public housing tenants. FSS helps tenants build assets by funding escrow accounts with

increased tenant rent payments resulting from increased earnings. The FY 1999 appropriations bill freed housing authorities from the requirement to offer FSS programs to new tenants, but PHAs still must complete existing programs. This indicator uses one component of the SEMAP system to track PHA compliance with FSS obligations for tenant-based programs. To score at least eight points, at least 60 percent of mandatory FSS slots must be filled and at least 30 percent of FSS families must have escrow account balances.

Data source. Section Eight Management Assessment Program, based on data reported by HAs to MTCS and on findings of independent audits of HA records. The baseline will be determined in FY 2000 from audited SEMAP and (in some cases) from unaudited preliminary SEMAP scores. Preliminary scores are based on self-reporting by those housing authorities whose fiscal years do not end early enough to obtain independent audits in HUD's FY 2000. SEMAP scores in 2001 will include the results of independent audits for every housing authority.

Limitations/advantages of the data. MTCS data suffer from poor reporting by some housing authorities, but this is less of a problem for Section 8 than it is for public housing. SEMAP is new and imposes an extensive set of new standards that some auditors may lack the knowledge to implement. Some testing of the quality of audits is needed.

Validation/verification of measure. MTCS has automated edits to prevent input errors and invalid data by housing authorities. The performance goal may need recalibration when SEMAP becomes operational.

Outcome Indicator 3.2.7:

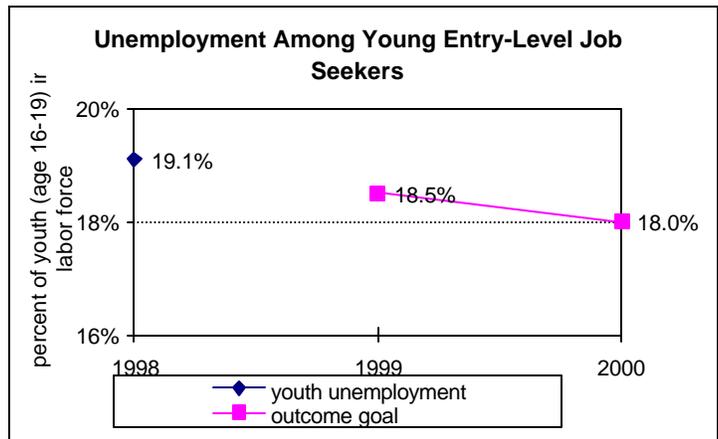
Unemployment rates among young, entry-level jobseekers in central cities decline by 0.5 percentage point annually to 18 percent by 2000.

Indicator background and context. The unemployment rate of youth indicates the extent to which entry-level or unskilled jobseekers are finding employment. Youth have higher rates of unemployment than other age groups. The unemployment rate is defined as the percentage of those who want to work (the labor force) that do not have jobs. This indicator tracks the unemployment rate for the 16- to 19-year-old labor force in central cities that is unemployed. HUD contributes to job creation for entry-level workers through Youthbuild training, through Section 3 enforcement, and through economic development grants and Empowerment Zone programs.

Data source. Annual estimates by the Bureau of Labor Statistics (BLS) using data from the Current Population Survey and unemployment insurance program data.

Limitations/advantages of the data. BLS does not publish this data for individual central cities and metropolitan areas, but unpublished data are available annually for the aggregate of all central cities. Youth may have more computer-related skills than other entry-level unemployed, so they are not a perfect proxy.

Validation/verification of measure. The indicator is calculated by BLS. HUD will perform no further verification.



Programmatic Output Indicator 3.2.d: A total of 283,000 jobs will be created or retained through CDBG and Section 108.

Indicator background and context. This performance indicator tracks the expected number of jobs created or retained as a result of the FY 2000 appropriation, based on the average job creation or retention per grant dollar as reported by grantees. This indicator also appears in the context of increasing the number of jobs in urban and rural communities, as Programmatic Output Indicator 4.1.f.

Data source. Integrated Disbursement Information System. After FY 2000, the Departmental Grants Management System (DMGS).

Limitations/advantages of the data. Reported job creation may overstate net employment growth because of firm relocations. HUD is currently working to increase the accuracy and completeness of IDIS data. DGMS is the next-generation system for grants management and will incorporate more detailed reporting and data-quality enhancements.

Validation/verification of measure. Field staff review grantee reports to assess accuracy.

Programmatic Output Indicator 3.2.e: A total of 9,000 youths are trained in construction trades through Youthbuild.

Indicator background and context. Youthbuild offers 16- to 24-year-old high school dropouts general academic and skills training, as well as apprenticeships in housing construction and rehabilitation. This indicator tracks the expected number of youth trained as a result of the FY 2000 appropriation.

Data source. CPD Grants Management System. After FY 2000, DGMS.

Limitations/advantages of the data. Data do not indicate the quality of completed apprenticeship training.

Validation/verification of measure. Field staff verify data quality by monitoring grantees.

Programmatic Output Indicator 3.2.f: HUD's capability to enforce Section 3 requirements and create employment for low-income workers is enhanced by automating Section 3 data collection by FY 2000.

Indicator background and context. Section 3 regulations require that recipients of HUD financial assistance ensure that employment, training, and other economic opportunities created by that assistance be directed to low- and very-low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very-low-income persons. Section 3 regulations apply to housing authorities as well as to State and local government recipients of housing and community development assistance (including CDBG, HOME, and EZ/EC) when the assistance exceeds \$200,000 and involves housing rehabilitation (including lead abatement), housing construction, or other public construction. Section 3 also applies when housing authorities or grantees award contracts exceeding a \$100,000 threshold. This threshold indicator identifies the need to develop automated reporting so HUD can effectively monitor Section 3 compliance.

Data source. DGMS, consisting of data from HUD-60002 Section 3 Summary Reports submitted by housing authorities and grantees. Complete data are not expected to be available in FY 2000. New resources will be needed to develop this component of the DGMS.

Limitations/advantages of the data. No automated data system exists to organize and analyze HUD-60002 reports. DGMS, under development, will incorporate a Section 3 reporting screen. The rate of grantee compliance with reporting requirements and the accuracy of reporting is currently unknown. Only prime recipients are required to report.

Validation/verification of measure. Success for this threshold indicator will be marked by the ability of grantees to electronically transmit performance data and by the ability of HUD to generate accurate reports about employment and training opportunities for low- and very-low-income persons and contract opportunities for Section 3 businesses.

STRATEGIC GOAL 4: IMPROVE COMMUNITY QUALITY OF LIFE AND ECONOMIC VITALITY

Strategic Objectives:

- 4.1 The number, quality, and accessibility of jobs increase in low-income urban and rural communities.**
- 4.2 Disparities in well-being among neighborhoods and within metropolitan areas are reduced.**
- 4.3 Communities are safe.**

Despite recent gains, cities and metropolitan regions still face the triple threat of concentrated poverty, shrinking populations, and middle-class flight. Population losses frequently translate into a shrinking municipal tax base. Poverty is higher in cities and distressed rural areas than in the suburbs, and poverty remains highly concentrated in certain neighborhoods. Cities face three fundamental opportunity gaps—jobs, housing, and education—that are critical to reducing poverty and attracting and retaining middle-class families. Promoting economic competitiveness in the 21st century while making communities more livable is a cross-cutting challenge—the challenge not just of growing but of growing smarter.

Our mission of creating communities of opportunity requires more than just administering programs efficiently and effectively. HUD’s programs, particularly CDBG, provide many of the tools and resources that localities need to improve quality of life and economic vitality in poorer neighborhoods. HUD must therefore take a proactive leadership role in partnering with America’s communities.

Objective 4.1: The number, quality, and accessibility of jobs increase in low-income urban and rural communities.

Overview

While the problems confronting struggling communities cannot be reduced to merely economic terms, the search for solutions usually begins with one word: jobs. Higher employment in good jobs benefits the entire community. Every working adult is better able to provide for his or her family, gain self-esteem, offer a positive role model for the next generation, purchase and maintain a home, invest in the community, and support local merchants. Moreover, strong, diverse, local economies are better able to handle the shocks and challenges of a changing global marketplace.

HUD programs offer communities flexible, multifaceted tools for increasing the number of quality jobs for their residents. Communities use HUD funds for physical development projects that help expand the number of jobs available by enabling businesses to locate, expand, and/or remain within their borders. Communities also use HUD funds for education, job-training, transportation, and other supportive services that help community residents attain those jobs and keep them once hired.

External factors

The country's recent economic growth has produced millions of new jobs, including many in central cities and other older communities. Still, there are sizable mismatches between the number of low-skilled jobs and the number of people looking for those jobs. A rapidly changing global economy has made it difficult for Americans to compete when capital is highly mobile, markets for goods and services are widely dispersed, and wages for low-skilled employment are much lower in many locations abroad.

Local shortages of low-skilled jobs are compounded by mismatches between the locations of available jobs and the residences of the unemployed. Older communities across the country have adopted aggressive strategies to alleviate these mismatches but they face numerous barriers to success. Their tax rates are generally higher than newer communities as they struggle to provide quality services despite declining tax bases. Land development is complicated by scarcity of land, scattered and/or absentee ownership, real or perceived contamination, and the need for clearance or rehabilitation of existing physical structures. Job development is complicated by large concentrations of poor residents. School systems attempt to provide the education and job skills essential for their students (who often face greater obstacles to learning), but have fewer resources as tax bases decline and capital maintenance costs increase. Crime, whether real or perceived, deters businesses from locating in these communities. The extent to which residents of areas of concentrated poverty are increasingly minorities adds barriers of racial discrimination to the mix. Clearly, the ability of individual communities to control their own destinies in the area of job creation is limited. The coordinated efforts of all levels of government, along with the private sector, are needed to address such challenges.

Means and strategies

HUD targets economic development grants and loan guarantees to distressed areas in order to leverage much larger job creation and retention investments from the private, nonprofit, and public sectors. CDBG grants, HUD's primary source of community and economic development funding, redistribute resources toward poorer, slow-growing, distressed cities. Within these cities, funds are targeted to low- and moderate-income residents as the primary beneficiaries. Other HUD programs complement these efforts by encouraging training for low-income individuals, improving access to metropolitan jobs, recycling contaminated industrial lands, and other strategies. In administering these programs, HUD will continue to:

- Encourage communities to use CDBG grants to leverage private, nonprofit, and other public funding for economic development efforts and infrastructure investments that increase the number of quality jobs.
- Encourage communities to use loan guarantees and other economic development tools to create and retain jobs, particularly jobs for low-income persons.
- Encourage communities to use program incentives and comprehensive planning to implement geographically targeted strategies, such as those in Empowerment Zones and Enterprise Communities, to address the employment needs of entire distressed neighborhoods.
- Link job-creation efforts to training and other services for low-income individuals to qualify them for newly created jobs. (See objective 3.2.)
- Encourage regional strategies for job creation and workforce development to better link jobs and potential workers.

Important new initiatives for progressing toward this objective include full funding for 15 new Empowerment Zones and planning and implementation grants. In addition, HUD proposes to:

- Boost economic partnerships between city and suburban firms through the City-Suburb Business Connections component of the Community Empowerment Fund and Section 108 loans.
- Expand the EZ/EC initiative through the **Regional Empowerment Zone Initiative** to help EZ/ECs link their economic development efforts with their metropolitan economies, and through Targeted Technical Assistance to EZ/ECs.
- Direct highly leveraged private investment capital for large businesses seeking to locate or expand into distressed urban and rural areas through loan guarantees by **APIC**.

**Programs supporting Objective 4.1:
The number, quality, and accessibility of jobs increase in low-income urban and rural communities.**

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Community Planning and Development			
CDBG	4,925	4,873	4,775
Community Empowerment Fund (CEF/EDI)	[138]	[225]	[125]
CEF/City-Suburb Business Connections	0	0	[25]
Section 108 Loan Guarantees/Loan Commitments	382	1,261	1,261
Regional Connections	0	0	50
Urban Empowerment Zones	5	45	150
Regional Empowerment Zone Initiative	0	0	50
APIC/Commitment Level	0	0	1,000
APIC Credit Subsidy	0	0	37
Rural Housing and Economic Development	0	32	20

Note: Brackets reflect funding as a set-aside. Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

Linkage to HUD 2020: Management Reform Plan

As part of a reinvented HUD, hundreds of newly hired and transferred front-line problem solvers (our Community Builders) now act as the “front door to HUD” in the Field Offices. They cooperatively interact with communities to empower residents to revitalize their communities. In particular, they are working with grantees across the country to develop better approaches to job and workforce development. This includes using the recently developed Community 2020 software and consolidated planning processes to help communities determine spending priorities and how HUD dollars can be used to create truly comprehensive approaches to job development and community revitalization. They will also help communities access job and workforce development resources beyond those provided by HUD, including other Federal agencies and, in particular, the private sector.

The introduction of the Departmental Grants Management System will include an annual comparative review of all entitlement grantees, showing the full spectrum from best practices to high-risk projects and cities in need of technical assistance and monitoring.

Coordination with other Federal agencies

Other Federal agency programs address different, but complementary pieces of the job development puzzle. HUD staff actively work with these agencies, often through formal interagency task forces or councils, to coordinate our programs. Community Builders work with funding recipients in the field to ensure that coordination occurs at the ground level.

Furthermore, applicants for competitive funding are provided incentives to use HUD funds to leverage and complement the resources of these other agencies. Some of the agencies that we work with most frequently include:

- Department of Agriculture.
- Department of Labor.
- Department of Health and Human Services.
- Department of Transportation.
- Department of Commerce.
- Department of the Treasury.
- Small Business Administration.

Performance goals:

We aim to achieve these outcomes:

- Decrease differences in city/suburban job growth rates.
- Decrease differences in city/suburban unemployment rates.
- Decrease differences in city/suburban median income.
- Decrease differences in city/suburban poverty rates.

A crosswalk summarizing the performance indicators we will use to measure progress toward this strategic objective follows.

<p align="center">Crosswalk for Strategic Objective 4.1: The number, quality, and accessibility of jobs increase in low-income urban and rural communities</p>		
<p align="center">Outcome Indicators</p>	<p align="center">Programmatic Output Indicators</p>	<p align="center">External Factors</p>
<p>4.1.1: The ratio of city to suburban job growth within larger metropolitan areas increases 3 percentage points to 70 percent by 1997 (potential interagency indicator).</p> <p>4.1.2: The ratio of city to suburban unemployment rates within metropolitan areas decreases by 3 percentage points to 137 percent.</p> <p>4.1.3: The national average ratio of central city to suburban median household income increases by 1 percentage point to 73 percent.</p> <p>4.1.4: The national average ratio of central city to suburban poverty rates decreases by 1 percentage point to 207 percent.</p>	<p>4.1.a: The share of EZs and ECs that show satisfactory progress toward locally defined benchmarks increases to 95 percent.</p> <p>4.1.b: The CEF Trust will (a) establish standardized underwriting and documentation for business loans in distressed areas, and (b) establish a loan-loss reserve to provide additional security and credit enhancement.</p> <p>4.1.c: The CEF Trust will securitize at least \$50 million in business loans in distressed areas.</p> <p>4.1.d: The APIC program will guarantee venture capital investments that will produce significant business formation, job creation, and secondary economic activity and will predominately serve targeted low- and moderate-income areas.</p> <p>4.1.e: A total of 283,000 jobs will be created or retained through CDBG and Section 108 (also appears as 3.2.d).</p>	<p>Decentralizing land use creates new jobs in outer-ring suburbs that cannot be reached by transit-dependent unemployed persons in central cities.</p> <p>The Small Business Administration is the largest Federal source of capital for small business creation and expansion. Currently SBA programs are not targeted to central cities, with the exception of the One Stop Capital Shop program for EZ/ECs.</p> <p>Average income is affected by residential location decisions as well as employment opportunities. Improving city quality of life and city schools would slow or reverse middle-class flight from central cities.</p>

Performance goals are for FY 2000 unless otherwise noted.

Outcome Indicator 4.1.1:

The ratio of city to suburban job growth within larger metropolitan areas increases 3 percentage points to 70 percent by 1997.

Indicator background and context. The ratio of city to suburban job growth indicates the extent to which cities are sharing in national economic growth. Cities have about 44 percent of metropolitan area jobs, but only 34 percent of low-skill job growth from 1994 to 1995. Cities have higher rates of unemployment and welfare dependency than suburbs, which can be alleviated by faster job growth. The Empowerment Zone/Enterprise Community program, as well as the CDBG program, focuses resources on the most needy neighborhoods, which most commonly are in central cities. The rate of central city job growth in the 1993-94 period was 37.5 percent of the suburban job growth rate. The ratio increased to 66.7 percent for the period ending in 1995.

Data Source. Special tabulations of the Census Bureau's County Business Patterns data for 114 central cities and their associated 101 metropolitan areas. New resources will be needed for this analysis.

Limitations/advantages of the data. The data are available annually with a 3-year lag. The data cover only the 100 largest central cities plus 14 additional central cities to ensure at least one city in every State. As most smaller, secondary central cities are not included in the data, suburb data calculated as the residual of metropolitan area less the central city (cities) may not match suburb data in other sources.

Validation/verification of measure. The indicator is calculated from data provided by the Census Bureau. HUD will perform no further verification.

Programmatic Output Indicator 4.1.a: The share of EZs and ECs that show satisfactory progress toward locally defined benchmarks increases to 95 percent.

Indicator background and context. The Empowerment Zone/Enterprise Community program is one of HUD's primary tools for job creation and economic development in distressed communities. Communities develop their own performance plans for revitalization of EZs and ECs, and HUD awards grants on the basis of the quality of their plans. This indicator reflects HUD's commitment to empowerment with accountability for its partners, because communities are assessed in terms of the performance relative to the benchmarks in their plans.

Data source. CPD tracking system. The baseline will be determined in FY 1999.

Limitations/advantages of the data. The data are self-reported by grantees. Local benchmarks may not establish high enough standards to stimulate outstanding performance.

Validation/verification of measure. Regulations establish criteria for valid local benchmarks. An evaluation of the EZ/EC program by PD&R will provide comparison data for verification.

Programmatic Output Indicator 4.1.b: The CEF Trust will (a) establish standardized underwriting and documentation for business loans in distressed areas, and (b) establish a loan-loss reserve to provide additional security and credit enhancement.

Indicator background and context. The Community Empowerment Fund (CEF) combines two programs, the Economic Development Initiative and Section 108 Loan Guarantees. In addition, a CEF Trust will be established that will pool loans to form a loan-loss reserve and create a secondary market for economic development loans. This indicator defines threshold factors that are critical for the foundation and successful implementation of the CEF Trust.

Data source. The CEF Trust will provide financial reports to HUD on the performance of the Trust's portfolio (including number and amounts of loans). A principal function of the Trust is to track individual loan performance to be compared to initial underwriting data. This data will form the nucleus of the information necessary to create a private secondary market in economic development loans.

Limitations/advantages of the data. The data will be complete and detailed. No significant limitations of the data are anticipated.

Validation/verification of measure. The CEF Trust manager will be the only source for this data.

Programmatic Output Indicator 4.1.c: The CEF Trust will securitize at least \$50 million in business loans in distressed areas.

Indicator background and context. The Community Empowerment Fund (CEF) combines two programs, the Economic Development Initiative and the Section 108 Loan Guarantees. Beginning in 1999 the CEF will pilot a trust that will pool loans to form a loan-loss reserve and create a secondary market for economic development loans in distressed areas. This indicator tracks the volume of loans packaged by the CEF for the secondary market. Distressed areas are defined as areas meeting CDBG low- and moderate-income benefit criteria.

Data source. The CEF Trust will provide financial reports to HUD on the performance of the Trust's portfolio (including number and amounts of loans). The baseline will be established in FY 2000.

Limitations/advantages of the data. Nonfinancial performance of CEF Trust loans (e.g., number of jobs created, compliance with CDBG program requirements) will be monitored by the participating communities along with other CDBG program activities.

Validation/verification of measure. Field staff will review financial reports to verify accuracy and completeness. The performance goal may require recalibration following further analysis.

