FY 2012 Annual Performance Report

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FY 2014 Annual Performance Plan

FISCAL YEAR 2012 ANNUAL PERFORMANCE REPORT & FISCAL YEAR 2014 ANNUAL PERFORMANCE PLAN

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

U.S. Department of Housing and Urban Development

▸▸ About this report

The Fiscal Year (FY) 2012 Annual Performance Report (APR) and FY 2014 Annual Performance Plan (APP) for the U.S. Department of Housing and Urban Development (HUD) provides detailed performance-related information to the President, the Congress, and the American people. The report allows readers to assess HUD's recent performance and plans for fiscal year 2014 relative to its mission, goals, objectives, and stewardship of public resources. This report consists of five sections:

- **Agency and Mission**
  This section provides an introduction to HUD's mission, vision, organizational structure, and scope of responsibilities, as well as a message from HUD Secretary Shaun Donovan, which highlights FY 2012 program accomplishments and policy priorities going forward.

- **Strategic Goals**
  This section briefly describes HUD's strategic goals, as established in the *HUD Strategic Plan FY 2010-201*5. These five overarching goals help frame HUD's discussion of its performance goals and associated priorities.

- **Strategic Objectives**
  This section contains HUD's subgoals (or strategic objectives), which contribute to the broader strategic goals identified above. For the Strategic Plan currently in development (which will cover 2014-2017), and for performance plans and reports following the publication of that Strategic Plan, the agency plans to place a greater emphasis on strategic objectives as a key unit of analysis, as prescribed by the Government Performance and Results Act – Modernization Act (2010).

- **Agency Priority Goals**
  Agency Priority Goals support improvements in near-term outcomes, customer service, or efficiencies, and advance progress toward longer-term, outcome-focused strategic goals and objectives in an agency's Strategic Plan. This section contains pertinent information about the Department's Agency Priority Goals, including an overview of the problems HUD is attempting to address, strategies for achievement, performance indicators, contributing programs, progress updates, external factors, and goal leaders. Please note that HUD's Agency Priority Goals were established in FY 2012 to cover a two-year performance period (FY 2012 to FY 2013). This section, therefore, will provide FY 2012 results, with accompanying trend data, plans for the achievement of targets to be met by September 30, 2013, as well as targets established for FY 2014. A new Strategic Plan (2014-2017) will be published in February 2014, and is expected to include a revised set of two-year Agency Priority Goals to be accomplished during the FY 2014 to FY 2015 performance period.

- **Additional Information**
  This final section includes required supporting information, including a description of HUD's data-driven management review process, a discussion of cross-agency collaborations, a summary of both completed and upcoming evaluations and research to inform progress on our strategic goals, and a section on data validation and verification.

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Section 1   Agency and Mission

Message from the Secretary

I am pleased to present the Fiscal Year (FY) 2012 Annual Performance Report (APR) and FY2014 Annual Performance Plan (APP), which for the first time have been integrated into one streamlined document that makes it easier than ever to review the Agency's plans and priorities in light of its recent progress. This report also meets the requirements set forth in the Government Performance and Results Act (GPRA) of 1993, as amended in the GPRA Modernization Act (GPRAMA) of 2010. Additional information on our performance progress, updated quarterly, can now be found at Performance.gov.

As 2012 came to a close, HUD and the nation stood at a turning point in the recovery of our housing market. On a number of fronts, we saw signs that the market was recovering and that our economy was on the mend. By the end of FY 2012, foreclosure rates were half what they were in early 2009, and housing construction was growing faster than at any point since 2008. Importantly, 2012 was also the strongest year in home sales since the start of the economic crisis and rising home values had lifted 1.4 million homeowners back above water. The recovery of our housing market has been and will continue to be a driving force behind our economic recovery.

Despite these promising signs, we must remain vigilant as we continue to monitor the housing market, the economy, and the Department's performance. A variety of interrelated factors could hinder our progress, and it is important that we better understand them. On top of the devastating effects of the nation's foreclosure crisis on American homeowners, we know that the need for affordable housing in this country continues to rise, while the stock continues to decline. More than 200,000 Section 8 rental units have been lost over the past 15 years as a result of opt-outs, foreclosures or abatement. Moreover, many privately owned and managed affordable housing developments are now confronting the end of their contract terms. At HUD, quarterly HUDStat meetings have facilitated cross-silo conversations to help analyze and improve our performance in light of this challenging context, while ensuring that the contributions of each of HUD's programs are rigorously tracked, evaluated, and strengthened.

Our work is directly aligned with the five goals outlined in our FY 2010-2015 Strategic Plan, and is guided by a driving principle: that we must fundamentally transform the way we do business in order to meet the complex housing and community development needs of the American people. As we rebuild following the worst economic crisis since the Great Depression, the importance of this task cannot be understated. The necessity of understanding how, why, and where we are succeeding at it is the central theme of this report.

For each of our strategic goals, HUD has specified two-year Agency Priority Goals with near-term, high-impact outcomes that are absolutely critical to achieving our mission.

- *Prevent foreclosures:* In the course of FY 2012, the Federal Housing Administration (FHA) offered early delinquency interventions and loss mitigation actions to help 445,149 borrowers remain in their homes and avoid foreclosure. FHA remains on track to meet or exceed its two-year target of assisting 700,000 homeowners by September 30, 2013.

- *Reduce vacancy rates:* In 75 percent of the neighborhoods hardest hit by the foreclosure crisis, HUD's Neighborhood Stabilization Program (NSP), funded through the Recovery Act, led to a reduced average residential vacancy rate, relative to comparable areas, by providing grant funds to communities to repurpose abandoned or foreclosed properties.

- *Preserve affordable rental housing:* The Department preserved and expanded affordable housing to serve an additional 123,027 households in 2012, bringing the number of households currently assisted through

HUD's affordable rental housing programs to 5.5 million.

- *Reduce homelessness:* In partnership with the Department of Veterans Affairs, HUD assisted 31,487 homeless Veterans in FY 2012 to obtain or maintain permanent housing through the HUD-Veterans Affairs Supportive Housing (HUD-VASH) program, Continuums of Care (CoC) permanent supportive housing, and the Recovery-funded Homelessness Prevention and Rapid Rehousing (HPRP) program. End-of-year results for the latter two programs are preliminary. By September 30, 2013, HUD aims to reduce the number of homeless Veterans to 35,000 by serving 35,500 additional homeless Veterans. HUD is also committed to reducing family and chronic homelessness and is working towards milestones to allow for better tracking of these populations. According to the Point-in-Time estimates from the 2012 Annual Homeless Assessment Report to Congress, chronic homelessness declined by 19.3 percent and homeless family households declined by 8.0 percent between January 2007 and January 2012.

- *Green our housing***:** Fully one-third of the Department's Recovery Act funding was used to green our housing stock. Since partnering with the Department of Energy in FY 2010 to retrofit 1.2 million homes, HUD has made energy and healthy home improvements to more than a quarter million units, with over 82,000 units being completed in FY 2012. These improvements have included everything from the installation of ENERGY STAR refrigerators and water-savings features, to deep green retrofits in tens of thousands of homes that save up to 40 percent in energy costs. By September 30, 2013, HUD aims to complete a total of 159,000 cost-effective, energy-efficient and healthy housing units.

- *Award funds fairly and quickly:* In order to improve program effectiveness, it is imperative that HUD award funds fairly and quickly. HUD's competitive funding opportunities are referred to as Notices of Funding Availability, or NOFAs. The Department's two-year goal is to improve internal processes to ensure that we can obligate 90 percent of NOFA program funding within 180 calendar days from budget passage. In FY 2012, only 46 percent of NOFA programs were obligated within this timeframe, which was largely missing our target. While this goal remains a challenge, it also represents an area of significant promise for the agency, since success on this goal, which touches so many HUD programs, could positively impact achievement on each of our other priority goals. In FY 2013 and 2014, the Department will continue to focus on streamlining and automating many elements of the NOFA process to make greater strides on this goal.

HUD also currently contributes to the Cross-Agency Priority (CAP) goal of reducing energy intensity (energy demand per dollar of real Gross Domestic Product) by 50 percent by 2035. In accordance with the GPRA Modernization Act requirement to address Cross-Agency Priority Goals in the agency strategic plan, the annual performance plan, and the annual performance report please refer to **www.Performance.gov** for the agency's contributions to these goals and progress, where applicable.

In addition to the important achievements outlined above, we continue to work with Congress to strengthen and stabilize the **Federal Housing Administration** (FHA) and to preserve access to homeownership for underserved borrowers and future generations while protecting a still-fragile housing recovery. FHA has been a critical component of the economic recovery, but it has not been immune to the stresses of falling home values and rising unemployment of the recession. According to the latest findings of FHA's FY 2012 independent actuarial review, the capital reserve ratio of the Mutual Mortgage Insurance Fund used to fund FHA's single-family mortgage insurance programs fell below zero, to -1.44 percent. We take this these findings extremely seriously. While this point-in-time valuation of the economic net worth of FHA's portfolio is obviously of concern, it does not in and of itself mean that FHA will have to draw from the Treasury to possess sufficient funds today to cover all future losses on FHA's existing portfolio. In addition to the reforms made thus far to strengthen FHA's health—the most sweeping in the nearly 80-year history of FHA—the Department has launched a series of other actions designed to strengthen the Fund while ensuring that no harm comes to borrowers or to the emerging housing recovery. These additional measures combined with assistance from Congress will be implemented in FY 2013 will make the Fund even stronger over the long term.

In an effort to ramp up help for families who are currently underwater on their mortgages, HUD also identified specific barriers that were preventing families with loans backed by Fannie Mae and Freddie Mac from refinancing. As a result of HUD's targeting, nearly 1.7 million more homeowners had applied for refinancing by October 2012.

In February 2012, HUD was part of the **National Mortgage Servicing Settlement** to address mortgage loan servicing and foreclosure abuses. The settlement between the Administration, 49 bipartisan state attorneys general, and the five largest mortgage servicers requires these servicers to provide at least $20 billion in financial relief to homeowners, and an additional $5 billion in cash payments to states and the Federal government. These five banks have also agreed to implement over 300 new servicing standards, designed to correct the misconduct that harmed borrowers in recent years and provide greater protection for these borrowers going forward.

The housing and community development challenges of the 21st century will continue to demand a robust and nimble response. As such, our plans for FY 2013 and FY 2014 remain ambitious, and build off the recent successes highlighted above.

The recently launched **Rental Assistance Demonstration (RAD)** will help preserve and enhance the nation's affordable housing stock by permitting public housing agencies (PHAs) and private owners of assisted housing to access new private funding sources that will support capital improvements and sustained affordability. This pivotal demonstration program comes at a time when the capital needs backlog faced by our PHAs comes to approximately $26 billion. Results from the demonstration will be reported throughout FY 2013.

As HUD partners with other Federal, state, and local agencies to support families displaced by **Hurricane Sandy** in 2013, the Department will continue to seek opportunities to cut red tape wherever possible. HUD has recently provided PHAs with greater flexibility in calculating rent payments in areas experiencing increased demand for rental housing as a result of the storm; we have allowed senior housing providers the flexibility to open up vacant units to hurricane evacuees under age 55; and we recently relaxed federal regulations for dozens of jurisdictions in areas impacted by the hurricane so that they can more quickly rehabilitate single-family housing and use vacant rental units to quickly house displaced families. As we move forward, these immediate forms of support for families will be paired with long-term disaster planning, preparation, and mitigation efforts with our partners throughout the region.

FY 2013 and 2014 will also see the continued development of the **Choice Neighborhoods** program, through which communities have been planning and implementing comprehensive, community-driven strategies to revitalize public or other HUD-assisted housing and transform distressed neighborhoods. By linking housing improvements with services for the people who live there, Choice Neighborhoods grant recipients address not only distressed housing, but also failing schools, public safety, access to transit, and other challenges within the community.

In the combined performance plan and report that follows, we have provided to the Office of Management and Budget, the Congress, and the public a progress update on each of HUD's six Agency Priority Goals**.** Along with this assessment, we have provided detailed explanations of our strategic goals, cross-agency collaborations, and evaluations and research that, taken together, will allow us to continue to confidently pursue our crucial mission: to create strong, sustainable, inclusive communities and quality, affordable homes for all.

Lastly, the 2013 Cuts, Consolidations, and Savings (CCS) volume of the President's Budget identifies lower-priority program activities, where applicable, as required under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at: http://www.whitehouse.gov/omb/budget.

Shaun Donovan
Secretary

**1.2
Mission
Statement**

> **HUD's mission is to create strong, sustainable, inclusive communities**
>
> **and quality, affordable homes for all.**

**1.3
Vision and Values**

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

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

- **For our Partners:** We will be a flexible, reliable problem solver and source of innovation.

- **For our Employees:** We will be a great place to work, where employees are valued, mission driven, results oriented, innovative, and collaborative.

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

**1.4
Organizational
Structure**

Please see HUD's organizational chart on page 9 of this report.

**1.5
Scope of
Responsibilities**

HUD was created as a Cabinet-level agency in 1965. The Department accomplishes its mission through component organizations and offices that administer place-based programs (outlined on the following pages), which are carried out through a network of regional and field offices across 10 regions, under the leadership of the Assistant Deputy Secretary (ADS) and Associate Assistant Deputy Secretary (AADS) who direct the Regional Administrators. Regional Administrators represent the Secretary with elected officials and all stakeholders and advocate and support the Department's agenda. **Click here to learn more about HUD's regions and field offices**.
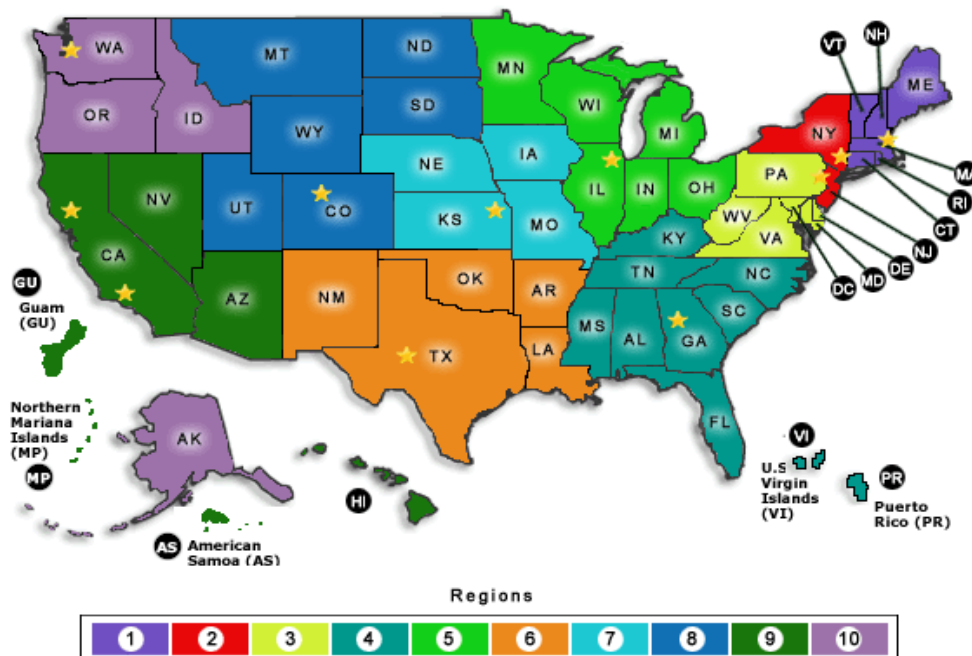

Figure 1 HUD regions

HUD's major organizations and scope of responsibilities include the following:

The **Office of Housing** is HUD's largest office. It primarily insures mortgages for single family homes, multifamily properties, and hospitals as the Federal Housing Administration (FHA), the largest mortgage insurer in the world, which was created by Congress in 1934. The Office of Housing also oversees properties providing affordable rental housing to over 1.3 million poor households. Within the Office are multiple business areas:

- **Single Family Housing**—HUD's Single Family Housing programs include mortgage insurance on loans to purchase new or existing homes, condominiums, manufactured housing, houses needing rehabilitation, reverse equity mortgages to elderly homeowners, servicing of Secretary-held mortgages, loss mitigation and property disposition programs.

- **Office of Housing Counseling** supports a national network of HUD-approved housing counseling agencies that provide consumers unbiased, expert information to enable them to understand their current financial and housing situation and meet their future goals regarding sustainable homeownership or affordable rental housing. The Office is responsible for policy development, administration of grants for counseling services and counselor training, outreach and capacity building of new and existing HUD-approved agencies as well as oversight and monitoring of HUD-approved agencies.

- **Multifamily Housing**—HUD's Multifamily Housing programs provide mortgage insurance to HUD-approved lenders to facilitate the construction, substantial rehabilitation, purchase, and refinancing of multifamily housing projects and healthcare facilities. Multifamily's Project-Based Rental Assistance, Section 202 – Housing for the Elderly, and Section 811 – Housing for Persons with Disabilities programs assist low- and very low-income households in obtaining decent, safe, and sanitary housing in privately owned rental housing.

- **Healthcare Programs**—HUD's healthcare programs consist of Section 242, which provides mortgage insurance for hospitals, and Section 232, which provides mortgage insurance for residential care facilities such as nursing homes, assisted living facilities, and board and care facilities.

The **Government National Mortgage Association** (Ginnie Mae) channels global capital into the U.S. housing market, providing liquidity and stability in support of affordable homeownership and rental housing at no cost to the U.S. Government. Its mission is to expand affordable housing in America by linking global capital markets to the nation's housing markets. Specifically, the Ginnie Mae guaranty allows mortgage lenders to obtain attractive and abundant funding for their mortgage loans in the secondary market.

The lenders can then use proceeds from their Mortgage Backed Securities issuance to make new mortgage loans available, so as to make affordable housing a reality for millions of low- and moderate-income households across America.

The **Office of Public and Indian Housing** (PIH) is responsible for overseeing and monitoring a range of programs for low-income families. The mission of PIH is to ensure safe, decent, and affordable housing; create opportunities for residents' self-sufficiency and economic independence; assure fiscal integrity by all program participants; and support mixed income developments to replace distressed public housing. To this end, with a workforce of more than 1,500 within 10 major offices at Headquarters, 46 field offices, six Native American area offices, and an annual program budget representing approximately 57 percent of HUD's annual budget, PIH oversees four major business areas:

- The **Housing Choice Voucher Program** is the Federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to

units located in subsidized housing projects.

Housing Choice Vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from HUD to administer the voucher program. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. This unit may include the family's present residence. Rental units must meet minimum standards of health and safety, as determined by the PHA. A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Under certain circumstances, if authorized by the PHA, a family may use its voucher to purchase a modest home.

- The **Public Housing Program** was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high-rise apartments for elderly families. There are approximately 1.1 million households living in public housing units, managed by some 3,300 housing agencies. HUD administers Federal aid to local housing agencies that manage the housing for low-income residents at rents they can afford. HUD furnishes technical and professional assistance in planning, developing and managing these developments.

- The **Choice Neighborhoods Program** grants transform distressed neighborhoods and public and assisted projects into viable and sustainable mixed-income neighborhoods by linking housing improvements with appropriate services, schools, public assets, transportation, and access to jobs.

- The Office of **Native American Programs** provides a coordinated and comprehensive response to Indian Country's housing and community development needs through work with tribal, state, and local governments, federal agencies, community organizations, and the private sector. More than 550 American Indian tribal governments and Alaska Native Villages receive an annual Indian Housing Block Grant to provide safe, decent, and affordable housing to low-income residents of Indian areas. The Native Hawaiian Housing Block Grant assists low-income native Hawaiians who are eligible to reside on the Hawaiian home lands. The loan guarantee programs for American Indians, Alaska Natives, native Hawaiians, and tribal governments ensure market-rate financing for housing is available in traditional native areas. This Office also administers the competitive Indian Community Development Block Grant program.

The **Office of Community Planning and Development** provides funding to a broad array of state and local governments, non-profit and for-profit organizations to administer a wide range of housing, economic development, homeless assistance, infrastructure, disaster recovery and other community development activities in urban and rural areas across the country. In partnership, this Office and its local funding recipients develop viable communities by providing decent housing, a suitable living environment, and expanded economic opportunities for low- and moderate-income persons. Major programs include:

- The **Community Development Block Grant** (CDBG) program provides annual funding to more than 1,200 jurisdictions to implement job creation activities, infrastructure investments, public services and improve housing in low- and moderate-income neighborhoods. The CDBG program serves as the basis for a range of other initiatives such as the Section 108 loan guarantee program, CDBG disaster recovery assistance and the Neighborhood Stabilization Program (NSP). These programs have a profound effect in assisting states and local governments in addressing critical community development needs.

- The **HOME Investment Partnerships** Program is a Federal block grant to state and local governments designed exclusively to produce affordable housing for low-income families and is HUD's primary affordable housing production program. HOME funds may only be used for four primary purposes: production of new single or multifamily housing units, rehabilitation of housing, direct homeownership assistance, or time-limited tenant-based rental assistance (for up to 2 years with possibility of renewal).

HOME provides annual funding to 644 state and local governments (known as participating jurisdictions). For most of these participating jurisdictions, HOME is the only reliable stream of affordable housing development funds and their principal tool for the production of rental and for-sale housing for low- to extremely low-income families, including mixed-income housing and housing for persons with special needs. In addition, HOME funds frequently provide the critical gap financing that make rental housing funded with Low-Income Housing Tax Credits or other Federal, State, or local housing projects feasible.

- The **Office of Special Needs Assistance Programs** provides grant funds to nonprofit organizations and State and local units of government to offer emergency, transitional, and permanent housing and supportive services to individuals and families who are homeless and at-risk of homelessness. The homeless assistance programs are designed to promote community-wide commitment to the goal of ending homelessness; provide funding to community homeless service providers to prevent and end homelessness; promote access to and effective utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing or about to experience homelessness. The Office also gathers and uses data to understand the nature and extent of homelessness throughout the country, report to Congress, and make funding decisions.

- The **Neighborhood Stabilization Program** was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. Through the purchase and redevelopment of foreclosed and abandoned homes and residential properties, the goal of the program is being realized. NSP1, a term that references the NSP funds authorized under Division B, Title III of the Housing and Economic Recovery Act (HERA) of 2008, provides grants to all states and selected local governments on a formula basis. NSP2, a term that references the NSP funds authorized under the American Recovery and Reinvestment Act (the Recovery Act) of 2009, provides grants to states, local governments, nonprofits and a consortium of nonprofit entities on a competitive basis. The Recovery Act also authorized HUD to establish NSP-TA, a $50 million allocation made available to national and local technical assistance providers to support NSP grantees. NSP3, a term that references the NSP funds authorized under the Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) of 2010, provides a third round of neighborhood stabilization grants to all states and select governments on a formula basis.

The **Office of Fair Housing and Equal Opportunity** works with partnering state and local governments as well as non-profit grantees to administer and enforce the Fair Housing Act, substantially equivalent state and local fair housing laws, and other federal laws; establishes policies that ensure all Americans have equal access to the housing of their choice; educates the public on fair housing issues; and enhances economic opportunity.

The **Office of Healthy Homes and Lead Hazard Control** seeks to eliminate lead-based paint hazards, particularly in America's privately-owned and low-income housing, and to lead the Nation in addressing other housing-related health hazards that threaten vulnerable residents.

The **Office of Sustainable Housing and Communities** helps HUD manage its relationships with other Cabinet agencies to provide communities with the support they need to ensure housing, transportation, energy, and green building investments are working together to build strong neighborhoods. In addition to supporting Strategic Goal 4 as described in this report, the Office has awarded some $250 million in grants in support of more livable urban and rural communities or metropolitan regions.

The **Office of Field Policy and Management** (FPM) is responsible for providing HUD's leadership team of Regional Administrators and Field Office Directors, and their respective FPM staff members and cross-program management teams, with Departmental leadership direction from the Secretary, guidance, operational support, and oversight to more effectively further HUD's overall mission and key organizational goals in the field. FPM communicates the priorities, critical initiatives, and policies of the Secretary internally, and externally, in managing HUD's relationships with Federal, State, and local elected officials, other local leaders, the media, and other external partners and

stakeholders. FPM addresses critical and urgent community needs, ensures the delivery of results that matter, and provides local leadership and support for cross-program and cross-agency work and related initiatives. FPM provides leadership in HUD's local response to disasters and recovery needs, and furthers the local development of sustainable housing and communities. FPM convenes field working groups to more effectively address or respond to priority local needs, to address sensitive issues, and/or to further HUD's mission, strategic goals, agency priority goals, and local and regional HUDStat tracking efforts. FPM assesses local, regional and national issues and situations across the country, takes needed and proactive actions, and assists in the resolution of raised program challenges, issues, and other impacts in the communities. Given ever-reduced funding and staffing resources, FPM also has a major role in ensuring quality customer service at the regional and field office levels. And FPM has a critical role in providing cross-program operational feedback on a spectrum of Departmental NOFAs, program rules, and operational policies and notices, to constructively improve or influence program design and/or policies to more effectively further HUD's mission and funding in neighborhoods, communities, and States across the country.

