



Appendices

**I. Systems Not In Compliance With
Federal Financial Management
Systems Requirements**

2. Glossary of Acronyms

**3. Role of Program Evaluations
and Research Studies in
Assessing Program Performance**

Appendix I. Systems Not in Compliance with Federal Financial Management Systems Requirements

The following HUD Financial Management Systems are reported as not in compliance with Federal Financial Management Systems Requirements as of fiscal year end 2002. These are the same 17 financial management systems that were reported as non-compliant systems at fiscal year end 2001. The October, 2002 implementation of the FHA Subsidiary General Ledger will eliminate A56, Mortgage Insurance Accounting, from this list in future years.

System Number	System Name
A21	Loan Accounting System
A43	Single Family Insurance System
A43C	Single Family Insurance Claims Subsystem
A56	Mortgage Insurance General Accounting
A80D	Distributive Shares and Refund Subsystem
A80B	Single Family Premium Collection Sys-Periodic
A80N	Single Family Mortgage Notes Servicing
A80R	Single Family Premium Collection Sys-Upfront
A80S	Single Family Acquired Asset Management
F12	Home Equity Conversion Mortgages
F31	Cash, Control, Accounting, Reporting System (CCARS)
F47	Multifamily Insurance
F71	Title I Notes Servicing
F72	Title I Insurance and Claims
F75	Multifamily Insurance and Claims System
F87	Tenant Rental Assistance Certification System (TRACS)
N07	Regional Operating Budget and Obligation Tracking

Appendix 2. Glossary of Acronyms

Acronym	Definition
ABA	Architectural Barriers Act
ACA	Asset Control Area
ACC	Annual Contributions Contract
ACSI	American Customer Satisfaction Index
AHS	American Housing Survey
APP	Annual Performance Plan
ARCATS	Audit Resolution Corrective Action Tracking System
BFC	Budget Functional Classification
CA	Contract Administrator
CBO	Community-Based Organization
CCARS	Cash, Control, Accounting and Reporting System
CDBG	Community Development Block Grant
CFBCI	Center for Faith-Based and Community Initiatives
CFO	Chief Financial Officer
CoC	Continuum of Care
COTS	Commercial Off-the-Shelf
CPD	Community Planning and Development
CM	Configuration Management
CMHI	Cooperative Management Housing Insurance
CSRS	Civil Service Retirement System
D&A	Discussion and Analysis
DEC	Departmental Enforcement Center
DIL	Deed in Lieu
DOJ	Department of Justice
DQIP	Data Quality Improvement Program
EA	Enterprise Architecture
EAMS	Enterprise Architecture Management System
eGov	Electronic Government
ELIHPA	Emergency Low-Income Housing Preservation Act of 1987
FASAB	Federal Accounting Standards Advisory Board
FASS	Financial Assessment Subsystem
FBO	Faith-Based Organization
FEAF	Federal Enterprise Architecture Framework
FECA	Federal Employee Compensation Act
FERS	Federal Employee Retirement System
FFB	Federal Financing Bank
FFMIA	Federal Financial Management Improvement Act
FHA	Federal Housing Administration
FHAP	Fair Housing Assistance Program
FHIP	Fair Housing Initiatives Program
FHEO	Fair Housing and Equal Opportunity
FMC	Financial Management Center
FMFIA	Federal Managers' Financial Integrity Act
FY	Fiscal Year
FSS	Family Self-Sufficiency
GAO	General Accounting Office
GPEA	Government Paperwork Elimination Act

PERFORMANCE AND ACCOUNTABILITY REPORT

Acronym	Definition
Ginnie Mae	Government National Mortgage Association
GIS	Geographic Information System
GPRA	Government Performance and Results Act
GSE	Government-Sponsored Enterprises
HA	Housing Agency (or Authority)
HECM	Home Equity Conversion Mortgage
HOME	Housing Investment Partnership
HOPWA	Housing Opportunities for Persons With AIDS
HTMS	HUD Travel Management System
HUDCAPS	HUD Central Accounting System
ICDBG	Indian Community Development Block Grants
IDIS	Integrated Disbursement and Information System
IHBG	Indian Housing Block Grants
IRS	Internal Revenue Service
IT	Information Technology
I-TIPS	Information Technology Investment Portfolio
LEAP	Lead Elimination Action Program
LIHPRHA	Low-Income Housing Preservation and Resident Homeownership Act of 1990
LIHTC	Low Income Housing Tax Credit
LLG	Liabilities for Loan Guarantees
MASS	Management Assessment Subsystem
MAP	Multifamily Accelerated Processing
MBS	Mortgage Backed Security
MC	Management Concern
MD&A	Management Discussion and Analysis
MF	Multifamily
MFH	Multifamily Housing
M&M	Management and Marketing
MMI	Mutual Mortgage Insurance
MNA	Mortgages Notes Assigned
MTO	Moving to Opportunity
NAHASDA	Native American Housing Assistance and Self-Determination Act
NOFA	Notice of Funding Availability
OCFO	Office of the Chief Financial Officer
OIG	Office of Inspector General
OMB	Office of Management and Budget
OMHAR	Office of Multifamily Housing Assistance Restructuring