Outcome Indicator 4.1.2:

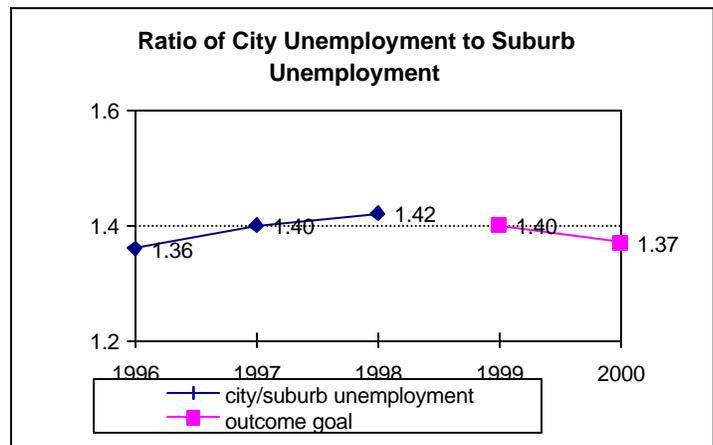
The ratio of city to suburban unemployment rates within metropolitan areas decreases by 3 percentage points to 137 percent.

Indicator background and context. The ratio of city to suburban unemployment rate indicates the extent to which city residents are sharing in national economic growth. Cities have higher rates of unemployment and welfare dependency than suburbs. Higher unemployment rates in cities increase the difficulty of welfare-to-work initiatives because welfare recipients must compete with more nonrecipient jobseekers. HUD programs that target poor communities, those that promote job mobility, and those that develop self-sufficiency all contribute to reducing concentrations of unemployment.

Data source. Monthly statistical estimates by BLS using data from the Current Population Survey and Unemployment Insurance program data.

Limitations/advantages of the data.

BLS does not publish data for central cities that had 1990 populations below 25,000 or for the area defined as the central city of the Honolulu, Hawaii, metropolitan area. Therefore suburb data calculated as the residual of metropolitan area less the central city (cities) may not match suburb data in other sources. The data are not seasonally adjusted so valid comparisons can only be made between corresponding months of different years. An advantage is that the data are available monthly with only a 2-month lag.



The data are not seasonally adjusted so valid comparisons can only be made between corresponding months of different years. An advantage is that the data are available monthly with only a 2-month lag.

Validation/verification of measure. The indicator is calculated from data provided by BLS. HUD will perform no further verification.

Programmatic Output Indicator 4.1.d: The APIC program will guarantee venture capital investments that will produce significant business formation, job creation, and secondary economic activity and will predominately serve targeted low- and moderate-income areas.

Indicator background and context. The America’s Private Investment Companies (APIC) program will begin activity in FY 2000 and result in an estimated \$1.5 billion of private equity promotion/large-scale venture capital targeted to low- and moderate-income communities. This indicator will require the establishment of a baseline and specific numeric targets for job creation, leveraged funds, and business formation based on the program’s final detailed legislative design.

Data source. HUD headquarters will track the actual amounts of issued guaranteed debentures and overall targeted capital resources as capital venture firms utilize the program. HUD will establish systems to collect data on serving low- and moderate-income communities, job creation, leveraging of funds, and business formation. Systems likely will include reporting by the issuers and recipients of the guarantee equity capital in conjunction with Field Office and Headquarters data-collection systems. New resources will be needed to develop reporting systems.

Limitations/advantages of the data. There may be difficulties in measuring job creation that result directly and indirectly from the equity capital guarantee.

Validation/verification of measure. Data will be verified by field staff audit. Consideration will be given to an early evaluation of the program design and impact.

Outcome Indicator 4.1.3:

The national average ratio of central city to suburban median household income increases by 1 percentage point to 73 percent.

Indicator background and context. Historically, low-income households have been concentrated in central cities. Thus median household incomes for central cities are lower than suburban median household incomes. Many community and economic development programs are designed to increase incomes of central city residents. The design of the CDBG program gives it a redistributive impact by creating more economic activity in low- and moderate-income neighborhoods. Community development programs that make the central city a more desirable place to live also are intended to increase this income ratio by attracting middle-class families back to the city.

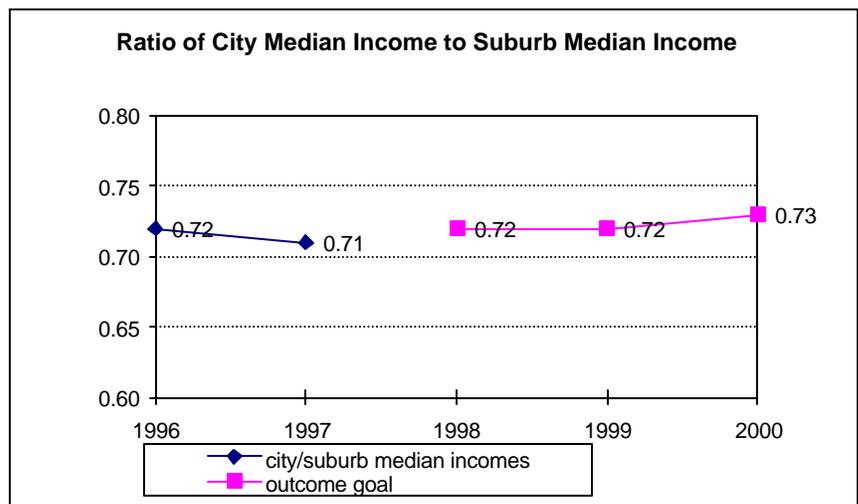
Data source. Census Bureau's Current Population Survey.

Limitations/advantages of the data. Data are available annually as a national aggregate only.

There are no data currently available for individual cities and their suburbs except from the decennial census.

After 2003, American Community Survey data will be available annually or biennially for the largest metropolitan areas.

Validation/verification of measure. The data are collected and verified by the Census Bureau. HUD will perform no further verification.



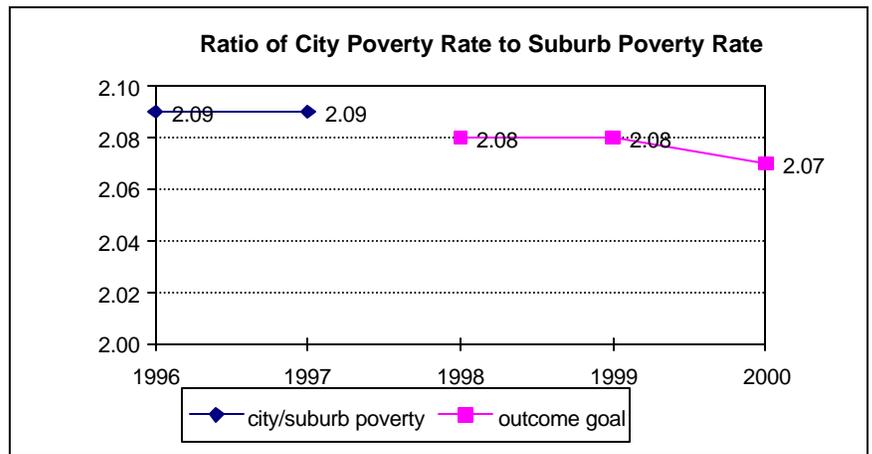
Outcome Indicator 4.1.4:

The national average ratio of central city to suburban poverty rates decreases by 1 percentage point to 207 percent.

Indicator background and context. Historically, the poor have been concentrated in central cities. Thus poverty rates for central cities are higher than suburban poverty rates. Community and economic development programs are designed to alleviate central city poverty by providing jobs for previously unemployed families. This indicator measures the success of economic and community development programs in reducing the disparity in poverty rates within metropolitan areas.

Data source. Census Bureau's Current Population Survey.

Limitations/advantages of the data. Annual data are available as an aggregate only. There are no data available for individual cities and their suburbs except from the decennial census. After 2003, American Community Survey data will be available annually or biennially for the largest metropolitan areas.



Validation/verification of measure. The data are collected and verified by the Census Bureau. HUD will perform no further verification.

Programmatic Output Indicator 4.1.e: A total of 283,000 jobs will be created or retained through CDBG and Section 108.

Indicator background and context. This indicator is included under Strategic Objective 3.2, "Poor and disadvantaged families and individuals become self-sufficient and develop assets," as Programmatic Output Indicator 3.2.d.

Objective 4.2: Disparities in well-being among neighborhoods and within metropolitan areas are reduced.

Overview

As the center of metropolitan regions that are home to 85 percent of America's people and nearly 80 percent of its jobs, cities are vital to the state of our union. However, despite recent gains, many central cities and their residents remain disadvantaged compared to their suburban counterparts in most social and economic dimensions, such as the extent and concentration of poverty, education levels, and income. Such differentials fuel flight of middle-class and higher income households from central cities, followed by businesses that cater to such households. As flight continues, the tax bases of these cities deteriorate substantially. These communities are then less able to meet either the mounting capital costs of an aging infrastructure or the changing service demands of the remaining population. This results in a decline of vital services, such as education, a deteriorating physical environment, and a substantial increase in taxes. The concentration of poverty in such communities often increases, and the cycle continues. The remaining residents face fewer opportunities for personal and economic growth, and social and economic disparities grow between these communities and those to which businesses and residents have moved. In recent years, disparities in quality of life between central cities and their suburbs have expanded such that significant differences now also exist between many inner- and outer-ring suburbs.

HUD was founded with the intention of focusing resources in deteriorating communities to help eliminate the disparities that were becoming evident decades ago. CDBG is the most flexible aid provided by the Federal Government to localities, and a significant proportion of CDBG funds goes to improving neighborhood livability in low-income communities. The progress documented in HUD's 1998 report *The State of the Cities* shows that past negative trends for central cities have been substantially slowed, but continued efforts are needed to ensure future progress.

External factors

Cities and older suburbs face significant obstacles beyond their control when trying to alleviate disparities in quality of life. Services, such as education and public safety, that can have the most significant long-term impact on such disparities become increasingly expensive as cities age and their populations become poorer. These services are also frequently in higher demand by residents of these communities. At the same time, the resources available for such services decrease as tax bases decline or fail to keep pace with the growth experienced in newer jurisdictions. Such communities often become dependent upon State governments for resources, although rural and suburban representatives may be reluctant to provide such funds.

Even communities that are not experiencing significant deterioration face fierce competition from newer communities that can provide newer homes, open space, and other amenities to their residents. However, to the extent that freedom to move is available only to those who can afford it, low-income persons remain and increasingly predominate in older communities.

Means and strategies

HUD will continue efforts to reduce disparities among neighborhoods and between cities and their suburbs, and to improve livability in all poor neighborhoods, both urban and rural. HUD will:

- Focus CDBG funds on low- and moderate-income neighborhoods to improve neighborhood conditions and infrastructure there.
- Through the Consolidated Plan process, identify poorer areas and encourage local decisions on how best to use Federal grants and local resources for priority needs.
- Direct more housing capital to underserved areas through GSE goals.
- Encourage use of FHA and Ginnie Mae resources in poorer neighborhoods to improve housing conditions and raise homeownership rates there.
- Use tools newly granted by the 1998 public housing reform act to increase income diversity in traditional public housing, thus strengthening poorer neighborhoods.
- Revitalize badly distressed public housing projects with the HOPE VI program.
- Focus an array of tools and the attention of public and private partners on distressed communities through EZ/EC designation.
- Encourage metropolitan-wide planning and implementation of revitalization and growth strategies, particularly in the areas of affordable housing and job and workforce development.
- Clean up and redevelop underutilized, contaminated land through the Brownfields Economic Development program.

Important new initiatives directed at this objective would strengthen city-suburb connections and invest in distressed communities. Through them, HUD plans to:

- Support smarter regional growth strategies, such as interjurisdictional planning for growth areas, reinvestment in built-up, infrastructure-rich areas, and regional approaches to job and workforce development through **Regional Connections**.
- Help older communities tear down and redevelop dilapidated properties through the **Redevelopment of Abandoned Buildings Initiative**.

Programs supporting Objective 4.2: Disparities in well-being among neighborhoods and within metropolitan areas are reduced.

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Community Planning and Development			
CDBG	4,925	4,873	4,775
CEF/Welfare-to-Work Targeted Job Creation Initiative	0	0	[75]
CEF/City-Suburb Business Connection	0	0	[25]
HOME Investment Partnerships program	1,500	1,600	1,610
Urban Empowerment Zones	5	45	150
Regional Empowerment Zone Initiative	0	0	50
Regional Connections	0	0	50
Brownfields Redevelopment	25	25	50
Public and Indian Housing			
Revitalization of Severely Distressed Public Housing	550	625	625
Housing			
FHA-Insured Loans (particularly multifamily)/Credit Limit	127,400	128,100	138,100
Ginnie Mae			
Targeted Lending Initiative/Credit Limit	2,000	2,000	2,000

Note: Brackets reflect funding as a set-aside. Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

Linkage to HUD 2020: Management Reform Plan

The introduction of the Grants Management System includes an annual comparative review of all entitlement grantees, showing the full spectrum from best practices to high-risk projects and cities in need of technical assistance and monitoring.

Coordination with other Federal agencies

Some of the agencies that HUD works with most frequently include:

- Department of Agriculture.
- Department of Labor.
- Department of Health and Human Services.
- Department of Transportation.
- Environmental Protection Agency.

- Department of the Treasury.
- Small Business Administration.

Performance goals

We aim to achieve these outcomes:

- Stabilize or increase homeownership rates in older and distressed neighborhoods.
- Decrease disparities in city/suburban housing values.
- Improve opinions about their neighborhoods among low- and moderate-income residents.
- Make more capital available to rehabilitate housing in distressed neighborhoods.
- Increase the acreage of reclaimed and redeveloped brownfields.

A crosswalk summarizing the programmatic output and outcome indicators we will use to measure progress toward this objective follows.

Crosswalk for Strategic Objective 4.2: Disparities in well being among neighborhoods and within metropolitan areas are reduced		
Outcome Indicators	Programmatic Output Indicators	External Factors
4.2.1: The homeownership rate in underserved neighborhoods ceases to decline by 2005. 4.2.2: The ratio of central city to suburban average values of owner-occupied homes increases by 0.5 percentage points to 79 percent by 1999. 4.2.3: The average ratio of vacant units to residential building permits in metropolitan areas decreases by 1 percentage point.	4.2.a: Increase FHA single-family mortgage lending in underserved communities by 10 percent. 4.2.b: Fannie Mae and Freddie Mac meet or surpass HUD-defined geographic targets for mortgage purchases in underserved areas. 4.2.c: The share of Consolidated Plans scoring highly using a standardized assessment increases (also appears as 5.1.a).	

Outcome Indicators	Programmatic Output Indicators	External Factors
<p>4.2.4: Among low- and moderate-income residents, the average "overall opinion of neighborhood" increases by 0.5 point on a 1-10 scale for cities, suburbs, and nonmetropolitan areas.</p> <p>4.2.5: The capital used to rehabilitate housing in underserved neighborhoods increases by 1 percent.</p> <p>4.2.6: Through the use of the Brownfields Redevelopment Program, CDBG funds and Section 108 loan guarantees, the area of brownfields reclaimed and under redevelopment increases, and the area reclaimed and redeveloped increases (potential interagency indicator).</p>	<p>4.2.d: The share of CDBG entitlement funds that benefit low- and moderate-income persons remains at 92 percent.</p> <p>4.2.e: The share of State CDBG funds that benefit low- and moderate-income persons remains at 98 percent.</p> <p>4.2.f: The share of CDBG direct beneficiary activities that benefit low-income persons remains at 56 percent.</p> <p>4.2.g: COPC grantees will receive an extra 20 percent in non-Federal funds above the match amount originally claimed in their application between the times they start and complete their projects.</p> <p>4.2.h: The number of single-family properties rehabilitated under Section 203(k) increases by 4 percent to 18,600.</p> <p>4.2.i: The number of multifamily rental units in underserved areas newly insured by FHA increases by 5 percent between 1999 and 2000.</p>	<p>Communities have discretion in the types of activities undertaken with block grant funds.</p> <p>The Community Reinvestment Act is an external force creating incentives to increase private lending activity in distressed neighborhoods.</p> <p>Market interest rates and rent levels affect the volume of loans, the location of developments for which loans are sought, and the level of default risk.</p>

Performance goals are for FY 2000 unless otherwise noted.

**Outcome Indicator 4.2.1:
The homeownership rate in underserved neighborhoods ceases to decline by 2005.**

Indicator background and context. This indicator goes beyond HUD's goal of increasing homeownership in central cities to recognize the value of homeownership in preventing neighborhood blight. Aging inner suburbs have likewise been showing their vulnerability to blight, so this goal addresses all communities. Many communities use the CDBG and HOME programs to stabilize and encourage homeownership. FHA Section 223(e) mortgage insurance also supports homeownership in underserved neighborhoods. This indicator tracks the success of communities in slowing or reversing declining homeownership rates in underserved neighborhoods, defined in metropolitan areas as census tracts either with a minority population of 30 percent and median family income below 120 percent of the metropolitan area median, or with median family income at or below 90 percent of area median (irrespective of minority

population percentage). A similar definition of underserved applies to nonmetropolitan areas, using counties rather than tracts.

Data source. Bureau of Census, American Community Survey. Baseline estimates using 1990 census data will be created in 1999, and estimates using 2000 Census data will be available in 2002. ACS data will demonstrate whether homeownership rates have stabilized in 2005.

Limitations/advantages of the data. ACS will begin in 2003, and tract-level data from ACS will be available every 5 years beginning in 2005.

Validation/verification of measure. HUD will not verify Census data independently.

Programmatic Output Indicator 4.2.a: Increase FHA single-family mortgage lending in underserved communities by 10 percent.

Indicator background and context. FHA's role in the mortgage market is to extend homeownership to families that otherwise might not achieve homeownership. There is substantial evidence that lower income and minority neighborhoods are less well served by the conventional mortgage market than more affluent and nonminority neighborhoods. FHA lending in these neighborhoods increases the homeownership rate.

While it is extremely important that FHA loans be available in underserved communities for those who might not otherwise become homeowners, it is also important that FHA be a complement to, and not a substitute for, conventional lending. A healthy housing market requires the availability of conventional mortgages as well. A goal for increasing FHA lending in such neighborhoods should not involve an increased FHA share of the total mortgage market in these communities, but should be accompanied by increased conventional lending as well.

This indicator currently tracks the volume of FHA lending for single-family mortgages in areas meeting the definition of "underserved." HUD is considering a supplemental indicator for FHA lending in communities with physical or socioeconomic distress.

Data source. Federal Housing Administration.

Limitations/advantages of the data. HUD is not aware of significant data problems affecting this indicator.

Validation/verification of measure. HUD verifies FHA data for underserved communities by comparison with Home Mortgage Disclosure Act data.

Programmatic Output Indicator 4.2.b: Fannie Mae and Freddie Mac meet or surpass HUD-defined geographic targets for mortgage purchases in underserved areas.

Indicator background and context. One of the four public purpose goals that HUD sets for the housing GSEs involves increasing the share of mortgages purchased from “central cities, rural areas and other underserved” areas. HUD’s definition of such areas is based on census tracts with below-average income and/or above-average shares of minority households. These neighborhoods historically have been underserved by the mortgage market, as shown by high mortgage denial rates and low mortgage origination rates. About half of the population in underserved areas live in central cities. Thus, success of the GSEs in meeting HUD-defined targets is central to meeting the outcome goal of stabilizing homeownership in underserved neighborhoods. HUD will establish the FY 2000 goals for the GSEs in FY 1999.

