

Appendices

Appendix 1. Glossary of Acronyms

Appendix 2. Units/Households Receiving HUD Assistance

Appendix 3. Compliance Status of Financial Management Systems

Appendix 4. Role of Program Evaluations and Research Studies in Assessing Program Performance

Appendix 1. Glossary of Acronyms

CDBG	Community Development Block Grant
CFO	Chief Financial Officer
CPD	Office of Community Planning and Development
Fannie Mae	Federal National Mortgage Association
FHA	Federal Housing Administration
FMFIA	Federal Managers' Financial Integrity Act of 1982
Freddie Mac	Federal Home Loan Mortgage Corporation
FY	Fiscal Year
GAO	Government Accountability Office
Ginnie Mae	Government National Mortgage Association
HUD	Department of Housing and Urban Development
OIG	Office of Inspector General
OMB	Office of Management and Budget
PHA	Public Housing Agency
PIH	Office of Public and Indian Housing
PMA	President's Management Agenda

PERFORMANCE AND ACCOUNTABILITY REPORT

Appendix 2: Units/Households Receiving HUD Assistance

	2002	2003	2004	2005
Section 8 Low Income Rental Assistance Program:				
Tenant-based Assistance a/	1,997,733	2,051,967	2,087,344	2,056,430
Project-based Assistance	1,328,532	1,319,632	1,309,427	1,306,740
Total Section 8	3,326,265	3,371,599	3,396,771	3,363,170
Public Housing Program				
Sub-total	1,208,730	1,206,721	1,188,649	1,162,808
Housing for the Elderly (Section 202)	62,694	70,026	75,227	82,359
Housing for the Disabled (Section 811)	18,649	20,379	21,646	23,243
Tenant-based 811	13,061	14,447	14,447	14,739
Sub-total	94,404	104,852	111,320	120,341
Other Assistance Programs				
Homeownership Assistance Program (Section 235)	13,043	10,195	8,447	6,699
Rental Housing Assistance Program (Section 236)	392,233	368,900	346,802	322,083
Rent Supplement	18,600	18,107	17,290	17,239
Sub-total	423,876	397,202	372,539	346,021
Less estimated number of households receiving more than one form of assistance (double count)	(190,140)	(217,250)	(217,250)	(217,250)
Total, Public and Assisted Housing a/	4,863,135	4,863,124	4,852,029	4,775,090
HOME Tenant-Based Assistance	10,239	10,731	15,479	20,554
HOME Rental Units Completed	19,076	25,977	23,392	33,612
HOME Homebuyer Units Completed	23,241	25,867	30,780	32,307
HOME Existing Homeowners Completed	10,027	10,705	10,112	14,832
HOME Total Households	62,583	73,280	79,763	101,305
CDBG Households	187,380	184,611	159,703	166,992
Self-help Homeownership Opportunity Program New Homebuyers	2,063	2,157	1,735	2,277 b/
Housing Opportunities for Person with AIDS Households	74,964	78,467	70,779 c/	70,325
Indian Housing Block Grant Households	5,894 d/	6,097 d/	7,712 d/	6,505
Rural Housing & Economic Development	3,928	6,065	NA	NA
Title VI Federal Guaranteed Loans e/	4	6	4	4
Native Hawaiian Housing Block Grant Households	NA	NA	NA	72
Total of CDBG, HOME, Self-help Homeownership Opportunity Program, Housing Opportunities for Persons with AIDS, Indian Housing Block Grant, Rural Housing, Title VI Native Hawaiian Housing Block Grant, Households Served	336,816	350,683	319,696	347,480

a/ In FY 2003 and FY 2004, the number of contracted units are displayed.

In FY 2005, the number of funded units are displayed.

b/ Results for Self-help Homeownership Opportunity Program are for the period July 1, 2004, to June 30, 2005, since accomplishments for the 4th quarter of FY 2005 will not be available in time for publication of this report.

c/ This figure has been revised due to data verification efforts.

d/ These figures have been revised to reflect only new construction, acquisition, and rehabilitation activities.

e/ These numbers reflect annual activity whereas the FY 2004 Performance and Accountability Report reflected cumulative numbers.