Acronym	Definition
PAR	Performance and Accountability Report
PASS	Physical Assessment Subsystem
PD&R	Policy Development & Research
PH	Public Housing
PHA	Public Housing Authority (or Agency)
PHAS	Public Housing Assessment System
PHMAP	Public Housing Management Assessment Program
PIC	Public and Indian Housing Information Center
PIH	Public and Indian Housing
POA	Public Housing Authorities, Owners and Agents
QMR	Quality and Management Review Program
RASS	Resident Assessment Subsystem
REAC	Real Estate Assessment Center
REAP	Resource Estimation and Allocation Process
REO	Real Estate Owned Properties
RESPA	Real Estate Settlement Procedures Act
RHIIP	Rental Housing Integrity Improvement Project
RHS	Rural Housing Service (U.S. Department of Agriculture)
SAMS	Single Family Acquired Asset Management System
SEMAP	Section 8 Management Assessment Program
SFH	Single Family Housing
SFFAS	Statement of Federal Financial Accounting Standards
SFPCS-U	Single Family Premium Collection Subsystem
SRI	Special Risk Insurance
SSI	Supplemental Security Income
SSA	Social Security Administration
TARC	Troubled Agency Recovery Centers
TDHE	Tribally Designated Housing Entity
TEAM	Time Estimation and Allocation Mechanism
TOTAL	Technology Open to All Lenders
TRACS	Tenant Rental Assistance Characteristics System
VA	Department of Veterans Affairs
VCA	Voluntary Compliance Agreement
WCF	Working Capital Fund
WtW	Welfare to Work

Appendix 3. The Role of Program Evaluations and Research Studies in Assessing Program Performance

Each year, the Department of Housing and Urban Development completes a number of program evaluations and research studies of significant policy topics. These studies provide a level of detail and confidence about programmatic impacts that performance measures alone cannot capture. The Department uses the findings of this research to shape program management and policy direction.

This Appendix presents the primary findings of selected research reports completed since the beginning of FY 2002. Unless otherwise noted, most these documents are available from HUD USER,¹ which is sponsored by HUD's Office of Policy Development and Research.

Goal 1: Increase the availability of decent, safe, and affordable housing in American communities.

The following is a selected list of evaluation and research efforts relevant to Strategic Goal 1 that were completed since the beginning of FY 2002. HUD also publicizes a periodical, U.S. Housing Market Conditions, which provides data and analysis about housing markets, every quarter.

Housing Finance

- **Economic Benefits of Increasing Minority Homeownership**, October 2002. This report was released by Secretary Martinez at the October 15 White House Conference on Increasing Minority Homeownership. The report estimated that achievement of President Bush's goal of expanding minority homeowners by 5.5 million families would stimulate an additional \$256 billion in benefits to the housing sector and lead to significant social benefits.
- **Subprime Markets, the Role of GSEs, and Risk-Based Pricing**, March 2002. This report expands what is known about lending practices in the subprime mortgage market and the current and potential role of Fannie Mac and Freddie Mac, the two large government sponsored enterprises (GSEs) that provide a secondary market for conventional home mortgages. The report is based on a review of relevant literature and a series of interviews with subprime and prime lenders and representatives of consumer groups, regulators, investment banks and trade associations. Despite the recent growth in the subprime mortgage market, little is known about subprime borrowers, their default experience, or subprime lenders' underwriting practices. The report's main findings are that 1) automatic underwriting has allowed lenders to focus more of their underwriting resources on less creditworthy clients; 2) use of automated underwriting has not done away with manual underwriting; and 3) automated underwriting has allowed some lenders to increase business volume.

¹Documents can be ordered, and in many cases downloaded, at <http://www.huduser.org>.