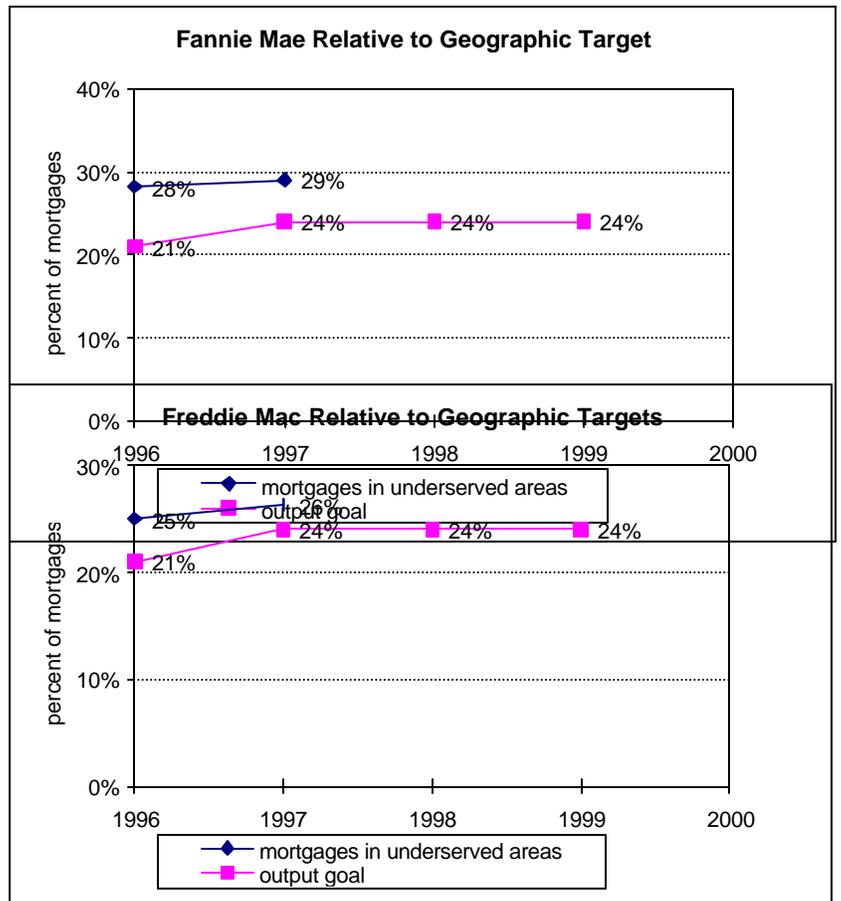
Data source. HUD’s GSE database.

Limitations/advantages of the data.

The data have no serious problems. They are compiled directly from GSE records on single-family and multifamily loan purchases.

Validation/verification of measure.

HUD verifies data submitted by the GSEs by comparing with independent data sources. GSE procedures for compiling data will be reviewed with the GSEs as necessary.



Outcome Indicator 4.2.2 :

The ratio of central city to suburban average values of owner-occupied homes increases by 0.5 percentage point to 79 percent by 1999.

Indicator background and context. Real estate values capture many dimensions of quality of life, because people will pay more for homes in better neighborhoods. This indicator tracks the differences in real estate values between cities and suburbs. The ratio has fallen slightly during

the early 1990s, from 79.2 percent in 1991 to 78.4 percent in 1995. A rise in city property values relative to suburbs implies that older central neighborhoods are becoming more desirable places to live. HUD programs—such as HOME, CDBG, and Homeownership Zones—that promote central city revitalization and homeownership are intended to increase demand in these neighborhoods, increasing their value relative to newer areas.

Data source. American Housing Survey, conducted for HUD by the Bureau of Census.

Limitations/advantages of the data. AHS data are available biennially. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent implementation of computer-aided interviewing.

Validation/verification of measure. HUD will not verify the data beyond standard AHS verification procedures. This indicator may require validation to determine how to control appropriately for housing characteristics.

Outcome Indicator 4.2.3:

The average ratio of vacant units to residential building permits in metropolitan areas decreases by 1 percentage point.

Indicator background and context. Vacant housing in central cities and inner suburbs is a continuing problem as the middle class exercises its preference for suburban living. Vacant housing, with its existing infrastructure, is a resource that metropolitan communities fail to recognize when new development permits are granted. HUD's Abandoned Building Initiative addresses this need by providing grants to redevelop land on which structures now stand vacant. This potential interagency indicator tracks the extent to which metropolitan areas utilize existing housing stock before expanding to undeveloped areas.

Data source. Vacant units from the Bureau of Census Current Population Survey/Housing Vacancy Survey. Metropolitan area building permits from the Bureau of Census. New resources will be needed to complete the analysis for this indicator.

Limitations/advantages of the data. When local building officials fail to report building permits in response to a survey, the Bureau of Census imputes data for the 850 building permit offices covered by the Residential Permit Use Survey.

Validation/verification of measure. HUD will not verify Census data independently. Some analysis of the relationship between the Needless Sprawl Index and metropolitan growth rates may be necessary to validate the measure's appropriateness.

Programmatic Output Indicator 4.2.c: The share of Consolidated Plans scoring highly using a standardized assessment increases.

Indicator background and context. Communities develop 5-year Consolidated Plans to guide their use of community development, HOME, Emergency Shelter, and HOPWA grants. Grantees are able to choose from a wide array of activities, so the quality of planning for self-

defined objectives is critical. Consolidated Plans must incorporate citizen participation plans and action plans, and community revitalization strategies are optional components. This indicator measures the quality of Consolidated Plans based on a standard assessment procedure, and appears in the context of increasing the public trust as Programmatic Output Indicator 5.1.a.

Data source. CPD assessment system, under development in FY 1999. The baseline will be available in FY 2000.

Limitations/advantages of the data. Qualitative judgments about plan quality are necessarily subjective. This is a significant weakness of the existing system that will be replaced by the system now under development. The existing system does not define objective parameters, nor does it assess some features that are critical for successful local plans.

Validation/verification of measure. Plan assessments will be verified by random resampling to determine the variance of scores. The performance goal will be calibrated after the system parameters are defined.

Outcome Indicator 4.2.4:

Among low- and moderate-income residents, the average “overall opinion of neighborhood” increases by 0.5 point on a 1- 10 scale for cities, suburbs, and nonmetropolitan areas.

Indicator background and context. “Overall opinion of neighborhood” is a proxy measure of whether a community is a good place to live. Neighborhood satisfaction of low- and moderate-income residents is especially significant to HUD because of the statutory targeting of block grants. This indicator will track opinion of neighborhood separately for central city, suburban, and nonmetropolitan residents.

Data source. American Housing Survey, conducted by the Bureau of Census. The 1997 baseline will be determined in FY 1999.

Limitations/advantages of the data. AHS data are available biennially as national averages. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent implementation of computer-aided interviewing. Levels of satisfaction with the economy and with life in general may cause fluctuations from year to year.

Validation/verification of measure. HUD will not verify the data beyond standard AHS quality control procedures.

Programmatic Output Indicator 4.2.d: The share of CDBG entitlement funds that benefit low- and moderate-income persons remains at 92 percent.

Indicator background and context. Entitlement communities are required to use Community Development Block Grants for activities of which at least 70 percent benefit low- and moderate-income residents.

Data source. CPD program data compiled from Annual Performance Reports submitted by grantees.

Limitations/advantages of the data. The share of CDBG that benefits low- and moderate-income persons only weakly indicates the extent to which CDBG benefits the neediest neighborhoods.

Validation/verification of measure. CDBG grantees are monitored by CPD field staff.

Programmatic Output Indicator 4.2.e: The share of State CDBG funds that benefit low- and moderate-income persons remains at 98 percent.

Indicator background and context. States are required to use Community Development Block Grants for activities of which at least 70 percent benefit low- and moderate-income residents.

Data source. CPD program data compiled from Annual Performance Reports submitted by grantees.

Limitations/advantages of the data. The share of CDBG that benefits low- and moderate-income persons only weakly indicates the extent to which CDBG benefits the neediest neighborhoods.

Validation/verification of measure. CDBG grantees are monitored by CPD field staff.

Programmatic Output Indicator 4.2.f: The share of CDBG direct beneficiary activities that benefit low-income persons remains at 56 percent.

Indicator background and context. States and entitlement grantees are required to use Community Development Block Grants for activities that benefit at least 70 percent low- and moderate-income residents. In 1989 about one-third of all households in CDBG cities were classified as low income (below 50 percent of median), and they accounted for 56 percent of direct benefit expenditures.

Data source. Integrated Disbursement Information System and Departmental Grants Management System.

Limitations/advantages of the data. Self-reported data are subject to errors. Inaccurate reporting may occur for a number of reasons including internal record-keeping problems, data entry errors, or current limited experience in using IDIS. Finally, there is always the possibility of intentional falsification.

Validation/verification of measure. CPD field staff monitor grantees on a risk-priority basis, including checks to ensure that data reported in IDIS correspond to source documents.

Programmatic Output Indicator 4.2.g: COPC grantees will receive an extra 20 percent in non-Federal funds above the match amount originally claimed in their application between the times they start and complete their projects.

Indicator background and context: The Community Outreach Partnership Centers (COPC) program provides funds to colleges and universities for a wide variety of technical assistance and applied research activities. The underlying purpose of these activities is to build a community's human infrastructure by building the capacity of community-based organizations and to create a series of best practices that can serve as role models for other community-based organizations and universities. This indicator will demonstrate the satisfaction community-based organizations, local governments, foundations, private businesses, and the schools themselves have with these activities by measuring new financial commitments to continue and expand the work. In addition, because COPC funding is designed to be a stimulus for permanent commitments to these kinds of activities by institutions of higher education, new funding sources coming into these projects will demonstrate the permanency of these activities.

Data source. Semiannual and final progress reports submitted by grantees. The baseline will be determined in FY 1999.

Limitations/advantages of the data. The value of more intangible contributions (e.g., pro bono services) may tend to be inflated.

Validation/verification of measure. PD&R staff will monitor grantees on a random sample basis.

Outcome Indicator 4.2.5:

The capital used to rehabilitate housing in underserved neighborhoods increases by 1 percent.

Indicator background and context. Historically, deterioration of aging and distressed neighborhoods has been exacerbated by the unwillingness of private banks to extend credit in declining neighborhoods. The Community Reinvestment Act promotes lending for rehabilitation in such neighborhoods, which is often combined with funding from HUD programs such as CDBG and HOME. This indicator tracks the volume of private lending in underserved neighborhoods, defined in metropolitan areas as census tracts either with a minority population of 30 percent and median family income below 120 percent of the metropolitan area median, or with median family income at or below 90 percent of area median (irrespective of minority population percentage). A similar definition of underserved applies to nonmetropolitan areas, using counties rather than tracts.

Data source. For lending data, the Home Mortgage Disclosure Act database. For neighborhood characteristics, the decennial Census of Population, with future updates from the American Community Survey. The baseline will be determined in FY 1999.

Limitations/advantages of the data. HMDA data are available annually. The 2000 Census will be available in 2002 to update tract data. ACS data will be available biennially beginning in 2003, with sample sizes sufficient to update tract data by 2005.

Validation/verification of measure. HUD will not verify HMDA, Census, or ACS data independently.

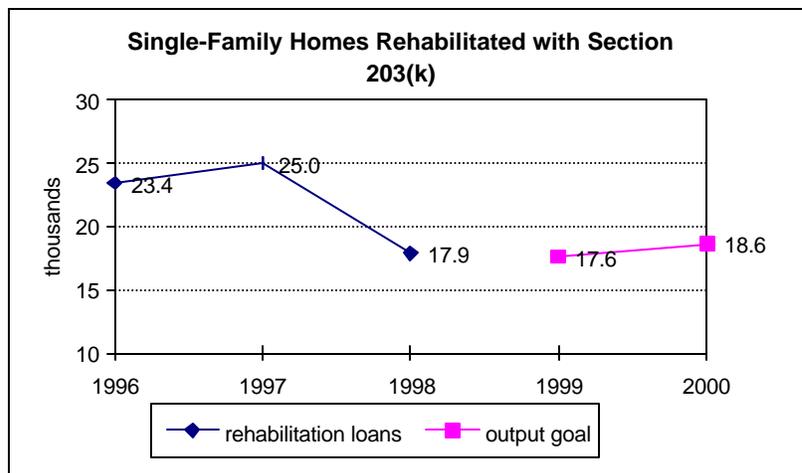
Programmatic Output Indicator 4.2.h: The number of single-family properties rehabilitated under Section 203(k) increases by 4 percent to 18,600.

Indicator background and context. FHA's Section 203(k) program addresses the problems that homebuyers often face when they want to buy a home that is in need of repair—either first mortgage financing is not available because the property does not meet code, or else the buyer has to obtain a high-cost second mortgage to finance the repairs. With a 203(k) loan, both the property acquisition and the repairs can be financed in a single loan at costs comparable to those of a first mortgage. This makes additional existing homes affordable for moderate-income families and improves older urban neighborhoods.

Data source. FHA program data.

Limitations/advantages of the data. FHA performs computerized checks of data quality. HUD is not aware of significant data problems affecting this indicator.

Validation/verification of measure. HUD will not verify the data beyond standard FHA quality control procedures.



Programmatic Output Indicator 4.2.i: The number of multifamily rental units in underserved areas newly insured by FHA increases by 5 percent between 1999 and 2000.

Indicator background and context. FHA insures loans for new construction and substantial rehabilitation of multifamily rental units under Sections 221(d)(4), 221(d)(3), and 220. Section 223(f) insures mortgages for existing multifamily properties, either to refinance an existing mortgage or to facilitate the purchase of a property. A moderate amount of rehabilitation cost may be included in the mortgage. These programs improve the quality and affordability of rental housing, and increasing their availability in underserved neighborhoods will promote revitalization of those neighborhoods.

Preliminary data show that 24,000 multifamily units insured by FHA in FY 1997 were in underserved areas. HUD's ability to increase the number of mortgages in underserved areas will be limited in FY 1999 and FY 2000 because most of the mortgages likely to be endorsed already are in FHA's processing pipeline. FHA will have greater control of insurance endorsements in future years.

For purposes of this indicator, underserved neighborhoods are defined in metropolitan areas as census tracts either with a minority population of 30 percent and median family income below 120 percent of the metropolitan area median, or with median family income at or below 90 percent of area median (irrespective of minority population percentage). A similar definition of underserved applies to nonmetropolitan areas, using counties rather than tracts.

Data source. For project locations, FHA program data. For tract poverty rates and minority share, the Census of Population, updated with the American Community Survey. The baseline will be determined in FY 1999.

Limitations/advantages of the data. FHA performs computerized checks of data quality. HUD is not aware of significant data problems affecting this indicator.

Validation/verification of measure. PD&R determines which census tracts meet the definition of "underserved" for HUD's role in oversight of Freddie Mac and Fannie Mae. HUD will not verify Census data independently.

Outcome Indicator 4.2.6:

Through the use of the Brownfields Redevelopment Program, CDBG funds, and Section 108 loan guarantees, the area of brownfields reclaimed and under redevelopment increases, and the area reclaimed and redeveloped increases.

Indicator background and context. The Brownfields Redevelopment Program establishes a comprehensive Federal approach to eliminating urban blight by redeveloping contaminated industrial land and returning it to productive use. The FY 1999 appropriations bill also made cleanup and redevelopment of brownfields permanently eligible activities for CDBG funds. This potential interagency indicator will track the progress of these programs in remediating environmental hazards and redeveloping formerly unusable sites.

Data source. No source currently exists or will be available by FY 2000. DGMS, currently under development, will incorporate fields for CDBG grantees to report the acreage of brownfield sites remediated and redeveloped with CDBGs, the Brownfields Economic Development Initiative, Section 108, and the Brownfield Redevelopment program. The baseline will be established in FY 2001. New resources will be needed to develop this reporting capability in DGMS.

Limitations/advantages of the data. Self-reported data are subject to distortion by grantees. The definition of "brownfields" may be subject to interpretation.

Validation/verification of measure. Field staff will verify reports in DGMS.

Objective 4.3: Communities are safe.

Overview

One of the major success stories of recent years has been the steady drop in crime rates, both nationally and in most large cities. Between 1991 and 1997, crime rates fell by 27 percent. But further reducing crime is essential to both the individual well-being of all American citizens and the future of American cities. Surveys consistently cite fear of crime as one of the major reasons that movers leave cities.

On a neighborhood scale, HUD sees reducing crime around public and assisted housing as essential to revitalizing these neighborhoods and retaining affordable housing. Experience suggests that even actions to clean up neighborhoods by reducing trash and litter have the effect of reducing crime rates. Reducing crime *in* public housing is a high priority not only to revitalize public housing, but also because of the public perception that links public housing to crime.

External factors

Many societal factors—including unemployment, discrimination, family problems, and social inequality—influence crime, and many players other than HUD are involved in the effort to make communities safer.

Means and strategies

HUD's particular responsibilities in realizing this critical national objective are to enforce safety standards and high standards of resident behavior in HUD-assisted housing, to demolish vacant HUD-assisted structures that cannot be salvaged as safe and livable dwellings, and to promote community-based crime prevention in partnership with local, State, and Federal actors. HUD will continue to:

- Enforce the Administration's "one strike and you're out" policy, screening applicants and evicting residents who commit crimes or peddle drugs, because living in public housing or receiving housing assistance is a privilege, not a right.
- Promote PIH's Operation Safe Home, which coordinates crime reduction efforts of PHA residents and managers with those of Federal and local law enforcement agencies.
- Provide funding for the demolition and revitalization of the worst public housing developments.
- Reduce crime in public housing and build safer communities through Public Housing Drug Elimination Program (PHDEP) Grants and the Officer Next Door program.
- Participate in the Administration's crime prevention initiatives, including Community Oriented Policing Services and the Community Prosecutors Initiative.

- Modernize public housing with operating and capital funding.

HUD's FY 2000 budget requests an important new way in which HUD and its partners can advance this objective: the governmentwide Anti-Drug Diversion Program to help steer youth away from drugs and into long-term employment. The expanded funds requested for Youthbuild will also contribute to this goal.

Programs supporting Objective 4.3: Communities are safe.

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Community Planning and Development			
CDBG	4,925	4,873	4,775
Youthbuild	[35]	[43]	[75]
Public and Indian Housing			
Housing Certificate Fund (Sec. 8 Project-based & Tenant-based)	9,373	10,326	11,522
Public Housing Operating Fund	2,900	2,818	3,003
Public Housing Capital Fund	2,500	3,000	2,555
Revitalization of Severely Distressed Public Housing	550	625	625
Drug Elimination Grants/Anti-Drug Diversion program	310	310	310
Housing			
Multifamily Insurance	4,456	4,240	5,249
Officer Next Door*	NA	NA	NA
Neighborhood Networks	NA	NA	NA

Note: Brackets reflect funding as a set-aside. Dollars shown represent the total for the program, not necessarily the amount devoted to this objective.

* Provides incentives for police officers to live in the communities where they work by offering a 50-percent discount on the purchase of HUD-owned foreclosed properties in locally designated revitalization areas.

Coordination with other Federal agencies

An interagency effort particularly relevant to this goal is the Office of National Drug Control Policy's Interagency Demand Reduction Working Group. HUD also works in this area with:

- Department of Justice.
- Department of Health and Human Services.

Performance goals

We aim to achieve these outcomes:

- Decrease the share of households reporting crime in their neighborhoods.
- Improve the perception of neighborhood security among public housing residents in projects served by PHDEP grants.
- Decrease the share of central city residents reporting accumulations of trash on their streets.

