

SUMMARY OF HUD'S PERFORMANCE ACTIVITIES

The following is a summary of HUD's performance activities under each of the Department's six Strategic Goals. For each goal and major activity, this summary provides a brief explanation of the public benefits, the key activities and measures that HUD is pursuing, and the types and levels of resources dedicated.

This summary is designed to give the reader a sense of the overall plan and impact of HUD's program efforts. The reader can pursue the entire complement of write-ups in the indicator section of PART II which follows.

GOAL A: INCREASE HOMEOWNERSHIP OPPORTUNITIES

Public Benefit

Opening doors to homeownership is a core aspect of HUD's mission, originating when Congress created the Federal Housing Administration in the 1930s. Homeownership allows an individual or family to make an investment in the future. A home is an asset that can grow in value and provide capital to finance future needs of a family, such as college education or retirement. Homeownership helps stabilize neighborhoods, strengthen communities, and stimulate economic growth.

Resource Investment

Although the portion of HUD's budget authority for this goal at \$2.8 billion is only 5.5 percent of the Department's total of \$51.1 billion in gross discretionary non-salary and expense budget authority including disaster and other supplementals, there are also very large mortgage guarantee amounts that provide a significant contribution to the National homeownership rate. HUD's FHA single family program is a major contributor to homeownership. In Fiscal Year 2008, FHA insured 492,369 first-time homebuyer mortgages. It is estimated that an increase of 100,000 new homeowners adds one-tenth of a percent to the national homeownership rate. HUD efforts have added 671,135 additional units, reflecting an important contribution to the National homeownership rate. HUD efforts have been particularly critical during FY 2008 because of the turmoil in the mortgage and housing markets. FHA single overall family homeownership activity (including refinancing) has grown from 532,000 units to 1.2 million units and from 2 percent market share to seventeen percent market share. This growth reflects HUD's ability to fulfill unmet needs in the private mortgage and housing markets with stable, transparent and reasonable mortgage products. These often have low down payments that provide strong support for homeownership, including both first-time homeownership and affordable and stable refinancing terms.

In addition, the share of first-time minority FHA homebuyers was 31.2 percent. FHA is an important contributor to the President's goal of adding 5.5 million new minority homeowners by 2010. This goal recognizes the significant (24.1 percent) homeownership gap between minority and non-minority households. Through the third quarter for fiscal year 2008, there has been a gross increase of 4.992 million minority homeowners representing 91 percent of the goal set by the President in 74 percent of the time. The FHA single family program had an overall commitment ceiling of \$185 billion and actual commitments were \$171.9 billion.

The Congress enacted significant reform of the FHA program that provides substantially expanded help to targeted populations. In addition, the newly initiated HUD *FHASecure* program provides key assistance to a segment of homeowners facing default and foreclosure pressures. FHA has already helped 368,000 families, between September 2007 and September 2008, refinance their mortgages and is on pace to help 500,000 families by the end of this calendar year.

Approximately 1 million persons a year (an estimated 45.9 percent minorities) are assisted with homeownership and avoidance of foreclosure and attendant property abandonment through HUD's housing counseling program, which efficiently also utilizes other non-federal sources of funds. This program is particularly important given the current problems in the sub-prime market and the overwhelming number of mortgage defaults and foreclosures that in many instances are destabilizing both financial markets and communities.

Other significant contributions to this goal include the Ginnie Mae, HOME Block Grant, Community Development Block Grants, Self Help Opportunity Program, and voucher homeownership programs.

- The HOME Program assisted 30,999 new homebuyer units and 47 percent were minorities. The American Dream Downpayment Initiative contributed 4,209 of this total.
- The Community Development Block Grant Program assisted 4,521 homeownership units and 121,158 involving rehabilitation of owner-occupied units.
- Ginnie Mae securitized 96.9 percent of FHA single family loans; 91.6 percent of single family fixed rate VA loans; and, 27.8 percent of all single family pools were in Targeted Lending Initiative neighborhoods.
- The Self Help Opportunity Program assisted 1,927 new homeowner units.
- In addition, 3,434 new homeowners were assisted through HUD's voucher and HOPE VI programs.

GOAL B: PROMOTE DECENT AFFORDABLE HOUSING

Public Benefit

Making quality affordable rental housing opportunities available for very-low income households has been a long standing objective of the Department, with programs originating in the 1930's. The latest data show that in 2005, worst cases housing needs afflicted 5.99 million households, including 2.32 million families with children, 1.29 million elderly households, and 694 thousand households with disabilities. Worst case needs are caused by rents that exceed 50 percent of income and by housing of poor physical quality. There is a substantial national shortage of affordable housing, with only 76.8 rental units affordable and available for every 100 very-low income renter households, and only 67.9 units per 100 renters when physical conditions are also reflected.