The **Office of Strategic Planning and Management** is responsible for driving organizational, programmatic, and operational change across the department, in order to maximize agency performance. The Office facilitates the department-wide strategic planning process with the Secretary, his senior leadership team and external stakeholders, including the identification of strategic priorities and transformational change initiatives, the monitoring of key performance measures against established targets, the implementation and oversight of the American Recovery and Reinvestment Act of 2009 (Recovery Act), and management and oversight of the agency's grants.

The **Office of Policy Development and Research** conducts research on priority housing and community development issues, provides objective program evaluation, data, and analysis to inform policy decisions and improve program results, and maintains a repository of resources on housing needs, market conditions, and existing programs.

The **Center for Faith-Based and Neighborhood Partnerships** supports internal and interdepartmental special event planning and execution, programs and projects that are cross-programmatic, and outreach to constituents for Secretarial priorities.

A number of support offices and other organizational units are engaged in efforts that are vital to the implementation of the agency's strategic and priority goals—including but not limited to the **Office of the Chief Human Capital Officer**, the **Office of the Chief Procurement Officer**, the **Office of the Chief Financial Officer**, the **Office of General Counsel**, the **Office of the Chief Information Officer**, the **Office of Public Affairs**, the **Office of Congressional and Intergovernmental Relations**, the **Office of Fair Housing and Equal Opportunity**, and others, as represented in the organizational chart below.

HUD's Organization and Reporting Structure (FY 2012)

SECRETARY

Chief of Staff

Assistant Secretary for Public Affairs

Assistant Secretary for Congressional & Intergovernmental Relations

Center for Faith-Based & Neighborhood Partnerships

General Counsel

Inspector General

Chief Financial Officer

Deputy Secretary

Assistant Secretary for Housing/Federal Housing Administration

Assistant Secretary for Community Planning & Development

Assistant Secretary for Public & Indian Housing

Assistant Secretary for Fair Housing & Equal Opportunity

President, Government National Mortgage Association

Office of Healthy Homes & Lead Hazard Control

Assistant Deputy Secretary for Field Policy & Management

Assistant Secretary for Policy Development & Research

Chief Operating Officer

Chief Information Officer

Chief Human Capital Officer

Chief Procurement Officer

Office of Strategic Planning & Management

Office of Sustainable Housing & Communities

Office of Small and Disadvantaged Business Utilization

Office of Departmental Equal Employment Opportunity

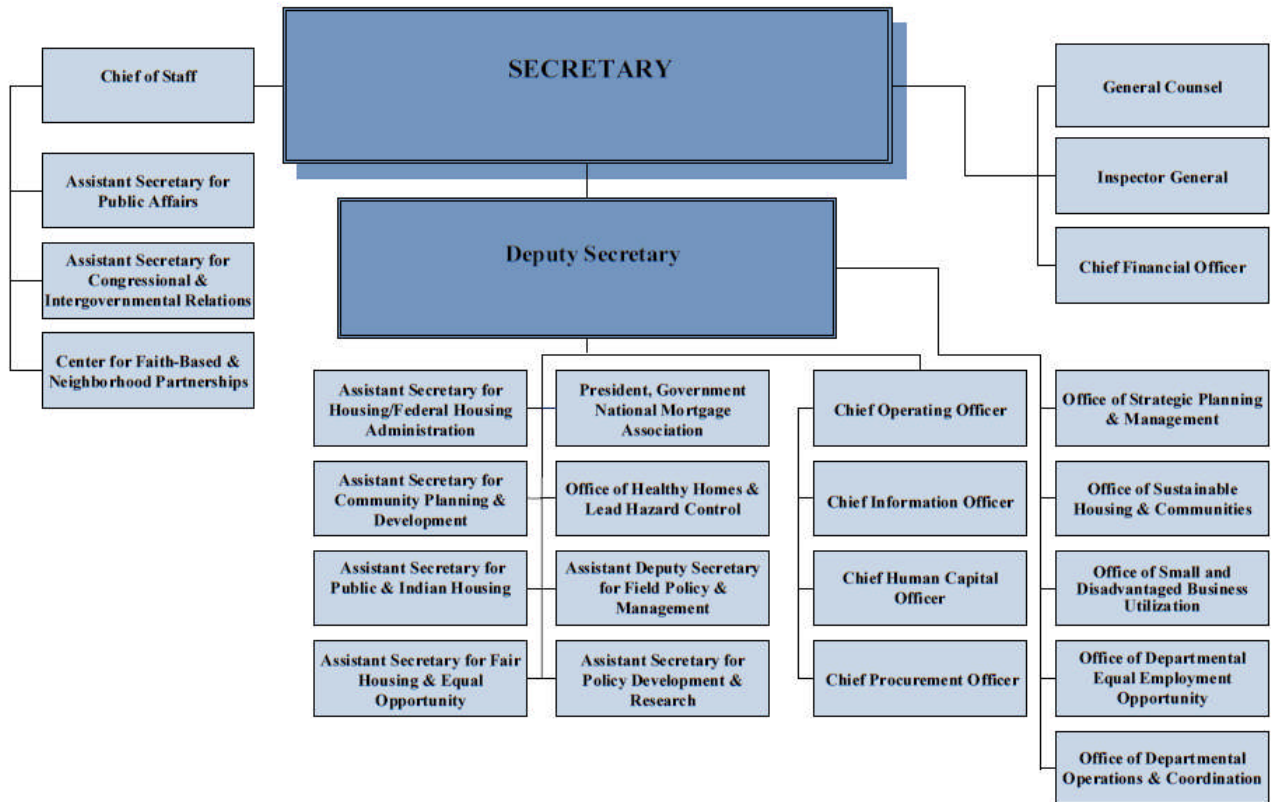**Office of Departmental Operations & Coordination**

Figure 2 Organizational Chart

Section 2   Strategic Goals

2.1
Strategic Goals

The **_HUD Strategic Plan FY 2010-2015_**, issued May 2010, includes a mission statement that reflects a renewed focus on people and places, as well as a vision statement that paints a picture of what HUD will be to our partners, employees, and the American people, as a whole. To provide a framework for the delivery of this mission and vision, the plan includes a set of five strategic goals, as follows:

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

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

Strategic Goal 2. Meet the Need for Quality Affordable Rental Homes

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

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

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

Strategic Goal 4. Build Inclusive and Sustainable Communities Free From Discrimination

The nation's current housing, economic, health, and energy crises demand that the federal government and its local partners effectively coordinate policies related to community development, climate change, energy efficiency, transportation, housing, and disaster preparedness. Today we know that "place" influences outcomes—the place where a person lives is a reliable predictor of his or her long-term health, education, and employment outcomes. Families and individuals living in concentrated poverty experience greater inequity and often, as a result, more dismal outcomes.

Unfortunately, many neighborhoods hit hardest by the recent housing and economic crisis—those with the

highest foreclosure rates and the most job losses—are among the least sustainable. Residents of these neighborhoods have limited access to transportation, face health hazards in their homes and communities, suffer from the poorest schools, and have the fewest economic opportunities. In many areas, the spatial mismatch between housing and transportation investments limits access to decent employment and education opportunities for entire neighborhoods.

This not only impacts the lives of residents in those communities, but the resulting need to travel greater distances to connect to these resources has a clear impact on the environment as well—from wetland and open space lost to sprawling development patterns to ever-increasing greenhouse gas emissions. To address these problems, Goal 4 focuses explicitly on "place," ensuring inclusivity and preparing communities for the future of their economy, environment, culture, and preparedness in case of disaster. HUD seeks to ensure— through comprehensive community development, strategic planning, enforcement, and enhanced capacity building—that all communities are livable for residents and viable in the long term.

Strategic Goal 5. Transform the Way HUD Does Business

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

Section 3   Strategic Objectives

HUD's *Strategic Plan FY 2010-2015* contains the subgoals listed below, which serve as the Department's strategic objectives. Please note that for the Strategic Plan being developed to cover 2014-2017, and for performance plans and reports following the publication of that Strategic Plan, the agency plans to place a greater emphasis on strategic objectives as a key unit of analysis, as prescribed by the Government Performance and Results Act – Modernization Act (2010).

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

1A: Stem the foreclosure crisis.
Through grants, technical assistance, housing counseling, loan modification programs, and refinancing options, HUD will continue to keep families in their homes—assisting homeowners facing foreclosure and mitigating the negative effects of foreclosures on neighborhoods, including declining property values.

1B: Protect and educate consumers when they buy, refinance, or rent a home.
Consumer protections help prevent borrowers from falling victim to fraudulent loan products and aggressive marketing techniques. Such products and techniques helped create the current housing crisis. To help future borrowers, HUD will put consumer protections in place by developing safe products, credit terms, and fair and transparent disclosures. Through these efforts, HUD will restore integrity and accountability to the residential mortgage loan market.

1C: Create financially sustainable homeownership opportunities.
Although homeownership historically has been the primary vehicle by which American families have built wealth, the recent crisis has shown that homeownership at any cost is fraught with peril. What Americans need is sustainable homeownership in which the costs are appropriate for a family's financial situation and the risks associated with homeownership are understood and manageable. HUD will take a leadership role in expanding the sustainable homeownership opportunities for Americans across all income, wealth, and racial and ethnic dimensions.

1D: Establish an accountable and sustainable housing finance system.
The activities of the federal government are critical to both supporting the housing market in the short term and providing access to homeownership opportunities over the long term, while minimizing the risk to taxpayers. HUD will actively collaborate with the Department of the Treasury and other administration partners to construct a housing finance system that relies on an actuarially sound pricing structure, effective lending oversight, and adequate organizational capacity to ensure consistent access to, and liquidity and stability in, the capital markets.

Strategic Goal 2: Meet the Need for Quality Affordable Rental Homes

2A: End homelessness and substantially reduce the number of families and individuals with severe housing needs.
The Administration strongly believes that, in addition to the moral imperative to end the human suffering caused by homelessness, there are compelling economic reasons for investing in efforts to eradicate this complex social problem. If individuals and families that are currently cycling through expensive institutions can be targeted for appropriate housing and services, there can be significant cost savings, according to recent studies. To achieve this goal, HUD will partner with local, state, and federal organizations, including the U.S. Interagency Council on Homelessness, to deploy evidence-based interventions, such as supportive housing, housing first, homelessness prevention, and rapid rehousing, to more effectively and efficiently use the nation's limited resources to bring an end to homelessness.

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

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

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

The nation's portfolio of affordable rental homes provides an invaluable resource in communities across the country. In addition, unassisted privately owned rental homes are the largest, but dwindling, source of affordable rental homes.[1] To avoid losing these homes to deterioration or market conversion, HUD and its partners will preserve and improve these homes.

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

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

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

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

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

3B: Utilize HUD assistance to improve health outcomes

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

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

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

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[1]HUD tabulations of American Housing Survey (AHS) National Sample 2009

improving access to public benefit programs for eligible recipients.

3D: Utilize HUD assistance to improve housing stability through supportive services for vulnerable populations, including the elderly, people with disabilities, homeless people, and those individuals and families at risk of becoming homeless

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

3E: Utilize HUD assistance to improve public safety

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

Strategic Goal 4: Build Inclusive and Sustainable Communities Free From Discrimination

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

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

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

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

4C: Ensure open, diverse, and equitable communities

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

4D: Facilitate disaster and national security preparedness, response, and recovery.

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

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

Sustainable and inclusive community planning is possible only through the coordinated efforts of strong local,

state, and regional organizations. Capacity building is the development of core skills within partner organizations to organize, manage, implement, and raise capital for community development and affordable housing projects and to provide one-on-one, place-based assistance to implement projects.

Strategic Goal 5: Transform the Way HUD Does Business

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

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

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

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

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

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

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

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

**3.2
Major
Management
Challenges**

The Government Accountability Office (GAO) issued its biennial GAO High Risk Series Report on February 14, 2013. [2] In this year's report, the GAO modified the risk area for "Modernizing the U.S. Financial Regulatory System and Federal Role in Housing Finance" to include the FHA. In conjunction with its recommendations that policy makers reform and modernize the nation's housing finance and financial regulatory systems, GAO encouraged policy makers to be cognizant of the role of FHA in its reform efforts. GAO noted the important countercyclical role FHA played during and following the housing crisis, as well as the fact that significant reforms have been made at FHA to protect and preserve the MMI Fund. However, in light of the current stresses faced by the MMI Fund as a result of the countercyclical support offered by FHA during the crisis, GAO has suggested that policy makers make clear the expected role of FHA in a reformed housing finance system, as well as the level of stress FHA should be expected to withstand when executing its role during periods of economic deterioration. Additionally, HUD's Office of the Inspector General (OIG), has identified management challenges and Departmental progress on those challenges in a memorandum included in the Department's, Fiscal Year 2012 Agency Financial Report (AFR). Please see the discussion in the AFR concerning these challenges.

For a discussion of management challenges identified by HUD's Office of the Inspector General (OIG), and progress on those challenges, please refer to HUD's Fiscal Year 2012 Agency Financial Report (AFR).

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[2] US Government Accountability Office. *High-Risk Series: An Update* (GAO-13-283, 02/2013). Available at: http://www.gao.gov/products/GAO-13-283.

Section 4	Agency Priority Goals

4.1 Agency Priority Goals

The *HUD Strategic Plan FY 2010-2015* contains 31 outcome measures of success, as revised by new targets established in this *FY 2014 Annual Performance Plan* and the Addendum to the Strategic Plan. This addendum was included in HUD's *FY 2012-13 Annual Performance Plan*.

HUD's Agency Priority Goals (APGs), a subset of the Strategic Plan's 31 measures of success, are displayed below and include targets to be achieved over a two-year period. These APGs reflect the top implementation-focused, performance improvement priorities of agency leadership and the Administration, and therefore do not reflect the full scope of the agency mission. Importantly, APGs cover a two-year performance period (in this case, FY 2012 to FY 2013). As such, our plans for their achievement focus on targets to be met by September 30, 2013. In the following section, we have also established targets for FY 2014. However, a new Strategic Plan (2014-2017) will be published in February 2014, and HUD will establish a revised set of two-year APGs to be accomplished during the FY 2014 to FY 2015 performance period.

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

- **Measure 1a: Prevent foreclosures.** By September 30, 2013, assist 700,000 homeowners who are at risk of losing their homes due to foreclosure. In FY 2014, by continuing to use an array of loss mitigation and early delinquency interventions, HUD will assist an additional 350,000 homeowners.

- **Measure 3a: Reduce vacancy rates.** By September 30, 2013, reduce average residential vacancy rate in 70 percent of the neighborhoods hardest hit by the foreclosure crisis relative to comparable areas. This goal does not extend beyond FY 2013.

Strategic Goal 2. Meet the Need for Quality Affordable Rental Homes

- **Measure 5a: Preserve affordable rental housing.** By September 30, 2013, preserve affordable rental housing by continuing to serve 5.4 million total families and serve an additional 61,000 families through HUD's affordable rental housing programs. In FY 2014, HUD will work to preserve affordable units and maintain occupancy gains, with a target of no reductions in households served.

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

- **Measure 6: Reduce homelessness.** By September 30, 2013, in partnership with the VA, reduce the number of homeless Veterans to 35,000 by serving 35,500 additional homeless Veterans. In FY 2014, HUD will assist an additional 17,645 homeless Veterans. HUD is also committed to making progress towards reducing family and chronic homelessness and is working towards milestones to allow for tracking of these populations.

Strategic Goal 4. Build Inclusive and Sustainable Communities Free From Discrimination

- **Measure 13: Increase the energy efficiency and health of the nation's housing stock.** By September 30, 2013, HUD will enable a total of 159,000 cost effective energy efficient and healthy housing units, as a part of a joint HUD-DOE goal of 520,000. In FY 2014, HUD will enable an additional 42,345 cost effective energy efficient and healthy housing units.

Strategic Goal 5. Transform the Way HUD Does Business

- **Measure 27: Improve program effectiveness by awarding funds fairly and quickly.** By September 30, 2013, HUD will improve internal processes to ensure that we can obligate 90 percent of NOFA program funds within 180 calendar days from budget passage. HUD will strive to meet this target in FY 2014 as well.

Agency Priority Goal	**Prevent foreclosures. By September 30, 2013, assist 700,000 homeowners who are at risk of losing their homes due to foreclosure.**

APG Overview Measure 1a

Prevent foreclosures.

For the vast majority of Americans, their home is the single most expensive and valuable asset they own. As a result, losing a home through foreclosure is often a traumatic life experience that leads to significant deterioration in a person or family's living conditions, economic viability, neighborhood stability, and opportunities for improving quality of life. Foreclosure prevention and the recovery of the housing market are critical components of the Administration's broader plan for economic recovery. After serving over 900,000 homeowners in 2010-2011, this goal commits HUD to serving an additional 700,000 homeowners by September 2013.

HUD's role in aiding homeowners that are at risk of foreclosure is administered by the Office of Housing. The Office of Housing provides vital public services through its nationally administered programs, and it includes the Federal Housing Administration (FHA). Within the Office of Housing is the Office of Single Family Housing. HUD's Single Family programs include mortgage insurance on loans to purchase new or existing homes, condominiums, manufactured housing, houses needing rehabilitation, reverse equity mortgages to elderly homeowners, loss mitigation and property disposition programs. HUD works with servicers and borrowers to encourage and facilitate loss mitigation actions to prevent foreclosures and keep more Americans in their homes.

Despite HUD's efforts, there are some significant challenges. Sustained unemployment is the most significant barrier to mitigating the crisis and is subject to macroeconomic conditions that cannot be controlled by the Department. Many loss mitigation programs aim to keep individuals in their homes by lowering their monthly mortgage payments. However, they must still earn enough monthly income to afford the modified payments. Individuals who have lost their jobs or who have faced significant reductions in their income may still not be able to afford even modified monthly payments.

All loss mitigation programs rely on cooperation with and implementation through third party mortgage servicers and lenders. As such, the rate and volume of assistance provided to eligible homeowners is subject to the infrastructure and customer service administered by these third parties. The Department and the Administration as a whole have taken several steps to partner with and assist the industry to help as many homeowners as possible.

APG Contributing Programs

The Department's efforts to mitigate the foreclosure crisis are led by the Assistant Secretary for Housing – Federal Housing Administration (FHA) Commissioner and also extend to its close relationships with the Treasury Department as well as third-party lenders of FHA-insured loans. Contributing programs include the FHA Home Affordable Modification Program (HAMP) and the Housing Counseling program.

APG Goal Leader

Charles Coulter, Deputy Assistant Secretary, Single Family Housing, Office of Housing

APG Focus Cities

Atlanta, Georgia (Region IV), Chicago, Illinois (Region V), and Dallas, Texas (Region VI), were identified as having the greatest challenge to stem foreclosures based on the volume of new 90 day delinquencies within the FHA loan portfolio. .

APG Strategies

➢ **Assist homeowners facing foreclosure, using prevention, loan modification, and loan refinancing programs.**

Loan servicers most often offer early delinquency intervention assistance to homeowners who are less than 90 days in default. Providing assistance to homeowners who are in the early stages of mortgage payment distress averts the potential for more serious delinquencies, defaults, and foreclosures at a later

date. **These interventions include—**

- **Repayment.** An agreement in which the borrower agrees to repay delinquent amounts to bring the mortgage current, but is not a special forbearance.

- **Trial Modification.** A repayment plan set up for a borrower who has been conditionally approved for an FHA Home Affordable Modification Plan.

The early delinquency interventions have been effective over the years, but as the housing crisis expanded, HUD implemented both new and improved loss mitigation programs to better assist homeowners most in danger of losing their homes. **These loss mitigation products include—**

- **FHA Home Affordable Modification Plan.** This program reduces the monthly mortgage payment for eligible homeowners, who have FHA-insured mortgages, to 31 percent of gross (pretax) income.

- **Special Forbearance.** A repayment plan that allows a borrower who misses payments because of temporary loss or reduction in income to resume the monthly mortgage payments plus a portion of the missed payments (including principal, interest, taxes, and insurance).

- **Mortgage Modifications.** This program permanently changes one or more of the terms of a loan to make the mortgage payment affordable. Mortgage modifications can be combined with a special forbearance action.

- **Partial Claims.** This option allows the lender to advance funds to make a delinquent loan current when a borrower is unable to pay the delinquency through special forbearance or loan modification options. Partial claims can be combined with a special forbearance action.

- **Pre-foreclosure Sales.** This program allows a borrower in default to sell the home and use the sales proceeds to satisfy the mortgage debt, even if the proceeds are less than the amount owed.

- **Deeds in Lieu of Foreclosure.** This option allows a defaulting borrower, who does not qualify for any other HUD loss mitigation option to sign the house back to the mortgage company, without going through the foreclosure process.
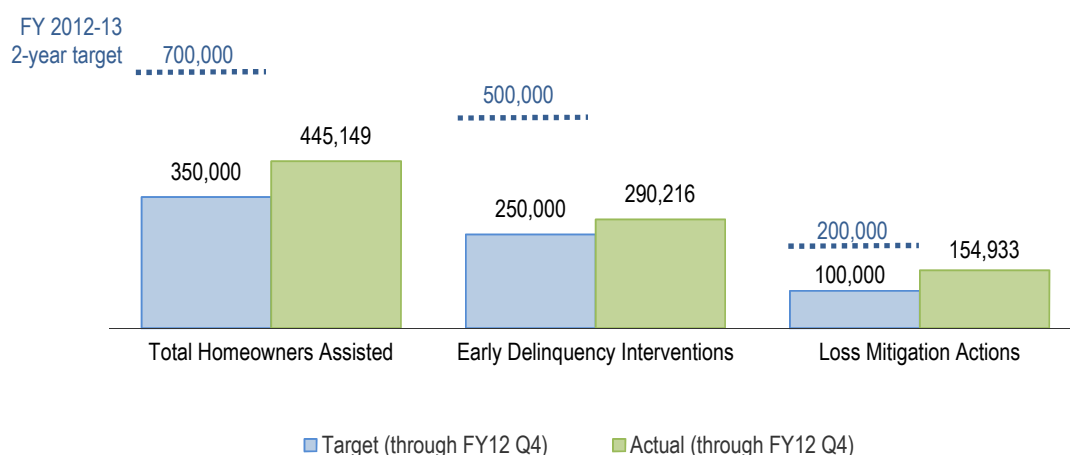
Key Indicators:

- **Homeowners assisted through FHA early delinquency intervention**
  Early delinquency interventions include repayment and trial modification, as described above.

- **Homeowners assisted through loss mitigation**
  Loss mitigation actions include, as described above: FHA Home Affordable Modification Plan (HAMP); special forbearance; mortgage modifications; partial claims; preforeclosure sales; and deeds in lieu of foreclosure.

Supporting Indicators:

- **Consolidated Claims Workout Ratio**
  This measure allows HUD to track progress toward achieving the goal of achieving a Consolidated Claim Workout (CCW) Ratio of 50 percent for those homeowners receiving loss mitigation assistance. CCWs combine FHA partial claims, loan modifications and new Home Affordable Modification Program (HAMP) modifications that represent affordable solutions, but exclude less affordable forbearance programs. The ratio measures what proportion of FHA loss mitigation and foreclosure claims paid consisted of loss mitigation claims. The higher this ratio is, the greater the proportion of loss mitigation claims were paid out instead of foreclosure claims. Finding a loss mitigation solution such as a loan modification or partial claim is a better outcome for both the borrower and FHA than a foreclosure.

- **Six-month Re-default Rate**
  This measure allows HUD to track progress toward achieving the goal of reducing the 6 month re-default rate for those homeowners receiving a loss mitigation claim. Loss mitigation claims include FHA partial claims, loan modifications, and new Home Affordable Modification Program (HAMP) modifications that represent affordable solutions, but exclude less affordable forbearance programs. Since most re-defaults tend to occur in the first 6 months after the intervention, the 6 month period was selected to allow measurement of goal performance within a given year.

FY 2012 Cumulative Early Delinquency and Loss Mitigation Actions

APG Progress Update

Measure 1a

Prevent foreclosures.

APG PERFORMANCE SUMMARY TABLE
MEASURE 1a: Prevent foreclosures.