Crosswalk for Strategic Objective 4.3: Communities are safe		
Outcome Indicators	Programmatic Output Indicators	External Factors
<p>4.3.1: The share of households reporting "crime in neighborhood" declines 0.5 percentage points to 6.8 percent in 1999 (potential interagency indicator).</p> <p>4.3.2: Among residents of public housing developments targeted by PHDEP grants, average satisfaction regarding neighborhood security increases.</p> <p>4.3.3: The share of central city households reporting accumulations of trash, litter, or junk on the streets decreases by 0.5 percentage points to 3.1 percent in 1999.</p>	<p>4.3.a: The number of housing authorities that receive PHDEP grants and have cooperated with local police to develop geographic information systems increases by three to six.</p>	<p>Crime rates have been declining in general because of changing demographics, the ebbing of the crack trade, and improvements in law enforcement strategies.</p> <p>Changes in national economic conditions and drug usage and distribution, as well as local fluctuations in crime patterns and law enforcement, may affect crime reduction outcomes.</p>

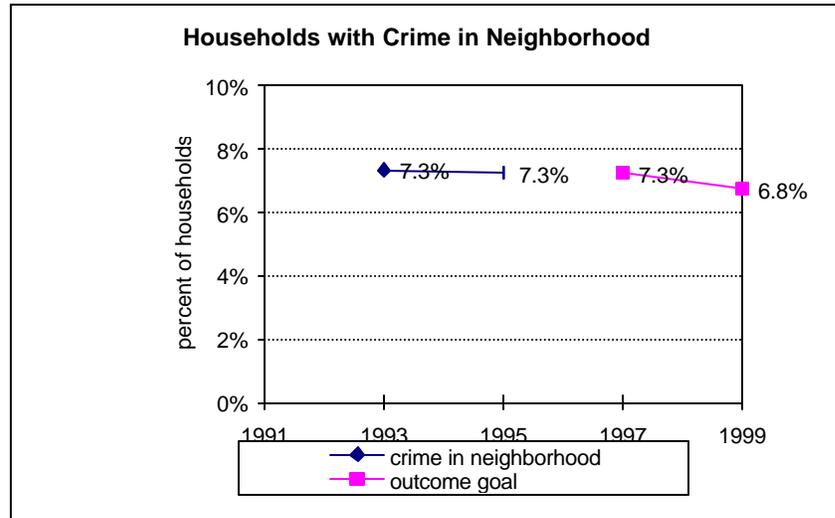
Performance goals are for FY 2000 unless otherwise noted.

**Outcome Indicator 4.3.1:
The share of households reporting "crime in neighborhood" declines 0.5 percentage point to 6.8 percent in 1999.**

Indicator background and context. Crime is one of the most important factors motivating decisions to flee an area. CDBG grantees have flexibility to use a portion of block grants to enhance public safety and security, both with physical facilities and equipment and services benefiting eligible areas. Housing authorities use Drug Elimination grants to control crime near public housing developments.

Data source. American Housing Survey, conducted for HUD by the Bureau of Census.

Limitations/advantages of the data. National AHS data are available biennially. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent implementation of computer-aided interviewing.



Validation/verification of measure. HUD will not verify the data beyond standard AHS quality assurance procedures.

Outcome Indicator 4.3.2:

Among residents of public housing developments targeted by PHDEP grants, average satisfaction regarding neighborhood security increases.

Indicator background and context. The Public Housing Drug Elimination Program provides grants to housing authorities and resident management councils for initiatives to reduce crime. Typical grants fund security personnel, physical investments promoting security, and drug treatment and other services at targeted housing developments. This indicator tracks the success of this program in solving crime- and drug-related problems in public housing and surrounding neighborhoods, as measured by the satisfaction of assisted residents with their environment.

Data source. Grantee-administered resident surveys, mandated under PHDEP. The baseline will be determined in FY 1999.

Limitations/advantages of the data. The surveys are administered before and after implementation of grant-funded drug elimination programs. Surveys may not control effectively for external causes of change in neighborhood crime patterns, such as declines in municipal crime rates overall or tactical innovations by police. Isolated incidents may create short-term distortions in long-term tenant satisfaction.

Validation/verification of measure. Results from REAC resident satisfaction surveys may be used to verify PHDEP survey results.

Programmatic Output Indicator 4.3.a: The number of housing authorities that receive PHDEP grants and have cooperated with local police to develop geographic information systems increases by three to six.

Indicator background and context. Hundreds of police agencies have adopted geographic information systems (GIS) to effectively focus police resources on crime hotspots. Current HUD research on measuring crime in public housing with GIS indicates that this emerging technology significantly enhances the ability of police organizations to provide the PHAs in their jurisdictions with accurate statistics on the level of crime in public housing developments. GIS data help housing authorities evaluate the outcomes of crime control interventions financed with PHDEP grants.

As a byproduct of current HUD GIS research, three PHAs worked with local police to map crime in developments. This indicator tracks the number of housing authorities that cooperate with local police to develop GIS systems that monitor crime on housing authority property. HUD will publish a guidebook in the summer of 1999 that will help housing authorities use their PHDEP funds to take advantage of the crime-tracking capabilities of local police departments.

Data source. PHDEP administrative data.

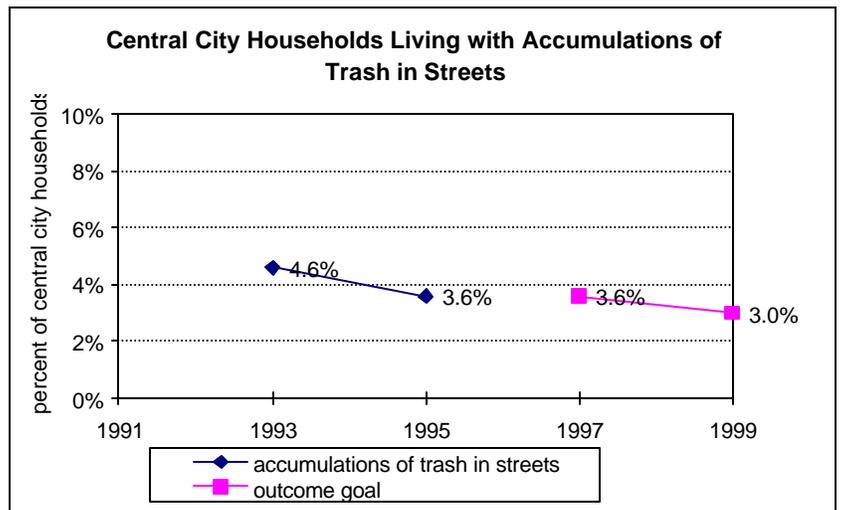
Limitations/advantages of the data. Data are self-reported by housing authorities.

Validation/verification of measure. HUD field staff may confirm GIS implementation. The performance goal may be recalibrated on the basis of analysis of GIS implementation and successes in FY 1999.

**Outcome Indicator 4.3.3:
The share of central city households reporting accumulations of trash, litter, or junk on the streets decreases by 0.5 percentage point to 3.1 percent in 1999.**

Indicator background and context. Accumulations of trash and junk create hazards to public health and safety by supporting vermin and by endangering pedestrians and motor traffic. Visibly distressed neighborhoods become a magnet for crime. Communities have flexibility to use CDBG funds for neighborhood improvement. Community Builders will help cities improve the physical safety and visual appearance of neighborhoods.

Data source. American Housing Survey, conducted for HUD by the



Bureau of Census.

Limitations/advantages of the data. AHS data are published biennially. HUD expects that AHS data from 1999 will be available by the end of FY 2000 because of recent implementation of computer-aided interviewing.

Validation/verification of measure. HUD will not verify the data beyond standard AHS quality assurance procedures.

STRATEGIC GOAL 5: RESTORE PUBLIC TRUST IN HUD

Strategic Objectives:

5.1 HUD's workforce and partners are empowered, capable, and accountable for results.

5.2 HUD leads housing and urban research and policy development nationwide.

The HUD 2020: Management Reform Plan is a fundamental overhaul focused on making HUD's programs and people more efficient and responsible. The plan sets out essential steps to improve HUD's management. The 2020 reforms are designed to ensure that tax dollars are used properly and effectively, that programs accomplish what they promise, and that HUD will do more with less and do it better than ever. The steps will improve HUD's delivery of programs and services to its customers, with performance measures demonstrating how well these programs meet their stated objectives.

The plan's reforms are designed to help communities thrive by getting HUD's resources out of Washington and into communities. They are designed to give people the tools they need to succeed as individuals and communities.

Objective 5.1: HUD's workforce and partners are empowered, capable, and accountable for results.

Overview

HUD is adopting a businesslike structure to better achieve its public purposes. It defines a clear mission divided into identifiable functions for each separate business line. It centralizes some operations to realize economies of scale while decentralizing other operations to improve service delivery and innovation. It makes better use of technological advances to improve efficiency in both front-line service delivery and back-office processing centers, while making information on HUD's programs and resources more widely available through the Internet and other computers. It puts new emphasis on enforcement of contractual obligations by HUD's agents and it implements a broad set of performance measures to ensure that communities are meeting program objectives and using program resources appropriately.

External factors

The large number of HUD agents and grantees implementing HUD's programs in the field greatly complicates monitoring and performance measurement. The assumption underlying grants distributed by formula is that local housing needs and market conditions make local choices of activities most cost effective, but devolution to local strategies complicates monitoring. The Department is investing work and resources to better exploit the possibilities of electronic monitoring, and is developing new roles for independent auditors.

Means and strategies

Restoration of the public trust in HUD is crucial to the future of the agency. HUD will act to:

- Implement HUD 2020 through the new Assessment Center and teamwork between Community Builders and Public Trust Officers.
- Train employees and improve equipment for higher productivity.
- Train all managerial and supervisory employees on valuing the HUD customer and alternative dispute resolution.
- Rate PHAs on their administration of public housing and Section 8 programs through PHAS and SEMAP.
- Conduct regular surveys of employees, partners, and customers regarding experience with 2020 reforms, and use results to target program enhancements.
- Through REAC, rate key partners, including PHAs and private owners of assisted housing, for financial management and physical upkeep.
- Rate quality of Consolidated Plans.
- Seek opinions of residents of HUD-assisted housing through surveys.
- Increase citizen access to information on HUD programs and their local implementation, both through citizen participation in the Comprehensive Plan process and through electronic means such as Community 2020 mapping software and HUD's World Wide Web home page.

Linkage to HUD 2020: Management Reform Plan

HUD's 2020 Management Reform dramatically improves the financial capabilities of the Department, starting with the complete modernization and integration of previously outdated, multiple financial systems into a single financial system that reflects state-of-the-art capabilities and supports a clean and approvable audit of the Department's finances. The accuracy and usefulness of financial reporting for both assisted and public housing will be vastly improved through the newly established Section 8 Financial Processing Center, the Single Family Homeownership Centers, and the Multifamily Development Centers. HUD will examine the financial conditions of the entire public and assisted housing inventories through the

Real Estate Assessment Center and the Enforcement Center. These latter efforts will reflect the kinds of assessment done in private industry and will give the Department a clear understanding of the financial conditions of these housing providers and the kinds of remedial actions needed.

Programs supporting Objective 5.1: HUD’s workforce and partners are empowered, capable, and accountable for results.

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Salaries and Expenses (S&E)			
Departmental S&E*	1,005	998	1,031

* Includes all program area S&E, including appropriations and reimbursements.

Performance goals

To measure progress toward these objectives, HUD aims to achieve these outcomes:

- Increase satisfaction of HUD employees and their ratings of personal and organizational effectiveness.
- Increase satisfaction of HUD partners with HUD’s performance.
- Reduce the share of assisted renters living in public housing or Section 8 units managed by PHAs deemed “troubled.”
- Reduce the share of households living in multifamily properties that have substandard financial management.
- Improvements in HUD’s automated data quality systems are recognized by users and rating entities.

FY 2000 goals for these outcomes and key indicators of programmatic outputs follow.

<p align="center">Crosswalk for Strategic Objective 5.1: HUD's workforce and partners are empowered, capable, and accountable for results</p>		
<p align="center">Outcome Indicators</p>	<p align="center">Programmatic Output Indicators</p>	<p align="center">External Factors</p>
<p>5.1.1: HUD employees are more satisfied and more capable and perceive the organization to be more effective.</p>	<p>5.1.a: HUD increases overall work force diversity by raising the representation of under-represented groups, as shown by increasing the share of Hispanics by 0.5 percentage point to 7.1 percent of employees.</p>	<p>Adequate staff levels and appropriations may not be provided to HUD.</p>
<p>5.1.2: HUD partners are more satisfied with HUD and more capable and perceive the organization to be more effective.</p>	<p>5.1.b: Among HUD's women and minority employees, the representation at and above the GS-13 level increases by 1 percentage point to 33 percent.</p>	<p>The large number of HUD agents and grantees vastly complicates monitoring and performance measurement.</p>
<p>5.1.3: The average satisfaction of assisted renters and public housing tenants with their housing and their communities increases.</p>	<p>5.1.b: The share of Consolidated Plans scoring highly using a standardized assessment increases.</p>	<p>Adequate staff levels and appropriations may not be provided to HUD.</p>
<p>5.1.4: The share of public housing units managed by troubled housing authorities decreases by 5 percentage points.</p>	<p>5.1.c: Among Consolidated Plan grantees, 100 percent are reviewed remotely and 20 percent are reviewed onsite for compliance with their plans.</p>	<p>Devolution of decisions regarding priority needs and preferable tools to local grantees is appropriate for CDBG, HOME, and other grant programs because of the variety of housing market conditions, but complicates monitoring and performance measurement.</p>
<p>5.1.5: The share of tenant-based Section 8 assistance managed by troubled housing authorities decreases by 5 percentage points.</p>	<p>5.1.d: The share of CDBG entitlement funds that meet statutory and regulatory standards for timeliness of expenditure increases 5 percentage points.</p>	
<p>5.1.6: Among households living in subsidized multifamily properties, the share living in developments that have substandard financial management decreases by 5 percentage points.</p>	<p>5.1.e: The household-weighted average PHAS score increases.</p>	
<p>5.1.7: The share of public housing units and assisted multifamily units that meet HUD-established standards increases by 1 percentage point (also appears as 1.3.3).</p>	<p>5.1.f: The household-weighted average SEMAP score increases.</p>	
<p>5.1.8: The share of public housing units and assisted multifamily units that contain life-threatening health and safety deficiencies decreases by 10 percentage points (also appears as 1.3.4).</p>	<p>5.1.g: The share of tenant-based Section 8 assistance managed by housing authorities that score highly for income verification increases by 5 percentage points.</p>	
	<p>5.1.h: The share of tenant-based Section 8 assistance managed by housing authorities that score highly for determination of rent reasonableness increases by 5 percentage points.</p>	
	<p>5.1.i: The share of households for which rent determinations are correct increases by 3 percentage points for public housing and for project-based Section 8 by 2001.</p>	
	<p>5.1.j: Among high-risk or troubled multifamily projects referred to EC, the shares that have aged pending enforcement and that have aged during enforcement processing will decrease (also appears as 1.2.o).</p>	
<p>5.1.9: HUD automated data systems are rated highly for usefulness, ease of use, and reliability.</p>	<p>5.1.k: Office of Housing field staff review a statistically valid sample of transactions in each of seven categories for compliance with data quality standards.</p>	<p>Development and improvement of electronic monitoring systems can disrupt and confuse established patterns of reporting at first during "growing pains."</p>

5.1.10: HUD contractors are being held increasingly accountable through the use of performance-based contracting methods, as shown by a 25-percent increase in annual obligations of active performance-based contracts.	5.1.l: The share of HOME-assisted rental units for which occupancy information is reported increases by 5 percentage points to 75 percent. 5.1.m: Action plans are required or sanctions are taken on every PHA that reports less than 85 percent of its program recipients into the MTCS according to MTCS standards.	New deficiencies may be identified.
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Performance goals are for FY 2000 unless otherwise noted.

**Outcome Indicator 5.1.1:
HUD employees are more satisfied and more capable and perceive the organization to be more effective.**

Indicator background and context. Employee satisfaction reflects the quality of relationships between disciplines (program offices) and support offices and directly affects quality of work and productivity. Employee capability can be seen as empowerment to complete work with excellence. Capability increases productivity directly as well as indirectly, by increasing satisfaction. This indicator tracks employee perceptions about their own satisfaction and capability.

Data source. New employee satisfaction survey under development by PD&R to assess impacts of HUD 2020 management reform. Baseline data will be available in FY 1999.

Limitations/advantages of the data. Sources of satisfaction or dissatisfaction may be difficult to identify, and a single policy or event may satisfy some employees and dissatisfy others.

Validation/verification of measure. The survey instrument will be pretested to determine appropriate validation and verification procedures.

Programmatic Output Indicator 5.1.a: HUD increases overall work force diversity by raising the representation of under-represented groups, as shown by increasing the share of Hispanics by 0.5 percentage point to 7.1 percent of employees.

Indicator background and context. It is the policy of HUD to prohibit discrimination in employment because of race, color, religion, sex, national origin, age, and disability, and to promote the full realization of equal employment opportunity through a continuing Affirmative Employment Program. Because HUD's Hispanic representation of 6.6 percent has consistently remained below their Civilian Labor Force (CLF) representation of 8.1 percent for the past several years, an increase of 1.5 percentage points over three years is desirable to achieve parity.

Data Source. HUD employment data tabulated in the Department's Equal Employment Opportunity Management Analysis System (EEOMAS).

Limitations/advantages of the data. No problems are known to affect this indicator.

Validation/Verification of measure. Data are reviewed by the EEOC.

Programmatic Output Indicator 5.1.b: Among HUD's women and minority employees, the representation at and above the GS-13 level increases by 1 percentage point to 33 percent.

Indicator background and context. It is the policy of HUD to prohibit discrimination in employment because of race, color, religion, sex, national origin, age, and disability, and to promote the full realization of equal employment opportunity through a continuing Affirmative Employment Program. Because HUD's women and minorities comprise 72 percent of HUD's total work force, the Equal Employment Opportunity Commission (EEOC) ranks HUD highly, as eighth out of 41 Federal agencies in total employment of women, blacks, and Hispanics. Progress toward better representation of women and minorities among managers is desirable, however: In FY 1998 32.3 percent of HUD's women and minority employees were employed at and above the GS-13 level (FY 1996, 26.3 percent; FY 1997, 22.1 percent). This indicator monitors and tracks changes in hiring and promotion in the HUD workforce.

Data source. HUD employment data tabulated in the Department's Equal Employment Opportunity Management Analysis System (EEOMAS).

Limitations/advantages of the data. No problems are known to affect this indicator.

Validation/verification of measure. Data are reviewed by the EEOC.

Outcome Indicator 5.1.2:

HUD partners are more satisfied with HUD and more capable and perceive the organization to be more effective.

Indicator background and context. HUD partners include housing authorities, nonprofit organizations, multifamily development managers, city executives, and community development directors. Increasing their satisfaction with HUD makes them more willing to support HUD and achieve common objectives. Some partners also need assistance to become more capable or empowered to perform well. This indicator tracks partner perceptions about their own satisfaction and capability.

Data source. New stakeholder satisfaction survey under development by PD&R. Baseline data will be available in 1999.

Limitations/advantages of the data. Sources of satisfaction or dissatisfaction may be difficult to identify, and a single policy or event may satisfy some partners and dissatisfy others.

Validation/verification of measure. The survey instrument will be pretested to determine appropriate validation and verification procedures. The Property Owners and Managers Survey potentially could be used to validate satisfaction with HUD among managers of private multifamily developments.

Outcome Indicator 5.1.3:

The average satisfaction of assisted renters and public housing tenants with their housing and their communities increases.

Indicator background and context. The recipients of HUD housing assistance form one of the largest groups of direct customers of HUD. HUD influences resident satisfaction by demanding quality management from housing authorities and private multifamily developments. This indicator tracks the percentage of respondents who are satisfied or very satisfied with “living here, in general.”

Data source. REAC resident satisfaction survey for public housing and multifamily development residents. PD&R resident satisfaction survey for tenant-based Section 8 recipients. The 1999 baseline will be established when complete data are available in FY 2000.

Limitations/advantages of the data. Pretests have shown good correlation between physical conditions reported by tenants and observed by inspectors.

Validation/verification of measure. General satisfaction will be compared with more specific contributing factors to assess how well subjective opinions reflect objective conditions.

Outcome Indicator 5.1.4:

The share of public housing units managed by troubled housing authorities decreases by 5 percentage points.

Indicator background and context. REAC uses the Public Housing Assessment System (PHAS) to evaluate the management capability of housing authorities based on four categories: physical condition, management operations, financial condition, and resident satisfaction. Housing authorities with composite scores below 60 percent are classified as “troubled” under both PHMAP and PHAS rating systems, but under PHAS a low score for physical condition, management operations, or financial condition alone also triggers a “troubled” designation. This indicator tracks the share of public housing stock that is vulnerable to egregious mismanagement by troubled housing authorities.

Data source. PHAS. The baseline will be established in FY 1999 using PHAS advisory scores.

Limitations/advantages of the data. PHAS is relatively new and further testing is necessary.