- **An Analysis of the Effects of the GSE Affordable Goals on Low- and Moderate-Income Families**, May 2002. This study provides a conceptual framework for the impacts of the GSE affordable goals. Since 1993 Fannie Mae and Freddie Mac have been subject to quantitative goals for the portion of their business that represents mortgages on housing for lower income families and families in underserved areas. The GSEs have more-or-less steadily increased their performance under the goals.
- **Housing Finance Working Paper: Goal Performance and Characteristics of Mortgages Purchased by Fannie Mae and Freddie Mac, 1998-2000**, May 2002. This paper analyzes the performance of Fannie Mae and Freddie Mac in meeting the housing goals established by HUD for 1998-2000. It also presents information on detailed borrower, locational, and loan characteristics of single-family mortgages purchased by the GSEs in this period. The report is based on the loan-level data that the GSEs submit annually to the Department. The paper finds that the GSEs passed all of their housing goals in 1998-2000 and generally achieved the highest levels of performance on the housing goals to date in 2000. It also finds that in most areas, by 2000 Freddie Mac had eliminated the performance gap with Fannie Mae that had existed in previous years.
- **Modeling the Performance of FHA-Insured Loans: Borrower Heterogeneity and the Exercise of Mortgage Default and Prepayment Options**, May 2002. This paper assesses the two risks of mortgage default and prepayment. In so doing, the analysis seeks to assess the differential default and prepayment probabilities among higher credit risk FHA mortgage borrowers. Although mortgage loans to lower-income and higher credit risk borrowers are characterized by elevated default probabilities, those risks may be mitigated by their slower prepayment speeds. Loans to higher credit risk borrowers may be pre-paid more slowly owing to difficulties in borrower access to mortgage credit, problems of mortgage qualification, limited borrower knowledge of mortgage refinance options, or dampened residential mobility. Because the prepayment risk premium is substantial, the differentially slower prepayment speeds of loans to higher risk borrowers may have important implications for loan profitability and for efforts to expand homeownership among those groups. Results of this analysis strongly support the predictions of option theory in explaining the default and prepayment options among mortgage borrowers.

Rental Housing Subsidies

- **Study of Section 8 Voucher Success Rates, Vol.1 and Vol.2**, November 2001. The success rate is the proportion of families issued a voucher who are able to use it to lease a suitable apartment or house within the timeframe provided. (The success rate differs from the utilization rate, which is the share of allocated vouchers or voucher funding that an agency is using; a forthcoming study will examine voucher utilization.). The national success rate within metropolitan areas in 2000 was found to be 69 percent. This is lower than the success rate during the early 1990s, but about the same as rates in the 1980s. Success rates were found to vary with local market conditions. However, some housing agencies had relatively high success rates even in tight markets. Importantly, success rates did not differ by such characteristics as the race, ethnicity, gender, or disability status of the head of household. This suggests that the voucher program works well for many different types of households, with only a few exceptions.

A companion volume—a qualitative study of success rates in rural areas—found that voucher success rates vary widely across the five sites that were examined. The report concludes that waiting times for a voucher are shorter in rural areas than in cities or suburbs. The report also finds, contrary to conventional wisdom, that the rental housing stock in rural areas appears to be of acceptable quality.

- **Voucher Location Patterns Study**, (forthcoming). This study provides detailed information on the locations in which households in the Housing Choice Voucher program succeed in renting housing. Among other topics examined in the study are the extent to which voucher-holders access low-poverty neighborhoods and the extent to which voucher-holders are dispersed or clustered in particular metropolitan areas.
- Numerous studies were released in FY 2001 on rental housing subsidies, including: Assessment of the Loss of Housing for Non-Elderly People with Disabilities; National Evaluation of the Housing Opportunities for Persons with AIDS Program (HOPWA); Quality Control for Rental Assistance Subsidies Determinations; Tools and Strategies for Improving Community Relations in the Housing Choice Voucher Program; Study of the Ongoing Affordability of HOME Program Rents; The Uses of Discretionary Authority in the Tenant-Based Section 8 Program; and, Report on Worst Case Housing Needs in 1999 (executive summary).

Housing Technology and Safety

- **PATH Technology Roadmap: Energy Efficiency in Existing Homes**, June 2002. Through the Partnership for Advancing Housing Technology (PATH) program, HUD completed four major technology roadmaps that will set the agenda for both industry and government on new research to address PATH goals. These include new roadmaps on: (1) Energy in Existing Buildings; (2) Information Technology; (3) Whole House Building Systems; and (4) Panelized Construction. These roadmaps will help assure the expanded availability of affordable housing by helping develop new technologies that are less costly, more durable, and more disaster resistant.