The Department's affordable rental programs serve 4.7 million families on an income targeted basis and prevent large numbers of families from being added to the worst case housing caseload. The Department estimates that, absent our large rental assistance programs servicing 4.7 million families and clients with limited incomes in FY 2008, 52 percent as a low bound

estimate, or 2.5 million would be classified as worst case housing need renters without HUD assistance. This number is probably understated because HUD programs serve populations including very low income renters, elderly, and persons with disabilities, all of which face more severe shortages of suitable, affordable, available units in the private marketplace. In addition, these rental assistance programs add to the inventory of affordable housing opportunities for families with very limited incomes and provide safe, decent, affordable housing that also contributes to reductions in homelessness and poverty.

Resource Investment

This Strategic Goal reflects the largest budget authority, at \$25.0 billion or 48.9 percent, of the total \$51.1 billion gross discretionary non-salary and expense Departmental total budget authority including disaster and other supplementals. The largest portion of affordable housing resources is used to maintain the 2.1 million households tenant-based voucher assistance; 1.25 million project-based assistance and 1.15 million public housing residents; and 0.15 million elderly, disabled and other smaller programs (total of 4.7 million). The voucher program budget authority resources total \$21.9 billion of which \$15.9 billion is for tenant-based vouchers and \$6.0 billion is for project-based vouchers. An additional \$6.6 billion is for public housing of which \$2.4 billion was for the Public Housing Capital Fund and \$4.2 billion for the Operating fund.

Other key contributors to advancing affordable housing are as follows:

- Housing choice voucher utilization increased from 91.7 percent to 93.3 percent with projected increase in the goal to 97% by calendar year 2011.
- 134,020 income targeted households received affordable housing assistance from the Community Development Block Grant, HOME Program, Housing Opportunities for Persons with AIDS, and Indian Housing Block Grant and Native Hawaiian Housing Block Grant.
- FHA endorsed 647 risk sharing multi-family loans.
- Ginnie Mae securitized 96.4 percent of eligible FHA multifamily mortgages.
- HUD completed 62 percent of mark-to-market mortgages restructurings in order to preserve existing affordable housing.
- The share of the multifamily inventory that met physical standards was 93 percent.
- Public Housing was statistically equivalent to the physical quality goal of 85 percent with 84.5 percent. Improvement is projected in the next several years as part of a total new paradigm based on project-based asset management. HUD continued to work on increasing the proportion of households who transition from HUD's public housing and voucher program and reducing the proportion of households who have very lengthy stays in HUD's housing assistance.
- Public Housing reduced the number of units in troubled housing by 77 percent.
- The availability of affordable housing for the elderly and persons with disabilities was increased by bringing 224 projects to initial closing exceeding the goal of 200.

GOAL C: STRENGTHEN COMMUNITIES

Public Benefit

Providing communities throughout the entire Nation with resources and tools to promote economic development and community vitality is a key component of HUD's mission. The hallmarks of this effort are flexible program designs and resources targeted to very low and low income households. Localities and States are able to design local solutions to local problems, and provide scarce resources in a manner that targets the majority of the efforts to low and moderate income groups and communities.

Other key contributors to strengthening communities are as follows:

- The Community Development Block Grant Program (CDBG) is the federal governments' largest most flexible block grant. CDBG formula funding is provided to over 1,145 entitlement communities and all to 50 states which then distribute 30 percent of the formula funds to rural areas. In FY 2008, the Congress again provided substantial amounts of supplemental funding for disaster assistance and a new sub-program for foreclosure and abandonment assistance to communities. The Department did pursue a major proposal to improve the program results by better targeting and stronger focus on both need and performance but the Congress has not acted on the proposal. The CDBG program results were as follows:
 - The share of CDBG entitlement and State funds that benefited low-and moderate-income persons averaged 95.59 percent exceeding the target of 90 percent and the statutory requirement of 70 percent. This underscores the effective prioritization of the program based on need.
 - A total of \$17.7 billion of the \$19.7 billion of CDBG disaster assistance funds to aid the 5 states affected by Katrina, Wilma, and Rita was obligated. CDBG disaster recovery funds provided compensation payments to 141,236 homeowners exceeding the goal of 130,000. Each of the five States began activities to facilitate the restoration and enhancement of infrastructure in the Gulf Coast region.
 - CDBG funds created or retained 38,214 jobs or 91 percent of the goal and the related Section 108 Loan program aided in creating 6,491 jobs exceeding the goal of 4,100 by more than half.
 - The Department exceeded the CDBG goal of 50 percent with 85 percent of entitlement communities with unemployment rates above the national average utilizing CDBG funds for economic development.
 - CDBG funds were used to eliminate 9,180 blighted structures, 84 percent above the goal of 5,000 properties.
- The share of FHA multifamily properties in underserved communities was 59.4 percent exceeding the goal of 33 percent; and 39.2 percent of single-family mortgages were in underserved communities exceeding the goal of 35 percent.
- Homeless funding of \$1.3 billion, which is 90 percent of total homeless funding, is directed toward housing homeless persons in HUD-supported permanent housing, and moving homeless from HUD-supported transitional to permanent. Both these housing targets were