Validation/verification of measure. The performance goal may need recalibration when PHAS data become available to replace PHMAP, because PHAS is likely to identify additional troubled agencies.

Outcome Indicator 5.1.5:

The share of tenant-based Section 8 assistance managed by troubled housing authorities decreases by 5 percentage points.

Indicator background and context. This indicator tracks the share of tenant-based Section 8 assistance that is vulnerable to egregious mismanagement by troubled housing authorities. SEMAP designates a housing authority as troubled if its composite SEMAP score is below 60 percent or an independent auditor is unable to provide a clear opinion of conformance with generally accepted accounting principles. SEMAP rates housing authorities based on documented policies for tenant selection, rent reasonableness, income determination, housing quality inspections and enforcement, expanding housing opportunities and deconcentration, lease-up rates, FSS participation, MTCS reporting, and correct rent calculations.

Data source. Section Eight Management Assessment Program (SEMAP), based on data reported by HAs to MTCS and on findings of independent audits of HA records. The baseline will be determined in FY 2000 from audited SEMAP and (in some cases) from unaudited preliminary SEMAP scores. Preliminary scores are based on self-reporting by those housing authorities whose fiscal years do not end early enough to obtain independent audits in HUD's FY 2000. SEMAP scores in 2001 will include the results of independent audits for every housing authority.

Limitations/advantages of the data. SEMAP is relatively new and further testing is necessary.

Validation/verification of measure. The performance goal may need recalibration when complete SEMAP data are available.

Outcome Indicator 5.1.6:

Among households living in subsidized multifamily properties, the share living in developments that have substandard financial management decreases by 5 percentage points.

Indicator background and context. REAC is developing procedures to evaluate the financial management of privately owned multifamily properties. Multifamily developments have had diverse kinds of financial difficulties, including insufficient rental income to cover capital and maintenance needs, and the opposite: owners who defer maintenance while pocketing rental income. This indicator tracks the share of tenants of subsidized multifamily developments who live in developments with financial management rated "substandard" by REAC. A substandard designation is determined by an absolute scoring system that evaluates annual financial reports.

Subsidized properties are developments that have Section 8 contracts, outstanding mortgages with interest subsidies, or both.

Data source. REAC. Complete baseline data will not be available until FY 2000.

Limitations/advantages of the data. The grading system is relatively new and further testing may be necessary.

Validation/verification of measure. The performance goal may need recalibration when data become available.

Outcome Indicator 5.1.7:

The share of public housing units and assisted multifamily units that meet HUD-established standards increases by 1 percentage point.

Indicator background and context. This indicator contributes to increasing the public trust because deteriorated public and assisted housing creates poor perceptions of HUD management capability. The indicator also appears in the context of increasing safe and affordable rental housing as Outcome Indicator 1.3.3.

Outcome Indicator 5.1.8:

The share of public housing units and assisted multifamily units that contain life-threatening health and safety deficiencies decreases by 10 percentage points.

Indicator background and context. This indicator appears in the context of increasing safe and affordable rental housing as Outcome Indicator 1.3.4.

Programmatic Output Indicator 5.1.c: The share of Consolidated Plans scoring highly using a standardized assessment increases.

Indicator background and context. This indicator is also included under Strategic Objective 4.2 as Programmatic Output Indicator 4.2.c.

Programmatic Output Indicator 5.1.d: Among Consolidated Plan grantees, 100 percent are reviewed remotely and 20 percent are reviewed onsite for compliance with their plans.

Indicator background and context. Communities develop 5-year Consolidated Plans to guide their use of CDBG, HOME, Emergency Shelter, and HOPWA formula grants, following a process that includes and documents citizen participation. Consolidated Plans must include action plans that set forth specific goals for meeting community needs. This indicator tracks the extent of monitoring activity by HUD field staff to ensure that grantees implement their plans to ensure that low-income families are helped and distressed neighborhoods are redeveloped.

Data source. CPD administrative data systems.

Limitations/advantages of the data. Administrative data do not support assessments of the quality of reviews.

Validation/verification of measure. Field supervisors review monitoring activity and reporting by field staff.

Programmatic Output Indicator 5.1.e: The share of CDBG entitlement funds that meet regulatory standards for timeliness of expenditure increases 5 percentage points.

Indicator background and context. Entitlement communities have extensive flexibility to use CDBG for locally defined purposes. However, they must use funds for national objectives and implement their activities in fiscally responsible ways. To meet timeliness standards, grantees may not have undrawn funds in their line of credit exceeding 1.5 times the value of the most recent grant, as measured 60 days before the following grant.

Data source. CPD Grants Management Process system. A baseline for 1998 will be established in FY 1999.

Limitations/advantages of the data. First-in first-out accounting reduces the validity of data concerning timeliness of expenditure.

Validation/verification of measure. Senior CPD staff will review a random sample of compliance assessments to ensure quality and identify gray areas that need to be addressed. This performance goal may require recalibration when data become available.

Programmatic Output Indicator 5.1.f: The household-weighted average PHAS score increases.

Indicator background and context. This indicator tracks HUD progress toward increasing the capability and accountability of public housing authority partners and increasing the satisfaction of residents. Each Public Housing Assessment System (PHAS) score is weighted by multiplying by the number of public housing households in the PHA and then weighted scores are averaged across all public housing households.

Data source. PHAS. The baseline will be established in FY 1999 using PHAS advisory scores.

Limitations/advantages of the data. PHAS is relatively new and further testing is necessary.

Validation/verification of measure. The performance goal will be determined when baseline data are available. PHAS data are reviewed by independent auditors.

Programmatic Output Indicator 5.1.g: The household-weighted average SEMAP score increases.

Indicator background and context. This indicator tracks HUD progress toward increasing the capability and accountability of housing authority partners and increasing the satisfaction of residents. Section Eight Management Assessment Program (SEMAP) scores are multiplied by the number of households in the housing authority and then averaged across all households.

Data source. SEMAP, based on data reported by HAs to MTCS and on findings of independent audits of HA records. The baseline will be determined in FY 2000 from audited SEMAP and (in some cases) from unaudited preliminary SEMAP scores. Preliminary scores are based on self-reporting by those housing authorities whose fiscal years do not end early enough to obtain independent audits in HUD's FY 2000. SEMAP scores in 2001 will include the results of independent audits for every housing authority.

Limitations/advantages of the data. SEMAP is new and imposes an extensive set of new standards that some auditors may lack the knowledge to implement. Some testing of the quality of audits is needed.

Validation/verification of measure. The performance goal will be determined when baseline data are available. SEMAP data are reviewed by independent auditors.

Programmatic Output Indicator 5.1.h: The share of tenant-based Section 8 assistance managed by housing authorities that score highly for income verification increases by 5 percentage points.

Indicator background and context. Tenant income verification is a critical tool that housing authorities have to control the costs of providing tenant-based assistance. The income verification component of SEMAP awards a high score of 20 points when incomes of 90 percent of households have been verified by third parties and income allowances are calculated correctly.

Data source. SEMAP, based on data reported by HAs to MTCS and on findings of independent audits of HA records. The baseline will be determined in FY 2000 from audited SEMAP and (in some cases) from unaudited preliminary SEMAP scores. Preliminary scores are based on self-reporting by those housing authorities whose fiscal years do not end early enough to obtain independent audits in HUD's FY 2000. SEMAP scores in 2001 will include the results of independent audits for every housing authority.

Limitations/advantages of the data. SEMAP is new and imposes an extensive set of new standards that some auditors may lack the knowledge to implement. Some testing of the quality of audits is needed.

Validation/verification of measure. The performance goal may need recalibration when SEMAP becomes operational. HUD undertakes biennial quality control surveys to verify income calculations, and these samples can be used to verify national SEMAP scores. SEMAP data are reviewed by independent auditors.

Programmatic Output Indicator 5.1.i: The share of tenant-based Section 8 assistance managed by housing authorities that score highly for determination of rent reasonableness increases by 5 percentage points.

Indicator background and context. Determination of whether rents are reasonable is another tool that housing authorities have to control costs in the Section 8 program. HUD awards housing authorities a high score of 20 points for the rent reasonableness component of SEMAP when 98 percent of randomly-sampled tenant files have documented determinations that the rent for the unit is reasonable in accordance with the housing authority's written method.

Data source. SEMAP, based on data reported by HAs to MTCS and on findings of independent audits of HA records. The baseline will be determined in FY 2000 from audited SEMAP and (in some cases) from unaudited preliminary SEMAP scores. Preliminary scores are based on self-reporting by those housing authorities whose fiscal years do not end early enough to obtain independent audits in HUD's FY 2000. SEMAP scores in 2001 will include the results of independent audits for every housing authority.

Limitations/advantages of the data. SEMAP is new and imposes an extensive set of new standards that some auditors may lack the knowledge to implement. Some testing of the quality of audits is needed.

Validation/verification of measure. The performance goal may need recalibration when SEMAP becomes operational. SEMAP data are reviewed by independent auditors.

Programmatic Output Indicator 5.1.j: The share of households for which rent determinations are correct increases by 3 percentage points for public housing and for project-based Section 8 by 2001.

Indicator background and context. Housing authorities and assisted multifamily managers determine tenant incomes and allowable deductions and calculate appropriate rents. Because rents typically are determined as a percentage of income, tenants have incentive to underreport income and assets, which directly increases subsidy costs. HUD undertakes biennial quality control studies to verify rent determinations. This indicator tracks the results of these rent verification studies for public housing and assisted private multifamily programs. Rents are considered to be correct if they are within \$5 of the quality control rent. Tenants who choose to pay flat rents rather than a percentage of income are excluded from the measure.

Data source. Assisted housing quality control studies, conducted biennially under contract by PD&R. The baseline will be established in FY 1999. New resources will be required for this indicator.

Limitations/advantages of the data. The quality control study is based on a nationally representative sample of developments in public housing, Section 236, and Section 8 programs. Earlier quality control studies were conducted at irregular intervals.

Validation/verification of measure. HUD will not undertake additional verification of the quality control results.

Programmatic Output Indicator 5.1.k: Among high-risk or troubled multifamily projects referred to EC, the shares that have aged pending enforcement and that have aged during enforcement processing will decrease.

Indicator background and context. REAC assesses the management risk of multifamily projects based on physical and financial indicators. Physical trouble typically consists of high capital needs, backlogs, and deferred and inadequate maintenance. Financial trouble can involve mortgage defaults, high vacancy rates, inadequate rent roll, or fraud in the form of equity skimming. Properties scored as high risk are referred to the EC directly from REAC. Other troubled properties, as identified by Multifamily, can also be referred to the EC by Multifamily. This indicator first appears in the context of increasing affordable housing as Programmatic Output Indicator 1.2.o.

Outcome Indicator 5.1.9:

HUD automated data systems are rated highly for usefulness, ease of use, and reliability.

Indicator background and context. Automated data systems are worth their cost only when users are able to obtain reliable information when they need it. This indicator tracks user perceptions of the quality of HUD data systems on the dimensions of usefulness, ease of use, and reliability. HUD has completed critical work with respect to reliability by ensuring that all systems are free of the “Y2K” bug, which can cause failures when the year 2000 causes errors in date calculations.

Data source. Proposed survey of internal users of HUD data systems. The baseline will be established in FY 2000. New resources will be required for this indicator.

Limitations/advantages of the data. Survey respondents could confuse system deficiencies with inadequate user training.

Validation/verification of measure. User perceptions will be considered in terms of skill levels to identify training problems.

Programmatic Output Indicator 5.1.l: Office of Housing field staff review a statistically valid sample of transactions in each of seven categories for compliance with data quality standards:

- Previous-year single-family existing property endorsements.
- Single-family appraisals.
- Single-family servicing transactions.
- Single-family data verification entries.
- Multifamily development originations.
- Multifamily servicing transactions.

- Multifamily data verification entries.

Indicator background and context. These outputs contribute to data quality under the FSI project. For appraisals, the Office of Housing is shifting from field staff review to automated systems. In addition to assessing data quality, these indicators track the ability of field staff to keep up with production needs so that fraud does not occur and losses to the FHA mortgage insurance funds are minimal.

Data source. Office of Housing administrative data systems.

Limitations/advantages of the data. Self-reported data are subject to distortion by field staff. Administrative data systems do not support evaluation of the quality of staff reviews.

Validation/verification of measure. Senior housing staff will review a random sample of reviews to assure quality.

Programmatic Output Indicator 5.1.m: The share of HOME-assisted rental units for which occupancy information is reported increases by 5 percentage points to 75 percent.

Indicator background and context. This indicator tracks the level of reporting of HOME rental household data by Participating Jurisdictions (PJs). The universe for this indicator is all HOME-assisted rental units that have been completed. The historical average reporting rate for these households is 70 percent. HUD intends to achieve full reporting over time, allowing for normal vacancies and initial rent-up.

Data source. Integrated Disbursement Information System.

Limitations/advantages of the data. HUD relies on PJs to input data into DGMS/IDIS.

Validation/verification of measure. CPD field staff will monitor PJs on a random-sample basis.

Programmatic Output Indicator 5.1.n: Action plans are required or sanctions are taken on every PHA that reports less than 85 percent of its program recipients into the MTCS according to MTCS standards.

Indicator background and context. MTCS data about the renters assisted with public housing or tenant-based Section 8 are necessary for several outcome indicators in this APP. Field staff use MTCS data to monitor housing authorities. The level of MTCS reporting is a criterion in both the PHAS and the SEMAP assessment systems for housing authorities. Housing authorities that reach the 85 percent threshold have few barriers to full reporting. This indicator tracks HUD's internal progress in improving the quality of this important data system.

Data source. MTCS. The system generates automated reports for each housing authority.

Limitations/advantages of the data. MTCS data suffer some poor reporting by some housing authorities.

Validation/verification of measure. MTCS automatically verifies the quality of tenant data submitted electronically by housing authorities.

Outcome Indicator 5.1.10:

HUD contractors are being held increasingly accountable through the use of performance-based contracting methods, as shown by a 25 percent increase in annual obligations of active performance-based contracts.

Indicator background and context. The Department's ability to contract for services that are timely, cost-effective and of requisite quality has been questioned in audits conducted by the Inspector General and the General Accounting Office. One means of attacking this problem is to follow contracting methods that focus on results rather than process and that place a financial incentive on the achievement of desired outcomes. These objectives are at the heart of performance-based contracting (PBC), an initiative sponsored by OMB's Office of Federal Procurement Policy for application throughout the Executive branch. PBC is designed to ensure that contractors are given the freedom to determine how to meet the Government's performance objectives, that appropriate levels of quality are achieved, and that payment is made only for services that meet these levels. This measure will track the annual obligations of active HUD contracts with performance-based features.

Data source. The HUD Procurement System (HPS, an automated database that contains information about all procurement contracts awarded by the Department, in Headquarters and the Field). The FY 1999 baseline will be determined in FY 1999.

Limitations/advantages of the data. Contracting staff enter data into HPS as they complete each contract action. The system has a data field to identify that a contract has performance-based features.

Validation/verification of measure. CPO staff analysts will verify that contracts identified in HPS as performance-based contain required features and are accurately recorded in HPS. The performance goal may be recalibrated following further analysis.

Objective 5.2: HUD leads housing and urban research and policy development nationwide.

Overview

The Housing and Urban Development Act of 1989 gave HUD a clear legislative mandate to “provide for full and appropriate consideration, at the national level, of the needs and interests of the Nation’s communities and of the people who live and work in them.” Fulfilling this mandate requires relevant, thorough research on local conditions and national trends and on the strengths and weaknesses of HUD’s current programs. It also requires timely, objective recommendations on policy and program improvements. Research will improve HUD’s abilities to monitor and evaluate its programs and help program managers make better decisions to overcome problems and seize opportunities as American communities grow and change.

Means and strategies

Supporting the Secretary as well as decisionmakers in HUD’s program offices, HUD’s Office of Policy Development and Research (PD&R) takes the lead in designing and overseeing research, monitoring and evaluating current programs, and recommending program reforms and developing new policy and program proposals. HUD will act to:

- Monitor national and local economic, housing, and demographic trends affecting housing and urban policies and programs.
- Ensure availability and accuracy of essential data on housing and demographic trends, and help disseminate this information to the public.
- Provide annual estimates of critical program parameters such as fair market rents and median family incomes for all local areas in the U.S.
- Monitor and improve program databases.
- Evaluate existing programs through both quick-turnaround studies and long-term systematic research to determine what works and what fails to work.
- Establish targeting criteria for households and geographic areas to direct program resources to best meet needs and reduce housing and community problems.
- Work with outside experts and HUD’s partners to identify priorities for the research agenda.
- Design, conduct, or oversee path-breaking research to expand the knowledge base needed for improved policy and practice nationwide.
- Improve dissemination of relevant research to all interested audiences.

- Work through interagency groups to achieve consensus on housing and urban issues.
- Request a 0.5-percent setaside from HUD appropriations to develop performance measurement data systems.

Programs supporting Objective 5.2: HUD leads housing and urban research and policy development nationwide

(Dollars in Millions)

Program	FY 1998	FY 1999	FY 2000
Salaries and Expenses			
Departmental S&E*	1,005	998	1,031
Policy Development and Research			
PATH	NA	10	10
Research and Technology	37	38	40

* Includes legislative, market analysis, and research and development S&E. Includes all program area S&E, including appropriations and reimbursements.

Linkage to HUD 2020: Management Reform Plan

HUD’s 2020 reform will help poor and disadvantaged families and individuals become self-sufficient by emphasizing the empowerment of people and communities through partnership with local organizations and local governments reflecting local priorities. HUD 2020 will expand opportunities for families and individuals of very low, low, and moderate incomes through more effective performance-oriented programs and through the consolidation and integration of the Department’s economic development and empowerment programs. Efforts will be strengthened through the establishment of HUD storefronts and kiosks, through the efforts of the corps of Community Builders, and through an overarching effort to provide effective, customer-friendly, results-oriented services.

HUD has tied management reforms directly to critical policy goals and objectives. Similarly, the ongoing development of policies to meet changing community needs will be linked to the refinement of HUD’s management as a public institution.

Coordination with other Federal entities

- White House National Economic Council/Domestic Policy Council.
- Office of Management and Budget.
- Congressional Budget Office and GAO.
- HHS.
- VA.

- Department of Labor.
- Department of Transportation.
- Department of Agriculture.
- Department of Commerce.
- Small Business Administration.

Crosswalk for Strategic Objective 5.2: HUD leads housing and urban research and policy development nationwide		
Outcome Indicators	Programmatic Output Indicators	External Factors
5.2.1: PD&R work products are rated more highly for usefulness, ease of use, reliability, objectivity, and influence.	5.2.a: HUD research products are used more widely, as measured by the number of citations in the policy literature. 5.2.b: Through interagency discussions, HUD establishes a justifiable policy framework and develops unified targeting criteria for Federal place-based programs serving distressed neighborhoods.	Federal programs use a variety of definitions to determine whether areas are distressed, underserved, blighted, etc. HUD is the agency with the clearest role regarding the importance of "place," so HUD convenes discussions and undertakes research to unify these diverse criteria.

Performance goals are for FY 2000 unless otherwise noted.

**Outcome Indicator 5.2.1:
PD&R work products are rated more highly for usefulness, ease of use, reliability, objectivity, and influence.**

Indicator background and context. HUD partners include housing authorities, nonprofit organizations, multifamily development managers, city executives, and community development directors, as well as Congressional partners (staff of HUD's appropriations and authorization committees). This indicator tracks the opinions of stakeholders and persons who request PD&R products regarding whether PD&R research makes a difference in policy discussions. Products are defined as research publications, data files, and internal work products in support of program disciplines.

Data source. Surveys of HUD stakeholders, HUD internal customers, and persons requesting data from PD&R's HUD User Web site. The survey will be developed in FY 1999. New resources will be required for this indicator.

Limitations/advantages of the data. Respondent opinions about the influence of PD&R products will be highly subjective. Low participation rates potentially could limit the statistical validity of the survey.

Validation/verification of measure. The performance goal will be established when baseline data become available.