Appendix 3. Financial Management Systems as of September 30, 2005

Total: 44

Total Non-compliant: 2

Office of Administration (4)

D67A Facilities Integrated Resources
Management System (FIRMS)*
A35 HUD Procurement System (HPS)
P035 Small Purchase System (SPS)
P162 HUD Integrated Human Resources
Training System (HIHRTS)**

Office of Chief Financial Officer (14)

A21 Loan Accounting System (LAS)*
A39 HUD Consolidated Financial Statement
System (HCFSS) (Hyperion)
A65A Section 235 Automated Validation and
Editing (SAVE)
A67 Line of Credit Control System (LOCCS)
A75 HUD Central Accounting and Program
System (HUDCAPS)
A91 Consolidated Cost and FTE Files (CCFF)
A96 Program Accounting System (PAS)
D08 Bond Payment System (BONDMAPPER)
D21 Departmental Accounts Receivable
Tracking / Collection System (DARTS)
D61 EZBudget Budget Formulation System
(EZB)
D65A Section 8 Budget Outlay Support System
(BOSS)
D91A Total Estimation and Allocation
Mechanism – Resource Estimation and
Allocation Process (TEAM-REAP)
H18 Integrated Automated Travel System
(IATS)
P001 HUD Travel Management System
(HTMS)

Community Planning and Development (2)

C04 Integrated Disbursement and Information
System (IDIS)
C38 Special Needs Assistance Program
(SNAPS)

* Non-compliant systems

** New system

Office of Housing (19)

A43 Single Family Insurance System (SFIS)
A43C Single Family Insurance Claims Subsystem
(CLAIMS)
A80B Single Family Premium Collection System-
Periodic (SFPCS-P)
A80D Distributive Shares and Refund Subsystem
(DSRS)
A80N Single Family Mortgage Notes
(SFMN)
A80R Single Family Premium Collection System-
Upfront (SFPCS-U)
A80S Single Family Acquired Asset Management
System (SAMS)
D64A SF Housing Enterprise Data Warehouse
(SFHEDW)
F12 Home Equity Conversion Mortgages (HECM)
F17 Computerized Home Underwriting Management
System (CHUMS)
F42D SF Default Monitoring Subsystem (SFDMS)
F47 Multifamily Insurance (MFIS)
F51 Institution Master File (IMF)
F71 Debt Collection and Assets Management System
--Title I Notes (DCAMS)
F72 Title I Insurance and Claims (TIIS)
F75 Multifamily Insurance and Claims (MFIC)
F87 Tenant Rental Assistance Certification System
(TRACS)
P013 FHA Subsidiary Ledger (FHA-SL)
P057 Multifamily Delinquency and Default Reporting
(MDDR)

Government National Mortgage Association (2)

B09 Default Management System (DMS)
B16 MACOLA Accounting Software System
(MASS)

Office of Public and Indian Housing (3)

P106 Tenant Assessment Subsystem (TASS)
P113 Inventory Management System (IMS)
P181 Enterprise Income Verification System (EIV)

Inactive Systems: A44D Low Rent Security Ledger (OCFO) and
F31 Cash, Control, Accounting Reporting System (Housing)

Reclassified as non-financial management system:
C39 Empowerment Zone/Economic Development (CPD)

Appendix 4. Role of Program Evaluations and Research Studies in Assessing Program Performance

Each year, HUD completes a number of program evaluations and research studies relating to significant policy issues. 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 make informed decisions on HUD policies, programs, budget, and legislative proposals. This Appendix presents the primary findings of selected research reports completed since the beginning of FY 2005. Most of the reports are available from the Office of Policy Development and Research clearinghouse, HUD USER, which can be accessed at <http://www.huduser.org>.

Strategic Goal 1: Increase Homeownership Opportunities

The following study relevant to Strategic Goal 1 was completed during FY 2005. HUD also publishes U.S. Housing Market Conditions (quarterly), the American Housing Survey for specific metro areas (annually), and the American Housing Survey for the United States (biennially) to provide data and analysis about housing markets.