exceeded (75.1 percent vs. 71.5 percent and 71.1 percent vs. 63.5 percent respectively). The goal for attaining employment was exceeded at 21.9 percent versus the target of 19 percent.

- Overcrowding in Indian Country was significantly reduced by more than the 1 percent target with a 4.7 percent reduction.
- Housing conditions that affect health were vastly improved with targets exceeded for lead abatement with 12,569 units completed versus a target of 11,500 units. The program is on track to meet the aggressive and top priority goal of elimination of lead hazards for children.

Resource Investment

Approximately 35.8 percent of total net discretionary non-salary and expense program budget authority is for this goal or \$18.3 billion compared to the total of \$51.1 billion. In FY 2008, this total budget authority includes \$3 billion additional disaster aid related to hurricanes Katrina, Wilma, and Rita as well as \$6.5 billion for hurricanes Gustav and Ike, \$300 million for Midwest floods and other disasters, \$3.9 billion for supplemental housing abandonment and foreclosure aid, and \$73 million for additional homeless and project based disaster assistance. The scope of these supplemental fundings reflect the effectiveness and flexibility of the CDBG program.

A major CDBG reform proposal has been submitted to Congress with the core tenet a change in the formula to further target scarce resources to needier communities.

The CDBG program in FY 2008 is 87 percent or \$15.9 billion of the overall \$18.3 billion resources devoted to this strategic goal and approximately 50 percent exclusive of disaster funding. Three indicators track the progress in assistance to the Gulf Coast Region including homeowner and infrastructure assistance. CDBG assistance is also tracked in terms of jobs created and percentage that is targeted to low and moderate income groups, which at approximately 96 percent, vastly exceeded the statutory requirement of 70 percent.

This Performance and Accountability Report is the second year that new CDBG outcome indicators are being reported on that begin to capture the outcomes of CDBG on neighborhoods with high unemployment as significant elimination of vacant, boarded up properties that blight neighborhoods.

GOAL D: ENSURE EQUAL OPPORTUNITY IN HOUSING

Public Benefit

The Department enforces a body of civil rights and fair housing laws that protect all of our citizens. Both the Fair Housing Assistance Program and Fair Housing Initiatives Program have strong enforcement efforts as well as education efforts. These efforts significantly expand homeownership and affordable housing opportunities to all citizens and through these opportunities families and communities are strengthened. In addition, the Department maintains a focus that all of our programs are operated in a manner that affirmatively furthers fair housing policy.

Resource Investment

The FY 2008 funding for the Fair Housing Equal Opportunity program is \$50 million, an increase of approximately \$4.5 million over the FY 2007 funding. The Fair Housing Assistance

Program was funded at \$25.6 million and performance was measured in terms of reducing aged caseloads by both HUD efforts and efforts of the 108 Fair Housing Equivalent Agencies across the country.

The Fair Housing Initiatives Program was funded at \$24.0 million and focused on both enforcement activities including using paired testers as well as education and outreach activities. All of these efforts were aided by the continued activities of the Fair Housing Training Academy, which is in the early years of its existence. Education and outreach was accomplished by 1,783 public events that helped reach 296,641 people involved in grassroots and faith based efforts, as well as public service outreach that potentially informed millions of our citizens of their rights and responsibilities. The Fair Housing and Equal Opportunity office also worked with all other HUD program offices to ensure that all HUD programs complied with relevant civil rights and fair housing laws and standards.