Programmatic Output Indicator 5.2.a: HUD research products are used more widely, as measured by the number of citations in the policy literature.

Indicator background and context. The academic community frequently uses the number of citations of a paper to indicate its policy relevance and usefulness. This indicator tracks the citations of published HUD reports in the policy literature.

Data source. Social Science Citation Index. The baseline will be determined in FY 1999. New resources will be required for this indicator.

Limitations/advantages of the data. The index is widely recognized and trusted by researchers.

Validation/verification of measure. HUD will not verify the data further.

Programmatic Output Indicator 5.2.b: Through interagency discussions, HUD establishes a justifiable policy framework and develops unified targeting criteria for Federal place-based programs serving distressed neighborhoods.

Indicator background and context. HUD and other Federal agencies administer many programs that target resources to areas based on criteria of poverty, minority population, unemployment, and other factors. HUD leadership is apparent in the current use of HUD-established income definitions by USDA's Rural Housing Service and the Department of Treasury's LIHTC program. However, disparate targeting criteria limit the ability of Federal programs to work together effectively. This indicator defines a threshold goal of assembling a governmentwide task force to identify reasonable policy objectives and to define need criteria that direct coordinated national resources to geographic areas with the greatest needs.

For unified criteria to be implemented, changes to national law would be needed for some programs.

Data source. Not applicable.

Limitations/advantages of the data. Not applicable.

Validation/verification of measure. Not applicable.

SECTION 6: MANAGEMENT, FINANCIAL, AND QUALITY ASSURANCE IMPROVEMENTS

In addition to the specific program-related data quality issues discussed throughout this report, HUD is engaged in several crosscutting financial, management, and reporting reform strategies. These broad-based improvements promise to make HUD's planning, financial controls, and program tracking more consistent, efficient and reliable. Efforts such as these lay a firm foundation for increased housing opportunity and stronger American communities into the next century.

Resource allocation

The issue of resource allocation includes identification, justification, and matching of resource requirements for effective and efficient program administration and management.

To better link management of its programs to the planning process, HUD has established an internal Business and Operating Plan (BOP) process. The Department, through consultation with the National Academy of Public Administration (NAPA), is developing a model for linking resource allocation to strategic goals and objectives.

The Strategic Plan and this APP provide an overview of how HUD is delivering its programs and accounting for the tax dollars that support its efforts. The format of the APP was designed to supply sufficient detail to accurately track progress within the Department's areas of responsibility.

Improving financial management is a key element of HUD's overall management reforms. Four key strategies have been identified:

- Better coordination of the budget process.
- Less duplication and more efficiency in accounting operations.
- Stronger internal management controls.
- Better systems integrity.

The Budget Office is now integrated into the Office of the Chief Financial Officer. HUD's FY 2000 budget and budget justification were submitted on time. Accounting operations have been consolidated from 10 field operations to one location: Fort Worth. By the middle of FY 1999, HUD will consolidate all field financial operations in this one location.

HUD has taken two important steps to enhance internal controls and monitoring. First, the Department cataloged all material weaknesses and other management deficiencies and began a series of bimonthly meetings to resolve problems. Second, HUD established a new Risk

Management Unit, which is working with the managers of the newly created Centers to help assess risks so that future problems can be avoided.

HUD is working to achieve better systems integration. There has been a multiplicity of fragmented systems and, more important, some systems do not meet proper financial management standards. To address this problem, the Department has created a Financial Systems Integration Project. The project has the following objectives:

- **Reduce the number of systems.** Efforts began with the Federal Housing Administration because it offers the greatest opportunity to consolidate systems. Although it is not possible to have one system do all of HUD's tasks, it is possible to have one integrated data system, where all data are clean, all accounting data are fed into one standard general ledger, all systems meet standards, and management information is available to all managers.

HUD has made tremendous progress in achieving system compliance with proper management standards. Phase I of the integration of the Federal Financial Systems software is complete. This gives HUD a new standard general ledger with the ability to record summary-level entries. For FY 1999, the entire Department will be reporting on one general ledger.

During the FY 1999 through FY 2000 timeframe HUD will eliminate problems in at least five non-conforming systems by improving, replacing or eliminating them.

- **Manage data quality.** A formal data quality function was established under the Chief Financial Officer's (CFO's) FSI Project to develop the data standardization and data cleanup disciplines necessary to manage data quality at HUD. A formal data cleanup effort began with the development of HUD's Common Data Cleanup Method. A formal data standardization effort began with the development of standard data elements supporting HUDCAPS implementation and of HUD's glossary of terms to assist with consistent definitions for each unique term or data element. HUD's formal data quality program is now moving forward to institutionalize data quality throughout HUD with the development of the Data Quality Policy, Data Quality Procedures, Standard Data Element Naming Guidelines, and the HUD Information Data Dictionary System.
- **Evaluate independent contractor validation.** The Department has also used validation by independent contractors to review the effectiveness of program office certification of their financial systems as compliant with OMB Circular A-127. HUD will review the results of this ongoing effort and continue independent validation if results are sufficiently positive.
- **Refine empowerment information systems.** The development of the HUD 2020 Mapping Software has achieved significant results. Our goal is to refine this process and then expand its use. For further information on the HUD 2020 Mapping Software, please see the Management Reform Plan.

Issues and problems

Currently, the Department has insufficient mechanisms for tracking resources as they are applied to performance measures. To address these related deficiencies, the Department is currently working with NAPA to:

- Develop criteria that incorporate the essential elements of a resource management system.
- Examine resource allocation systems in other organizations that can serve as best practices models for HUD.
- Choose the optimum methodology or approach for resource management throughout the Department under the HUD 2020 Management Reform Plan.
- Demonstrate the methodology at HUD through a pilot in headquarters and the field.

The approach chosen will allow the Department to estimate, allocate and validate resource requirements for effective and efficient program administration and management. This will enable the Department to:

- Estimate resources for budget formulation, execution and analysis.
- Link resources to performance measures specified in the means and strategies section of the APP under the Government Performance and Results Act.
- Validate and monitor actual resource utilization.

The methodology should become the backbone for implementing the Department's Resource Estimation and Allocation Process as required under the HUD 2020 Management Reform Plan. An automated information system will be developed to support the departmentwide implementation of the methodology.

Business and Operating Plans

As a result of strategic planning and management reform efforts, a new system has been developed for performance planning department-wide. The development of BOP used the FY 1999 APP as the lead document for performance expectations communicated from Headquarters to the field. Field Offices will respond with their BOPs for the coming year, specifying their planned contributions to the established national goals.

This planning process is currently ongoing and, as a result of consultations between Field Offices and Headquarters, some numbers may change. This cyclical process of communication, once set into motion, should result in a level of accountability and consistency in planning that will markedly improve the Department's planning process.

In addition, the BOP process includes projection of administrative costs necessary to achieve these indicators, resulting in more accurate allocation of resources and linkages to performance.

Validation and verification

In previous years, HUD relied primarily on certification from responsible staff to assure quality of performance measurement data. Today, HUD requires that program offices develop comprehensive quality assurance plans. These plans must be reviewed and approved by the CFO.

Quality assurance and data integrity are part of the development and verification of performance measurement data. Throughout this Plan, validation and verification efforts have been described in the context of performance indicators. To summarize the data quality controls for HUD's major systems:

- MTCS is HUD's major system for public housing and Section 8 household data submitted by housing authorities. HUD tests the electronically-submitted data with automatic edits for out-of-range and internally inconsistent entries. Housing authorities that fail to report at acceptable levels are subjected to sanctions. HUD also verifies tenant incomes and rent calculations with periodic quality control samples. The MTCS system makes automated housing authority-level reports available for field staff to use in monitoring activities.
- TRACS contains household data for assisted multifamily developments. TRACS submissions likewise undergo front-end edits to exclude out-of-range and internally inconsistent data. Tenant income and rent calculations are periodically verified with quality control samples.
- FHA data are entered by loan servicers with monitoring by FHA. FHA data as well as Ginnie Mae data are subject to annual independent audits and actuarial review to ensure integrity.
- CDBG and HOME grantees enter data into IDIS. HUD is stabilizing the system by setting a standard of full reporting and by increasing the efficiency of field monitoring of grantees with risk-based and random-sampling techniques. IDIS is being phased out as the more comprehensive DGMS system is developed.
- PHAS is based on independent physical inspections of a representative sample of public housing units using a standardized inspection protocol and reinspections for quality assurance. Financial data in the PHAS system are reviewed by independent auditors using generally accepted accounting principles. The physical inspections and audited financial data make PHAS a significant advance over the former PHMAP system, which relied upon self-reported data.
- SEMAP is based on MTCS data and on findings of independent audits of housing authority records using generally accepted accounting principles. SEMAP is a new system that provides a great deal of new information to improve the management of HUD's assisted housing program and resources.

- The housing GSEs, Fannie Mae and Freddie Mac, submit data that HUD verifies by comparison with independent data sources. HUD periodically reviews data compilation procedures to ensure data integrity.

These data quality efforts establish a sound foundation for continuing improvement in HUD operations and accelerating progress toward HUD's strategic goals.

APPENDIX I: SUMMARY OF ACRONYMS

Acronym	Definition
ABPS	Annual Builder Practices Survey
ACA	Annual Community Assessment
ACS	American Community Survey
AHS	American Housing Survey
AI	Analysis of Impediments (to fair housing)
APP	Annual Performance Plan
APIC	America's Private Investment Companies
APR	Annual Performance Report (Annual Progress Report for homeless programs)
BLS	Bureau of Labor Statistics, U.S. Department of Labor
BOP	Business and Operating Plan
BOSS	Budget Outlay Support System
CDBG	Community Development Block Grant (program)
CDD	cooling degree days
CFO	Chief Financial Officer
CHAS	Comprehensive Housing Affordability Strategy
CMHI	Cooperative Management Housing Insurance Fund
CPD	Community Planning and Development (HUD Office of)
DAP	Development Application Processing
DGMS	Department Grants Management System
EBL	Elevated Blood Lead (levels)
EC	Enforcement Center
EC	Enterprise Communities
EDI	Economic Development Initiative
EDSS	Economic Development and Supportive Services
EIS	Executive Information System
EPA	U.S. Environmental Protection Agency
ESG	Emergency Shelter Grants
EZ	Empowerment Zones
FEMA	Federal Emergency Management Administration

Acronym	Definition
FFS	Federal Financial System
FHA	Federal Housing Administration
FHAP	Fair Housing Assistance Program (FHEO program)
FHEO	Fair Housing and Equal Opportunity (HUD Office of)
FHIP	Fair Housing Initiatives Program (FHEO program)
FMR	fair market rent (maximum rent for Section 8 rental assistance)
FSI	Financial Systems Integration
FSS	Family Self Sufficiency program
FTE	full-time equivalent (employee)
FY	fiscal year
GI	General Insurance Fund (of FHA)
Ginnie Mae	Government National Mortgage Association
GIS	geographic information system
GMP	Grants Management Program
GMS	Grants Management System
GSE	Government-sponsored enterprises (Fannie Mae and Freddie Mac)
HAP	Housing Assistance Payments
HDD	heating degree days
HHS	Health and Human Services (U.S. Department of)
HMDA	Home Mortgage Disclosure Act
HOC	Homeownership Center
HOME	Home Investment Partnerships
HOPE VI	Revitalization of Severely Distressed Public Housing Program
HOPWA	Housing Opportunities for Persons with AIDS
HUD	U.S. Department of Housing and Urban Development
HUDCAPS	HUD Central Accounting Processing System
IBS	Integrated Business System
IDAs	Individual Development Accounts
IDIS	Integrated Disbursement and Information System
IHAs	Indian Housing Authorities
LIHTC	Low Income Housing Tax Credit
MBE	minority business enterprise

Acronym	Definition
MIS	Management Information System
MLIS	Mortgage Lending Information System
MMIF	Mutual Mortgage Insurance Fund
MTCS	Multifamily Tenant Characteristics System
NAHASDA	Native American Housing Assistance Self-Determination Act
NAHBG	Native American Housing Block Grants
NAPA	National Academy of Public Administration
NCHS	National Center for Health Statistics
NCSBCS	National Conference of States on Building Codes and Standards
NIBS	National Institute of Building Sciences
NSF	National Science Foundation
OGC	(HUD) Office of General Counsel
OLHC	(HUD) Office of Lead Hazard Control
OMB	U.S. Office of Management and Budget
OMHAR	Office of Multifamily Housing Assistance Restructuring
PAE	participating administrative entity
P&F	program and funding (budget table)
PATH	Partnership for Advancing Technology in Housing
PD&R	Policy Development and Research (HUD Office of)
PHA	public housing authority
PHAS	Public Housing Assessment System
PHDEP	Public Housing Drug Enforcement Program
PHMAP	Public Housing Management Assessment Program
PIH	Public and Indian Housing (HUD Office of)
PJs	Participating Jurisdictions (in HOME program)
PTR	Post Technical Reviews
REAC	Real Estate Assessment Center
REAP	Resource Estimation and Allocation Process
RECS	Residential Energy Consumption Survey
REMIC	Real Estate Mortgage Investment Conduit
REMS	Real Estate Management System
REO	real estate owned

Acronym	Definition
ROSS	Resident Opportunity and Self-Sufficiency
S&E	salaries and expenses
SEMAP	Section 8 Management Assessment Program
SRI	Special Risk Insurance Fund (of FHA)
TANF	Temporary Assistance to Needy Families
TARC	Troubled Agency Recovery Center
TDHEs	tribally designated housing entities
TEAPOTS	Title VIII Paperless Office and Tracking System
TLI	Targeted Lending Initiative (of Ginnie Mae)
USDA	U.S. Department of Agriculture
VA	Veterans Affairs (U.S. Department of)

APPENDIX II: BRIEF DESCRIPTION OF HUD PROGRAMS

Community Planning and Development

Community Development Block Grant Program

CDBG is a formula program that allocates 70 percent of grants to units of general local government and 30 percent to States for the funding of local community development programs.

The primary objective of the program is to develop viable urban communities by providing decent housing and a suitable living environment and by expanding economic opportunities. Activities undertaken with the grants must meet one of the three broad national objectives: 1) benefit low- and moderate-income persons; 2) aid in the prevention or elimination of slums and blight; or 3) meet other particularly urgent community development needs. In addition, at least 70 percent of all CDBG funds received by a grantee must be used for activities that benefit persons of low and moderate income (those with incomes below 80 percent of area median family income). Through the Consolidated Plan process, recipients select eligible activities that are appropriate to their needs and that reflect local priorities, and they determine how their performance will be measured.

Community Empowerment Fund

CEF will support critical economic development in distressed communities in tandem with the Section 108 Loan Program to bring economic opportunity to their residents. The FY 2000 CEF proposal targets welfare-to-work and city-suburb business connections as the two particular areas that require interventions, but will be able to support a variety of additional economic development projects as well. In addition, many projects will be eligible to participate in the CEF Trust, being piloted this spring, which will enable the pooling of loans and the creation of a private-sector secondary market for economic development loans. The CEF Trust provides a vehicle for establishing and implementing standard underwriting; documentation and servicing guidelines; and seasoning loans, monitoring their performance, and perhaps eventually selling them off to private-sector investors.

Section 108 Loan Guarantees

The Section 108 loan guarantee program, an effective tool for community revitalization, provides communities with a means of leveraging their CDBG grants to obtain financing for large community revitalization projects. The commitment level requested for FY 2000 will include Section 108 loan guarantees made in conjunction with the Community Empowerment Fund (CEF) initiative, which will target welfare-to-work and city-suburb business connections in FY

2000, the accelerated Brownfields Redevelopment Program, as well as all other loan guarantee applications received in connection with the regular CDBG program.

Section 108 of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to issue Federal loan guarantees of private-market loans used by entitlement and nonentitlement communities (the latter first in 1991 pursuant to the Cranston-Gonzalez National Affordable Housing Act) to cover the costs of acquiring real property, rehabilitating publicly owned real property, housing rehabilitation, and certain economic development activities. In addition, guaranteed loan funds have been used to finance construction of housing by nonprofit organizations when undertaken as part of a project that is also financed under the Rental Housing Development Grants or Nehemiah Housing Opportunity Grants programs.

Youthbuild

The Youthbuild program encourages at-risk youth to engage in remedial education, including leadership and skills training. Youthbuild serves 16- to 24-year-old high school dropouts. The program provides disadvantaged young adults with education and employment skills through rehabilitating and building housing for low-income and homeless people. This will help to expand the Nation's supply of affordable housing. The program includes both onsite construction work and offsite academic and job skills training. Each site serves an average of 35 trainees. Youthbuild activities are also eligible activities under CDBG.

Funds are awarded on a competitive basis using the selection criteria in the statute along with other factors published by HUD in the regulations and the Notice of Funding Availability.

Homeownership Zones

The Homeownership Zone program enables cities to undertake large-scale, single-family developments in inner-city neighborhoods. Under this program, the majority of new units are reserved for low- and moderate-income families; however, the development also attract middle-income families to inner cities to help form more diverse, stable communities. Homeownership Zone program applicants must present a comprehensive approach toward neighborhood revitalization that will include commercial and economic development activities such as the construction or rehabilitation of business and retail centers (e.g., groceries, drug stores, dry cleaners, restaurants, etc.).

Empowerment Zone Round II Planning/Implementation Grants

The budget proposes to set aside \$10 million for meritorious communities that applied for Round II Empowerment Zone (EZ) designation but were not chosen. These grants will provide needed funding to the nondesignated communities to enable them to maintain momentum and remain engaged while providing resources to assist them in planning and implementing portions of their Strategic Plans.

EZ/EC Targeted Technical Assistance

Partnerships between EZ/EC communities and the Federal Government are enhanced through the provision of technical assistance and sharing of information through best practices exchanges, informational publications, satellite broadcasts, conferences and workshops, and other technical assistance. Therefore, the 2000 budget requests funding for technical assistance and other support to assist communities in implementing their Strategic Plans.

Citizens Volunteer Housing Corps

This initiative will mobilize a corps of citizens to help reclaim and rebuild abandoned and dilapidated housing in 80 cities across the country. The Citizens Volunteer Housing Corps will help expand the supply of affordable housing while tapping into the spirit of civic renewal and volunteerism. HUD will work through the Nation's mayors and community groups, especially faith-based organizations, to bring together housing rehabilitation experts drawn from the private and nonprofit sectors to train local citizen teams to do housing reconstruction. Building materials and expertise will be provided in large part by the leading organizations in the President's homeownership coalition—the National Partners in Homeownership. This program will be complementary to and coordinated with the ongoing AmeriCorps program and other volunteer initiatives.

Regional Connections

Regional Connections will provide competitive funding to States and partnerships of local governments (where at least one member is a CDBG entitlement community) to develop and implement new, locally driven “smarter growth” strategies that create more livable communities by addressing economic and community development needs across jurisdictions.

Regional Connections will complement existing Federal programs, including other HUD programs that promote local and regional partnership as well as those of the Department of Transportation, EPA, and others that influence growth and investment patterns. Regional Connections builds on HUD's Consolidated Planning requirements and SuperNOFA process, both of which encourage more coordinated application of HUD programs within a single jurisdiction. It offers new resources as financial incentives to overcome the inherent motivations against cooperation. It encourages funding of regional entities and analyses, which can support long-term cooperation. It enables those currently cooperating within their region to expand the scope of their cooperation, and encourages further cooperation by providing concrete success stories.

Brownfields

The Brownfields Redevelopment Program makes competitive economic development grants in conjunction with Section 108 loan guarantees for qualified projects. These grants are targeted to the 450,000 former vacant or underutilized industrial and commercial properties that may

contain low to moderate levels of contamination. The grants are used to redevelop brownfields after they have been cleaned up so that the areas can be returned to productive, job-creating uses and to address the economic development needs of communities in and around such sites. Economic development grants are used to enhance the security of Section 108 guarantees or to improve the feasibility of proposed projects, and to support business development activities. Section 108 loans enable communities to borrow funds from the primary market and repay loans over time.