- **A Study of Market Sector Overlap and Mortgage Lending.** This study shows that while there is some overlap, Fannie Mae and Freddie Mac (the government-sponsored enterprises) largely serve a distinct segment of the housing market relative to FHA. Compared with government-sponsored enterprise-purchased loans, FHA-insured loans are characterized by lower down payments and borrowers with lower credit scores, and are more strongly targeted to lower-income and minority borrowers. The study finds that about 10 percent of FHA loans have risk characteristics similar to loans purchased by the government-sponsored enterprises. Since 1995, when HUD conducted its first overlap study, the government-sponsored enterprises increased their purchases of loans with loan-to-value ratios above 95 percent. Based on recent increased government sponsored enterprise purchases of sub-prime loans, the study concludes that overlap between the FHA and government-sponsored enterprise markets may increase in the future.

Strategic Goal 2: Promote Decent Affordable Housing

- **Why Not in Our Community.** “Why Not In Our Community,” prepared by the Office of Policy Development and Research in support of the Secretary’s “America’s Affordable Communities Initiative,” revisits the landmark 1992 report “Why Not in My Backyard.” The report finds that regulatory barriers are as pervasive today as they were 13 years ago; in fact, the report identifies new types of regulatory barriers that have arisen over this period. However, the report does show some progress. Some state and local governments have taken significant actions to address these barriers. The report also highlights the significant actions recently taken by the Department to address federal and local regulatory barriers.
- **Evaluation of Family Self-Sufficiency Program.** This study was a retrospective analysis of the Family Self-Sufficiency program using HUD administrative data for the years 1996-2000. The research question was whether Family Self-Sufficiency met its basic goal of increasing self-sufficiency for program participants. Family Self-Sufficiency participants’

APPENDICES
ROLE OF PROGRAM EVALUATIONS AND RESEARCH STUDIES
IN ASSESSING PROGRAM PERFORMANCE

incomes grew and welfare-receipt diminished at a higher rate than for the rest of the assisted families. For example, participants who enrolled in the Family Self-Sufficiency program in 1996 experienced a 72 percent increase in median income by the year 2000, from \$6,936 to \$11,960. Among a comparison group of non-Family Self-Sufficiency participants, the increase was only half as large at 36 percent, rising from \$6,606 in 1996 to \$8,996 in 2000. The median escrow account disbursement for participants completing their contracts was \$3,351. In general, we found that entry into the program is followed by significant earnings gains, and, for the minority who graduate, by significant wealth accumulation.

- **Evaluation of Mark-to-Market.** The Mark-to-Market program was created by the Multifamily Assisted Housing Reform and Affordability Act of 1997 to 1) reduce subsidy costs in FHA-insured properties with project-based Section 8 that had above market rents, 2) preserve affordable housing stock, and 3) introduce administrative efficiencies in the multifamily FHA-insured Section 8 portfolio. Given the extreme complexity in the types of transactions, and the specificity of the Mark-to-Market statute, the study found that the Office of Multifamily Housing Assistance Restructuring performed well. The study made estimates of the savings to HUD from Mark-to-Market restructurings completed as of July 31, 2003. The savings amount is based on calculating the 20-year impact of Mark-to-Market-based rent reductions along with costs associated with reducing the FHA-insured mortgages, administrative costs, and possible costs of default for Watch List properties. Since operations began in early 1999, the efficiency of the processing time for the Mark-to-Market program has improved greatly. The decline in processing time is associated with a number of policy changes implemented by the Office of Multifamily Housing Assistance Restructuring, including an Owner Incentive Package, changes in the Mark-to-Market underwriting standards, and the personnel and organizational changes at the Office. This administrative design appears to have been an effective means of achieving Mark-to-Market programmatic goals.
- **Implications of Project Size in Section 202 and Section 811 Assisted Projects for Persons with Disabilities.** In the 2000 Appropriations Act for the Department, Congress directed HUD to assess the social and economic implications of project size with respect to Section 202 and Section 811 housing for persons with disabilities. This report responds to the congressional mandate to evaluate the effects of project size on residents, and on the immediate neighborhoods. Smaller properties that are integrated into the surrounding neighborhood are well suited for most persons with disabilities, but an ongoing debate continues over the appropriate size of projects for this population. This study takes into account the perspective that very large developments are not well suited for most persons with disabilities and, therefore, focuses attention on smaller projects. Findings from this study will help HUD ensure that the Section 202 and Section 811 programs are responsive to the affordable housing and related services needs of very low-income persons with disabilities across the country.
- **Updating the Low Income Housing Tax Credit Database: Projects Placed in Service through 2002.** Under the Low Income Housing Tax Credit program, the states were authorized to issue federal tax credits for the acquisition, rehabilitation, or new construction of affordable rental housing. To ensure that the program is used in the highest need areas, the Secretary of HUD designates Difficult Development Areas annually by ranking