This document focuses specifically on improving energy efficiency in existing housing. It describes the challenges, and outlines activities and accomplishments that will lead to the achievement of the vision of more energy efficient homes. These include promoting new technologies, evaluating products and processes for retrofit, building capabilities among trade contractors, and identifying potential consumer incentives.

- **PATH Technology Roadmap: Information Technology to Accelerate and Streamline Home Building**, June 2002. This report examines how information technology can greatly improve the speed and efficiency of the entire home building process. The report explores how computers, software, and communications (especially wireless technology and the Internet) can improve speed, efficiency, and quality in home building.
- **PATH Technology Roadmap: Whole-House and Building-Process Redesign**, June 2002. This report sets the strategic R&D planning process for PATH and the industry as a whole for whole house design. Whole house design takes a systems-oriented view of housing construction, which could yield methods of building faster, at lower cost, and with higher quality.

- **PATH Technology Roadmap: Advanced Panelized Construction**, June 2002. Panelized-type systems are factory-built homes in which panels—a whole wall with windows, doors, wiring and outside siding—are transported to the site and assembled. The homes must meet state or local building codes where they are sited. Shifting away from “construction in place” with respect to labor skills, quality control, standardization, and economical engineering, shows great promise. This technology roadmap sets the strategic R&D planning process for PATH and the industry as a whole for advanced panelized construction.
- **Electronic Permitting Systems and How to Implement Them**, April 2002. This publication is designed to help America’s communities understand the process of selecting and implementing an electronic permitting system. Electronic construction permitting is changing the way communities across the nation do business, speeding the building permit process for the people more involved—builders, inspectors, and plan reviewers—and providing better and more timely information to decision makers, managers, and staff throughout city hall. Benefiting from the experiences of others, communities can implement electronic permitting systems with better results and at lower cost. By implementing electronic permit systems, communities may streamline the permit process and reduce the time necessary to issue permits. As a result, the overall cost of housing is reduced—making affordable housing a more achievable reality.
- **Durability by Design: A Guide for Residential Builders and Designers**, May 2002. This manual is intended to raise the awareness and understanding of building durability as a design consideration in housing. The Guide covers basic concepts of durability and presents recommended practices—including numerous construction details and design data—for matters such as moisture management, ultraviolet (UV) protection, insects, decay, corrosion, and natural hazards.

Goal 2: Ensure equal opportunity in housing for all Americans.

The following is a selected list of evaluation and research efforts relevant to Strategic Goal 2 that were completed since the beginning of FY 2002.

- **Housing Discrimination Study 2000**, November 2002. The Housing Discrimination Study 2000 represents the most ambitious effort to date to measure the extent of housing discrimination in the United States against persons because of their race or color. It is the third nationwide effort sponsored by HUD to measure the amount of discrimination faced by minority home seekers. The previous studies were conducted in 1977 and 1989. The report shows large decreases between 1989 and 2000 in the level of discrimination experienced by Hispanics and African Americans seeking to buy a home. There has also been a modest decrease in discrimination toward African Americans seeking to rent a unit. This downward trend, however, has not been seen for Hispanic renters. Hispanic renters now are more likely to experience discrimination in their housing search than do African American renters. As a result of this study, HUD can more effectively pursue its fair housing efforts.