Indicator	2009	2010	2011	2012 Target	2012 Actual	Met?	Trend	2013 Target	2014 Target
Homeowners assisted through FHA early delinquency intervention	191,351	213,403	282,794	250,000	290,216	yes		250,000	250,000
Homeowners assisted through loss mitigation	130,358	193,344	212,890	100,000	154,933	yes		100,000	100,000
Consolidated Claim Workout Ratio	66.15	66.87	71.57	50.00	62.58	yes		50.00	50.00
6-month Re-default Rate	26	18	14	13	13	yes		10	10

In FY 2012, HUD exceeded cumulative targets for early delinquency interventions and loss mitigation actions by 16 percent and 55 percent, respectively, for a total of 445,149 homeowners assisted.
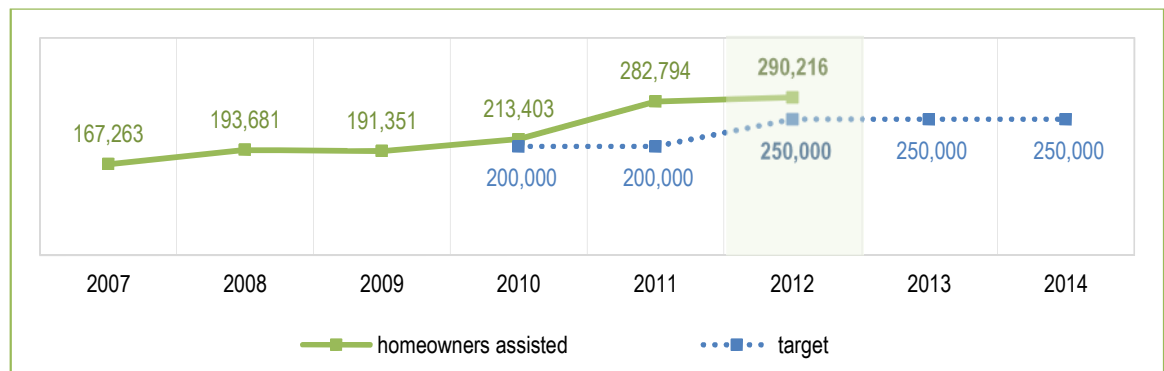
Our success on this goal is due to our continued work with lenders to find ways to help borrowers at risk for foreclosure as well as outreach to borrowers to ensure they are aware of their options when facing foreclosure. Although our performance is strong, HUD continues to closely monitor the high number of 90+ day defaults that may go into foreclosure. To continue to track HUD's quarterly and annual progress on this measure, visit Performance.gov.
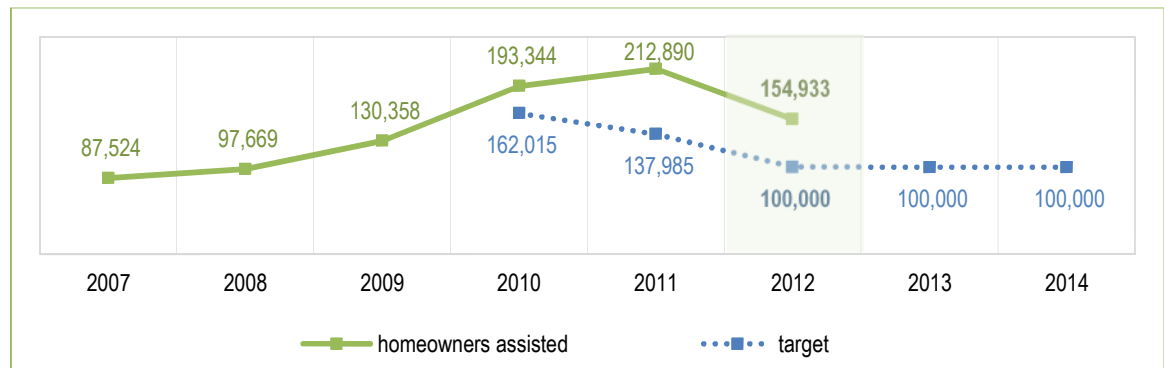
APG External Factors

Sustained unemployment is the most significant barrier to mitigating the crisis and is subject to the macroeconomic conditions that cannot be controlled by the Department. The programs described above aim to keep individuals in their homes by lowering their monthly mortgage payments. However, they must still earn enough monthly income to afford the modified payments. Individuals who have lost their jobs or who have faced significant reductions in their income may still not be able to afford even modified monthly payments.

All of these programs rely on cooperation with and implementation through third party mortgage servicers and lenders. As such, the rate and volume of assistance provided to eligible homeowners is subject to the infrastructure and customer service administered by these third parties. The Department and the Administration as a whole have taken several steps to partner with and assist the industry to help as many homeowners as possible.
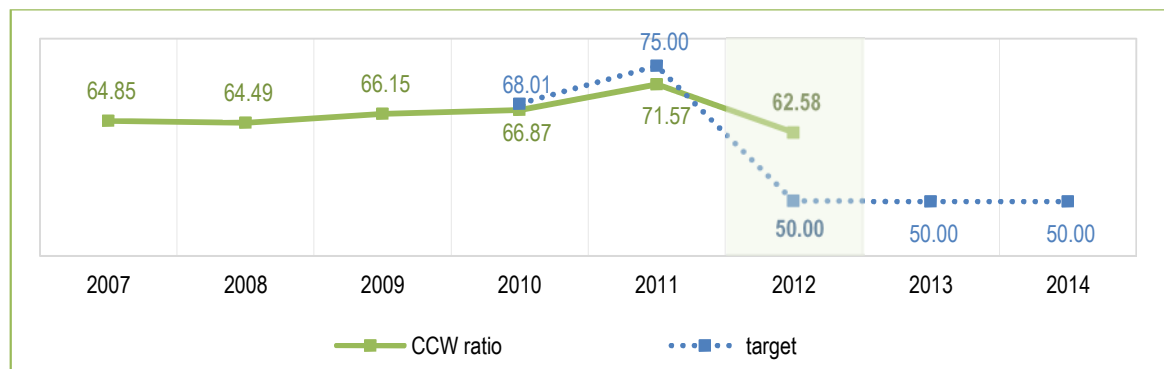
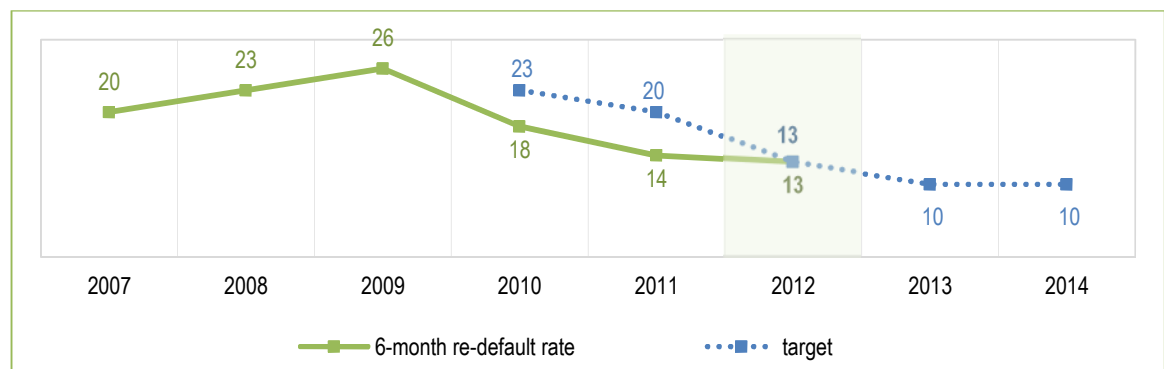## Homeowners assisted through FHA early delinquency interventions

Year	homeowners assisted	target
2007	167,263	
2008	193,681	
2009	191,351	
2010	213,403	200,000
2011	282,794	200,000
2012	290,216	250,000
2013		250,000
2014		250,000

Homeowners assisted through loss mitigation

Year	homeowners assisted	target
2007	87,524	
2008	97,669	
2009	130,358	
2010	193,344	162,015
2011	212,890	137,985
2012	154,933	100,000
2013		100,000
2014		100,000

Consolidated Claims Workout (CCW) Ratio

Year	CCW ratio	target
2007	64.85	
2008	64.49	
2009	66.15	
2010	66.87	68.01
2011	71.57	75.00
2012	62.58	50.00
2013		50.00
2014		50.00

6-month re-default rate

Year	6-month re-default rate	target
2007	20	
2008	23	
2009	26	
2010	18	23
2011	14	20
2012	13	13
2013		10
2014		10

Agency Priority Goal	**Reduce residential vacancy rates. By September 30, 2013, reduce average residential vacancy rate in 70 percent of the neighborhoods hardest hit by the foreclosure crisis relative to comparable areas.**

APG Overview Measure 3a

Reduce residential vacancy rates.

The state of the housing market plays a large role in shaping individuals' well-being, the stability of neighborhoods, and the strength of the national economy. The downturn of the housing market—with high rates of foreclosure, increases in the number and proportion of vacant properties, and plummeting home values—has been devastating for families and communities alike. Vacant and abandoned properties that are the consequence of the foreclosure crisis de-stabilize neighborhoods with high foreclosure rates. "Foreclosures can depress property values, lower local property tax revenue, and impose additional costs on cash-strapped public agencies in the form of additional police, fire, and other municipal services needed to respond to the blighting influence that vacant and foreclosed properties can have on local communities."[3]

HUD's role is to mitigate the effects of the foreclosure crisis on neighborhoods by assisting communities that have high rates of foreclosure. The goal of the Neighborhood Stabilization Program (NSP) is to repurpose properties to stabilize neighborhoods.

APG Contributing Programs

Neighborhood Stabilization Program 2. The Neighborhood Stabilization Program 2 (NSP2) is HUD's primary tool for stabilizing neighborhoods whose viability has been and continues to be damaged by the economic effects of properties that have been foreclosed upon and abandoned. The NSP2 references the specific grant funds provided by the American Recovery and Reinvestment Act of 2009 (P.L. No. 111-5) to states, local governments, nonprofits, and a consortium of public and/or private nonprofit entities on a competitive basis. On January 14, 2010, HUD awarded a combined total of $1.93 billion in grants to 56 grantees nationwide, including 33 consortiums at a regional level and 4 national consortiums carrying out activities in target areas throughout the country. These grantees were selected on the basis of foreclosure needs in their selected target areas, recent past experience, program design, and compliance with rules.

HUD measures Neighborhood Stabilization Program 2 target areas units of service, which represent the number of units produced within each eligible activity. The term "units of service" is distinct from unique housing units or households because units may be produced through multiple activities (e.g., acquisition and rehabilitation). The activities reported on are the underlying Community Development Block Grant program activity groups that have emerged as the predominant uses of Neighborhood Stabilization Program funds.

Because NSP2 grantees' 100 percent expenditure deadline was February 11, 2013, there will be no NSP2 contribution to APG 3a after September 30, 2013. Production updates will be provided after this date, but no targets have been set beyond this quarter. Therefore, NSP is not a contributor to HUD's FY 2014 Annual Performance Plan.

Single Family Housing Asset Management. HUD acquires 1-to-4 unit residential properties when owners default and lenders foreclose on FHA-insured mortgages. These acquired properties become departmental assets, and are referred to as Real Estate Owned (REO) properties. To help rebuild neighborhoods that have been struggling with blight and declining home values due to foreclosures, local communities—through the National First Look Program—will get a brief, exclusive opportunity to purchase bank-owned properties in certain neighborhoods so these homes can be rehabilitated, rented, resold, or demolished. The nation's leading financial institutions, representing approximately 75 percent of the real estate owned market, are participating in the public-private partnership between HUD and the National Community Stabilization Trust.

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[3] U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Report to Congress on the Root Causes of the Foreclosure Crisis, January 2010. http://www.huduser.org/portal/publications/Foreclosure_09.pdf.

National First Look Program. The National First Look program is a first-ever public-private partnership agreement between HUD and the National Community Stabilization Trust. In collaboration with national servicers, FHA, Fannie Mae, and Freddie Mac, the First Look program gives Neighborhood Stabilization Program grantees a brief exclusive opportunity to purchase bank-owned properties in target neighborhoods so these homes can either be rehabilitated, rented, resold or demolished.

APG Goal Leader

Yolanda Chavez, Deputy Assistant Secretary, Grants Programs, Community Planning and Development

APG Focus Cities

Cleveland, Ohio (Region V), Miami, Florida (Region IV), and Phoenix, Arizona (Region IX) were identified as the top three areas with some geographic variety after the following selection process. HUD identified the places where NSP2 grantees worked, then narrowed to cities with a population of more than 20,000 and where there are census block groups greater than 100. Communities were then ranked from highest to lowest based on vacancies as a percentage of total Home Mortgage Disclosure Act data high cost and high leverage loans (at the census tract level). To learn more about APG focus cities and the CityStat process, see Section 5.1 of this report.

APG Strategies
Measure 3a

Reduce residential vacancy rates.

➢ **Mitigate the effects of the foreclosure crisis on neighborhoods by assisting communities that have high rates of foreclosure.**
The Department engaged the Reinvestment Fund under the NSP technical assistance program to analyze areas across the nation that received NSP investments. The purpose of this analysis was to: 1) analyze how markets treated with NSP investment have changed over time compared to similar markets that have not been touched by these investments; 2) identify "outstanding performers," markets treated with NSP investment where home sale price and vacancy indicators have trended better than their comparable markets; 3) develop a systematic process and automated report for updating this analysis on a quarterly basis using new home sales and vacancy statistics; and, 4) provide technical assistance to grantees on the relative effectiveness of their programs in achieving program goals. Additionally, the Office of Single Family Housing continues to reduce residential vacancy rates by decreasing the cycle time associated with selling its REO properties. In FY 2011, HUD sold its Single Family REO properties on average in 192 days, while in FY 2012 REO properties were sold on average in 136 days.

APG Indicators

Key Indicators:

• **Percent of Neighborhood Investment Clusters (NICs) with improved vacancy rate outcomes over at least one comparable area**
The study of neighborhoods where NSP2 investment has occurred in comparison to comparable neighborhoods with no investment will evaluate the effectiveness of NSP2 and identify grantees that are high performers in an effort to identify best targeting practices. This will be done by identifying Neighborhood Investment Clusters (neighborhoods with at least 2 NSP investments per 100 houses) and tracking their vacancy rates against comparable (in terms of vacancy rate, home price, and market conditions pre-2008) neighborhoods that received no investment.

Supporting Indicators:

• **NSP2 target areas units of service**
This is the number of units of service completed and occupied using NSP2 funds, as reported by NSP2 grantees. Units of service are the number of units produced within each eligible activity. Many units may be produced with multiple activities (e.g., acquisition and rehab) and therefore the measure "units of service" is not directly translatable into number of total individual housing units.

• **Average days to list REO properties to market**
This is the average number of days it takes to list an FHA real-estate owned (REO) property to market. Note that this includes all FHA REOs—not just those in the NSP2 treatment areas.

• **Average time in inventory for REO properties**
This it the average number of days a FHA real-estate owned (REO) property stays in inventory. Note that this includes all FHA REOs—not just those in the NSP 2 treatment areas.

**APG
Progress
Update
Measure 3a**

Reduce
residential
vacancy rates.

APG PERFORMANCE SUMMARY TABLE
MEASURE 3a: Reduce residential vacancy rates.

Indicator	2011	2012 Target	2012 Actual	Met?	Trend	2013 Target	2014 Target
Percent of Neighborhood Investment Clusters (NICs) with improved vacancy rate outcomes over at least one comparable area	NA	70.0%	75%	yes	NA	70.0%	NA
NSP2 target areas units of service	NA	6,157	5,185	no	NA	19,495	NA
Average days to list REO properties to market	NA	44	22	yes	NA	23	NA
Average time in inventory for REO properties	NA	188	136	yes	NA	133	NA

By the end of FY 2012, HUD was exceeding its target with NICs beating at least one comparable area by nearly 5 percentage points. Seventy-five percent of all NICs trended better than at least one of their comparable markets when it came to vacancy rate change between the first half of 2008 and the fourth quarter of 2012.

Although more completions still need to be reported, continuing results show strong vacancy rate performance for NICs that received NSP2 investment when compared to comparable neighborhoods. To continue to track HUD's quarterly and annual progress on this measure, visit Performance.gov.
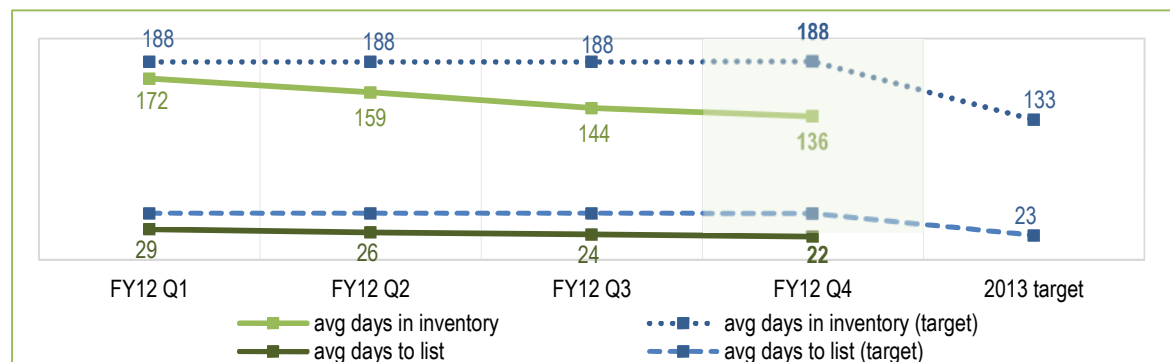
APG External Factors

By statute, NSP2 grantees were required to expend all grant funds by February 11, 2013, but units are not counted until they are occupied. Therefore, the production estimates will lag expenditures by 6-18 months, which will also delay impacts on reducing vacancy rates.

The continued provision of technical assistance (TA) relies on the use of NSP3 TA funds, which are not authorized to serve NSP2 grantees—an issue that CPD is currently working to address. Market conditions are a large factor for NSP2 grantees, which face still-declining property values, competition from investors, reluctance from lenders, and local capacity issues related to tight budgets, and TA may be needed to help these grantees successfully implement their programs.

Agency Priority Goal	**Preserve affordable rental housing. By September 30, 2013, preserve affordable rental housing by continuing to serve 5.4 million total families and serve an additional 61,000 families through HUD's affordable rental housing programs.**

APG Overview Measure 5a

Preserve affordable rental housing.

In an era when more than one-third of all American families rent their homes, we face a housing market that does not create and sustain a sufficient supply of affordable rental homes, especially for low-income households. In many communities, affordable rental housing does not exist without public support. Despite significant improvements in housing quality in recent decades, much of our rental housing stock is neither energy efficient nor accessible to people with disabilities, and pockets of severely substandard housing remain across the country.

Affordability problems have been exacerbated by the recession and the increasing demand for rental housing generated by the foreclosure crisis. According to the 2011 Worst Case Housing Needs report published in February 2013, HUD found the number of renters with worst case housing needs grew from 5.9 million in 2007, to 7.1 million in 2009, and 8.5 million in 2011, representing an increase of 44 percent over these four years. These individuals and families were considered to have worst case housing needs if they were very low-income renters with incomes below 50 percent of the Area Median Income (AMI), who do not receive government assistance, and who either paid more than one-half of their income for rent, lived in severely inadequate conditions, or faced both of these challenges. At the same time, only about one in four very low-income families eligible for HUD/Federal rental assistance programs receives assistance. Federal housing programs have been financially unable to keep up with this demand over the years to help offset the limitations of the private rental market in providing housing that all families can afford. Given the current fiscal climate, it is critical that HUD maximize existing resources to maintain our current support to families and seek opportunities to expand that support where possible. For that reason, HUD adopted this goal to continue to serve nearly 5.4 million families and to expand support to an additional 61,000 families without new money, over a two-year period. It will try to do this by increasing the total number of families served within available resources by improving program management and modifying policies as necessary (and allowable) to preserve units, increase occupancy and utilization rates, and reduce the number of units converted to market rate housing.

APG Contributing Programs

All of HUD's programs that provide affordable rental assistance are integral to achieving the goal, including programs administered by the Offices of Public and Indian Housing (public housing, Housing Choice Vouchers, the Indian Housing Block Grant and Indian Community Development Block Grant, HOPE VI and mixed finance transactions); Housing (privately-owned housing in multifamily programs, including 202, 236, BMIR, Section 8, Rent Supplement, RAP, 202 and 811 PRAC); Community Planning and Development (HOME (including the Tax Credit Assistance Program [TCAP] and TBRA), HOPWA, McKinney-Vento homeless programs, a portion of the Neighborhood Stabilization Program, and CDBG-Disaster Recovery). In addition, FHA Multifamily mortgage insurance supports the preservation of affordable housing when used in conjunction with Low Income Housing Tax Credits, tax-exempt bonds, and other state/local resources. Because of the cross-cutting nature of the goal, the efforts of the responsible program offices will be coordinated centrally by the Office of the Secretary.

APG Goal Leaders

Lopa Kolluri, Deputy Chief of Staff for the Office of the Secretary

APG Focus Cities

Dallas, Texas (Region VI), Los Angeles, California (Region IX), and New York City, New York (Region II) were identified as the three cities where HUD had the greatest investment and opportunity for increased rental housing or preservation. In particular, HUD estimated rental affordability statistics for metro rental markets with at least 100,000 rental units. Using these data, HUD calculated three primary measures of metro rental affordability: the affordable and available units per very-low Income renter household (0-50% AMI), the percentage of very-low income renter households with severe rent burden, and the vacancy rate in units affordable to a household at 50 percent of AMI. With this analysis, many places presented affordability issues. Local market characteristics (college towns, resort locations) presented additional subjective challenges in determining which places represented the greatest need. To complement this analysis, HUD evaluated a list of all maturing Section 236 projects, expiring Project Based Section 8 projects and assessed low budget utilization. To learn more about APG focus cities and the CityStat process, see Section 5.1 of this report.

**APG Strategies
Measure 5a**

Preserve affordable rental housing.

➢ **Preserve affordable rental housing and serve additional families through HUD's affordable rental housing programs.**

HUD's rental assistance and some of the community development programs provide affordable rental housing, some with supportive services to vulnerable populations who are low-income, homeless or at risk of homelessness. To increase the total number of families served within available resources, we will improve program management and modify policies as necessary (and allowable) to preserve units, increase occupancy and utilization rates, and reduce the number of units converted to market rate housing (for example, in the private multifamily programs). The agency-wide focus on achieving this goal will necessitate a coordinated approach across current program silos, with the potential to achieve cost savings that can be used to serve additional families. Strategies are listed by program office below:

Public and Indian Housing: Strategy

HUD's Office of Public and Indian Housing's (PIH) first priority is to ensure that the 3.3 million families currently being served by PIH rental assistance programs are able to remain housed. To that end, PIH is undertaking a two part approach to APG 5a. First and foremost, PIH will work to sustain the number of families currently housed through PIH's affordable rental housing programs to the maximum extent possible during extremely tight budgetary times, and then work to increase the number of families served by supporting new development and working with our Public Housing Authority (PHA) partners to reduce Public Housing unit turnover time and work toward greater program efficiency.

The first part of the PIH strategy is to ensure that PHAs and Tribally-Designated Housing Entities (TDHEs) are able to maintain and sustain the current level of assistance they are providing to over 3.3 million individuals and families. Given the current economic climate as well as budget reductions, maintaining current occupancy and utilization rates will require significant effort by PHAs, TDHEs, and HUD. PIH will work with all necessary parties to ensure that management and oversight of the programs is sound and that all recipients are attempting to maximize efficiencies in order to maintain current levels of service.

The second part of the PIH strategy is to increase the number of families housed through HUD's affordable rental housing programs by 2,031 families by September 2013. PIH anticipates these additional families will be served through the development of new rental housing units, through increased occupancy in currently vacant but habitable Public Housing units, and through new increments awarded through the Housing Choice Voucher program (including HUD-VASH and tenant protection vouchers), as well as additional families served through the Office of Native American Programs (ONAP) block grant funds.

The ability to achieve both parts of this goal, maintaining current levels of service and increasing the number of assisted households, relies on a number of circumstances, including but not limited to sufficient funding for programs that serve low-income individuals and families, rental market stabilization so that fair market rents (FMR) and per unit costs (PUC) remain feasibly funded, general stability of funding for other Federal,

state, and local entitlement programs, and the continued recovery of the economy. A change in any of these factors will seriously affect PIH's implementation of both approaches to satisfy this goal.

Office of Community Planning and Development: Strategy

HUD's Special Needs Assistance Programs Office (SNAPS) will provide additional individuals and families with rental housing subsidies by funding additional permanent supportive housing units through its annual Continuum of Care homeless grant competition. Additionally, SNAPS is collaborating with PIH to incorporate homeless programs in rental housing and providing more technical assistance to enhance the rental assistance skill set in the homeless community.

HOME and TCAP Grantees are encouraged to enter occupancy information and complete projects as soon as possible and show program accomplishments in IDIS accordingly.

HOPWA grantees and project sponsors provide permanent supportive housing to eligible households in coordination with access to Ryan White care. Grantees have consistently provided housing to extremely vulnerable households living with HIV/AIDS. The HOPWA program will monitor progress against the projected targets on a quarterly basis to ensure performance is on track to meet the target.

CPD has stressed underwriting skills and market analysis to ensure that grantees have the right strategies and know how to implement them in order to make strategic investments. This will help those grantees who experience problems selling completed homes, so they can transform these homeowner units to rental units. CPD has been offering training and TA on scattered site rentals and lease-purchase programs to focus on this challenge.

The CDBG-Disaster Recovery (CDBG-DR) affordable rental programs continue to make progress in the states of Alabama, Florida, Louisiana, Mississippi, and Texas. The Office of Block Grant Assistance (OBGA) continues to monitor compliance and provide guidance to the grantees in the out-years. There are no known barriers to the grantees' success in accomplishing their expected outcomes.

Office of Housing: Strategy

The Office of Multifamily Housing Programs will continue efforts to minimize the number of affordable housing units that are not preserved.

Programs in the Office of Multifamily Housing contributing to the target include project-based rental assistance, other multifamily subsidies, the project rental assistance contracts in the Section 202/811 programs and the FHA Multifamily Mortgage Insurance when combined with Low Income Housing Tax Credits (LIHTC) or tax-exempt bonds.