PERFORMANCE AND ACCOUNTABILITY REPORT

metropolitan areas and non-metropolitan counties and awarding bonus tax credits in those areas.

The researchers found that the Low Income Housing Tax Credit is effective in providing affordable housing to extremely low income families *when combined with Section 8 vouchers* (that provide an additional deep rental subsidy income stream); and that the Low Income Housing Tax Credit requirement that owners cannot refuse occupancy to a family solely on the basis of using a voucher is working effectively, at least in a significant portion of the inventory. The study findings also suggest that a legislative change to the Difficult Development Area formula, from a fixed bonus to a sliding scale bonus, might be appropriate to create a more sensitive instrument to ensure that the bonus program does not over-subsidize Low Income Housing Tax Credit projects in some designated areas while failing to provide additional subsidy, and produce housing, in areas that are nearly as costly.

- **Homeownership Conference Papers.** In this past year, two major research projects on homeownership sponsored by HUD's Office of Policy Development and Research were completed and salient findings were shared in a research conference held in June 2005. The first project focused on identifying and understanding the determinants of differential gaps in homeownership rates, particularly among low-income and minority borrowers and neighborhoods, as well as possible policy responses. The project resulted in a comprehensive report titled "Homeownership Gaps Among Low-Income and Minority Borrowers and Neighborhoods," as well as six shorter empirical studies that follow:
 - *The Potential of Downpayment Assistance for Increasing Homeownership Among Minority and Low-Income Households* – Herbert and Tsen
 - *The Importance of Wealth and Income in the Transition to Homeownership* – Di and Liu
 - *Homeownership Gains During the 1990s: Composition Effects and Rate Effects* – Eggers
 - *The Sustainability of Homeownership: Factors Affecting the Duration of Homeownership and Rental Spells* – Haurin and Rosenthal
 - *The Influence of Household Formation On Homeownership Rates Across Time and Race* – Haurin and Rosenthal
 - *The Distribution of Homeownership Gains During the 1990s Across Neighborhoods* – Herbert and Kaul

The other project has examined the homeownership experience of low-income families over time and resulted in a draft report, titled "The Homeownership Experience of Low-Income and Minority Families: A Review and Synthesis of the Literature," and four shorter empirical studies listed below:

- *The Impact of House Price Appreciation on Portfolio Composition and Savings* – Haurin and Rosenthal
- *The Growth of Earnings of Low-Income Households and the Sensitivity of Their Homeownership Choices to Economic and Socio-Demographic Shocks* – Haurin and Rosenthal
- *Wealth Accumulation and Homeownership: Evidence for Low-Income Households* – Boehm and Schlottman

- *Is Manufactured Housing a Good Alternative for Low-Income Families? Evidence from the American Housing Survey* – Boehm and Schlottman