- **How Much Do We Know?** April 2002. This study assesses public awareness of and support for fair housing law and individuals' perceptions concerning whether they had ever experienced housing discrimination. The study provides national estimates of the extent to which Blacks and Hispanics are treated differently from whites when they seek to buy or rent housing. The study also provides reliable information on how these levels of discrimination have changed since this type of study was last done in 1989. The findings show that there is widespread knowledge of and support for most fair housing protection and prohibitions. However, the public understands and supports some areas of the law more than others. The report provides HUD with reason for encouragement in its continued efforts to combat housing discrimination and identifies specific areas in which public information and attention needs to be directed.
- **All Other Things Being Equal: A Paired Testing Study of Mortgage Lending Institutions**, April 2002. This report on the findings of the Homeownership Testing Program is a valuable resource for the mortgage lending industry and others working on the issue of discrimination in the home mortgage lending process. The study developed testing methodologies to analyze the nature, level, and extent of lending discrimination at two test sites, Los Angeles and Chicago. The report found that African American and Hispanic homebuyers in both Los Angeles and Chicago face a significant risk of unequal treatment when they visit mainstream mortgage lending institutions to make pre-application inquiries. The result forms the basis for further action, which may include Secretary Initiated Investigations, further testing on certain mortgage lenders, and training for mortgage loan providers and their regulators.
- **New Evidence on the Relationship Between Race and Mortgage Default: the Importance of Credit History Data**, May 2002. This study addresses evidence of discrimination against black and Hispanic mortgage applications using a model of FHA defaults. The limited twofold purpose of this study is to report the findings obtained by including a measure of borrower credit history in a model of FHA defaults that is similar to previous default models and to demonstrate the bias attributable to omitting such data.
- **Fair Housing Act Design Manual**. First published in 1996, the *Fair Housing Act Design Manual: A Manual to Assist Designers and Builders in Meeting the Accessibility Requirements of The Fair Housing Act* provides clear and helpful guidance about ways to design and construct housing that complies with the Fair Housing Act. The manual provides direct information about the accessibility requirements of the Act, which must be incorporated into the design, and about construction of multifamily housing covered by the Act.

Goal 3: Promote stability, self-sufficiency and asset development of families and individuals.

The following is a selected list of evaluation and research efforts relevant to Strategic Goal 3 that were completed since the beginning of FY 2002.

- **Evaluation of Continuums of Care for Homeless People: Final Report**, May 2002. This study provides a rich array of information on the activities of high-performing Continuums of Care and documents the extent of progress of the studied communities along many dimensions of a comprehensive approach to homelessness prevention and

remediation. On balance, the report concludes that for the high-performing communities studied, HUD's implementation of the Continuum of Care funding process stimulated increased communication within local communities in their response to homelessness.

- **Families in Transition: A Qualitative Analysis of the MTO Experience**, May 2002. This report is part of the Moving to Opportunity for Fair Housing Demonstration Program (MTO) interim evaluation. The MTO demonstration provided housing subsidies (vouchers) to public housing families, to assist them in moving out of extremely poor neighborhoods. One group of program participants received additional help so they could move to areas with much less poverty. The MTO evaluation provides a unique opportunity to test the premise that changing an individual's neighborhood environment can change his or her life chances. Ultimately, MTO will test the extent to which providing families with assistance to move to lower-poverty areas leads to concrete benefits for them and their children. This qualitative analysis is based on in-depth interviews conducted in early 2001 with adults and children in each of the five cities where MTO operated.

Goal 4: Improve community quality of life and economic vitality.

The following is a selected list of evaluation and research efforts relevant to Strategic Goal 4 that were completed since the beginning of FY 2002.

- **Lessons Learned From the Community Outreach Partnership Centers Program**, March 2002. This report, based on the experience of the 25 Community Outreach Partnership Center (COPC) grantees and their partners, presents the results of that review and analysis. COPC is one of HUD's primary vehicles for engaging colleges and universities in community development. HUD commissioned Lessons Learned From the Community Outreach Partnership Centers Program to review the experience of a sample of early COPC grantees in order to distill lessons about the challenges and contributions of campus-community partnerships and about how community outreach efforts like those supported by COPC are being institutionalized by colleges and universities.

Goal 5: Ensure Public Trust in HUD.

The following is a selected list of evaluation and research efforts relevant to Strategic Goal 5 that were completed since the beginning of FY 2002.

- **Employee Satisfaction Survey**. HUD engaged the Office of Personnel Management to measure HUD employee's satisfaction with their workplace. The survey results are now available on HUD's internal Intranet. Now that the Department's strengths have been identified and areas where we need to make improvements have been pointed out, the Department can create plans that focus on the areas where we can achieve the greatest progress in the upcoming years. For example, employees wanted more and better training opportunities and, as a result, HUD held its first National Training Awareness Week.

**If you have any questions or comments, please call
James Martin, Assistant Chief Financial Officer for
Financial Management at 202.708.0638 or email him
at *James_M._Martin@hud.gov***

**For additional copies of this report, please call the
CFO's Office of Financial Management
at 202.708.0638 extension 3842
or email *Helen_Jackson@hud.gov***

U.S. Department of Housing and Urban Development
Washington, DC 20410-0100

Official Business
Penalty for Private Use \$300

Return Service Requested

FIRST-CLASS MAIL
POSTAGE & FEES PAID
HUD
PERMIT NO. G-795



This report is available on the Web at www.hud.gov/cfo