HUD will continue to encourage owners in the Project-Based Rental Assistance program to renew their contracts (project-based Section 8) in order to preserve the affordable housing units. As part of this initiative, the Office is embarking on creating a pro-active asset management approach to work with owners prior to contract expiration/mortgage maturity to develop a preservation strategy for the property (which includes a sale of the property, redevelopment of the site or recapitalization). Other Multifamily programs include Section 202 Direct Loans, Section 221(d) (3) BMIR and Section 236 IRP only.

The Section 202 Housing for the Elderly and Section 811 Housing for Persons with Disabilities program support rental assistance contracts for projects as part of the overall award given to the non-profit organization to construct/rehabilitate a project. Upon award, there is typically a 24-36 month time frame before the project is occupied. The programs not only create new units but also maintain the units as affordable.

FHA Multifamily Mortgage Insurance can support the development and preservation of affordable housing

when used in conjunction with other funding or financial resources such as LIHTC. FHA's recently launched Tax Credit Pilot is designed to facilitate such partnering through expedited review of applications for mortgage insurance by designated HUD underwriters.

The Office of Healthcare Programs (OHP) assists in this goal by initially endorsing Section 232 Residential Care Facility mortgages that provide affordable housing units for the elderly, needy population. Units counting towards this goal will include assisted living facility units serving Medicaid-eligible tenants.

APG Indicators
Measure 5a

Preserve affordable rental housing.

Key Indicators:

- **TBRA occupied rental units**
  This indicator tracks the number of occupied rental units within PIH's Housing Choice Vouchers program, including tenant based and Project Based Vouchers. These numbers represent a change from a baseline of 2.2 million units. This data is reported 70 days after the end of the quarter due to data validation processes.

- **Public Housing occupied rental units**
  This indicator tracks the number of occupied rental units within PIH's Public Housing stock, which play a significant role in contributing to overall families served by HUD.

- **ONAP rental units**
  This indicator tracks the number of rental units in PIH's Office of Native American Programs (ONAP) housing stock.

- **MFH occupied rental units**
  This indicator tracks the number of occupied rental units in Multifamily Housing properties, including Project-Based Rental Assistance, tax credit/low income housing tax credit (LIHTC) financed units, HUD insured privately owned properties, housing for elderly and disabled (202 and 811), and legacy housing programs like Rental Assistance Program (RAP) and Rent Supplement properties. With record low interest rates now available, many of these properties are paying off their existing financing, which removes them from their current position in the Multifamily portfolio. The vast majority, however, remain as affordable housing to be refinanced either conventionally or under other FHA programs.

- **CPD rental units**
  This indicator tracks the number of occupied rental units within Community Planning and Development (CPD) programs, including HOME Investments Partnership Program (HOME), HOME Tenant Based Rental Assistance (HOME TBRA), Tax Credit Assistance Program (TCAP), Community Development Block Grant-Disaster Recovery (CDBG-DR), McKinney Supportive Housing, Neighborhood Stabilization Program (NSP), and Housing Opportunities for Persons with AIDS (HOPWA). Target trends show seasonal variation.

- **Additional families housed in affordable rental housing**
  This indicator tracks the total number of households served since the beginning of the performance period. This is a key indicator that accumulates numbers from the program office and program indicators (MFH, CPD, Public Housing, ONAP, TBRA) as well as two additional programs within PIH that are otherwise not represented by the individual program office indicators. Because of these additional programs, the total numbers for this indicator are different than the sum of the individual indicators (MFH, CPD, PH, TBRA, and ONAP).

APG Progress Update Measure 5a

Preserve affordable rental housing.

APG PERFORMANCE SUMMARY TABLE
MEASURE 5a: Preserve affordable rental housing.

Indicator	2010	2011	2012 Target	2012 Actual	Met?	Trend	2013 Target	2014 Target
CPD occupied rental units	21,776	43,133	43,463	86,641	yes		54,871	16,324
HSG occupied rental units	-1,537	-6,205	-15,881	1,573	yes		-23,024	-25,166
Public Housing occupied rental units	1,203[d]	22,001	2,500	9,365	yes		-43[c]	-2,062[c]
TBRA occupied rental units	30,847	40,679	0	25,223	yes		0	8,000
ONAP occupied rental units[e]	725	882	680	524	no		680	680
RAD occupied units converted[a]	NA	NA	NA	NA	NA	NA	5,700	22,325
Total additional HUD families housed in affordable rental housing[b]	51,160	98,267	29,869[b]	123,027[b]	yes		31,591	0[f]

[a] This is a placeholder for a new measure in FY 2014. These numbers have not yet been included in the overall HUD total families served count, as HUD continues working to determine the projected impact in each program.

[b] This total may differ from the sum of the rows above because it includes two additional programs within PIH that are not otherwise represented by individual program office indicators. These programs (Mod Rehab and Mainstream Vouchers) represent a very small portion of the overall PIH portfolio.

[c] Actual Public Housing and Mod Rehab units will likely be significantly reduced due to units converting through the Rental Assistance Demonstration (RAD) program. This target indicates maintenance of units through program efforts only and does not take into account units converting through the RAD program.

[d] Public Housing FY 2010 actual result as of December 31, 2010. The FY 2011 result is over a performance period of Q2-Q4.

[e] Due to the nature of grantee reporting of ONAP occupied rental units, reported figures may be different than previous APRs.

[f] HUD's goal is to have no reductions in the number of households in occupied rental units receiving assistance in FY 2014, despite programmatic targets that would sum to a small loss of 3,117 units.

HUD has exceeded the FY 2012 Q4 target by 314 percent, and is currently above the two-year target of 61,000 affordable rental units, with a net unit increase of 123,027. Since this goal tracks the net change of occupied units added and lost, it remains possible that a net loss of units could occur between now and the end of FY 2013. To continue to track HUD's quarterly and annual progress on this measure, visit Performance.gov.

Total additional HUD families housed in affordable rental housing

Total additional HUD families housed in affordable rental housing chart. Data points — additional families housed (green): 2010: 51,160; 2011: 98,267; 2012: 123,027. Target (blue): 2010: 79,191; 2011: 127,828; 2012: 29,869; 2013: 31,591; 2014: 0.

Legend: additional families housed — target

Community Planning and Development (CPD) occupied rental units

Community Planning and Development (CPD) occupied rental units chart. CPD occupied rental units (green): 2010: 21,776; 2011: 43,133; 2012: 86,641. Target (blue): 2010: 16,569; 2011: 48,469; 2012: 43,463; 2013: 54,871; 2014: 16,324.

Legend: CPD occupied rental units — target

Housing (HSG) occupied rental units

Housing (HSG) occupied rental units chart. HSG occupied rental units (green): 2010: (1,537); 2011: (6,205); 2012: 1,573. Target (blue): 2010: (6,202); 2011: (2,000); 2012: (15,881); 2013: (23,024); 2014: (25,166).

Legend: HSG occupied rental units — target

Public Housing occupied rental units

Public Housing occupied rental units chart. PH occupied rental units (green): 2010: 1,203; 2011: 22,001; 2012: 9,365. Target (blue): 2010: 5,976; 2011: 27,167; 2012: 2,500; 2013: (43); 2014: (2,062).

Legend: PH occupied rental units — target
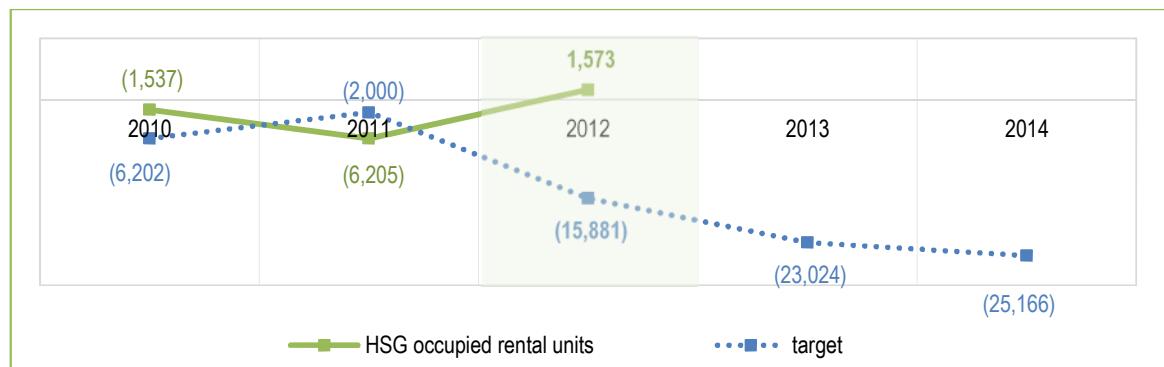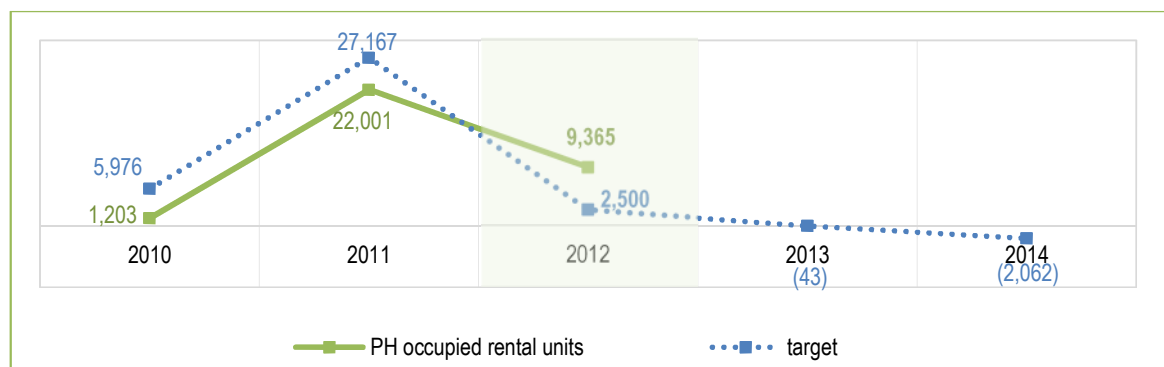
Tenant-Based Rental Assistance (TBRA) occupied rental units
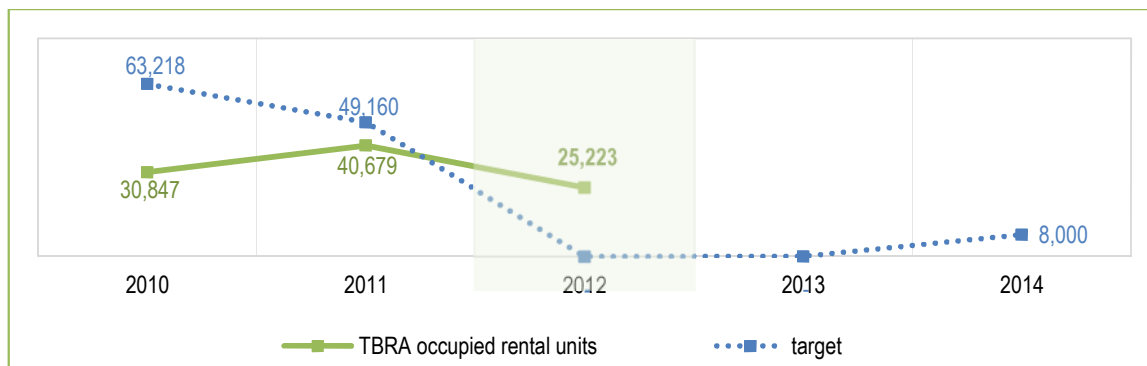
Office of Native American Programs (ONAP) occupied rental units

APG External Factors Measure 5a

Preserve affordable rental housing.

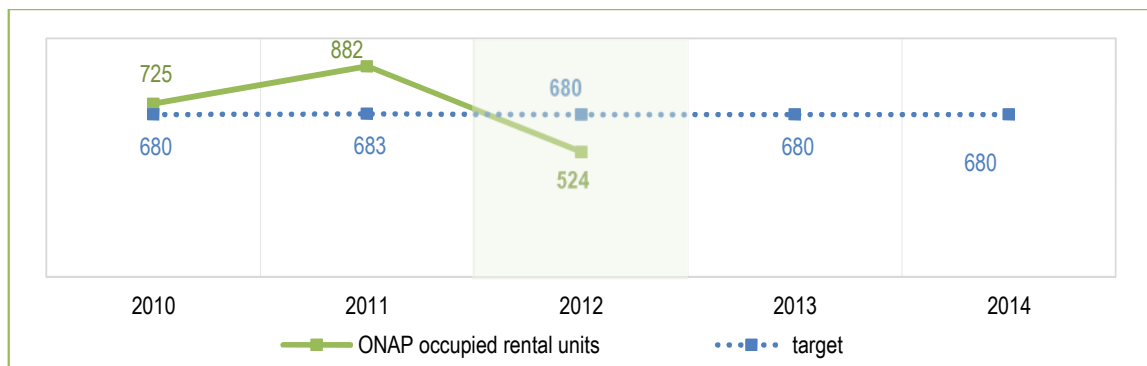Availability of funding continues to be a challenge for HUD programs. For several CPD programs such as HUD's Special Needs Assistance Programs, HOPWA, and HOME, targets are based on funding level. TCAP was required to be fully expended by February 2012 and we expect that 100 percent of units will be completed by the end of FY 2013. For NSP, NSP2 TA Funding ends in Q2 of FY 2013 and NSP3 TA funds, per the appropriation language, can only provide direct TA to NSP3 grantees.

For PIH programs, flat or reduced program funding will force PHAs and TDHEs to focus on preservation to ensure currently assisted families can continue to receive housing assistance. For example, the Housing Choice Voucher program faced unprecedented cuts to the administrative fees account in FY 2012, which will impact PHAs' ability to continue to lease units quickly throughout the year. The timing of the passage of the Appropriations Act and the uncertainty of the renewal funding amount is another important factor impacting the Housing Choice Voucher (HCV) program's ability to forecast leasing and achieve leasing goals. Late appropriations or concerns about significant funding reductions cause PHAs to slow or stop leasing to alleviate the number of terminations that may be necessary if drastic reductions in renewal funding materialize. In addition, targets assumed a stable rental market and economy, so any significant changes will also impact initial targets for PIH.

Better coordination with Treasury and the USDA's Rural Housing Service will make the Federal government's efforts more efficient. Indeed, we are also working with the Departments of Treasury and Agriculture to align administrative requirements among our respective affordable rental housing programs. This is critical for owners, developers, tenants and local communities working to create and preserve affordable housing as Federal funds often make up a significant share of a property's financing structure. However, owners and developers can be burdened by overlapping administrative requirements associated with those Federal affordable housing programs. We are working with USDA and Treasury to launch a series of pilots that will streamline administration of our rental programs which we hope will reduce administrative costs associated with these programs over time. In addition, such efforts would increase the effectiveness of HUD's preservation strategies and expand housing opportunities by enabling more voucher holders to access LIHTC units in non-poor neighborhoods.

Households in Occupied Rental Units Receiving Assistance[4]

Program	FY 2010 Cumulative Baseline	FY 2011 Incremental Actual	FY 2011 Cumulative Actual	FY 2012 Incremental Actual	FY 2012 Cumulative Actual	FY 2013 Incremental Target	FY12-13 Cumulative Target	FY 2014 Incremental Target	FY 2014 Cumulative Target
Multifamily Project Based Rental Assistance[5]	1,179,298	29	1,179,327	(4,605)	1,174,722	(8,300)	1,162,727	(8,300)	1,154,427
Other Multifamily Subsidies[6]	193,474	(14,942)	178,532	(7,316)	171,216	(15,000)	148,532	(15,000)	133,532
Project Rental Assistance Contract (Sect. 202 & 811)	134,471	5,974	140,445	2,532	142,977	3,780	149,886	2,776	152,662
Insured Tax Exempt or Low-Income Housing Tax Credit	111,812	2,734	114,546	9,041	123,587	(4,062)	111,684	(5,200)	106,484
Mortgage Insurance for Residential Care Facilities (Sect. 232)[7]	N/A	N/A	460	1,921	2,381	558	1,576	558	2,134
TOTAL Housing Programs	**1,619,055**	**(6,205)**	**1,613,310**	**1,573**	**1,614,883**	**(23,024)**	**1,574,405**	**(25,166)**	**1,549,239**
PIH Mainstream and Tenant Based Rental Assistance	2,142,668	40,608	2,183,276	25,448	2,208,724	0	2,183,276	8,000	2,191,276
Public Housing[8]	1,060,392	22,001	1,082,393	9,365	1,091,758	(43)	1,084,850	(2,062)	1,082,788
Indian Housing Block Grant	8,340	882	9,222	524	9,746	680	10,582	680	11,262
PIH Mod Rehab	25,550	(2,152)	23,398	(524)	22,874	(893)	21,612	(893)	20,719
TOTAL Public and Indian Housing	**3,236,950**	**61,339**	**3,298,289**	**34,813**	**3,333,102**	**(256)**	**3,300,320**	**5,725**	**3,306,045**
HOME Tenant Based Rental Assistance	23,220	(1,712)	21,508	(480)	21,028	1,300	23,370	751	24,121
HOME Rental	205,792	22,821	228,613	28,969	257,582	11,660	248,582	6,732	255,314
Housing Opportunities for Persons Living With AIDS	25,006	650	25,656	50	25,706	(425)	24,546	142	24,688
Homeless Assistance Grants	106,664	8,099	114,763	5,154	119,917	462	122,877	462	123,339
Neighborhood Stabilization Program	2,003	1,173	3,176	5,225	8,401	11,440	18,676	2,117	20,793
Tax Credit Assistance Program	1,019	5,335	6,354	43,266	49,620	24,314	51,353	0	51,353
Gulf Coast (Disaster)	9,603	6,767	16,370	4,457	20,827	6,120	25,370	6,120	31,490
TOTAL Community Planning and Development	**373,307**	**43,133**	**416,440**	**86,641**	**503,081**	**54,871**	**514,774**	**16,324**	**531,098**
HUD TOTAL	**5,229,312**	**98,267**	**5,328,039**	**123,027**	**5,451,066**	**31,591**	**5,389,499**	**0[9]**	**5,389,499[9]**

[4] Indian Housing Block Grants, Homeless Assistance Grants, Neighborhood Stabilization Program and Gulf Coast (disaster) numbers reflect changes from prior reports due to grantee reporting updates.

[5] Multifamily Project Based Rental Assistance includes Section 8, Rent Supplement, and Rental Housing Assistance Programs.

[6] Other Multifamily Subsidies includes Old Section 202, Section 221(d)(3) Below Market Interest Rate, and Section 236 Interest Reduction Payment only.

[7] Units reported here for the Section 232 program include only units added since the beginning of FY12, when the program was added to this goal.

[8] Public Housing FY 2010 baseline is from December 31, 2010. The FY 2011 result is over a performance period of Q2-Q4.

[9] HUD's goal is to have no reductions in the number of households in occupied rental units receiving assistance in FY 2014, despite programmatic targets that would sum to a small loss of 3,117 units.

Agency Priority Goal	**Reduce homelessness. By September 30, 2013, in partnership with the VA, reduce the number of homeless Veterans to 35,000 by serving 35,500 additional homeless Veterans. HUD is also committed to making progress towards reducing family and chronic homelessness and is working towards milestones to allow for tracking of these populations.**
APG Overview Measure 6 Reduce homelessness.	This goal represents HUD's effort to reduce homelessness among three of the largest groups affected by homelessness: Veterans, the chronically homeless, and families, youth and children. The strategies for each population vary and thus are listed individually below. However, these are not three discrete populations, but overlapping ones. For example, many homeless Veterans are also chronically homeless. By targeting resources available under HUD-VASH to chronically homeless Veterans, HUD and VA are impacting two high-need populations. While HUD-VASH is a significant resource specifically designed to serve Veterans, the key resources for other populations remain targeted homeless programs and mainstream/affordable housing programs as reflected in this discussion. *Veterans' Homelessness:* Veterans are overrepresented in the homeless population, consisting of approximately 13 percent of homeless adults at a given point in time in 2012, while only 9.5 percent of the adult population has veteran status. On a single night in January 2012, there were 62,619 homeless Veterans reported. Causes of homelessness among Veterans are similar to causes of homelessness among non-Veterans (interrelated economic and personal factors and a shortage of affordable housing). As for other populations, the complexity of navigating systems makes it difficult for Veterans to get their needs met. Many Veterans experiencing homelessness have distinct characteristics that make it difficult to regain stability. They are more likely to be unsheltered and to experience homelessness for longer periods of time than non-Veterans. Veterans have high rates of experiencing Post-Traumatic Stress Disorder, traumatic brain injury, and sexual assault, all of which increase the risk of homelessness. About 50 percent of Veterans experiencing homelessness have serious mental illness, approximately 50 percent have a history with the criminal justice system, and nearly 70 percent have substance abuse disorders. As an agency priority for both HUD and the VA, the goal of ending Veterans' homelessness must build on the opportunity generated by political consensus and the availability of resources around this issue. Through collaboration at the Federal, State, and local levels, community organizations can provide the opportunities and support necessary to ensure that those who served our country in the military will never have to sleep on its streets. *Chronic Homelessness[10]:* On the night of the annual Point-In-Time count in 2012, 99,894 adults were experiencing chronic homelessness in America; three-quarters are men with the average age approaching 50. Almost one-third are Veterans. Most go unsheltered and, despite disabling conditions, are not enrolled in

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[10] Chronically Homeless as defined in §578.3 of the Continuum of Care Program interim rule:

Chronically Homeless Person. (1) An individual who:
(i) Is homeless and lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and
(ii) Has been homeless and living or residing in a place not meant for human habitation, a safe haven, or in an emergency shelter continuously for at least one year or on at least four separate occasions in the last 3 years; and
(iii) Can be diagnosed with one or more of the following conditions: substance use disorder, serious mental illness, developmental disability (as defined in section 102 of the Developmental Disabilities Assistance Bill of Rights Act of 2000 (42 U.S.C. 15002)), post-traumatic stress disorder, cognitive impairments resulting from brain injury, or chronic physical illness or disability;
(2) An individual who has been residing in an institutional care facility, including a jail, substance abuse or mental health treatment facility, hospital, or other similar facility, for fewer than 90 days and met all of the criteria in paragraph (1) of this definition, before entering that facility; or

(3) A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraph (1) of this definition, including a family whose composition has fluctuated while the head of household has been homeless.

Medicaid or other insurance programs.

The cost of chronic homelessness is high, both for individuals and society as a whole. The mortality rate for those experiencing chronic homelessness is four to nine times higher than for the general population. Rates of severe mental health disorders and substance abuse are high. In a wide range of communities, the extraordinarily high costs associated with the use of public services by those experiencing chronic homelessness have been documented. Health care is the major expense due to frequent and avoidable emergency room visits, inpatient hospitalizations, sobering centers, and nursing homes. People experiencing chronic homelessness have high rates of incarceration often for offenses that are non-violent and are related to mental illness or the realities of living on the street. This adds an additional burden to a justice system that, in many communities, is already stretched to its limit. The physical and mental health needs of this population are prevalent and acute, and must be addressed if we are to end chronic homelessness.

Family homelessness: One of the fastest growing segments of the homeless population is families with children. Hard-to-house families face many challenges, including weak employment histories, long stays in public housing, poor health, substance abuse, and criminal records. According to volume 1 of the 2012 Annual Homeless Assessment Report, 38 percent of the homeless population on a single night is comprised of persons in families.

We know that families on the verge of homelessness or who become homeless have very different circumstances than homeless individuals and therefore very different needs to avert or escape homelessness. The most common reasons for families becoming homeless are the inability to find affordable housing, the insufficiency of subsidized housing, and the loss of a job or inadequate pay to afford stable housing. In addition, other factors include foreclosures on owned or rented property, domestic violence, having children at a young age, or lack of a social support network. Preventing and ending homelessness for all families needs to be approached with a range of strategies. In addition, we need to be better at targeting the right interventions to the right families so that scarce resources are used as effectively and efficiently as possible.

Over the course of 2011, more than half a million persons in families used emergency shelter or transitional housing. During 2011, over 300,000 homeless persons were under the age of 18, according to HUD reports. Families experiencing homelessness are usually headed by a single woman who is, on average, under the age of 30. Among mothers with children experiencing homelessness, more than 80 percent had previously experienced domestic violence. Providing timely and supportive interventions for families experiencing or at immediate risk of experiencing homelessness can provide enormous hope to children and adults for building safe, stable, and self-sufficient futures.

APG Contributing Programs Measure 6

Contributing programs from within the agency include McKinney-Vento Permanent Supportive Housing, the Recovery Act Funded Homelessness Prevention and Rapid Re-housing Program, and the HUD-VASH voucher program administered by the Office of Public and Indian Housing in conjunction with the Department of Veterans' Affairs.

APG Goal Leader

Jonathan Harwitz, Deputy Chief of Staff for Budget and Policy

APG Focus Cities

HUD worked with the United States Interagency Council on Homelessness to consider communities with the highest volume of homelessness for each of the subpopulations the Department is targeting. Top-20 city counts figures were derived from the 2011 Point-In-Time count of the homeless. The team also considered the benefit of creating overlap with the Interagency Council's Tier 1 and Tier 2 priority cities (themselves selected on the basis of need) as well as with the Office of Community Planning and Development Pulse Cities where better and timelier data is available.