Strategic Goal 3: Strengthen Communities

- **Strategies for Preventing Homelessness, Final Report.** This project was developed as an exploratory study to identify and document communities that have implemented effective and well-targeted community-wide homelessness prevention activities. Six communities were selected as study sites. This study suggests that a number of elements contribute to homelessness prevention and identifies a number of promising prevention activities in the six communities. The contributing elements include targeting through control of the eligibility screening process; developing community motivation; maximizing mainstream and private resources; fostering leadership; and ensuring the availability and structure of data and information to track progress, improve on prevention efforts, and facilitate outcomes-based contracting. Within the context of these elements, the study identified four promising homelessness prevention activities that may be used alone or in combination as part of a coherent community-wide strategy: (1) supportive services coupled with permanent housing, particularly when combined with effective discharge from institutions, especially mental hospitals; (2) mediation in Housing Courts; (3) cash assistance for rent or mortgage arrears; and (4) rapid exit from shelter.
- **Promising Practices in Grantee Performance Measurement.** This report documents and analyzes promising performance measurement practices of CPD grantees, especially in the CDBG and HOME Investment Partnership programs. The study focused on the performance measurement practices in five sites that were thought to have demonstrated leadership in this field. The final report found that the sites were farther along in developing measures than in using them to guide policy decisions. However, the research did derive some useful “lessons learned” in developing local performance measurement systems and can provide some guidance to other grantees attempting that task. The most striking finding was that measurement focused on the achievement of local objectives was unlikely to provide performance measures for specific federal programs since these programs are blended with state and local resources for any specific local program and its related objectives.
- **CDBG Formula Targeting to Community Development Need.** This report assesses how well the CDBG formula, after introduction of 2000 Census data, allocates funds toward the community development needs identified in the Housing and Community Development Act of 1974. It shows that the current formula’s targeting to community development need could be improved and offers several alternative formulas that improve targeting.

Strategic Goal 4: Ensure Equal Opportunity in Housing

- **Discrimination Against Persons with Disabilities: Barriers at Every Stop.** This study developed and implemented new state-of-the-art paired testing procedures to measure discrimination faced by deaf persons and persons using wheelchairs when searching for housing to rent in the Chicago Metropolitan Area. The research found the level of discrimination faced by both deaf persons and persons in wheelchairs to be extremely high.

PERFORMANCE AND ACCOUNTABILITY REPORT

Strategic Goal 5: Embrace High Standards of Ethics, Management and Accountability

- **Voucher Issuance Program.** The purpose of this research was to develop an intuitive, accessible, and adaptable web-based algorithm software program that would help PHA administrators optimize their utilization of resources under the Housing Choice Voucher program. The software that was developed will enable PHA staff to estimate the number of vouchers they need to issue to achieve the target budget or unit utilization that they set. The software, which is called the Voucher Issuance Program, seems to generate an accurate estimate of the number of vouchers a PHA needs to issue to reach its target unit utilization, while staying within its calendar year budget authority. The correct number of vouchers to issue covers two components that are calculated separately: normal voucher turnover and “catch-up” vouchers, which are based on any underutilization in the calendar year to date. As there is no funding for software updates or support, the Voucher Issuance Program software was designed to be intuitive and easy to use. It has a detailed instruction manual to accompany it that will answer any user questions that may arise.
- **“Improving Subsidy Survey Questions: Data Collection Techniques for Identifying the Housing Subsidy Status of Survey Respondents.”** An ongoing problem in large-scale surveys that deal with rental assistance is the fact that respondents often incorrectly report their housing subsidy status. This includes subsidy recipients who incorrectly report the type of assistance they receive. It also includes “false positives,” that is, persons with low incomes who are eligible for housing assistance and who report receiving such assistance even though they do not. The inaccuracies in identifying the housing subsidy status of survey respondents have made the use of the general survey information from the American Housing Survey and similar research efforts a doubtful source of input for HUD policy deliberations and impact evaluations with respect to housing subsidy recipients. This research probed how well both housing subsidy respondents and “false positives” understood the language used in American Housing Survey questions and the concepts underlying the housing subsidy process itself. The project produced a number of recommendations with respect to crafting data collection instruments that might better assist respondents in more accurately identifying their subsidy status. As well as including the suggestions for rewording of typical housing subsidy questions, the report discusses specific concepts and specific terms that appeared to be particularly prone to being misunderstood by survey respondents.

If you have any questions or comments, please call James Martin, Acting Deputy Chief Financial Officer, at 202-708-1946 or e-mail him at [James M. Martin@hud.gov](mailto:James_M._Martin@hud.gov)

Written comments or suggestions for improving this report may be submitted by mail to:

U.S. Department of Housing and Urban Development
Attention: James Martin, Acting Deputy Chief Financial Officer
451 7th St. SW
Washington, DC 20410

Or by e-mail to [James M. Martin@hud.gov](mailto:James_M._Martin@hud.gov)

For additional copies of this report, please call the CFO's Office for Financial Management at 202-708-0638 extension 6544 or e-mail [Anthony A. Twyman@hud.gov](mailto:Anthony_A._Twyman@hud.gov)