Eligible brownfields activities are CDBG-eligible activities that support cleanup and economic redevelopment. These include: (1) assistance to private, for-profit entities for economic redevelopment projects; (2) acquisition of property; (3) clearance, demolition, removal, and rehabilitation of buildings and improvements; (4) rehabilitation of buildings or construction of real property improvements, including construction, reconstruction, or installation of public and other site improvements; and (6) the investigation and cleanup of environmental contamination in connection with any of these eligible activities.

HOME Investment Partnerships Program

The main purpose of the HOME program is to increase the supply and affordability of housing and to promote homeownership for low-income families.

States and localities have the flexibility to use HOME funds for a wide range of affordable housing activities for low- and very-low-income families. The jurisdictions outline how they will use the grants in their Consolidated Plan submissions. Eligible activities include rehabilitation, new construction, acquisition for homeownership and rental housing, and tenant-based rental assistance. The funds are allocated by formula:

60 percent to local governments and 40 percent to States.

Homeless Assistance Grants

The purpose of this program is to break the cycle of homelessness and to move homeless persons and families to permanent housing. This is done by providing rental assistance, emergency shelter, transitional and permanent housing, and supportive services to homeless persons and families.

Homeless assistance grants provide Federal support to one of the Nation's most vulnerable populations. These grants assist localities in establishing systems that can address the needs of different homeless populations while providing a coordinated Continuum of Care system that ensures the support necessary to help those who are homeless attain housing and move toward self-sufficiency.

Multiagency Support Services

The homeless multiagency support services demonstration will bring together the major agencies and departments that have programs that serve the homeless population and will seek to better

integrate these programs and the services provided to improve the efficiency of providing assistance to the homeless and expanding self-sufficiency results.

America's Private Investment Companies

The FY 2000 Budget proposes APIC to significantly expand private equity capital for the creation or relocation of large-scale businesses in distressed central cities and rural areas. For FY 2000, APIC will support the leveraging of an estimated \$1 billion in private capital. This will support the creation of thousands of jobs through direct job stimulus and spillovers. APIC will be jointly administered by HUD and the Small Business Administration, combining HUD's expertise in large-scale urban revitalization with SBA's expertise at raising private equity capital for business development.

APIC will be modeled after the SBA's Small Business Investment Company program, which has been effective in making equity available and can be targeted to distressed areas but is limited in the size of projects that it can serve. APIC would provide a financing mechanism for venture capital funds that could be invested in larger businesses that relocate or expand into distressed areas. An APIC venture fund would issue debentures and take equity positions in businesses needing equity capital of \$10 million or more.

Housing Opportunities for Persons with AIDS

HOPWA provides States and localities with resources and incentives to devise long-term, comprehensive strategies for meeting the housing needs of persons with HIV/AIDS and their families. Statutorily, 90 percent of appropriated funds are distributed by formula to qualifying States and metropolitan areas on the basis of the number and incidence of AIDS cases reported to the Centers for Disease Control and Prevention by March 31 of the year preceding the appropriation year. The remaining 10 percent of funds are distributed through a national competition.

Competitive grants (10 percent of the appropriation) are available to States and local governments and private, nonprofit entities for projects of national significance. They are also available to States and local governments for projects in areas that do not qualify for a formula allocation. Recipients of either formula or competitive grants must use HOPWA assistance consistent with a HUD-approved Consolidated Plan, except for activities undertaken on a nationwide basis. Eligible activities include: housing information and coordination services; short-term supported housing and services; rental assistance; single-room occupancy dwellings; community residences and services; program development; and administrative costs.

Rural Housing and Economic Development

This program will award competitive grants to assist rural communities, Native American communities, and colonias in capacity building for the development of rural housing and for conducting rural economic development activities.

HUD will work closely with the U.S. Department of Agriculture and other Federal agencies (Economic Development Administration, Appalachian Regional Commission and Department of the Interior) to structure a more effective response to the housing and economic development needs of the Nation's rural areas.

Regional Empowerment Zone Initiative

This program will award competitive grants to current and future Empowerment Zones and Enterprise Communities to allow them to link their economic development strategies to the broader metropolitan regional economies. EZ/ECs will be assisted and given incentives to finance regional strategies to expand their current revitalization efforts, with a particular focus on increasing the level of youth employment.

Redevelopment of Abandoned Buildings Initiative

This program will provide competitive grants to local governments to support demolition or deconstruction of blighted, abandoned buildings as part of a holistic plan to redevelop properties for commercial use or for single-family and multifamily housing. This program will provide an average of \$30,000 per building to pay for demolition, deconstruction, debris removal, environmental remediation of soils, and site preparation.

Urban Empowerment Zones

The EZ/EC initiative combines Federal tax incentives with direct funding for physical improvements and social services. Grants can be used for a broad range of activities that assist residents, businesses, and organizations. Eligible activities include workforce preparation and job creation efforts linked to welfare reform; neighborhood development; support for financing of capital projects; financing of projects in conjunction with the Section 108 loan guarantee program and other economic development projects; community policing; and health care.

Public and Indian Housing

Housing Certificate Fund:

Section 8 Contract Renewals/Amendments

Contract renewals provide funding to renew expiring Section 8 rental assistance contracts covering certificates, vouchers, moderate rehabilitation, loan management, new construction/substantial rehabilitation, property disposition, and preservation. Section 8 amendments funding is the result of insufficient funding being provided for long-term project-based contracts funded primarily in the 1970s and 1980s. This additional funding is required to maintain the current inventory of assisted project-based rental housing.

Incremental Vouchers

Vouchers and certificates provide rental assistance to both tenant-based and project-based programs to expand affordable housing opportunities for very low-, low-, and moderate-income target populations. The voucher program is based on the tenant paying a standard 30 percent of adjusted income for rental purposes and the voucher and certificate subsidizing the remaining adjusted costs. The voucher program includes vouchers targeted specifically to the homeless, welfare-to-work populations, and the elderly and fair share vouchers that are distributed to PHAs to meet locally defined requirements. Vouchers are also targeted to other specific activities including the Family Unification Program, litigation-related needs, and portability requirements.

Regional Opportunity Counseling

In order to increase housing opportunities available to low-income families, this program provides special counseling by PHAs in partnership with local nonprofit agencies to deconcentrate the number of families living in high poverty neighborhoods and develop additional opportunities in different geographical locations.

Public Housing Capital Fund

This program provides funds to PHAs for capital improvements (e.g., developing, rehabilitating, and demolishing units) and for management improvements (e.g., management and community services, supportive services, resident activities, and economic development) at public housing developments for low-income families.

The allocated funds may be used for redesign, reconstruction, rehabilitation, renovation, nonroutine maintenance, lead-based paint testing and abatement, accessibility improvements for the disabled, and alterations to increase marketability by adding amenities. Demolition or disposition are authorized for buildings or entire developments that are not viable. Funds may also be used for replacement housing.

Public Housing Operating Fund

This program provides operating subsidy payments to assist PHAs and Indian Housing Authorities (IHAs) in funding the operation and maintenance of their owned projects for low-income families.

The Performance Funding System formula determines the level of funding necessary to enable PHAs and IHAs to provide a reasonable level of services, including maintenance, utilities, and protective services, to residents of public housing.

Revitalization of Severely Distressed Public Housing (HOPE VI)

This program provides grants to public housing agencies, which will enable them to demolish obsolete public housing projects, revitalize where appropriate, project sites, and provide replacement housing for those families displaced by demolition so as to lessen the concentrations of very-low-income families. Section 8 vouchers and certificates are also used by public housing families to enable them to choose their housing circumstances.

Drug Elimination Grants for Low-Income Housing

This program provides grants to PHAs and IHAs for their anticrime, antidrug efforts to reduce/eliminate drug-related crime in and around public housing developments.

Youth Anti-Drug Diversion

This set-aside within the Drug Elimination Grant program will target a new emphasis in fighting drug-related activity by youths in public housing and expanding alternative positive activities for young residents of public housing.

Indian Housing Loan Guarantee Fund

This program provide loan guarantees for Native American families and tribally designated housing entities (TDHEs, formerly IHAs) to purchase, construct, and/or rehabilitate single-family homes on restricted land and in designated Indian areas.

Native American Housing Block Grants

This program provides grants to Indian tribes and TDHEs to provide and maintain housing for low-income Native Americans.

NAHBG provides housing services through six eligible activities and provides training and technical assistance: development (e.g., acquisition, new construction, reconstruction, and moderate or substantial rehabilitation of affordable housing); Indian Housing Assistance (e.g., modernization and operating assistance for housing previously developed or operated under a contract between HUD and a TDHE); Housing Services (e.g., housing counseling for rental or homeownership assistance, establishment and support of resident management organizations); Housing Management Services (e.g., management services that may include preparation of work specifications, loan processing, inspections, tenant selection); Crime Prevention and Safety Activities (e.g., safety, security, and law enforcement measures and activities); and Model Activities (e.g., approval of housing activities under model programs that are designed to develop and support affordable housing using a variety of creative approaches (e.g., leveraging public and private funds).

Housing

Housing Counseling Assistance

The Housing Counseling program provides a broad range of counseling services to tenants, prospective homeowners, and homeowners to improve housing opportunities with an emphasis on obtaining and maintaining homeownership.

The Department certifies and/or recertifies public and private nonprofit agencies that provide HUD approved counseling assistance. Counseling can cover property maintenance, financial management, and other matters to assist tenants and homeowners in improving their housing conditions and meeting their homeownership responsibilities.

Housing for Special Populations

(Housing for the Elderly or Disabled Program)

Sections 202 of the Housing Act of 1959 and 811 of the NAHA of 1990 authorized the use of capital grants and rental assistance to eligible private nonprofit organizations to construct, rehabilitate, or purchase housing for very-low-income elderly or disabled individuals. In addition, Section 8 tenant-based assistance is provided for supportive housing for disabled renters to allow them to search for and rent a standard unit in the private market.

Service Coordinators. Section 808 of NAHA authorized the use of service coordinators within existing projects for the elderly or frail elderly to enable residents who are elderly, especially those who are frail or handicapped, to live independently. Services provided include meal services, housekeeping and chore assistance, personal care, laundry assistance, transportation services, and health-related services.

Elderly/Disabled Capital Grants. The 1992 Appropriations Act authorized the conversion of pipeline Section 202 projects to the Supportive Housing program starting January 1, 1992. Most projects were converted in that year.

FHA/CAP Grant—Conversion to Assisted Living. These funds will be available as competitive grants to existing HUD elderly subsidized (Section 202) projects that convert some or all units to assisted living.

Manufactured Home Inspection and Monitoring Program

The program establishes standards and safety requirements for all manufactured homes that are produced. Under the Act, the Secretary establishes appropriate Federal manufactured home standards that meet the needs of the public, including quality, durability, and safety for the construction, design, and performance of manufactured homes.

Every company that builds manufactured homes must provide HUD with the plans for each model produced. The manufacturer must issue a certification that each section built meets

Federal standards. If the Department determines that any manufactured home does not comply with standards or contains a defect constituting a significant safety hazard, it may require the producer to notify the purchaser of the defect. In certain cases, HUD may require repair or replacement of the defective section(s), or a refund.

The Act also created a 24-member Advisory Council that consults with the Secretary on manufactured home construction and safety standards. Enforcement of the standards is accomplished mainly by third-party primary inspection agencies. These agencies can be private or State agencies and are approved and monitored by HUD.

Federal Housing Administration

FHA came into being with the passage of the National Housing Act of 1934. Since then, FHA has played an important role in the stabilization and structure of mortgage and housing markets. FHA set a standard for insured, long-term, self-amortizing, low-downpayment mortgages at a time when this type of mortgage was not widely available. During its formative years it helped to shape the products and services offered by private lenders and other participants in mortgage markets. By so doing it made homeownership more attainable and affordable for generations of Americans.

FHA insurance continues to influence modern mortgage markets. It has an especially important effect on the availability of mortgages for first-time homebuyers, including many minority borrowers, and for geographically underserved areas.

FHA's basic single-family insurance program, Section 203(b) of the National Housing Act, is under the Mutual Mortgage Insurance (MMI) Fund. Three other insurance funds have been established, the General Insurance (GI) Fund, the Special Risk Insurance (SRI) Fund, and the Cooperative Management Housing Insurance (CMHI) Fund. The Cooperative Management Housing Program in the CMHI Fund has been inactive in recent years.

Beginning with FY 1992, these four funds have been grouped into two sets of budget accounts, one set for MMI/CMHI and another for GI/SRI.

The GI/SRI accounts include specialized single-family mortgage insurance programs, including Section 234(c) condominiums, Section 203(k) rehabilitation loans, and Home Equity Conversion Mortgages. They also include a number of multifamily insurance programs, including the Section 221 programs for construction and substantial rehabilitation of multifamily projects, Section 223 programs for the refinancing of existing multifamily projects, the Section 232 program for the development and refinancing of nursing homes, and the Section 242 program to provide insurance for the financing of hospitals. Title I insurance for manufactured homes and lots and home improvement loans is also in the GI/SRI account.

The basic single-family insurance program in the MMI Fund composes the largest share of FHA business. In FY 1997, \$61 billion in mortgages were insured under the MMI Fund. In the same year \$12.7 billion was insured under the GI/SRI funds, of which

\$6.8 billion was single-family business, \$4.5 billion was multifamily business, and \$1.5 billion was Title I business.

Both the MMI and GI/SRI set of accounts are divided into a liquidating account, which contains obligations and collections in connection with insurance committed prior to FY 1992, and program, financing, and receipt accounts, which register activity for insurance committed since 1992. There is permanent indefinite authority in the liquidating account to meet obligations for insurance committed before 1992.

Starting in FY 1992 the long-run costs of new insurance have to be measured and, if needed, budget authority must be appropriated, before additional commitments may be made. If the present value of costs exceeds that of future income generated by new insurance commitments, budget authority for credit subsidy must be appropriated. If the present value of costs is less than that of income, then the new insurance is said to generate negative subsidy.

Since 1992 insurance under the MMI Fund has not required positive subsidy. When FHA-insured mortgages default, FHA pays an insurance claim to the private lender and takes the property or mortgage. FHA then makes collections on these assets to recover some of what it had to pay out in insurance claim costs. FHA collects periodic insurance premiums on mortgages that remain insured. The present value of estimated future income and recoveries in the MMI Fund has exceeded that of estimated future costs for insurance committed since 1992. As a result the MMI Fund has generated negative subsidy during this period.

Some of the programs in the GI/SRI accounts have required positive credit subsidy, which has been appropriated each year since FY 1992. Almost all of the current subsidy appropriation is used for certain multifamily programs.

The MMI and GI/SRI program accounts receive annual appropriations for administrative expenses and for credit subsidy, if needed. The amounts appropriated each year for administrative expenses are transferred to the HUD Salaries and Expenses and Office of Inspector General accounts.

The GI/SRI financing account receives the credit subsidy outlayed from the program account for new business. The credit subsidy is combined with insurance premiums and other income generated by new business and held in the financing account until needed to pay future insurance claims and expenses.

The financing account cash transactions are not part of the budget totals, since the annual net cash transactions in the financing account are reflected on a present value basis in the outlays of subsidy from the on-budget program account or of negative subsidy to the on-budget receipt account.

The financing account disburses the amount by which the present value of future income from new business is expected to exceed its future costs to the receipt account as negative subsidy. GI/SRI negative subsidy receipts offset discretionary budget authority and outlays. Part of MMI negative subsidy receipts offsets the appropriation for MMI administrative expenses; the remainder offsets mandatory outlays.

In addition to new insurance, FHA's major activities include the management of portfolios of HUD-held mortgages and HUD-acquired properties and the enforcement of compliance by project owners with standards for quality of the housing insured by FHA.

Government National Mortgage Association

Mortgage-Backed Securities Program

Ginnie Mae was created in 1968 through amendment of Title III of the National Housing Act. Ginnie Mae, a wholly-owned government corporation within HUD, was established to support Federal housing initiatives by providing liquidity to the secondary mortgage market and to attract capital from the Nation's capital markets into the residential mortgage markets.

Through its Mortgage-Backed Securities Program (MBS), Ginnie Mae guarantees the timely payment of principal and interest on securities issued by private institutions and backed by pools of federally insured or guaranteed mortgage loans. Ginnie Mae's guaranty is backed by the full faith and credit of the United States. The securitization of Federal Housing Administration (FHA), Rural Housing Service, and Veterans Affairs (VA) mortgages increases the liquidity of funds available to lenders making these loans and thereby decreases the costs associated with making and servicing loans. This decrease in costs helps lower mortgage interest rates for homebuyers using Federal Government housing credit.

Ginnie Mae's multiclass securities program guarantees Real Estate Mortgage Investment Conduits (REMICs) and Platinum securities. REMICs are multiple-class securities with different maturities, typically between 2 and 20 years, or with payments based on fractions of the MBS income stream. The Platinum security consolidates Ginnie Mae MBS pools with the same interest rate into larger pools, which are then sold to investors.

Each year Ginnie Mae is appropriated monies to cover administrative expenses necessary to carry out the guaranteed mortgage-backed securities program to be derived from the Ginnie Mae-guarantees of mortgage-backed securities guaranteed loan receipt account. Beginning in FY 1998, Ginnie Mae's financing account (off-budget) outlaid funds from its net receipts to a receipt account (on-budget). For FY 1999, Ginnie Mae received an appropriation of \$9.383 million for administrative expenses.

Each year new commitment for the MBS program is enacted. For FY 1999 commitment limitation to carry out the purposes of Section 306 of the National Housing Act as amended (12 U.S.C. 1721(g)) is \$150 billion.

Policy Development and Research

Research and Technology (R&T)

PD&R funds are used for research, policy analysis, and work supporting the Department's transformation plan. The Department is engaged in a major reinvention that includes dramatic changes in program structure, operations, and, in several instances, missions and goals.

There are seven categories of activities undertaken with R&T funds. The largest is housing market surveys, with \$26 million in obligations projected in FY 1998. Housing and financial market data are essential for the formulation of HUD's housing and community development policies.

The next largest category is program evaluation and monitoring, with \$5 million in obligations in 1998. These activities help old and new programs operate more effectively using the findings of studies on HUD programs.

Partnership for Advancing Technology in Housing (PATH)

PATH is a \$10-million multiyear program that supports both a public-private partnership and an integration of multidepartmental/agency efforts to reduce the time to market of new housing technologies, cutting the energy use and environmental impact of new homes, increasing housing durability, reducing natural hazard risk, and reducing the monthly cost of housing and the cost of new housing.

Fair Housing and Equal Opportunity

Fair Housing Assistance Program (FHAP)

The FHAP provides assistance to State and local agencies that administer fair housing laws certified by the Department as substantially equivalent to Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988. The assistance includes support for enforcement activities including complaint processing, training, technical assistance, data and information systems, and joint activities to increase fair housing enforcement. The program is designed to build coordinated intergovernmental enforcement of fair housing laws and provide incentives for States and localities to assume greater responsibility for administering fair housing laws.

In FY 1999 funding will be used to support the President's One America initiative by providing funding to substantially equivalent State and local fair housing agencies to help the Department in its efforts to double its fair housing enforcement actions. This funding will also be used to help State and local fair housing organizations to address housing discrimination in underserved populations; support joint investigations and enforcement activities; reimburse fair housing

agencies for case processing; provide capacity-building funds and training; fund special enforcement actions such as having hearings and pursuing cases through the courts; and provide funds to litigate meritorious housing cases.

Fair Housing Initiatives Program (FHIP)

The FHIP was established by the Housing and Community Development Act of 1987 for the purpose of eliminating and preventing housing discrimination. This program provides a coordinated approach to: (1) further the purposes of the Fair Housing Act; (2) guarantee the rights of all people to seek housing in an open market free of discrimination; and (3) inform the public and the housing industry of its rights and obligations under the Fair Housing Act. FHIP provides funding to help private, nonprofit fair housing organizations and public entities that are formulating or carrying out programs to prevent or eliminate discriminatory housing practices. In FY 1999, the Department will provide funding under three distinct categories of FHIP: the Private Enforcement Initiative, the Education and Outreach Initiative, and the Fair Housing Organizations Initiative.