The top three communities for each subpopulation were selected taking into account some geographic diversity within each subpopulation.

The focus areas selected to monitor progress on homeless veterans are Las Vegas, Nevada (Region IX), Los Angeles, California (Region IX), and New York City, New York (Region II).

The focus areas selected to monitor progress on chronic homelessness were Las Vegas, Nevada (Region IX), Los Angeles, California (Region IX), and New Orleans, Louisiana (Region VI).

The focus areas selected to monitor progress on family homelessness were New York City, New York (Region II), Central Florida (Region IV), and Los Angeles, California (Region IX).

**APG Strategies
Measure 6**

Reduce homelessness.

Strategies include better targeting of rental subsidies to Veterans; increasing access to permanent supportive housing with intensive support services to address mental health, substance abuse, health, and employment needs; more meaningful employment by coordinating housing with workforce training; better access to financial assistance; and encouraging community crisis response teams that focus on prevention and rapid re-housing activities.

Significant progress has been made in reducing the number of individuals experiencing chronic homelessness over the past 5 years.[11] In order to house and improve outcomes for individuals and families experiencing chronic homelessness, strategic action has been concentrated on connecting the chronically homeless to the appropriate services and housing, often permanent supportive housing, to ensure stability.

Rapid re-housing uses short-term strategies to help families quickly move out of homelessness and into permanent housing. These may include providing short-term financial supportive services to help a household quickly secure housing, providing short-term financial and rental assistance, and addressing barriers to long-term housing stability. For a small subset of families with multiple barriers to stable housing, permanent supportive housing, tailored to the unique needs of families, is the right intervention.

Strategies: (1) Provide additional individuals and families with rental housing subsidies, and (2) provide and increase access to homelessness prevention services.

HUD is helping Veterans obtain or maintain HUD-assisted permanent housing through three programs:

- **HUD-VASH (VA Supportive Housing):** The HUD-VASH program provides homeless Veterans with vouchers through the Housing Choice Voucher program so they can access rental housing in the private market. Congress provided HUD $75 million in each of FYs 2008 through 2012, with the exception of FY 2011 which was $50 million, for this effort. HUD and the VA determine the geographical distribution of HUD-VASH vouchers based on the relative need for such assistance using data on the number of homeless Veterans. The funds are then distributed to the public housing agencies selected by HUD. Veterans must be referred to participating public housing agencies by VA medical centers. With HUD approval, participating public housing agencies may use some of the funding for project-base HUD-VASH vouchers, which involves attaching HUD-VASH assistance to specific housing units for a given period of time, as stipulated in a contract between the public housing agency and the owner of the units.

  Key components of the HUD-VASH program are the case management and clinical services provided by VA medical centers and in the community as a condition of receiving a HUD-VASH voucher. VA case managers work with community advocacy groups, service providers, landlords, and local Continuums of Care to make sure that Veterans obtain needed treatment and services,

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[11] Between January 2007 and January 2012, the number of chronic homeless people on a single night declined by 23,939 people (or 19.3%) from 123,833 to 99,948 people. *The 2012 Point-In-Time Estimate of Homelessness: Volume I of the Annual Homeless Assessment Report.*

access benefits, and receive assistance with housing needs. The VA will target the at-risk veteran population with aggressive support intervention to try to prevent homelessness before it starts.

- **HUD Continuums of Care Programs.** The McKinney-Vento Homeless Assistance Act provides Federal financial support for a variety of homeless assistance programs. The HEARTH Act amended the McKinney-Vento Homeless Assistance Act, and, among other things, consolidated the Continuum of Care (CoC) Homeless Assistance Grants programs (formerly Supportive Housing Program, Shelter Plus Care program, and Section 8 Moderate Rehabilitation Single Room Occupancy Program), into a single CoC program. During 2012 and 2013, many recipients will be in the early stages of transitioning their projects to the CoC program.

  To access these CoC program funds, communities are required to come together to submit a single comprehensive Continuum of Care application to help ensure that homeless individuals and families get the housing and services they need to successfully leave homelessness. A Continuum of Care is the primary decision-making body that represents a community's plan to organize and deliver housing and services to homeless individuals and families within the community.

  The McKinney-Vento Act, as amended by the HEARTH Act, and the subsequent CoC program interim rule formalizes and codifies CoC requirements to ensure greater community involvement and more effective service to homeless persons. The CoC coordinates the submission of individual projects that will be implemented within their geographic areas. Eligible project costs include Continuum of Care planning activities, Unified Funding Agencies' costs, acquisition, rehabilitation, new construction, leasing, rental assistance, supportive services, operating costs, HMIS, and project administrative costs.

  The CoC program has an increased emphasis on service coordination with the Emergency Solutions Grants programs, including the requirement to establish a centralized or coordinated assessment process. Additionally, the CoC program incentivizes more effective programs through its expanded performance measures, as identified in the McKinney-Vento Act, as amended by the HEARTH Act. HUD encourages communities to use the reallocation process to terminate part, or all, of existing underperforming projects in order to create new projects that better meet the housing and service needs of the community's homeless population. Some of the new CoC program eligible costs introduced through the McKinney-Vento Act, as amended by the HEARTH Act, allow HUD to fund rapid re-housing models that are aimed at quickly restoring homeless persons to stable housing situations.

- **Homelessness Prevention and Rapid Re-housing Program.** The Homelessness Prevention and Rapid Re-housing Program, funded at $1.5 billion through the Recovery Act, assisted persons, including Veterans, who are homeless or at risk of becoming homeless. Many providers served homeless subpopulations, such as Veterans, as well as individuals or families that would be homeless but for this assistance. The lessons learned from the Homelessness Prevention and Rapid Re-housing program are being incorporated into HUD's programs as amended by the HEARTH Act. Many of the systems and activities funded under the Homelessness Prevention and Rapid Re-housing program are being built upon and improved through HUD's Emergency Solutions Grant program. Rapid-re-housing uses short-term strategies to help families quickly move out of homelessness and into permanent housing. These may include providing short-term financial supportive services to help a household quickly secure housing, providing short-term financial and rental assistance, and addressing barriers to long-term housing stability. For a small subset of families with multiple barriers to stable housing, permanent supportive housing, tailored to the unique needs of families, is the right intervention.

**APG
Indicators
Measure 6**

Key Indicators:

- **Homeless Veterans assisted by HUD programs**
  This measure combines the totals of Veterans assisted through HUD's program-specific measures for Veterans served by HUD-Veterans Affairs Supportive Housing (HUD-VASH), the Continuum of Care (CoC) Permanent Supportive Housing Programs, and the Homelessness Prevention and Rapid Rehousing Program (HPRP).

Supporting Indicators:

- **HUD-VASH Veterans Assisted**
- **Veterans who are Homeless or At Risk of Homelessness Assisted with HPRP Funds**
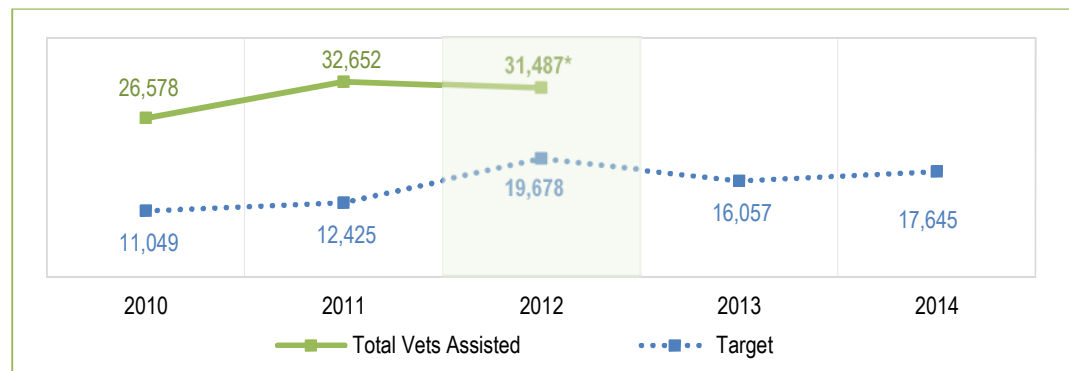- **Homeless Veterans Served through Continuum of Care Permanent Supportive Housing Programs**

**APG Progress
Update**

Reduce
homelessness.

Indicator	2010	2011	2012 Target	2012 Actual	Met?	Trend	2013 Target	2014 Target
HUD-VASH Veterans assisted	11,140	14,621	12,200	15,450	yes		12,200	13,349
Veterans who are homeless or at risk of homelessness assisted with HPRP funds	11,385	11,049	3,750	4,075*	yes		0	0
Homeless Veterans served through CoC permanent supportive housing programs	4,053	6,982	3,728	11,962	yes		3,857	4,296
Homeless Veterans assisted by HUD programs	26,578	32,652	19,678	31,487*	yes		16,057	17,645

*The performance data for HPRP is merely preliminary as HUD is conducting a data quality review. Also note that, in order to avoid double counting with HUD-VASH data, the HPRP data exclude Veterans that received HPRP assistance in conjunction with HUD-VASH.
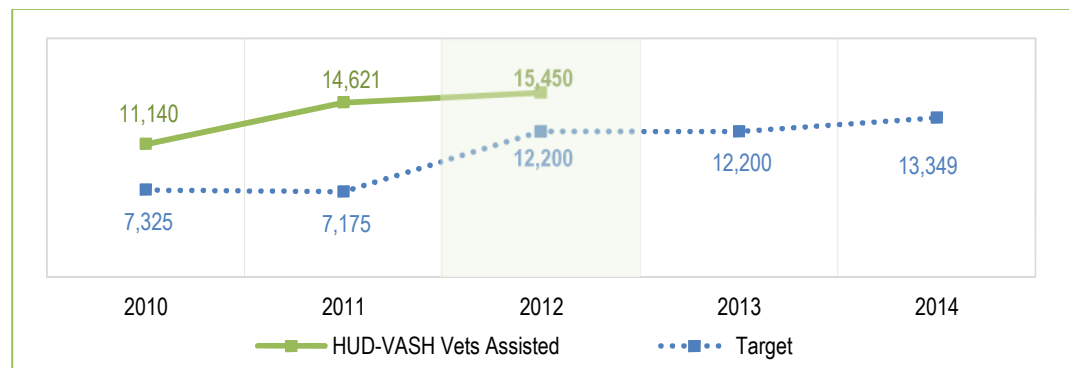
The HUD-VASH program assisted 15,450 homeless Veterans, exceeding their target by 15 percent. A data sharing agreement between HUD and the VA was signed in June 2012 and cross-agency data quality continues to improve, aiding in management for both agencies. HUD also completed a best practices report that compiled information from high-performing HUD-VASH sites and HUD field offices and distributed it to the field in April 2012.

In fiscal year 2012, 11,962 homeless Veterans received permanent supportive housing through HUD's Continuum of Care program. This represents a 71% increase from the number of homeless Veterans HUD served in 2011. Additionally, HPRP grantees reported serving 6,959 Veterans, 2,884 of which received assistance to get into the HUD-VASH program. While the final data for HPRP is not available in time for the publication of this report, it is expected to be available in the coming months, and readers can continue to track HUD's quarterly and annual progress on this measure by visiting Performance.gov.
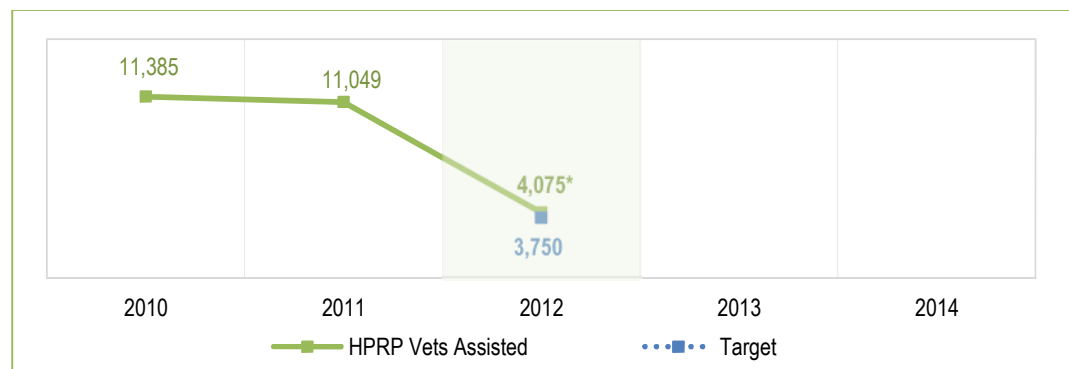
Total Homeless Veterans assisted by HUD programs

*preliminary data

	2010	2011	2012	2013	2014
Total Vets Assisted	26,578	32,652	31,487*		
Target	11,049	12,425	19,678	16,057	17,645

HUD-VASH Veterans assisted

	2010	2011	2012	2013	2014
HUD-VASH Vets Assisted	11,140	14,621	15,450		
Target	7,325	7,175	12,200	12,200	13,349

Veterans who are homeless or at risk of homelessness assisted with HPRP funds

*preliminary data

	2010	2011	2012	2013	2014
HPRP Vets Assisted	11,385	11,049	4,075*		
Target			3,750		

Homeless Veterans served through CoC permanent supportive housing programs

	2010	2011	2012	2013	2014
CoC Vets Assisted	4,053	6,982	11,962		
Target	3,724	5,250	3,728	3,857	4,296
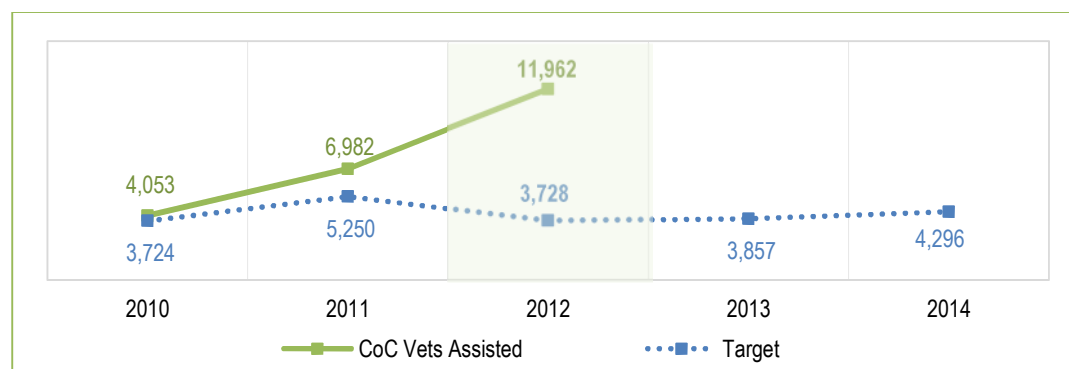
Agency Priority Goal	**Increase the energy efficiency and health of the nation's housing stock. By September 30, 2013, HUD will enable a total of 159,000 cost-effective energy efficient or healthy housing units, as a part of a joint HUD-DOE goal of 520,000 in 2012-2013 and a total goal of 1.2 million units from 2010 through 2013.**

APG Overview Measure 13

Increase the energy efficiency and health of the nation's housing stock.

HUD has committed to creating energy efficient housing as part of a broader commitment to supporting the development of inclusive, sustainable communities, including an unprecedented Partnership for Sustainable Communities with the U.S. Department of Transportation and the U.S. Environmental Protection Agency, and supported by the newly created Office of Sustainable Housing and Communities. The residential sector is responsible for fully 21 percent of the nation's greenhouse gas emissions, and creating energy efficient housing is part of a long-term strategy to reduce the environmental impact of these buildings and reduce utility costs for both owners and residents.

HUD spends more than $7 billion annually on utilities (both water and energy)—either in the form of allowances for tenant-paid utilities, or through direct operating grants or housing assistance payments for owner-paid utilities in public and assisted housing. Much of HUD's portfolio of public and assisted housing was built before the advent of energy codes, and therefore does not have the level of energy efficiency that has resulted from newer, more energy-efficient housing. Resulting utility costs account for around 22 percent of public housing operating budgets. Costs are high in much of Indian Country and in Alaska Native Villages due to climate conditions in these locations.

HUD is also committed to improving the health and safety of homes for families and children by improving indoor environmental quality and addressing lead hazards and other conditions that threaten the life or health of residents.

Furthermore, HUD is committed to supporting affordable, walkable, and/or transit-oriented communities through its Sustainable Communities Initiative and to reducing barriers to coordination between Federal partners through the Partnership for Sustainable Communities.

This initiative is aimed at making significant improvements to the energy efficiency, health and safety of this housing stock and sustaining the progress achieved through significant HUD investments of Recovery Act funds in energy efficient, healthy housing over the past two years. HUD exceeded the two-year FY 10-11 goal of 159,000 energy retrofits, and has recently exceeded the FY 2012 target of 75,670 units as well.[12]

While the close-out of Recovery Act funds is nearly complete, HUD sustained its overall FY 2010-11 target in the FY 2012-2013 performance period due to an increase in Energy Performance Contracts in public housing, continuing contributions from the HOME program, Public Housing Capital Fund, and the Office of Healthy Homes and Lead Hazard Control, as well as the inclusion of five additional programs that were not included in previous years. However, the final close-out of the Recovery Act programs, reduced funding for the HOME program, and decreased projections going forward for Public Housing Energy Performance Contracts contribute to a smaller FY2014 target, with a target of 42,345 green and healthy retrofits.

APG Goal Leader

Shelley Poticha, Director, Office of Sustainable Housing and Communities

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[12] FY 10, FY 11, and FY 12 units completed include unit equivalents utilizing OMB-approved methodology for counting Cost-Effective Energy Retrofits reported through the Recovery Act Management and Performance System (RAMPS).

APG Focus Cities Measure 13

Increase the energy efficiency and health of the nation's housing stock.

Pittsburgh, Pennsylvania (Region III), Providence-New Bedford-Fall River, Rhode Island-Massachusetts MSA (Region I), and San Juan-Guaynabo, Puerto Rico MSA (Region IV) were selected as focus cities for this measure. They were selected using a composite index that reflected household expenditures on utilities (water and energy) in every Metropolitan Statistical Area (MSA), the age of the housing stock in the MSA, and median household income for each area to calculate percent of income spent on utilities. To create a composite index, individual rankings for percent of income spent on utilities was added to the rank for percent of housing stock built before 1970. HUD then considered how many HUD-assisted units are located in each of the metro areas. The three selected cities ranked at the top of the composite index and had greater than 20,000 HUD-assisted units in different climate zones. To learn more about APG focus cities and the CityStat process, see Section 5.1 of this report.

APG Contributing Programs

This performance goal involves every HUD program that produces, manages, or finances HUD's portfolio of affordable housing. The program lead is the Office of Sustainable Housing and Communities, which coordinates a broad-based Departmental effort to reduce HUD's outlays for energy. Other contributing programs include the multifamily Green Retrofit Program; the Mark to Market Green Initiative; Sections 202 and 811 Supportive Housing programs, the PowerSaver program, Green Refinance Plus, Multifamily Housing FHA endorsements with sustainability components, HOME, CDBG, Tax Credit Assistance (TCAP) Program and Neighborhood Stabilization Program (NSP), Public Housing Capital Funds, HOPE VI and Energy Performance Contracts, Choice Neighborhoods, Native American Housing Block Grants and Indian Community Development Block Grant, and health and safety improvements to existing housing through the Office of Healthy Homes and Lead Hazard Control.

APG Strategies

Strategies for Achieving Success

HUD's energy strategy is designed to address the issue of residential energy costs, an aging public and assisted housing stock, and growing fiscal demands on HUD's budget to cover household and rental property utility costs. HUD also hopes to address the disproportionate energy cost burden on low- and moderate-income families, and improve the health and quality of HUD-assisted housing for building residents.

Toward that end, HUD has been reviewing energy-efficiency standards across the Department to work toward standardizing energy efficiency and green goals and establishing uniform tracking and reporting systems. Building on the Recovery Act Management and Performance System, Public and Indian Housing developed the Energy Performance Information Center to collect energy-efficient-unit data for energy investments made through the Public Housing Capital Fund grant program and the Energy Performance Contracts. This effort included, but was not limited to, the establishment of standards for green and energy-efficient units and support for setting future goals.

➢ **Strategy: Support and promote an energy-efficient, green, and healthy housing market by providing financing or strengthening incentives for retrofitting existing housing, and for energy-efficient new construction through HUD programs.**

Implementing this strategy involves continuing or strengthening incentives for energy efficiency and green building through a number of existing rental assistance and competitive or formula grant programs.

Contributing program activities

Office of Sustainable Housing and Communities

The Office of Sustainable Housing and Communities is the lead office for this Agency Priority Goal. The Office serves in a coordinating role for a broad-based departmental effort to reduce energy use in the built environment. In support of Measure 13, the Office works to align energy standards and reporting across program offices, provides support in tracking progress against results, and coordinates activities as needed with the Department of Energy and the U.S. Environmental Protection Agency (EPA). In addition, the Office

administers the Sustainable Communities Initiative, which, in partnership with the Department of Transportation and the U.S. Environmental Protection Agency, awards competitive grants to metropolitan regions, cities, and rural communities for more sustainable housing and community development. Since its establishment in 2010, HUD's Sustainable Communities Initiative has helped rural, suburban, and urban communities across the United States link jobs and housing, foster sustainable, long-term economic growth, and protect America's environmental assets through the Regional Planning and Community Challenge grant programs.

Office of Public and Indian Housing

Public Housing Capital Fund: Although energy efficiency is encouraged but not required for formula funds, Capital Fund formula funds are being used for energy-efficiency improvements in a significant number of units, ranging from ENERGY STAR refrigerators and other ENERGY STAR qualified appliances, building improvements, lighting upgrades, and new or more efficient heating and cooling equipment. Energy retrofits completed through the Public Housing Capital Fund employ "unit equivalent" figures based on a standard basket of energy conservation measures in order to avoid over-reporting of units with few or minor energy conservation measures. The figures are derived from the top 10 most cost-effective conservation measures and a unit equivalent factor of 6 to estimate the number of units counting towards this goal.

Energy Performance Contracts. Financing incentives under the Public Housing Operating Fund allow public housing agencies to undertake Energy Performance Contracts. These agreements are normally with third-party energy service companies that arrange financing for energy conservation measures, oversee the installation of these measures, and provide long-term services, such as monitoring energy use, training maintenance staff, and educating residents. Public housing agencies are typically able to retain 100 percent of the savings for the duration of the contract (up to 20 years), with a minimum of 75 percent of the savings committed to debt service:[13] Alternatively, debt may be serviced using an add-on subsidy set at the debt service payment amount. HUD has been working to expand the Energy Performance Contract program to reach more housing authorities, particularly the very small housing authorities which are disproportionately underserved by the program.

HOPE VI/Choice Neighborhoods. These programs enable public housing agencies that have severely distressed housing in their inventory to replace or improve this housing with funding for rehabilitation, new construction, site acquisition, and other physical improvements. In addition to modernization and development, HOPE VI and its successor, Choice Neighborhoods, support cost-effective efforts to increase energy efficiency by requiring the development of units under ENERGY STAR for Homes and additional programs such as LEED and Enterprise Green Communities.

Office of Community Planning and Development

HOME Investment Partnerships. Among other eligible uses, HOME funds may be used to finance new construction and gut rehabilitation projects that meet local codes. To promote energy efficiency, HOME grantees are required to report the number of units that meet the ENERGY STAR standard in HUD's Integrated Disbursement and Information System (IDIS). HUD will continue to encourage HOME participating jurisdictions to adopt ENERGY STAR for New Homes for new construction and rehabilitation. In order to increase the share of new homes built to this standard, the HOME program will continue to make available its ENERGY STAR training model. In addition to promoting new units meeting ENERGY STAR standards, the HOME program is working to establish reporting procedures for energy efficient and green rehabilitation projects.

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[13] For energy-efficiency investments not financed through Energy Performance Contracts, housing agencies can retain a portion of the savings for 3 years.

Measure 13

Increase the energy efficiency and health of the nation's housing stock.

Tax Credit Assistance Program. Through funds made available by the Recovery Act, HUD awarded Tax Credit Assistance Program (TCAP) formula grants to state housing credit agencies to finance developments that received Low Income Housing Tax Credit (LIHTC) funds. In FY 2012, CPD continued to report new Recovery Act-funded TCAP units that met the ENERGY STAR for New Homes standard; CPD will continue to track these units through the end of FY 2013.

Community Development Block Grant. Community Development Block Grant grantees determine the specific activities they will fund from among 25 categories of eligible activities. Although rehabilitation of housing is an eligible use, most grantees do not undertake housing rehabilitation that is extensive enough to lead to ENERGY STAR certification. For this goal, the program tracks and reports only new construction units that meet the ENERGY STAR for New Homes standard.

Office of Housing (Multifamily)

Mark-to-Market Program Green Initiative. In 2007 HUD initiated a Green Initiative through its Mark-to-Market program. This voluntary pilot program offers financial incentives for private owners to adopt green building practices in both the rehabilitation and operation of their HUD-subsidized, federally insured multifamily properties. These practices include energy and water efficiency, use of recycled and local materials, improved indoor air quality, and the healthy housing approach developed by HUD's Healthy Homes Initiative.

The Mark-to-Market Program Green Initiative focuses on immediate repairs, but also requires that owners commit to maintain green building principles for the life of the property. HUD expects owners to realize energy and water savings by focusing on: sealing the building envelope; increasing insulation; ensuring that heating and cooling systems are appropriately sized and are of an energy-efficient design; installing ENERGY STAR qualified appliances during replacement; installing ENERGY STAR windows during replacement; using compact fluorescent lights; installing low-flow faucets, showerheads, and toilets; and installing water- and energy-monitoring equipment.

Green Retrofit Program (Recovery Act). The Recovery Act provided grants and loans to reduce energy costs, decrease water consumption, and improve indoor air quality in older federally assisted multifamily apartment developments by helping private landlords and property management companies with conservation measures such as installing more efficient heating and cooling systems and replacing faucets and toilets.

Section 202 Housing for the Elderly and Section 811 Housing for Persons with Disabilities. These programs expand the supply of supportive housing for very low-income elderly people and people with disabilities, respectively. A portion of the housing units developed or rehabilitated incorporate green building practices and energy-efficiency standards; points are awarded for these activities through the annual competitive grant awards process.

FHA Endorsements with Green Features. HUD will report on new multifamily insurance endorsements that report green or energy efficient features. These are projects that are financed or refinanced through one of HUD's multifamily insurance programs. Green features range from LEED-rated new developments to rehabilitation projects that include ENERGY STAR appliances or other energy efficiency improvements.

Multifamily Energy Innovation Fund. The Office of Multifamily Housing Programs' Multifamily Energy Innovation Fund provides grants to be used for the purpose of energy efficiency upgrades at multifamily properties. The objective of the Energy Innovation Fund is to help catalyze a home energy retrofit market in the United States by accelerating private investment in cost-saving energy efficiency retrofits in the residential sector. Innovative and replicable strategies to improve the usefulness of existing HUD programs--as well as developing new financing tools--will lead to significant reductions in energy consumption, operating costs, and the carbon footprint of both affordable and market-rate housing.

Office of Housing (Single Family)

PowerSaver Retrofit Pilot. This is a new mortgage insurance product from FHA that will allow homeowners to borrow up to $25,000 for terms as long as 20 years to make cost effective, energy saving improvements to their homes. Examples of eligible improvements include insulation, duct sealing, energy efficient doors and windows, energy efficient HVAC systems and water heaters, solar panels, and geothermal systems. HUD envisions that the pilot program will provide insurance for up to 2,150 loans over a two year period, with an expected average loan size of $12,500. The program could result in the extension of up to $26.8 million in FHA-insured energy efficiency property improvement loans.

Office of Healthy Homes and Lead Hazard Control

The Office of Healthy Homes and Lead Hazard Control administers two grant programs, enforces lead regulations, and provides technical assistance to the Green and Healthy Homes Initiative to make homes greener and healthier. This office awards and oversees the successful completion of grants to state and local governments and to nonprofit organizations for lead hazard control and broader healthy homes interventions in housing. These lead hazard control and healthy homes approaches have significant impacts on the health and safety of residents.

The Green and Healthy Homes Initiative. This public-private partnership pilot seeks to coordinate and implement a national healthy homes agenda that will eliminate existing health, safety, and energy inefficiencies in homes. The initiative offers integrated health, safety, lead hazard reduction, energy-efficiency, and weatherization interventions in low- to moderate-income homes.

Programmatic Enforcement. Housing units are made healthy through enforcement efforts of the Federal Lead-Based Paint Disclosure Rule that generate settlement agreements with commitments from landlords to fix lead-based paint hazards in their inventory. HUD also works with owners and agents of properties that receive federal housing assistance to comply with the Lead Safe Housing Rule requirements to protect occupants.

Key Indicator:

- **Cost-effective, healthy, energy efficient and green retrofits and new housing**
  To assess our progress towards increasing the energy efficiency and health of the nation's housing stock, HUD tracks the number of new or retrofitted housing units that are healthy, energy-efficient, or meet green building standards. This measure tracks the number of retrofits and units of new construction meeting energy efficiency standards each reporting period.

Supporting Indicators:

- **CPD energy efficient new construction**
  The Office of Community Planning and development (CPD) is helping to increase energy efficiency by constructing new housing that meets ENERGY STAR standards. This measure tracks the units of new construction meeting energy efficiency standards each reporting period.

- **HSG retrofits and energy efficient new construction**
  Single-family and Multifamily Housing (HSG) are working to increase the energy efficiency of our nation's housing stock by retrofitting and developing housing units with green and energy-efficient elements. This measure tracks the number of retrofits and units of new construction meeting energy efficiency standards each reporting period.

- **PIH retrofits and energy efficient new construction**
  The Office of Public and Indian Housing (PIH) is increasing the energy efficiency and health of the nation's housing stock through energy retrofits in public housing. This measure tracks the number of retrofits and units of new construction meeting energy efficiency standards each reporting period.

- **OHHLHC green and healthy retrofits**
  The Office of Healthy Homes and Lead Hazard Control (OHHLHC) is increasing the health of the nation's housing stock through its Lead Hazard Control and Healthy Homes Programs, the Green and Healthy Homes Initiative, and programmatic enforcement. This measure tracks the number of green and healthy retrofits completed each reporting period.

APG PERFORMANCE SUMMARY TABLE
MEASURE 13: Increase the energy efficiency and health of the nation's housing stock.

Indicator	2010	2011	2012 Target	2012 Actual[a]	Met?	Trend	2013 Target	2014 Target
CPD energy efficient retrofits or new construction (units)	5,999	9,349	6,259	15,915	yes		9,314	3,456
HSG energy efficient retrofits or new construction (units)	5,445	17,927	12,632	14,992	yes		6,514	3,734
OHHLHC lead hazard control or healthy retrofits	16,738	22,754	12,000	12,518	yes		12,500	12,500
PIH energy efficient retrofits or new construction (units)	61,193	54,609[c]	44,779	39,567	no		36,641	22,655
HUD energy efficient retrofits or new construction	89,375	104,639	75,670	82,992	yes		83,330[b]	42,345

[a]Includes the use of a unit equivalent method approved by OMB for certain programs to reflect the ten most cost effective Energy Conservation Measures.
[b]This total includes 18,361 'stretch units' not captured in the targets above. Stretch units are units needed to meet the overall two-year goal of 159,000 units, but which are not included in programmatic targets. In this case, since the program targets for FY 2012-2013 total 140,639, one must subtract 140,639 from 159,000 to arrive at 18,361 stretch units.
[c]The PIH historical total for 2011 includes 1,627 new units certified as green that were funded by Recovery Act funds. Since that category of units was not included in the original 2010-2011 High-Priority Performance Goals, this total will not match prior reporting on the HPPG. It is included here to reflect HUD's methodology for the 2012-2013 Agency Priority Goal.

HUD has exceeded its expectations for performance in FY 2012, completing a total of 82,992 energy efficient and healthy units and surpassing its annual target of 75,670 by nine percent. Of these, 85 percent, or 70,473 units, were energy efficient units, and 15 percent, or 12,518 units, were lead hazard control or other healthy homes improvements through HUD's Office of Healthy Homes and Lead Hazard Control. The total also includes the use of a unit equivalent method approved by OMB for certain programs. Note that this is a joint goal with the Department of Energy; together, the two agencies reported a total of 458,348 energy efficient retrofits or new units in FY 2012, and a three-year total (FY 2010-12) of 1.39 million units.

FY 2012 totals include final completed projects financed through the American Recovery and Reinvestment Act of 2009 (Recovery Act), including, for example, the multifamily Green Retrofit Program which, since its inception supported energy and green retrofits of almost 20,000 assisted multifamily units (200 properties) with estimated average savings of 27 percent, and Recovery Act-funded Lead Hazard Control Programs and Healthy Homes Production grants that made over 2,500 low-income private sector units healthy.

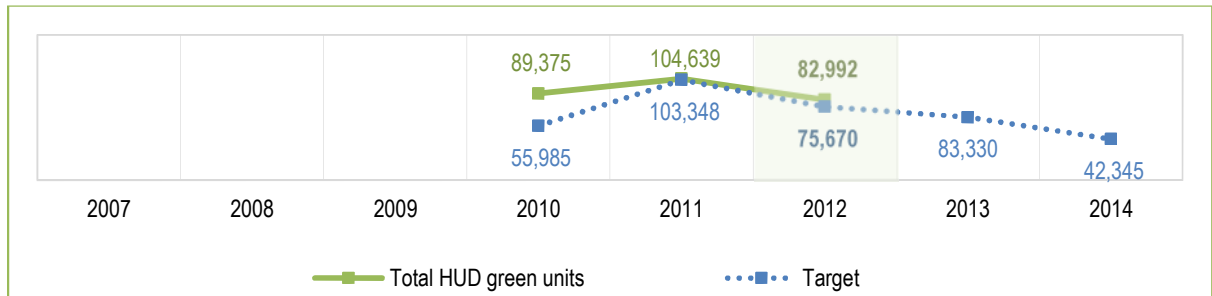Despite exceeding current targets, HUD expects that the final close-out of the Recovery Act programs, reduced funding for the HOME program, and decreased projections going forward for Public Housing Energy Performance Contracts will contribute to fewer green units being produced in PIH and CPD, thus lowering the overall target in FY 2014. To continue to track HUD's quarterly and annual progress on this measure, visit Performance.gov.

**APG
External
Factors**

Key challenges include:

- Collecting consistent data across programs in the area of energy efficiency
- Lack of consistent energy standards and definitions across HUD programs
- The lack of a uniform baseline for residential energy efficiency that makes setting benchmarks difficult
- Outdated minimum energy standards for new construction and substantial rehabilitation
- Weak incentives for energy efficiency in many of HUD's programs
- The end of Recovery Act funding and the challenge of sustaining the level of activity achieved in FY 10-11 as well as in FY 12 with much more limited resources

HUD total energy efficient retrofits or new construction (units)

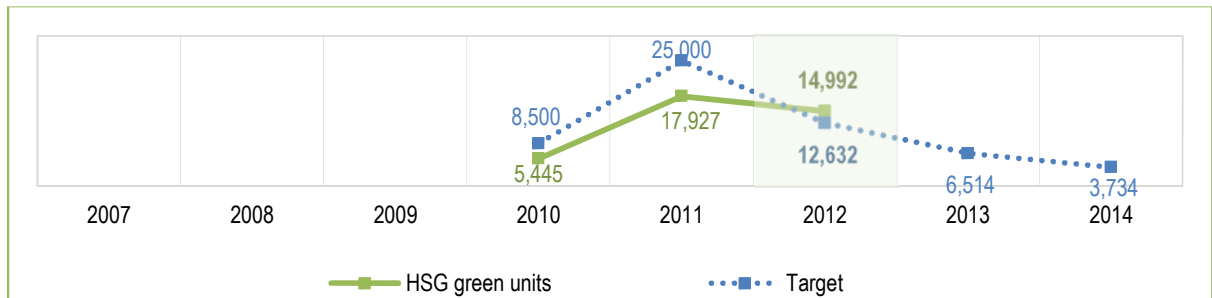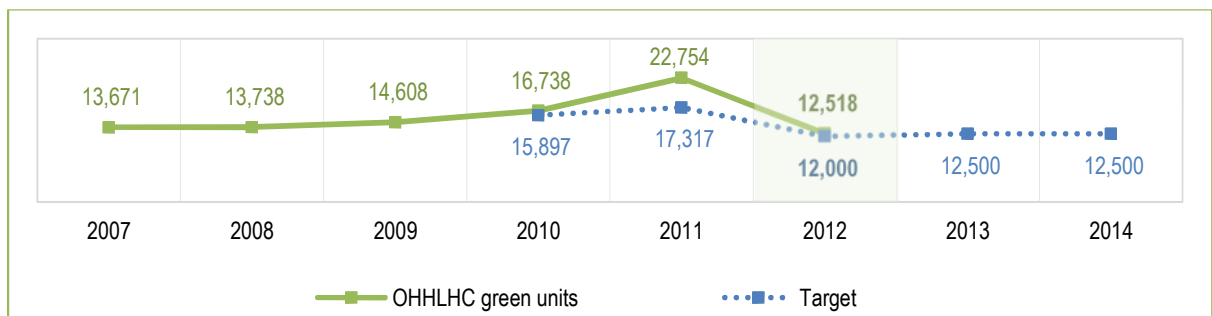|	2007	2008	2009	2010	2011	2012	2013	2014
Total HUD green units				89,375	104,639	82,992		
Target				55,985	103,348	75,670	83,330	42,345

Legend: Total HUD green units — Target

CPD energy efficient retrofits or new construction (units)

	2007	2008	2009	2010	2011	2012	2013	2014
CPD green units				5,999	9,349	15,915		
Target				6,076	6,086	6,259	9,314	3,456

Legend: CPD green units — Target

HSG energy efficient retrofits or new construction (units)

	2007	2008	2009	2010	2011	2012	2013	2014
HSG green units				5,445	17,927	14,992		
Target				8,500	25,000	12,632	6,514	3,734

Legend: HSG green units — Target

OHHLHC lead hazard control or healthy retrofits

	2007	2008	2009	2010	2011	2012	2013	2014
OHHLHC green units	13,671	13,738	14,608	16,738	22,754	12,518		
Target				15,897	17,317	12,000	12,500	12,500

Legend: OHHLHC green units — Target

PIH energy efficient retrofits or new construction (units)

	2007	2008	2009	2010	2011	2012	2013	2014
PIH green units				61,193	54,609	44,779		
Target				19,512	54,445	39,567	36,641	22,655

Legend: PIH green units — Target

Agency Priority Goal	**Improve program effectiveness by awarding funds fairly and quickly. By September 30, 2013, HUD will improve internal processes to ensure that we can obligate 90 percent of NOFA programs within 180 calendar days from budget passage, ensuring that America's neediest families have the shelter and services they need, when they need them.** The timely obligation and subsequent disbursement of funds will positively impact the agency's ability to achieve all of our priority goals.
APG Overview Measure 27	The obligation of HUD's competitive program funds has historically been slow, which has often led to the obligation of grant awards well after the fiscal year when the funds are appropriated. When delayed in the extreme, the failure to obligate and disburse funds has resulted in the rescission of funds and actual program de-funding (for example, Housing Counseling in FY11). This directly affects HUD's effectiveness as recipients of funds are often unable to execute their mission in a timely manner, if at all. We are addressing this challenge with the following initiatives: • Standardizing and Streamlining Processes and Procedures • Improving Coordination and Communication • Evaluating the Potential to Effectively Automate parts of the NOFA Process
APG Contributing Programs	This performance goal involves all programs within HUD that are responsible for managing NOFAs. This includes PIH, CPD, Housing, Policy Development & Research (PDR), Fair Housing and Equal Opportunity (FHEO), OSHC, and OHHLHC. It also includes the support areas that are critical to the NOFA process – the Office of Strategic Planning and Management (OSPM), the Office of the General Counsel (OGC), the Office of the Chief Information Officer (OCIO), and the Office of the Chief Financial Officer (OCFO).
APG Goal Leader	Lisa Danzig, Director, Office of Strategic Planning and Management
APG Strategies	**Standardizing and Streamlining Processes and Procedures:** The Agency has drafted procedures which formally capture existing institutional knowledge to facilitate increased knowledge transfer from what was previously reliance on not well documented institutional knowledge. These procedures include definitions of concurrence and non-concurrence used during the departmental clearance of NOFAs and specific time frames for review during each stage of the process. The Agency also implemented a one-page process guide that details the channels of communications and processes both internal and with OMB while the Agency works towards an automated solution. **Improving Coordination and Communication:** The Agency designated NOFA portfolio managers within Grants Management & Oversight (GMO) responsible for directly engaging program offices to identify and mitigate risks during NOFA processing. Portfolio managers provide program offices a single point of contact for orchestrating, tracking, and facilitating the process from NOFA development through closeout. The portfolio manager model also contributes to decentralizing the previously highly centralized knowledge of the process. The Agency also created process-related Outlook mailboxes which serve as the official communication channels for HUD and OMB clearance of NOFAs. Communication has been further improved by consolidated NOFA tracking information into a single source that can automatically generate the NOFAs@aGlance report. The report includes current individual NOFA status, performance in previous stages of the process, year over year Agency performance by stage and related financials for all active NOFAs. **Automating Workflow Tracking and Processes:** Currently, none of the NOFA processes are automated. Although automation is the prime goal, and the Grants Management & Oversight Office has been ready to procure a solution for many months, funds have not been available to date. Consequently, workflows, notifications and tracking are managed through the NOFAs@aGlance excel sheet

and a daily tracking spreadsheet. Although these spreadsheets incorporate some automation, and the process has improved over previous tracking methods, it is still less than ideal. HUD is discussing providing some development funds for the effort, but has not transferred any funds as of yet. The funds being discussed are also due to expire at the end of this fiscal year. Without prompt access, the NOFA solution may be at risk for this fiscal year.

APG Indicators

Key Indicator:

❖ **Percent of NOFAs posted to Grants.gov within 180 days of budget passage**

This indicator expresses the percent of NOFAs obligated within 180 days of budget passage as a percent of the total number of NOFAs in a given fiscal year. The target of 180 days was chosen as a reasonable threshold for strong performance based on historical data, and the varying nature and levels of complexity of HUD's NOFA competitions. For the purposes of this metric, the point of obligation is defined as the HUD signature of the obligation documents.

APG Progress Update Measure 27

Improve program effectiveness by awarding funds fairly and quickly.

Indicator	2010	2011	2012 Target	2012 Actual	Met?	Trend	2013 Target	2014 Target
Percent of NOFAs posted to Grants.gov within 180 days of budget passage	No Data	56%	90%	46%	no		90%	90%

For funds enacted in FY2012, 46 percent of NOFA Programs were obligated by May 18, 2012 (180 days of budget passage), which is well below the target of 90 percent. Risk factors affecting performance include manual tracking of data, which limits accuracy, transparency and timeliness of status updates.

To mitigate the delay, HUD is documenting and standardizing its processes, tracking performance more rigorously, launching some internal information portals, and evaluating means to automate the NOFA clearance process in accordance with the strategies discussed above.

Despite the challenges with this goal and the impact of the delay in the passage of the FY 2013 budget, HUD's performance is likely to improve in FY 2013. To continue to track HUD's quarterly and annual progress on this measure, visit Performance.gov.

APG External Factors

As OMB is responsible for reviewing all of our NOFAs, they are an important partner to achieve this timeliness goal.

Section 5   Additional Information

5.1 Management Reviews

HUD conducts data-driven performance reviews through HUDStat meetings led by the Secretary and Quarterly Performance Review (QPR) meetings led by the Deputy Secretary. HUDStat meetings are two-hour sessions focused on one strategic goal, with a full set of performance data on HUD's APGs related to the strategic goal. In addition to the Secretary, senior leadership from throughout the agency attends these meetings to address challenges and increase performance.

In any fiscal quarter in which a HUDStat meeting is not held for a particular strategic goal, HUD conducts a QPR meeting for the goal. The QPR meetings are streamlined HUDStat meetings, with key performance data and a narrower focus on progress toward achieving the APGs. The Goal Leaders and program managers join the Deputy Secretary for the QPR meetings.

Initially, each HUDStat meeting involved a "place focus" in which the performance of a city or region was highlighted and field staff were invited to speak to their accomplishments and experiences. These conversations produced valuable insights and actionable solutions. CityStat meetings were developed in order to institutionalize this practice and facilitate consistent communication and collaboration among focus cities for each APG.

Three places were selected for each APG as **APG Cities** for FY 2012-2013. Field Working Groups in each place developed strategies to address key challenges in their communities. CityStat convenes these cities to discuss their progress and identify critical issues to bring to the attention of headquarters. APG cities for each goal are described in their respective APG section in this report.

The HUDStat Business Intelligence (BI) tool, an $8.6M project funded by the Transformation Initiative, supplements and enhances the agency-wide performance management processes by using modern Business Intelligence capabilities to provide an enterprise view of performance data by place, time and program that can be disaggregated down to the very lowest levels of geography for comprehensive analysis during HUDStat meetings.

In Fiscal Year 2012, HUD also included the achievement of the APGs as a mandatory performance element for all agency managers. Additionally, HUD is developing plans to incorporate performance goal achievement in the performance plans for all HUD staff.

5.2 Cross-Agency Collaborations

HUD is collaborating closely with several Federal agencies to achieve its priority goals.

For our **homelessness goals**, HUD is coordinating with the United States Interagency Council on Homelessness (USICH), to implement Opening Doors: Federal Strategic Plan to Prevent and End Homelessness (FSP) which sets timeframes for ending homelessness among all subpopulations.

- **Veterans' Homelessness:** HUD partners with the Department of Veterans Affairs (VA) on VASH. While HUD provides the housing resources, the VA provides referrals and an array of needed services through an intake and eligibility screening process. The VA runs other programs that provide homeless Veterans with assistance, supportive services, and housing which will contribute to reducing the number of Veterans on the street. Therefore, the VA is an integral partner in relation to this goal. Further, the FSP sets the goal of ending homelessness for Veterans by 2015.
- **Family homelessness:** The FSP sets the exciting goal of ending family homelessness in America by 2020. Through a combination of grants to local service organizations and Continuums of Care and utilizing elements of HUD's public housing and affordable housing portfolio, we are working with USICH to align and achieve these goals. HUD is also engaging in collaborative research to expand the Federal government's knowledge of the nature of homelessness and solutions that work. Three important research projects were recently commissioned by HUD: The Rapid Re-Housing Demonstration Project (which preceded HPRP), Model Communities used for HPRP, and a multi-site controlled comparison of various interventions for families. These, in addition to HUD's other recent work on the cost of family homelessness and access to benefits, will

help to grow the body of knowledge that drives policy and generates better outcomes for as many families as possible.

- **Chronic Homelessness**: Significant progress has been made in reducing the number of individuals experiencing chronic homelessness over the past five years. HUD is coordinating with the USICH, to implement the FSP and its goal of ending chronic homelessness by 2015. In order to house and improve outcomes for individuals experiencing chronic homelessness, strategic action will be concentrated in three areas: providing permanent supportive housing, reducing financial vulnerability, and improving health and housing stability. Strategies to reduce and end homelessness cut across goals that address meeting the need for affordable rental homes and utilizing housing as a platform for improving quality of life.

Our **green and healthy retrofits goal** is linked to several partnerships with other agencies. HUD's partnership with the U.S. Department of Energy is aimed at improving access to DOE weatherization funds by multifamily public and assisted housing. DOE will also provide expertise in energy efficiency practices and procedures to HUD's inventory of public and assisted housing. HUD will also continue to partner with EPA's ENERGY STAR residential programs.

Additionally, HUD's Partnership for Sustainable Communities with the U.S. Department of Transportation and the Environmental Protection Agency is relevant to this strategic goal. The Partnership has adopted shared Livability Principles and, subject to Congressional appropriations, will award additional competitive grants and provide technical support to local communities related to energy efficient housing and sustainable, inclusive growth.
Energy Performance Contracts generally rely on third party, private sector financing for lighting, water conservation and other energy improvements in public housing.

Recent partnerships with Fannie Mae and Freddie Mac have created a new green mortgage product used in conjunction with FHA's Section 542(b) Risk Sharing program aimed at generating utility cost savings for multifamily properties utilizing the program.

**5.3
Evaluations
and Research**

Evaluations and Research Supporting HUD's Goal Attainment: FY 2012

During FY 2012, HUD's Office of Policy Development and Research published a number of program evaluations and policy studies that provide information about how well HUD programs are achieving intended outcomes. The evidence produced through these rigorous and independent evaluations can help policymakers and agency managers strengthen the design, operation and cost-effectiveness of programs. The evaluations that are particularly relevant to each of HUD's strategic goals are summarized below. These reports are available through PD&R's research clearinghouse, www.HUDUSER.org.

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

Foreclosure Counseling Outcome Study (Housing Counseling Outcome Evaluation). The Foreclosure Counseling Outcome Study provides information on who accesses counseling services when facing challenges in paying their mortgage loan, what services those clients obtain, and identifies the outcomes the clients experienced in the following 18 months. Most study participants had tried to contact their servicer when they first fell behind but had not been successful in negotiating with their lenders. With a counselor's help, 69 percent of counselees obtained a mortgage remedy, and 56 percent were able to become current on their mortgages. Nearly 70 percent of clients who sought counseling before becoming delinquent were in their home and current on their mortgage payments at the 18-month follow-up period, whereas only 30 percent of clients who were 6 or more months behind at the time they entered counseling were in their home and current at follow-up. The study also found that telephone counseling clients tended to have higher incomes, higher savings, were less percentage minority, and more geographically dispersed than in-person counseling clients. Telephone counseling clients also achieved stronger housing outcomes (more mortgage

modifications, more balance reductions, and more likely to be in their home and current at follow-up) than in-person counseling clients.