Office of Lead Hazard Control

Lead-Based Paint Hazard Reduction Program

In FY 1996 and prior years, the Lead-Based Paint Hazard Reduction Program was included in the Annual Contributions for Assisted Housing account. In FY 1997 and FY 1998, it was included within the CDBG Program. In FY 1999 a separate Lead Hazard Control account was requested and appropriated. The amounts of budget authority are \$65 million in 1996; \$60 million in 1997 and 1998; and \$80 million in 1999.

The budget authority is divided among three activities. In 1996-98, there was \$10 million for technical studies, and the remainder (\$55 million in 1996 and \$50 million in both 1997 and 1998) was for grants for lead hazard reduction activities in private, low-income dwellings. In 1999 there is \$67.5 million for lead hazard reduction activities; \$10 million for the new healthy homes initiative; and \$2.5 million as a set-aside for ClearCorps to continue its childhood lead poisoning-reduction efforts in urban and rural areas across the country.

The Office of Lead Hazard Control (formerly the Office of Lead-Based Paint Abatement and Poisoning Prevention) was established in FY 1992 with funding provided in the 1992 VA-HUD Appropriation Act. The office is now in the process of developing activities for the new healthy homes initiative; preparing the NOFA for its seventh round of the Lead Hazard Control Grant program; and continuing its technical assistance activities.

The Lead Hazard Control Grants are made competitively to States and local governments with an approved Consolidated Plan and to Native American Tribes to empower them to perform lead-hazard reduction activities in private low-income dwellings. These grants stimulate the development of a national abatement/hazard control infrastructure by promoting State legislative

action to establish LBP contractor certification programs, stimulating State and local efforts at hazard reduction, and creating demand for such credentials by private contractors.

The technical studies component of the program contains five types of activities:

(1) technical assistance for State and local agencies, private property owners, HUD programs and Field Offices, and professional organizations; (2) quality control to ensure that the evaluation and control of lead-based paint hazards are done properly in HUD-associated housing; (3) the development of standards, technical guidance materials, and regulations to provide for sensible, cost-effective hazard evaluation and control procedures, and technical information that encourages fair and professional competition for such work; (4) technical studies and evaluation to develop streamlined methods of testing, hazard control, cleanup, clearance, and public education; and (5) support for right-to-know activities.

Healthy Homes Initiative

Under the healthy homes initiative, HUD will develop and implement a multifaceted program to provide grants to organizations to demonstrate and pilot test affordable new maintenance, renovation, and construction methods; implement a new public education campaign to prevent both emerging and well-recognized housing-related childhood diseases and injuries; conduct research; and assemble an interagency task force. In implementing the initiative, HUD will work closely with its Federal partners, as well as with State and local governments and private-sector organizations.

**APPENDIX III:
SUMMARY OF HUD’S COORDINATION WITH OTHER
FEDERAL AGENCIES BY STRATEGIC OBJECTIVE**

Agency	Strategic Objective										
	1.1	1.2	1.3	2.1	2.2	2.3	3.1	3.2	4.1	4.2	4.3
Agriculture	x	x	x	x		x	x	x	x	x	
Commerce	x		x				x	x	x	x	
Education							x				
Energy	x		x				x				
EPA	x		x								x
FDIC	x										
FEMA	x		x				x				
Fed Reserve Board	x										
Fed Trade Comm.	x										
FHFB	x	x									
HHS	x		x		x		x	x	x	x	x
Justice	x		x	x	x	x	x			x	x
Labor	x		x		x		x	x	x	x	
NSF	x		x								
Transportation							x	x	x	x	
Treasury	x	x								x	x
VA	x						x				

Appendix IV: Relationship Between HUD Programs, FY 2000 Budget, and Goals and Objectives

Mission Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.		Strategic Goal 1 Increase the availability of decent, safe, and affordable housing in American communities.			Strategic Goal 2 Ensure equal opportunity in housing for all Americans.		
HUD Programs	FY 2000 Budget (in millions)	1.1 Homeownership is increased	1.2 Affordable rental housing is available for low-income households	1.3 America's housing is safe and disaster-resistant	2.1 Housing discrimination is reduced	2.2 Low-income people are not isolated geographically in America	2.3 Disparities in homeownership rates among racial and ethnic groups are reduced
Community Planning and Development							
America's Private Investment Companies (APIC) Limitation	[1,000]						
APIC Credit Subsidy	37						
Brownfields Redevelopment	50			x			
Community Development Block Grants	4,775	x	x	x	x	x	x
Community Empowerment Fund (CEF/EDI)	[125]						
CEF/City Suburb Business Connection	[25]						
CEF/Welfare to Work Job Creation	[75]						
Citizens Volunteer Housing Corps	[5]	x					
Economic Development and Supportive Services/ROSS	[55]						
EZ/EC Targeted Technical Assistance	[10]					x	
Homeownership Zones	[25]	x				x	x
EZ Round II Planning/Implementation Grants	[10]						
Youthbuild	[75]						
Community Development Loan Guarantee Limitation	[1,261]						
Community Development Loan Guarantee Program Account	30						
HOME Investment Partnerships Program	1,610	x	x	x		x	x
Housing Counseling Assistance	[20]	x					x
Homeless Assistance Grants	1,020						

Relationship Between HUD Programs, FY 2000 Budget, and Goals and Objectives

Section 8 Vouchers for the Homeless	[104]						
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HUD's FY 2000 Annual Performance Plan

Mission Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.		Strategic Goal 3 Promote self-sufficiency and asset development of families and individuals.		Strategic Goal 4 Improve community quality of life and economic vitality.			Strategic Goal 5 Restore the public trust in HUD.	
HUD Programs	FY 2000 Budget (in millions)	3.1 Homeless families and individuals become self-sufficient.	3.2 Poor and disadvantaged families and individuals become self-sufficient and develop assets.	4.1 The number, quality, and accessibility of jobs increases in low-income urban and rural communities.	4.2 Disparities in well-being among neighborhoods and within metropolitan areas are reduced.	4.3 Communities are safe.	5.1 HUD's workforce and partners are empowered, capable, and accountable for results.	5.2 HUD leads housing and urban research and policy development nationwide.
Community Planning and Development								
America's Private Investment Companies (APIC) Limitation	[1,000]		x	x	x			
APIC Credit Subsidy	37		x	x	x			
Brownfields Redevelopment	50			x	x			
Community Development Block Grants	4,775	x	x	x	x	x		
Community Empowerment Fund (CEF/EDI)	[125]		x	x				
CEF/City Suburb Business Connection	[25]		x	x	x			
CEF/Welfare to Work Job Creation	[75]		x	x	x			
Citizens Volunteer Housing Corps	[5]							
Economic Development and Supportive Services/ROSS	[55]		x					
EZ/EC Targeted Technical Assistance	[10]							
Homeownership Zones	[25]							
EZ Round II Planning/Implementation Grants	[10]			x	x			
Youthbuild	[75]		x	x		x		
Community Development Loan Guarantee Limitation	[1,261]		x	x				
Community Development Loan Guarantee Program Account	30		x	x				
HOME Investment Partnerships Program	1,610				x			

Relationship Between HUD Programs, FY 2000 Budget, and Goals and Objectives

Housing Counseling Assistance	[20]							
Homeless Assistance Grants	1,020	x	x					
Section 8 Vouchers for the Homeless	[104]	x						

HUD's FY 2000 Annual Performance Plan

Mission Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.		Strategic Goal 1 Increase the availability of decent, safe, and affordable housing in American communities.			Strategic Goal 2 Ensure equal opportunity in housing for all Americans.		
HUD Programs	FY 2000 Budget (in millions)	1.1 Homeownership is increased.	1.2 Affordable rental housing is available for low-income households	1.3 America's housing is safe and disaster-resistant	2.1 Housing discrimination is reduced	2.2 Low-income people are not isolated geographically in America	2.3 Disparities in homeownership rates among racial and ethnic groups are reduced
Housing Opportunities for People With AIDS	240		x				
Multiagency Support Services	5						
Redevelopment of Abandoned Buildings	50			x			
Regional Connections/Smart Growth	50					x	x
Regional Empowerment Zone Initiative	50						
Rural Housing and Economic Development	20	x					
Urban Empowerment Zones	[150]						
Strategic Planning Community	[45]						
Urban EZs	[105]						
Subtotal - CPD	7,937						
Fair Housing and Equal Opportunity							
Fair Housing Assistance Program	20				x		x
Fair Housing Initiative Program	27				x		x
Subtotal - FHEO	47						
Government National Mortgage Association							
GNMA Mortgage-Backed Securities	15	x					x
Housing							
FHA: GI/SRI (Multifamily Insurance)	208		x	x		x	
FHA-Insured Loans	491	x					x
Neighborhood Networks	N/A						
Officer Next Door	N/A						
Section 202/811 (Elderly and Disabled)	854		x				
Government-Sponsored Enterprises	N/A	x	x				x
Subtotal - Housing	1,553						

Relationship Between HUD Programs, FY 2000 Budget, and Goals and Objectives

Mission Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.		Strategic Goal 3 Promote self-sufficiency and asset development of families and individuals.		Strategic Goal 4 Improve community quality of life and economic vitality.			Strategic Goal 5 Restore the public trust in HUD.	
HUD Programs	FY 2000 Budget (in millions)	3.1 Homeless families and individuals become self-sufficient.	3.2 Poor and disadvantaged families and individuals become self-sufficient and develop assets.	4.1 The number, quality and accessibility of jobs increases in low-income urban and rural communities	4.2 Disparities in well-being among neighborhoods and within metropolitan areas are reduced.	4.3 Communities are safe.	5.1 HUD's workforce and partners are empowered, capable, and accountable for results.	5.2 HUD leads housing and urban research and policy development nationwide.
Housing Opportunities for People With AIDS	240	x						
Multiagency Support Services	5	x						
Redevelopment of Abandoned Buildings	50				x	x		
Regional Connections/Smart Growth	50			x	x			
Regional Empowerment Zone Initiative	50			x	x			
Rural Housing and Economic Development	20			x				
Urban Empowerment Zones	[150]		x	x	x			
Strategic Planning Community	[45]		x	x	x			
Urban EZs	[105]		x	x	x			
Subtotal - CPD	7,937							
Fair Housing and Equal Opportunity								
Fair Housing Assistance Program	20							
Fair Housing Initiative Program	27							
Subtotal - FHEO	47							
Government National Mortgage Association								
GNMA Mortgage-Backed Securities	15				x			
Housing								
FHA: GI/SRI (Multifamily Insurance)	208					x		
FHA-Insured Loans	491				x			
Neighborhood Networks	N/A		x			x		
Officer Next Door	N/A					x		
Section 202/811 (Elderly and Disabled)	854							

HUD's FY 2000 Annual Performance Plan

Government-Sponsored Enterprises	N/A				x			
Subtotal - Housing	1,553							

Relationship Between HUD Programs, FY 2000 Budget, and Goals and Objectives

Mission		Strategic Goal 1			Strategic Goal 2		
Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.		Increase the availability of decent, safe, and affordable housing in American communities.			Ensure equal opportunity in housing for all Americans.		
HUD Programs	FY 2000 Budget (in millions)	1.1 Homeownership is increased.	1.2 Affordable rental housing is available for low-income households	1.3 America's housing is safe and disaster- resistant	2.1 Housing discrimination is reduced	2.2 Low-income people are not isolated geographically in America	2.3 Disparities in homeownership rates among racial and ethnic groups are reduced
Office of Lead Hazard Control							
Lead-Based Paint Hazard Reduction	80			x			
Healthy Homes Initiative	[10]			x			
Subtotal - OLHC	80						
Policy Development and Research							
PATH	10			x			
Research and Technology	40						
Subtotal - PD&R	50						
Public and Indian Housing							
Drug-Elimination Grants	310						
New Approach Anti-Drug	[20]						
Operation Safe Home	[20]						
Youth Anti-Drug Diversion	[100]						
Indian Home Loan Guarantee	6	x					
Indian Housing Block Grants	620	x	x				
Public Housing Capital Fund	2,555		x	x			
Public Housing Homeownership Program		x					x
Public Housing Operating Fund	3,003		x	x			
Revitalization of Severely Distressed Public Housing	625	x	x	x		x	
Section 8 Homeownership Empowerment Vouchers		x					x
Section 8 Vouchers	11,522		x	x		x	
Family Self-Sufficiency Coordinators	[25]						

HUD's FY 2000 Annual Performance Plan

Mission Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.		Strategic Goal 3 Promote self-sufficiency and asset development of families and individuals.		Strategic Goal 4 Improve community quality of life and economic vitality.			Strategic Goal 5 Restore the public trust in HUD.	
	FY 2000 Budget (in millions)	3.1 Homeless families and individuals become self-sufficient.	3.2 Poor and disadvantaged families and individuals become self-sufficient and develop assets.	4.1 The number, quality and accessibility of jobs increases in low-income urban and rural communities	4.2 Disparities in well-being among neighborhoods and within metropolitan areas are reduced.	4.3 Communities are safe.	5.1 HUD's workforce and partners are empowered, capable, and accountable for results.	5.2 HUD leads housing and urban research and policy development nationwide.
Office of Lead Hazard Control								
Lead-Based Paint Hazard Reduction	80							
Healthy Homes Initiative	[10]							
Subtotal - OLHC	80							
Policy Development and Research								
PATH	10							x
Research and Technology	40							x
Subtotal - PD&R	50							
Public and Indian Housing								
Drug-Elimination Grants	310		x			x		
New Approach Anti-Drug	[20]		x			x		
Operation Safe Home	[20]		x			x		
Youth Anti-Drug Diversion	[100]		x			x		
Indian Home Loan Guarantee	6							
Indian Housing Block Grants	620							
Public Housing Capital Fund	2,555		x			x		
Public Housing Homeownership Program								
Public Housing Operating Fund	3,003		x		x	x		
Revitalization of Severely Distressed Public Housing	625		x		x	x		
Section 8 Homeownership Empowerment Vouchers								
Section 8 Vouchers	11,522		x			x		

Relationship Between HUD Programs, FY 2000 Budget, and Goals and Objectives

Family Self-Sufficiency Coordinators	[25]		x					
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HUD's FY 2000 Annual Performance Plan

Mission Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.		Strategic Goal 1 Increase the availability of decent, safe, and affordable housing in American communities.			Strategic Goal 2 Ensure equal opportunity in housing for all Americans.		
HUD Programs	FY 2000 Budget (in millions)	1.1 Homeownership rate increases	1.2 Affordable rental housing is available for low-income households	1.3 America's housing is safe and disaster-resistant	2.1 Housing discrimination is reduced	2.2 Low-income people are not isolated geographically in America	2.3 Disparities in homeownership rates among racial and ethnic groups are reduced
Regional Opportunity Counseling	[20]		x			x	
Welfare to Work	[144]		x			x	
Title VI Federal Guarantees for Tribal Housing	[50]						
Subtotal - PIH	18,641						
Salaries and Expenses							
Departmental Salaries and Expenses	1,031						
Other adjustments, offsetting receipts	(1,319)						
TOTAL	28,035						

Relationship Between HUD Programs, FY 2000 Budget, and Goals and Objectives

Mission Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.		Strategic Goal 3 Promote self-sufficiency and asset development of families and individuals.		Strategic Goal 4 Improve the quality of life and economic vitality.			Strategic Goal 5 Restore the public trust in HUD.	
	FY 2000 Budget (in millions)	3.1 Homeless families and individuals become self-sufficient.	3.2 Poor and disadvantaged families and individuals become self-sufficient and develop assets.	4.1 The number, quality and accessibility of jobs increases in low-income urban and rural communities	4.2 Disparities in well-being among neighborhoods and within metropolitan areas are reduced.	4.3 Communities are safe.	5.1 HUD's workforce and partners are empowered, capable, and accountable for results.	5.2 HUD leads housing and urban research and policy development nationwide.
Regional Opportunity Counseling	[20]		x					
Welfare to Work	[144]		x					
Title VI Federal Guarantees for Tribal Housing	[50]							
Subtotal - PIH	18,641							
Salaries and Expenses								
Departmental Salaries and Expenses	1,031						x	x
Other adjustments, offsetting receipts	(1,319)							
TOTAL	28,035							

APPENDIX V: FY 2000 RESOURCE ALLOCATION TABLE

RELEVANT P&F	Discretionary BA (\$ in millions)	S&E (\$ in millions)	FTE	STRATEGIC OBJECTIVES				
				Increase availability of decent, safe, and affordable housing	Ensure equal opportunity in housing for all Americans	Promote self-sufficiency and asset development of families and individuals	Improve community quality of life and economic vitality	Restore the public trust in HUD
<u>PUBLIC AND INDIAN HOUSING</u>								
HOUSING CERTIFICATE FUND	\$11,522	\$32	333	X	X	X	X	X
PUBLIC HOUSING CAPITAL FUND	2,555	17	172	X		X	X	X
PUBLIC HOUSING OPERATING FUND	3,003	33	343	X		X	X	X
HOPE VI	625	17	173	X	X	X	X	X
NATIVE AMERICAN BLOCK GRANTS	620	10	101	X			X	X
NATIVE AMERICAN HOME LOAN FUND	6	10	101	X				X
DRUG ELIMINATION GRANTS	310	17	172			X	X	X
SUB-TOTAL	18,641	136	1,395					
<u>COMMUNITY PLANNING AND DEVELOPMENT</u>								
CDBG	4,775	32	324	X	X	X	X	X
HOME	1,610	10	98	X	X		X	X
HOMELESS ASSISTANCE GRANTS	1,020	11	118			X		X
HOPWA	240	2	21	X		X		X
URBAN EMPOWERMENT ZONES (MANDATORY BA)	[150]	1	15			X	X	X
HOUSING CERTIFICATE FUND	[109]	-	-			X		X
OTHER CPD PROGRAMS	292	18	184	X	X	X	X	X
SUB-TOTAL	7,937	74	760					
<u>HOUSING</u>								
FHA -MMI/CHI	491	84	868	X	X		X	X
FHA -GI/SRI	208	117	1,206	X	X		X	X
HOUSING CERTIFICATE FUND	[1317]	34	348	X	X	X	X	X
ELDERLY/DISABLED (SEC. 202/811)	854	28	288	X			X	X
OTHER HOUSING PROGRAMS	-	70	724			X	X	X
SUB-TOTAL	1,553	334	3,434					
<u>FHEO</u>								
FAIR HOUSING ASSISTANCE (FHAP)	20	3	30		X	X	X	X
FAIR HOUSING INITIATIVES (FHIP)	27	2	25		X	X	X	X
SECTION 3 PROGRAM	-	2	25			X		X
OTHER FHEO PROGRAMS	-	55	570					X
SUB-TOTAL	47	63	650					

HUD's FY 2000 Annual Performance Plan

GOVT NAT MORTGAGE ASSN	15	7	72	X			X	X
OFFICE OF LEAD HAZARD CONTROL	80	2	24	X				X
POLICY DEVELOPMENT & RESEARCH	50	10	105	X				X
SUPPORTING ORGANIZATIONS								
						X		
ENFORCEMENT CENTER	-	20	206					X
ASSESSMENT CENTER	-	21	211					X
OFFICE OF M/F HSNR RESTRUCTURING	-	10	102					X
COMMUNITY BUILDERS/FIELD MANAGEMENT	-	96	990					X
CHIEF FINANCIAL OFFICER	-	21	220					X
CHIEF PROCUREMENT OFFICER	-	15	150					X
CHIEF INFORMATION OFFICER	-	0	5					X
GENERAL COUNSEL	-	34	347					X
DEPT. MGMT	-	11	113					X
DEPT EQUAL EMPLOYMENT OPPORTUNITY	-	2	19					X
ADMINISTRATION	-	56	580					X
TOTAL (GROSS)	28,323	913	9,383					
S&E APPROPRIATION	559							
OFFSETTING RECEIPTS/MISCELLANEOUS	374							
TOTAL (NET)	\$29,256							

NOTE: TOTAL S&E APPROPRIATION OF \$1,031 MILLION LESS \$117.8 MILLION FOR ADP SERVICES RESULTS IN A NET APPROPRIATION OF \$913.2 MILLION FOR S&E