Pre-Purchase Counseling Outcome Study (Housing Counseling Outcome Evaluation). The Pre-Purchase Counseling Outcome Study provides detailed characteristics of a sample of people seeking pre-purchase counseling, including their income and credit status, their reasons for seeking counseling, the stage in the purchase process at which counseling occurs, and detailed information about the nature of counseling services delivered including total hours of counseling received, type of counseling, and the topics covered. About one third (35 percent) of the study participants had become homeowners 18 months after seeking pre-purchase counseling. Those participants who had become homeowners had higher average incomes, more money in savings, and higher credit scores and were more likely to be employed full-time and have a college degree than non-purchasers. Most purchasers had a FICO score of 620 or higher (71 percent), had a signed purchase agreement (31 percent), were reported as having completed counseling by their housing counselor (72 percent), and were assessed as "mortgage-ready" by their housing counselor (66 percent).The study tracked participants at 12 to 18 months after receiving pre-purchase counseling services. Only one of the purchasers had fallen at least 30 days behind on his or her mortgage payments and none had a major derogatory event on a mortgage account.

What Explains Variation in Title Charges? A Study of Five Large Markets. This study examines title charges for a sample of closings on single-family properties with mortgages insured by FHA within five metropolitan areas, defined at the county level. Previous research has shown substantial variation between states in title insurance charges that are included in closing costs and the associated regulations and institutions. The current research takes this between-state variation into account by examining the variation in charges within markets rather than across markets. After controlling for various characteristics of homebuyers, houses, neighborhoods, and settlement agencies, more than one-half of the variation in total title charges remains unexplained in each metropolitan area. Substantial differences in title charges between settlement agents may indicate that settlement agents do business in fundamentally different communities, or that they work with a specific type of customer. Regardless, these differences in charges suggest that homebuyers may benefit by shopping for title insurance with more than one settlement agent. The study suggests that initiatives to encourage shopping and greater competition in the title insurance market could be beneficial.

Research and Evaluations Informing Goal 2: Meet the Need for Quality Affordable Rental Homes

Housing Units that Serve Both the Renter and Owner Markets. This study uses linked American Housing Survey data over the period 1985-2009 to examine the characteristics of units that change tenure between owner-occupied and renter-occupied, in either direction. The data show that the most important distinguishing characteristics are structure type and size. Single-family attached units have a higher incidence of tenure change than single-family detached units or units in multiunit structures. Smaller units, as measured by number of bedrooms, have a higher incidence of tenure change than larger units. Units tend to maintain the same tenure for long spans of time. There is a higher incidence of units that change tenure, as well as greater prevalence of renter-occupied units in general, in metropolitan areas that are undergoing rapid population growth.

What Happens to Low-Income Housing Tax Credit Properties at Year 15 and Beyond? The Low-Income Housing Tax Credit (LIHTC) program has been a significant source of new multifamily housing for a quarter century, producing more than 2 million units of affordable rental housing since 1987. In the past few years thousands of properties financed through LIHTC have become eligible to leave the program, ending rent and income-use restrictions. In the worst-case scenario, more than 1 million LIHTC units could leave the stock of affordable housing by 2020, a potentially serious setback to the goal of expanding housing choices for low-income households. The study finds that most LIHTC properties remain affordable despite having reached and passed the 15-year period of compliance with Internal Revenue Service use restrictions. A limited number of exceptions are closely related to local housing market conditions and to events that occur at Year 15 and beyond, including whether the property's use restrictions change, and whether the property is sold to a new ownership entity. Note that although most older LIHTC properties are not at risk of

becoming unaffordable, over time they will become mid-market rental properties indistinguishable from other mid-market rental housing. This result is favorable if the goal is to achieve more mixed-income communities. The researchers recommend that federal policymakers revise Qualified Allocation Plan standards to encourage Housing Finance Agencies (HFAs) to create higher priorities for those properties that need additional use restrictions to keep them from becoming unaffordable and that HFAs should lower priorities for properties in locations where low-income renters have other alternatives.

Research and Evaluations Informing Goal 3: Utilize Housing as a Platform for Improving Quality of Life

Housing for Youth Aging Out of Foster Care: A Review of the Literature and Program Typology. A number of federal and state policies have been implemented to assist youth aging out of foster care because of their high risk of homelessness and housing instability. Yet policies appear to fall short of meeting the need. This scan of housing programs shows that housing programs for young people aging out of foster care vary along several key dimensions, including the housing model on which they are based, the level of supervision they provide, and the availability of on-site supports. Some programs combine elements in unique ways or adopt other innovative approaches that merit additional study through in-depth descriptive research. The report describes the usefulness of several HUD programs in providing housing options for youth aging out of foster care. It concludes that the public housing and Housing Choice Voucher programs are not viable options because, though many youth would qualify for these programs, waiting lists are often long, and these programs do not provide direct access to supportive services that former foster youth may need. The report also notes that Continuum of Care programs can be designed in a way to focus on homeless youth and therefore may be an option for some youth aging out of foster care.

Research and Evaluations Informing Goal 4: Build Inclusive and Sustainable Communities Free From Discrimination

An Evaluation of Affordable Housing Using the National Green Building Standard. Using the National Green Building Standard (NGBS) as the benchmark, this report provides a retrospective evaluation of affordable housing designs that were built in compliance with various green building programs. In addition, the report identifies how green remodeling can enhance older homes (residential structures built on or before December 31, 1979). The National Association of Home Builders (NAHB) Research Center selected eight affordable house designs and four multifamily apartment units to evaluate. The areas of improvement include water conservation, land design and use, energy efficiency, and green education. The total minimum cost of the improvements is from $950 to $3,600. In addition, the report identifies how green remodeling can enhance older houses (residential structures built on or before December 31, 1979) for a minimum cost of $3,000. The evaluation also found that many of the affordable designs that were built with green programs lacked a balanced approach to green building; instead, these designs focused on maximizing one or two categories of green building, while other areas were rated lower or neglected.

Pre-Disaster Planning for Permanent Housing Recovery. Since Hurricane Katrina, many lessons have been learned about the importance of disaster preparedness planning and the impact of such planning on permanent residential housing recovery. HUD continues to explore new strategies for supporting state and local governments as they prepare and plan for disasters, and, in cooperation with FEMA and the National Disaster Housing Task Force, continues to address the temporary, interim, and permanent housing challenges that communities confront in a post-disaster environment.

This report is presented in four short volumes. The first volume provides an overview of the permanent housing options, which include manufactured, modular, panelized, and site-built housing. The second volume provides a summary of the national disaster housing strategy, and describes a straightforward planning approach for estimating potential losses and expediting rebuilding. The third volume presents the House Capacity Calculator, which is an easy-to-use application that estimates required rebuilding time based on available house production capacity. The fourth

volume describes the basic plant design requirements for manufactured, modular, and panelized housing.

Study of HUD's Section 108 Loan Guarantee Program. This report examines how the Section 108 Community Development Loan Guarantee program has been used as a source of financing for local economic development, housing rehabilitation, public facilities, and large-scale physical development projects, and what resulted from these investments, which are designed to benefit low- to moderate-income (LMI) persons. The program is designed to encourage private economic activity, providing the initial resources or simply the confidence that private firms and individuals may need to invest in distressed areas. The report concluded that Section 108 is an important source of funds; up to three fourths of respondents said that projects would not have happened had the Section 108 financing been available. Approximately 72 percent of respondents noted they would consider applying for another Section 108 loan. Onsite monitoring of Section 108 projects does not occur on a routine basis and field offices estimate that approximately 15 percent of these projects are monitored each year. The study recommends instituting performance measures so the Department could demonstrate the Section 108 program's value, as well as to asses and improve program implementation, efficiency, and effectiveness.

Research and Evaluations Informing Goal 5: Transform the Way HUD Does Business

Quality Control for Rental Assistance Subsidies Determinations: Final Report for FY 2011. HUD's Quality Control studies provide national estimates of the extent of administrator income and rent determination error by housing providers for the public housing, Housing Choice Vouchers, and a number of assisted multifamily housing programs. These programs account for a substantial majority of HUD's annual outlays. The findings presented in this report are a result of data collected from February 2012 through May 2012 for actions taken by Public Housing Authority (PHA) and project staff during Federal fiscal year (FY) 2011 (October 2010 through September 2011). These findings show that the percent of errors has decreased when compared with results from previous studies. The Quality Control study is a core accountability component of HUD's Agency Financial Report each year.

Redistribution Effect of Introducing 2010 Census and 2005-2009 ACS Data into the CDBG Formula. Fiscal year (FY) 2012 marks the first year that the CDBG allocation formula relied on the Census Bureau's new annual data source—the American Community Survey (ACS)—and the 2010 Census population counts. This report introduces the ACS to CDBG stakeholders and provides detailed information on how using the 2010 Census and ACS data shifts funding amounts. This analysis compares actual FY 2011 allocations with alternate allocations using FY 2011 appropriations, the FY 2011 grantee universe, and the new data that will be used in FY 2012.

The report also includes a supplemental data table which provides detailed information on the specific data used for each community to determine its CDBG formula allocation. The table also shows the change in its relative share of that variable among all communities and the resulting impact of the change in relative share on each grantee's allocation. In order to demonstrate the impact of the data change, this table does not reflect the change in appropriation between FY 2011 and FY 2012.

Evaluations and Research Supporting HUD's Goal Attainment: Looking Forward

Research and evaluation at HUD is an ongoing process. It is constantly conducted in order to inform HUD's strategic goals and inform budgetary allocations based on information about cost-effectiveness of HUD's efforts. The evaluations that are particularly relevant to each of HUD's strategic goals are summarized below. These evaluations are all pending funding and a more complete list with summaries is available in HUD's budget request for the Transformation Initiative Fund (subject to change until final).

Research and Evaluations Informing Goal 1: Strengthen the Nation's Housing Market To Bolster the Economy

and Protect Consumers

Assessing the Effectiveness of Mortgage Modification Protocols. Three interrelated studies will inform policy on critical issues affecting the national recovery from the foreclosure crisis.

Impact of the Foreclosure Crisis on HUD Programs and the Rental Market. This study examines how changes in the U.S. rental market precipitated by the real estate market crash have significantly affected the operating environment for HUD's Multifamily and Public and Indian Housing programs.

Impact of Real Estate Owned Properties on Neighborhoods. This project will integrate emerging research and collect outcome data about REO portfolios and their impacts, with special focus on the FHA portfolio. Results will be integrated into the Neighborhood Stabilization Program evaluation framework for tracking both past and future impacts.

Reverse Mortgage Study. Four interrelated studies will inform policy affecting the reverse mortgage sector, which has undergone tremendous change in the past decade, including significant changes in borrower profiles, product offerings, and choices, and significant structural changes in the primary and secondary segments.

Research and Evaluations Informing Goal 2: Meet the Need for Quality Affordable Rental Homes

Analysis of Rent Level Measurement in Rental Housing. This study would use data from the Quality Control (QC) study to assess whether PIH can narrow the scope of each Rental Integrity Monitoring review to focus on the high-risk areas. This study would also provide data on the validity of the RIM review samples.

Assessing Economies of Scale in PHA Operations. This study will examine various PHA efforts to combine administrative functions or jurisdictional boundaries, such as through consolidating programs into a new PHA, establishing consortia, jointly contracting inspections for Housing Quality Standards or rent reasonableness, or erasing jurisdictional boundaries to eliminate portability.

Assessing Housing Quality in the Housing Choice Voucher Program: Design Phase. This project will fund design and testing of an updated and revised survey instrument for a survey of a representative sample of Section 8 vouchers at all public housing agencies. The results of a fully implemented survey can be used by PHAs directly to improve their communication, oversight, training and enforcement of their inspectors and by HUD to identify program improvements and to target technical assistance and oversight resources in a cost-effective manner.

Assessment of Landlord Behavior in the Housing Choice Voucher Program. This study will explore how landlord behavior affects the effectiveness of the Housing Choice Voucher program across a range of measures including voucher success rates and tenant mobility. The study will help inform decisions on possible streamlining and improvement of the Section 8 program.

Comparing Subsidy Costs of Federal Housing Assistance Programs. This project, which will be conducted only in-house during fiscal year 2014, will examine the cost-effectiveness of existing federal housing programs as they operate across different regions and metropolitan areas of the country, and across cities, suburbs and rural areas.

Evaluation of Jobs Plus: Baseline Phase. This evaluation will include data collection, analysis and a baseline survey at the public housing sites that are selected for participation in the first year of the Jobs Plus Initiative grant awards. The goal will be to provide evidence-based findings, lessons learned and identify operational obstacles that need to address to facilitate a larger scale implementation of the Initiative.

Evaluating the Success of Tenants in Leasing Up with Housing Choice Vouchers. This research will repeat the

2001 Success Rate Study to generate valid national estimates of success rates for the HCV program, including special vouchers. Analysis of differing success rates by tenant type could inform policy or program changes such as targeted lease-up assistance or exception rents.

Examining Small PHA Performance. This study will survey a sample of small PHAs to assess their performance levels and reasons for their performance, administrative costs, and challenges. This research is particularly relevant and timely because of the new proposed Small Housing Authority Reform Proposal (SHARP) legislation.

Identifying Operating Cost Savings from Multifamily Tenant Services. This research will systematically identify which services that housing providers provide to assisted tenants serve to reduce the operating costs of assisted multifamily housing, thus reducing federal program costs while benefiting tenants.

Improving HUD Measures of Housing Cost Inflation: Operating Cost Adjustment Factors. This proposed research will expand initial work concerning forecasts of future per unit costs in the Tenant-Based Rental Assistance program to include an examination of those inflation factors used in the Public Housing and Project-Based Rental Assistance programs.

Leased Housing Tenant Payment Insurance Demonstration: Design Phase. This research will design a demonstration of a new shallow subsidy program of leased housing tenant payment insurance for low-income families and individuals who are leaving or have left housing assistance programs across the federal government.

Moving to Work Demonstration: Baseline Phase. A rigorous evaluation of the policies, implementation, strategies and results of the Demo is needed in order to demonstrate the actual impact on families, performance and outcomes of the Demonstration expansion. PHAs that are selected among the group eligible to implement "enhanced policies" related to rent requirements, time limits and conditions of receipt of assistance on employment will be a particular focus of the evaluation.

Rental Assistance Demonstration Evaluation. This evaluation will examine the Rental Assistance Demonstration's (RAD) success in the goal to convert public housing and other HUD-assisted properties to long-term project-based Section 8 rental assistance. Impact on families will be evaluated through a comparison group of projects that don't go through the conversion process.

Small Area Fair Market Rent (SAFMR) Demonstration. Preliminary evidence from the 2011 implementation of SAFMRs in the Dallas, TX metropolitan area reveals slight increases in unit quality and neighborhood quality for tenants at no additional cost to the government. This demonstration will expand the breadth of the evaluation of SAFMRs with particular emphasis on gathering survey data directly from participating PHAs, tenants, and landlords, in addition to HUD's administrative systems.

Research and Evaluations Informing Goal 3: Utilize Housing as a Platform for Improving Quality of Life

Demand and Supply of Supportive Housing for Elderly Households. This project will review demand trends and supportive housing supply options among low-income elderly renters, especially those who are more at risk of losing their independence. It will identify major barriers for production of affordable supportive housing and identify strategies to address supply gaps and increase production of supportive housing.

Effect of Housing Assistance Over Time. This project will review and summarize existing evidence about the effect of housing assistance over time. It will attempt to estimate the cost structure and cost effectiveness of different HUD programs using results from these analyses.

Ensuring Successful Transitions: Housing and Services for Youth Aging Out of Foster Care. To address high

rates of homelessness among youth aging out of the foster care system, this study will compare outcomes for this population who are offered different packages of housing and/or services to help them transition to independence.

Evaluation of the Section 811 Project Rental Assistance Demonstration. As mandated by the Melville Act, this evaluation will describe results of the Section 811 Project Rental Assistance Demonstration, which focuses on integrating those with disabilities into multifamily developments, and analyze its effectiveness compared to traditional Section 811 program.

Homelessness Prevention Demonstration. This project would make a timely investment to extend the knowledge gained from HUD's recent investments in homelessness research and local innovation.

PHA Administrative Policies and Homelessness. This study will explore the relationship between PHA administrative policies and homelessness through the development of a series of case studies.

Seniors and Services Demonstration: Launch Phase. This demonstration will build on the research design and evaluation work currently underway to launch a demonstration and evaluation of seniors aging in place with services.

Understanding Rapid Re-housing: Models and Outcomes for Homeless Households. This study will seek to identify the most common program models being implemented under the rubric of a rapid re-housing intervention, and track the outcomes of households served through the various program models.

Research and Evaluations Informing Goal 4: Build Inclusive and Sustainable Communities Free From Discrimination

Accelerating Post-Disaster Community Recovery. This research will document a number of new approaches toward long term disaster recovery efforts and from that research use lessons learned to develop a mechanism that makes it possible for local governments to launch long-term recovery programs more quickly. The long-term benefit of this research is to produce more effective federal guidance and support for community planning before disasters, estimate post-disaster needs more accurately, and roll out disaster recovery to stricken communities more effectively.

Advancing Utility Allowance Modeling for HUD Housing Programs. The objective of this initiative is to refine HUD's Utility Schedule Model (HUSM) so the Department can accurately account for energy usage in select housing assistance programs in which utility costs are paid by tenants.

PD&R's Research Roadmap
PD&R's Research Roadmap is a highly collaborative, forward looking effort to identify critical policy questions that should guide PD&R research investments over the next five years. An internal Research Roadmap Team has facilitated and managed the process of meeting with stakeholders and developing a research agenda. The team met with members of Congress, officials from the Office of Management and Budget, the Government Accountability Office, federal sister agencies, and numerous research, practitioner, and advocacy organizations.

The team received more than 950 comments from stakeholders. PD&R staff will develop research projects to address the most relevant questions received from stakeholder engagement. In early 2013, PD&R expects to publish a Research Roadmap that reflects the needs of the research and policy communities and informs the budgeting process in FY 2014 and perhaps for many years to come.

In-house Research
In-house research conducted by PD&R staff has also contributed to HUD's APGs. This in-house analysis allows HUD to update formulas in order maintain program effectiveness and more efficiently allocate resources. A few examples of

recent analysis demonstrate how research can help enable HUD to reach its goals.

Accessible Unit Regulatory Requirement: data request from FHEO. Every project that receives federal financial assistance must meet floor levels in terms of percentage of units that are accessible to people with physical, hearing, and vision disabilities. PD&R assisted HUD's Office of Fair Housing and Equal Opportunity (FHEO) in creating a proxy of accessibility need at the county level to help determine if the floor requirements were too low in certain geographic areas.

Analysis of Extreme Needs Communities for Homeless Grant Program. The Notice of Funding Availability (NOFA) for the Continuum of Care (CoC) Homeless Assistance Competition for FY2011 awarded extra points to CoCs with highest score on extreme needs. PD&R assisted HUD's Office of Special Needs Assistance Programs by developing formula alternatives to capture need and rank communities on those measures.

Community Development Block Grant Formula. To inform and support CDBG formula reform efforts currently underway by CPD and the Secretary's Office, PD&R updated the analysis from the 2006 report *CDBG Formula Targeting to Community Development Need* to assess the quality of targeting of the current CDBG formula to community development need.

HUD-VASH Allocations. The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). PD&R assisted HUD program offices and the VA to further improve targeting of resources based on homeless need and PHA performance measures by: (i) creating a better crosswalk between VA medical centers, Public Housing Agencies and Continuum of Care geographies; and (ii) developing formula options to capture need of communities with higher share of unsheltered homeless Veterans.

**5.4
Data
Validation and
Verification**

Data Sources, Limitations and Advantages, and Validation
This section is organized by strategic goal, measure and program.

Strategic Goal 1.   Strengthen the Nation's Housing Market To Bolster the Economy and Protect Consumers
  Measure 1a: Prevent foreclosures. By September 30, 2013, assist 700,000 homeowners who are at risk of losing their homes due to foreclosure.

- **500,000 homeowners will be assisted through FHA early delinquency intervention.**
  - **Data source:** FHA Single Family Data Warehouse Meta Tables.
  - **Limitations/advantages of the data:** The data originate in the Single Family Insurance System-Claims Subsystem, and for convenience are reported from FHA Single Family Housing Enterprise Data Warehouse, Loss Mitigation Table. The resolutions that are counted as loss mitigation are forbearance agreements, loan modifications, partial claims, preforeclosure sales, and Deeds in Lieu of foreclosure. A small and decreasing number of "other" resolutions that were previously counted, along with supplemental claims, are now excluded. Total claims comprise loss mitigation plus conveyance claims.
  - **Validation, verification, and improvement of measure:** No data limitations are known to affect this indicator. The loan servicers enter the FHA data, and the FHA monitors the data entry.

- **200,000 homeowners will be assisted through FHA loss mitigation programs.**
  - **Data source:** FHA Single Family Data Warehouse Meta Tables.
  - **Limitations/advantage of the data:** The data originate in the Single Family Insurance System-Claims Subsystem, and for convenience are reported from FHA Single Family Housing Enterprise Data Warehouse, Loss Mitigation Table. The resolutions that are counted as loss mitigation are

forbearance agreements, loan modifications, partial claims, preforeclosure sales, and Deeds in Lieu of foreclosure. A small and decreasing number of "other" resolutions that were previously counted, along with supplemental claims, are now excluded. Total claims comprise loss mitigation plus conveyance claims.
- o **Validation, verification, and improvement of measure:** No data limitations are known to affect this indicator. The loan servicers enter the FHA data, and the FHA monitors the data entry.

- **For all FHA borrowers that receive loss mitigation assistance, achieve a Consolidated Claims Workout (CCW) ratio of 50 percent in FY 2012.**
  - o **Data source:** FHA Single Family Data Warehouse Meta Tables.
  - o **Limitations/advantages of the data:** The data originate in the Single Family Insurance System-Claims Subsystem, and for convenience are reported from FHA Single Family Housing Enterprise Data Warehouse, Loss Mitigation Table. The resolutions that are counted as loss mitigation are forbearance agreements, loan modifications, partial claims, preforeclosure sales, and Deeds in Lieu of foreclosure. A small and decreasing number of "other" resolutions that were previously counted, along with supplemental claims, are now excluded. Total claims comprise loss mitigation plus conveyance claims.
  - o **Validation, verification, and improvement of measure:** No data limitations are known to affect this indicator. The loan servicers enter the FHA data, and the FHA monitors the data entry.

- **For FHA borrowers receiving a CCW, achieve a 6-month re-default rate of 13 percent or less.**
  - o **Data source:** FHA Single Family Data Warehouse Meta Tables.
  - o **Limitations/advantages of the data:** The data originate in the Single Family Insurance System-Claims Subsystem, and for convenience are reported from FHA Single Family Housing Enterprise Data Warehouse, Loss Mitigation Table. The resolutions that are counted as loss mitigation are forbearance agreements, loan modifications, partial claims, preforeclosure sales, and Deeds in Lieu of foreclosure. A small and decreasing number of "other" resolutions that were previously counted, along with supplemental claims, are now excluded. Total claims comprise loss mitigation plus conveyance claims.
  - o **Validation, verification, and improvement of measure:** No data limitations are known to affect this indicator. The loan servicers enter the FHA data, and the FHA monitors the data entry.

Measure 3a: Reduce vacancy rates. By September 30, 2013, reduce average residential vacancy rate in 70 percent of the neighborhoods hardest hit by the foreclosure crisis relative to comparable areas.

- o **Data source:** Disaster Recovery and Grants Reporting System.
- o **Limitations/advantages of the data:** As activities are completed, grantees enter the data.
- o **Validation, verification, and improvement of measure:** Grantee-entered data are subject to review and verification by HUD staff as part of quarterly performance report reviews.

Strategic Goal 2.   Meet the Need for Quality Affordable Rental Homes

Measure 5a: Preserve affordable rental housing. By September 30, 2013, preserve affordable rental housing by continuing to serve 5.4 million total families and serve an additional 61,000 families through HUD's affordable rental housing programs.

Community Planning and Development

HOME Investment Partnerships

- **Data source:** Integrated Disbursement and Information System.
- **Limitation/advantages of the data:** Data reliability has been enhanced by the re-engineering of the system at the end of FY 2009 into FY 2010.
- **Validation, verification, and improvement of measure:** The Office of Community Planning and Development field staff verifies program data when monitoring grantees.

Housing Opportunities for Persons With AIDS

- **Data source:** Annual performance reports and Integrated Disbursement and Information System.
- **Limitation/advantages of the data:** Data are reported by formula and competitive grantees through the Consolidated Annual Performance and Evaluation Report and the Annual Progress Report, respectively. These reports reflect annual data collection with limited use of information management technology systems, pending further upgrades. The Housing Opportunity for Persons With AIDS program collects performance outcomes on housing stability, access to care, and prevention of homelessness. These performance reports completed by grantees provide the program with insights into client demographics, expenditures for eligible activities, and the number of households served. At this time, the program does not have a client-level data system that provides site-specific information on performance outcomes. Pending enhancements to the Integrated Disbursement and Information System, however, will help support data quality and reduce the grantees' burden.
- **Validation, verification, and improvement of measure:** Performance reporting information is reviewed by Housing Opportunities for Persons With AIDS technical assistance providers and recorded in grant profiles and national summaries on the program's website (HUDHRE.info). HUD guidance and technical assistance assists grantees in verifying data quality and completing reports.

Homeless Assistance Grants

- **Data source:** The Housing Inventory Count, as submitted through the Homelessness Data Exchange.
- **Limitations/advantages of the data:** The data are collected only annually, and it takes nearly a year from the date they are collected to the date they are received at HUD as a clean product. The advantages are that they are a comprehensive source of data and they specifically record the number of new beds in the year preceding the night of the annual homeless inventory.
- **Validation, verification, and improvement of measure:** Grantees perform an annual housing inventory and report the number of homeless shelters in their communities to HUD as a requirement of their homeless assistance grant applications. The data are collected in a database that has several validations built into it. Subsequently, the Office of Special Needs Assistance Programs performs data-quality reviews by calling grantees about suspect data to either get corrected data or an explanation for the data. The Office of Special Needs Assistance Programs annually assesses the data quality and revisits the validations to see if more can be included in the database to reduce the number of callbacks and thus reduce the turnaround time of the data.

Neighborhood Stabilization Program

- **Data source:** Disaster Recovery Grant Reporting System.
- **Limitations/advantages of the data:** As activities are completed, grantees enter the data.
- **Validation, verification, and improvement of measure:** Grantee-entered data are subject to review and

verification by HUD staff as part of quarterly performance report reviews.

Tax Credit Assistance Program

- **Data source:** Integrated Disbursement and Information System.
- **Limitations/advantages of the data:** Data reliability has been enhanced by the re-engineering of the system at the end of FY 2009 into FY 2010.
- **Validation, verification, and improvement of measure:** Program staff reviews weekly reports to ensure data validity and resolve identified data problems.

Gulf Coast Disaster

- **Data source:** Disaster Recovery Grant Reporting System.
- **Limitations/advantages of the data:** As activities are completed, grantees enter the data.
- **Validation, verification, and improvement of measure:** Grantee-entered data are subject to review and verification by HUD staff as part of quarterly performance report reviews.

<u>**Multifamily Housing**</u>

Project-Based Rental Assistance

- **Data source:** Tenant Rental Assistance Certificate System and Integrated Real Estate Management System.
- **Limitations/advantages of data:** The Tenant Rental Assistance Certificate System and Integrated Real Estate Management System have more than 6,000 business rules to ensure data validation. The applications are working with clean, accurate, and meaningful data. Data fields are required for property and project management purposes. These systems serve two primary customers: HUD staff and business partners called performance-based contract administrators.
- **Validation, verification, and improvement of measure:** The system business rules and operating procedures are defined in HUD Occupancy Handbook 4350.3; HUD's IT system security protocols; and financial requirements established in the Office of Management & Budget's Circular A-127. Often referenced as validation rules, these business rules check for data accuracy, meaningfulness, and security of access logic and controls. The primary data element for the Tenant Rental Assistance Certificate System is the HUD 50059 tenant certification, which originates from owner/agents, performance-based contract administrators, and traditional contract administrators. HUD's 50059 transmissions are processed via secure system access and a predetermined system script. Invalid data are identified by an error code and are returned to the sender with a descriptive message and procedures to correct the error. This electronic process approximates that of the paper Form HUD 50059. The Tenant Rental Assistance Certificate System edits every field, according to the HUD rental assistance program policies. The Integrated Real Estate Management System uploads data from the Tenant Rental Assistance Certificate System nightly. These data are used exclusively for project management purposes. Thus, the data edits retain the currency of the source system. The nightly updates ensure data accuracy for reporting in these systems. The Integrated Real Estate Management System was certified and accredited by the Chief Information Security Officer on March 12, 2010, and the Tenant Rental Assistance Certificate System was certified and accredited on June 25, 2008. This system is currently undergoing the certification and accreditation review again, which will be completed in FY 2011.

Project Rental Assistance Contract (Sections 202 Elderly and 811 Persons with Disabilities)

- **Data source:** Tenant Rental Assistance Certificate System and Integrated Real Estate Management System.

- **Limitations/advantages of the data:** The Tenant Rental Assistance Certificate System and Integrated Real Estate Management System have more than 6,000 business rules to ensure data validation. The applications are working with clean, accurate, and meaningful data. Data fields are required for property and project management purposes. These systems serve two primary customers: HUD staff and business partners called performance-based contract administrators.
- **Validation, verification, and improvement of measure:** The system business rules and operating procedures are defined in HUD Occupancy Handbook 4350.3; HUD's IT system security protocols; and financial requirements established in the Office of Management & Budget's Circular A-127. Often referenced as validation rules, these business rules check for data accuracy, meaningfulness, and security of access logic and controls. The primary data element for the Tenant Rental Assistance Certificate System is the HUD 50059 tenant certification, which originates from owner/agents, performance-based contractor administrators, and traditional contract administrators. HUD's 50059 transmissions are processed via secure system access and a predetermined system script. Invalid data are identified by an error code and are returned to the sender with a descriptive message and procedures to correct the error. This electronic process approximates that of the paper Form HUD 50059. The Tenant Rental Assistance Certificate System edits every field, according to the HUD rental assistance program policies. The Integrated Real Estate Management System uploads data from the Tenant Rental Assistance Certificate System nightly. These data are used exclusively for project management purposes. Thus, the data edits retain the currency of the source system. The nightly updates ensure data accuracy for reporting in these systems. The Integrated Real Estate Management System was certified and accredited by the Chief Information Security Officer on March 12, 2010, and the Tenant Real Assistance Certificate System was certified and accredited on March 9, 2011.

Insured Tax Exempt/Low-Income Housing Tax Credit

- **Data source:** Office of Housing Development Management Action Plan goals SharePoint site
- **Limitations/advantages of the data:** Completed new LIHTC/TE units are posted on the SharePoint site based on data provided by the HUD Project Managers who have worked on these projects. The data are judged to be reliable for this measure.
- **Validation, verification, and improvement of measure:** HUD field staff provide the data which is reviewed and verified by Multifamily Hub and Headquarters staff.

Public and Indian Housing

Indian Housing Block Grant

- **Data source:** The Office of Native American Programs Performance Tracking Database.
- **Limitation/advantages of data:** The Performance Tracking Database is populated by information reported in the Annual Performance Reports submitted within 90 days of the end of each recipient's program year. Occupied units are not counted, only "completed units."
- **Validation, verification, and improvement of measure:** The last Indian Housing Block Grant program evaluation found that "Tribes have very low vacancy rates (half of the 28 tribes report vacancy rates less than 1.4 percent), and three-fourths of the tribes reported turning over a vacant unit within a month." In addition, The Office of Native American Programs performs routine monitoring and oversight of tribes' overall program management.

Public Housing

- **Data source:** HUD's Inventory Management System/Public and Indian Housing Information Center System.
- **Limitations/advantages of the data:** Public housing agencies self-report the data. Public housing agencies

annually certify to the accuracy of the building and unit counts as required by the Office of Capital Improvements. Public housing agencies certify to the accuracy of the data submitted to HUD in the Inventory Management System/Public Housing Information Center system that the Department uses to calculate the formula for allocating Capital Fund and Operating Fund grants.

- **Validation, verification, and improvement of measure:** With the annual recertification process, data inconsistencies are identified in the Inventory Management System/Public Housing Information Center system. Public housing agencies correct errors in the data displayed on the Capital Fund Building and Unit Data Certification tab page and the Development Details web page. These data corrections are required before certifying the accuracy of the data for that development. When a public housing agency encounters errors that the public housing agency or field office staff cannot correct, the public housing agency is required to inform the Real Estate Assessment Center Technical Assistance Center Help Desk. This center assigns a Help Ticket number to the public housing agency, and the public housing agency enters the number on the Development Details web page. Finally, the public housing agency must also provide a comment that indicates what data elements are wrong, what the correct data are, and why the data cannot be corrected through the normal procedures.

Tenant Based Rental Assistance Vouchers

- **Data source:** HUD's Voucher Management System.
- **Limitations/advantages of the data:** The Voucher Management System captures information related to the leasing and Housing Assistance Payment expenses for the Housing Choice Voucher Program. The public housing agencies enter the information, which provides the latest available leasing and expense data. The data, therefore, are subject to human (data-entry) error. The Department, however, has instituted "hard edits" for entries in the system.
- **Validation, verification, and improvement of measure:** A "hard edit" is generated when a public housing agency enters data that are inconsistent with prior months' data input. When a hard edit is generated, a financial analyst reviews the data and, if necessary, contacts the public housing agency to resolve differences. If the issue cannot be resolved successfully, the transaction is rejected and the public housing agency is required to re-enter the correct information. This process provides additional assurance that the reported data are accurate. The Housing Choice Voucher Program uses four other means to ensure the accuracy of the data:

  1. HUD has developed a voucher utilization projection tool, which will enable the Department and public housing agencies to forecast voucher utilization and better manage the Voucher program.
  2. The Housing Choice Voucher Financial Management Division performs data-validation checks of the Voucher Management System data after the monthly database has been submitted to HUD Headquarters for management reporting purposes. Data that appear to be inconsistent with prior months' data are resolved with the public housing agency. Corrections are entered directly into the Voucher Management System to ensure that the data are accurate.
  3. The Public and Indian Housing Quality Assurance Division, using onsite and remote Voucher Management System reviews, validates the data. The division staff reviews source documents on site at the public housing agency to determine if the leasing, Housing Assistance Program expenses, and Net Restricted Assets are consistent with data reported in the Voucher Management System. REAC also compares VMS to FASS data and rejects it if it is materially different.

PIH Moderate Rehabilitation

- **Data source:** Each year, public housing agencies provide data to the Public and Indian Housing field offices,

including which Moderate Rehabilitation contracts will be renewed. The field offices calculate renewal rents and forward all data to the Financial Management Center, which confirms the data and also calculates and requests total required renewal and replacement funding. After funding has been received, the Financial Management Center obligates and disburses funding for Moderate Rehabilitation Renewals or Replacement vouchers with Housing Choice Vouchers funds.

- **Limitations/advantages of the data:** Timeliness and validity of data are dependent on multiple entities, including the Moderate Rehabilitation project owners, Public and Indian Housing field offices, and the Financial Management Center. It is primarily a detailed, time-consuming, manual process.
- **Validation, verification, and improvement of measure:** The Financial Management Center reviews the data provided by the field offices and follows-up on incorrect or suspect data before submitting funding requests. A Financial Management Center division director or team leader must approve funding obligation and disbursement. The Office of Housing Voucher Programs is currently working to develop a more streamlined and automated process to validate and improve the validation.

Strategic Goal 3.   Utilize Housing as a Platform for Improving Quality of Life
Measure 6: Reduce homelessness. By September 30 2013, in partnership with the VA, reduce the number of homeless Veterans to 35,000 by serving 35,500 additional homeless Veterans. HUD is also committed to making progress towards reducing family and chronic homelessness and is working towards milestones to allow for tracking of these populations.

Continuums of Care

- **Data source:** The point-in-time data are used as the baseline and the Annual Performance Report shows incremental changes annually.
- **Limitations/advantages of the data:** The Annual Performance Report is reported throughout the year and each grantee is required to submit its APR 90 days after the end of its operating year, which creates a 90-day time lag for HUD to receive a full year of data. HUD needs additional time to ensure the data's accuracy. HUD has implemented greater quality checks in the reporting database and a uniform review process for its field office staff to ensure greater consistency of review.
- **Validation, verification, and improvement of measure:** The Office of Special Needs Assistance Programs has several validation checks on the data. The Office does some extrapolation of the Annual Performance Report data to account for the missing data submissions. HUD has implemented a minimum standard review process for all of its field offices to use when reviewing an APR. Additionally, due to changes under the HEARTH Act, HUD is able to prevent renewal grants from receiving renewal funds until the APR is submitted. The point-in- time data are based on an annual count performed by all Continuums of Care in the last week of January. These data are entered into a database, where they are analyzed for accuracy and callbacks are performed. A point-in-time count is required biennially for both sheltered and unsheltered homeless people. These data are different from the Annual Performance Report data, which have only sheltered data.

Homelessness Prevention and Rapid Re-housing Program

- **Data source:** Homelessness Prevention and Rapid Re-housing Annual Performance Reports.
- **Limitations/advantages of the data:** These data are all required to come from the Homeless Management Information System (HMIS), which provides a more accurate means for collecting the data as compared to other forms of data collection, because HMIS allows a longitudinal history of clients with the ability to de-duplicate across programs within a single HPRP jurisdiction.
- **Validation, verification, and improvement of measure:** The Office of Special Needs Assistance Programs performs data analysis and verification when the data are received. The database for the HPRP Annual

Performance Report has several validations to improve data quality.

HUD-VASH

- **Data source:** The Department of Veterans Affairs sends monthly field reports to HUD. HUD reviews the data and then converts them to a PHA-specific format. These monthly data include the number of Veterans referred to public housing agencies, the number of vouchers issued, and the number of Veterans who have leased units.
- **Limitations/advantages of the data:** The data quality and accuracy of VA data are deemed high because of the numerous levels of oversight by VA (including senior staff at local, regional, and national levels) and HUD's review of data for quality-control purposes. Under HUD's systems, the Public and Indian Housing Information Center and Voucher Management System, HUD is not able to collect information on referrals, and the data on voucher issuance, although improving, are still not as reliable as the data reported by VA.
- **Validation, verification, and improvement of measure:** HUD routinely compares the data reported by VA with data in HUD's systems. In addition, HUD and VA recently executed a data-sharing agreement, signed by both agencies in June 2012, which enables the comparison of records from both agencies' systems on HUD-VASH participants. HUD and VA have started generating discrepancy reports, which then are sent to PHAs and VAMCs in order for them to correct errors identified in participants' records.

Strategic Goal 4.   Build Inclusive and Sustainable Communities Free From Discrimination
  Measure 13: Increase the energy efficiency and health of the nation's housing stock. By September 30, 2013, HUD will enable a total of 159,000 cost effective energy efficient and healthy housing units, as a part of a joint HUD-DOE goal of 520,000.

Community Planning and Development

Community Development Block Grant

- **Data source:** Aggregated (summed) raw data on accomplishments reported by Community Development Block Grant grantees in the Integrated Disbursement and Information System.
- **Limitation/advantages of the data:** Data reliability has been enhanced by the re-engineering of the system at the end of FY 2009 into FY 2010.
- **Validation, verification, and improvement of measure:** When monitoring grantees, Community Planning and Development field staff verifies program data.

HOME Investment Partnerships

- **Data source:** HUD's Integrated Disbursement and Information System.
- **Limitation/advantages of the data:** Data reliability has been enhanced by the re-engineering of the system at the end of FY 2009 into FY 2010.
- **Validation, verification, and improvement of measure:** When monitoring grantees, Community Planning and Development field staff verifies program data.

Tax Credit Assistance Program

- **Data source:** HUD's Integrated Disbursement and Information System.
- **Limitations/advantages of the data:** Data reliability has been enhanced by the re-engineering of the system

at the end of FY 2009 into FY 2010.

- **Validation, verification, and improvement of measure:** Program staff reviews weekly reports to ensure data validity and resolve identified data problems.

Multifamily Housing

Sections 202 Elderly and 811 Persons with Disabilities

- **Data source:** The source of construction-start data is the Office of Housing Development Application Processing System.
- **Limitations/advantages of data:** The data, in general, are considered to be reliable.
- **Validation, verification, and improvement of measure:** HUD field staff reviews, verifies, and approves the data. The Office of Housing receives copies of the closing documents that are used to verify data system entries.

Mark-to-Market

- **Data source:** The Rehabilitation Escrow Administration database, a system maintained to track and approve retrofit schedules, costs, and specifications, and used to review and approve funding draws on completion and verification of work completion.
- **Limitations/advantages of data:** The Agency has a high degree of confidence in the accuracy of the data. Basic transaction parameters are derived from official record sources—Mark-to-Market system and Rehabilitation Escrow Administrations database—and locked down in the independently maintained database.
- **Validation, verification, and improvement of measure:** Limited and finite number of properties being tracked; independently maintained database; accessible only by a limited number of highly trained professionals, minimizing the opportunity for user input errors or data corruption; regular reports from the database allow for a reality check period over period; Approved Funds Control Plans and Front End Risk Assessments require a high degree of review and approval for accuracy (that is, the process ensures quality data).

Green Retrofit

- **Data source:** The Rehabilitation Escrow Administration database, a system maintained to track and approve retrofit schedules, costs, and specifications and used to review and approve funding, draws on completion and verification of work completion.
- **Limitations/advantages of data:** The Agency has a high degree of confidence in the accuracy of the data. Basic transaction parameters are derived from official record sources—Mark-to-Market system and Rehabilitation Escrow Administrations database—and locked down in the independently maintained database.
- **Validation, verification, and improvement of measure:** Limited and finite number of properties being tracked; independently maintained database; accessible only by a limited number of highly trained professionals, minimizing the opportunity for user input errors or data corruption; regular reports from the database allow for a reality check period over period; Approved Funds Control Plans and Front End Risk Assessments require high degree of review and approval for accuracy (that is, the process ensures quality data); expenditure information is cross-checked to another official source—LOCCS—at the time of each disbursement for grants. The greatest potential exposure regarding erroneous reporting is likely to be contained in RA/PAE reporting of loan disbursements. See clause 3 above, plus strict procedural requirements for regular updating by our highly trained professional staff and contractors. Database reports

contain mathematical checks of PAE-provided numbers. Management review of those reports provides logical checks of reported data, that is, prevents a report that indicates spending above total authorized amounts.

Public and Indian Housing

Public Housing Capital Fund/Indian Housing Block Grant

- **Data source:** PIH has created the Energy and Performance Information Center (EPIC) which collects information on energy conservation measures implemented by housing authorities. Using a checklist, public housing agencies also report on all units that include 1 or more of 39 Energy Conservation Measures, as well as on new or substantial rehabilitation projects that meet ENERGY STAR for New Homes or one or more green standards.
- **Limitations/advantages of the data:** The energy data collected is self-reported and limited; each Energy Conservation Measure is reported separately for each unit (by project) but not bundles so as to report on which bundle of Energy Conservation Measures was installed in a particular unit. A "unit equivalent" method was developed to address these data limitations, using the top 10 most cost-effective measures. Other data limitations are that HUD does not collect pre- and post-retrofit consumption data for these measures, or Energy Conservation Measure costs, so determinations of cost effectiveness for these investments must be estimates, using recognized engineering or costs methods.
- **Validation, verification, and improvement of measure:** Public and Indian Housing staff validates the data entered into the system in terms of completeness of information. Public and Indian Housing staff also provides information to grantees to ensure that the definitional boundaries of data prompts are fully understood. Data may also be confirmed through remote and onsite reviews of public housing agencies.

Energy Performance Contracts

- **Data source:** The data used for reporting for the Energy Performance Contract program were gathered through the Energy Performance Contract Inventory, which all Public and Indian Housing field offices are required to complete annually.
- **Limitations/advantages of the data:** For the first time, during FY 2010, the Energy Performance Contract Inventory was restructured to gather data at the asset management project level rather than at the contract level. Training was provided to the field offices to increase the reporting accuracy and completeness. Despite this effort, the Energy Performance Contract Inventory frequently contains missing or erroneous data.
- **Validation, verification, and improvement of measure:** The data are reviewed for suspected inaccuracies. When reporting data, the Office of Public and Indian Housing makes a strong effort to confirm the data are valid and makes corrections as noted. The Office of Public and Indian Housing is endeavoring to improve the Energy Performance Contract Inventory to make it easier to complete, thus improving accuracy and completeness. At the same time, the Office of Public and Indian Housing is working to integrate the Energy Performance Contract Inventory with its existing reporting systems, which tend to be more sophisticated, yet easier to use.

HOPE VI

- **Data source:** The HOPE VI Grants Management System.
- **Limitations/advantages of the data:** For the first time, during FY 2010, the Grants Management System was expanded to collect information on whether the HOPE VI units being built were achieving a comprehensive green standard (for example, LEED for Homes), a non-comprehensive energy-efficiency standard (for example, ENERGY STAR for New Homes), or meeting the local building code. The Grants Management System has some limitations. In particular, the data are self-reported. The data collected

through the system are limited in scope to the achievement of green standards. Although these standards are the highest ideal, no data are collected about building practices that are better than the minimum, but yet, the practices do not reach the level of a green standard.

- **Validation, verification, and improvement of measure:** Grantees are required to use the data system quarterly. Each quarter, the grants manager in charge of each project checks the data for reasonableness. In addition, the HOPE VI program has a data collection contractor on staff to provide technical assistance to grantees that are completing their reporting requirements.

Lead and Healthy Homes

Lead Hazard Control

- **Data source:** Office of Healthy Homes and Lead Hazard Control's web-based Grantee Quarterly Progress Reporting System.
- **Limitations/advantages of the data:** The data represent direct accomplishments as reported by grantees and confirmed by HUD staff through monitoring. The data do not include housing units that are indirectly made lead safe through leveraged private sector investment, state and local programs, and other federal housing programs.
- **Validation, verification, and improvement of measure:** A rigorous scientific evaluation of the program indicates that the program is effective in achieving its goals. The study, conducted by the National Center for Healthy Housing in conjunction with the University of Cincinnati, found that the lead hazard control methods used by grantees reduce the blood lead levels of children occupying treated units and also significantly reduce lead dust levels in the treated homes. The number of units made lead safe is validated by both Office of Healthy Homes and Lead Hazard Control data and data from HUD's National Lead-Based Paint Survey. The Office of Healthy Homes and Lead Hazard Control reviews data provided through its web-based Quarterly Progress Reporting System. HUD grant staff performs both onsite and remote monitoring of grant files and unit completion progress.

Healthy Homes

- **Data source:** Office of Healthy Homes and Lead Hazard Control's web-based Grantee Quarterly Progress Reporting System.
- **Limitations/advantages of the data:** The data represent direct accomplishments as reported by grantees and confirmed by HUD staff through monitoring. The data do not include housing units that are indirectly made lead safe through leveraged private sector investment, state and local programs, and other federal housing programs.
- **Validation, verification, and improvement of measure:** The Healthy Homes program builds on the Department's existing activities in housing-related environmental health and safety issues—including lead hazard control, building structural safety, electrical safety, and fire protection—to address multiple childhood diseases and injuries in the home. The program takes a holistic approach to these activities by addressing housing-related hazards in a coordinated fashion, rather than addressing a single hazard at a time. An evaluation of the program that was completed in 2007 indicated that grantees were successful in achieving the objectives of the program as identified in the Notice of Funding Availability and the program's strategic plan. Grantees had conducted assessments and low cost interventions that addressed priority hazards and conditions in 9,700 homes in high-risk neighborhoods, and healthy homes outreach efforts had reached approximately 2.8 million people. Program-supported research was successful in improving our understanding of residential hazards and documenting the effectiveness of interventions to reduce children's asthma symptoms. The Office of Healthy Homes and Lead Hazard Control reviews data provided through its

web-based Quarterly Progress Reporting System. HUD grant staff performs both onsite and remote monitoring of grant files and unit completion progress.

The Green and Healthy Homes Initiative

- **Data source:** A centralized Green and Healthy Homes Initiative database of assessments and interventions was established to collect data from the pilot cities.
- **Limitations/advantages of the data:** The data represent direct accomplishments as reported by the Green and Healthy Homes Initiative pilot cities and confirmed by HUD and the Green and Healthy Homes Initiative contractor through monitoring. The data include housing units that are made energy efficient and healthy through leveraged private sector investment, state and local programs, and other federal housing programs.
- **Validation, verification, and improvement of measure:** Data collection relies on remote monitoring of Green and Healthy Homes Initiative sites by the contractor; results are verified through on-site monitoring. In early FY 2012, responding to the increasing amount of data, the contractor implemented a new, comprehensive data collection system using a web-based platform. This system is accessible from each site, is updated by each site's Green and Healthy Homes Initiative coordinator, and downloads all data to a central database. The system enables partners to track data on measurable cost efficiencies through leveraging, energy consumption per unit, cost savings per unit, health outcomes for residents, direct and secondary green job creation and retention, and worker training.

Strategic Goal 5.   Transform the Way HUD Does Business

Measure 27: Improve program effectiveness by awarding funds fairly and quickly. By September 30, 2013, HUD will improve internal processes to ensure that we can obligate 90 percent of NOFA programs within 180 calendar days from budget passage.

- **Data source:** Office of Strategic Planning and Management's Bi-Weekly NOFA tracking reports (until such time as an automated system for tracking is implemented).
- **Limitations/advantages of the data:** As discussed for Measure 27, the NOFA processes are not automated and procedures are lacking. Because of this, all tracking as a NOFA moves through different stages is done effectively by hand. Many individuals are involved; therefore, the data are subject to several forms of error or omission such as simple miscommunication, transcription errors, and the unavailability of responsible parties having needed information when requested. Additionally, due to limitations in the financial systems, a lag can exist between the time funds are obligated in the field offices to when they are reflected in HUD's central accounting system.
- **Validation, verification, and improvement of measure:** Developing standardized procedures, centralized communications portals, and automated workflows will greatly improve the quality of the measures. Until such time, several levels of reviews exist to identify discrepancies and errors.

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