In the enforcement arena HUD actions completed 60 percent of its new cases within the recommended standards of 100 days versus the target of 55 percent. The Fair Housing Equivalent Agencies in States and cities closed 50 percent of their cases within 100 days but not quite at the 53 percent target. At the same time, HUD closed 73 percent of already aged cases higher than the goal of 60 percent and Fair Housing equivalent agencies closed 97 percent of the aged cases in their inventory or 2 percent more than the goal of 95 percent. Closed out already aged cases and reducing newly aged cases is a key to reducing future discrimination cases and providing justice for aggrieved parties.

GOAL E: EMBRACE HIGH STANDARDS OF ETHICS, MANAGEMENT, AND ACCOUNTABILITY

Public Benefit

The Department assists families and communities across the entire nation with a significant array of housing, community development, fair housing and related programs. The Department is the public steward of \$52.6 billion in gross budget authority including disaster funding and \$39.2 billion exclusive of supplemental disaster and other assistance. This strategic goal reports on HUD's efforts to improve management and operational activities in all areas so as to provide more effective and efficient results. Improvements are focused on developing a highly skilled and adept workforce as well as investing in, and updating, information technology and financial systems to better serve internal customers and external partners.

The Department has achieved notable successes in the following areas:

- Receipt of a “green” rating for status and progress for financial performance by OMB for FY 2008 (only 13 of 26 major agencies were rated green).
- Receipt of an unqualified financial audit opinion for the ninth consecutive year.
- For E-Government, HUD was one of only 5 out of 26 agencies rated green for status but the status was changed to yellow in the fourth quarter of FY 2008. HUD was not able to achieve all of our E-Government goals because of a shortage in funding. HUD did receive the “2008 Excellence.Gov Award” from the American Council of Technology for implementation of the Enterprise Income Verification system that helps eliminate improper payments in our

rental assistance programs and has resulted in savings of several billion dollars since FY 2000.

- HUD continued to advance the enterprise-wide financial management system that will improve HUD's financial efficiency and is anticipated to be operative in FY 2013.
- HUD significantly reduced the rate of improper rental program payments to 3.5 percent exceeding the goal of 4.6 percent of total recent payments.
- The goal of increasing HUD employee satisfaction and thereby improving the work environment and work results was fully met. A critical part of this effort was putting in place measurable performance standards for the work force (70 percent in place) and identifying and recognizing high performance by employees.
- HUD achieved its goal of at least a 50 percent reduction in targeted mission critical competencies (skill gaps) for employees and 25 percent for managers. HUD also retained 93 percent of fellows and interns exceeding the goal of 80 percent, this strengthened workforce skills and capabilities and helped address critical succession issues.
- In the area of information technology HUD fully met its Enterprise Architecture target to continue significant progress in business system modernization, resulting in updated systems and information that is more reliable, more usable and provided in a more efficient and effective manner. Strategic improvement of Information Technology results in better interactions between HUD employees, business partners, and citizens.
- HUD also achieved its goals in the information technology security area and assessment of selected major information systems.
- This strategic goal includes a number of benchmarks across HUD's program areas to determine whether programs are being operated effectively. These benchmarks include all Community Development and Policy programs, FHA Mutual Mortgage Insurance, PHA related programs, the Departmental Enforcement Center, Policy Development and Research programs.

Resource Investment

This Strategic Goal includes \$5.0 billion, or 9.7 percent of the \$51.1 billion, in total gross non-salary and expenses discretionary budget authority, including disaster and other supplementals. The larger investments include administrative costs for most HUD programs including \$1.8 billion for the rental assistance programs that represent over 60 percent of HUD's total resources, Public Housing Operating Resources of \$2.4 billion that protect an investment valued at \$90 billion, and overall Public and Indian Housing program funding of \$6.3 billion.

For Community Development programs, \$264 million is associated with the administration, operation and monitoring of the CDBG program; \$175 million for the same purposes for the HOME program; \$148 million for the Homeless Assistance program; and \$17 million for the Housing Opportunities for Persons with AIDS program.

For FHA programs, \$170 million was provided for administration, operations and management.

For the Office of Policy Development and Research, \$6.3 million was associated with management and accountability specific efforts.

The Department was a leader across the government in reducing improper payments and reduced improper rental payments by 58 percent between 2000 and 2007 (most recent data reflecting a one-year lag) with a net over payment reduction of \$1.2 billion.

GOAL F: PROMOTE PARTICIPATION OF FAITH-BASED AND COMMUNITY ORGANIZATIONS

Public Benefit and Resources

This Strategic Goal supports HUD's efforts to maximize the opportunities for Faith-Based and Community Development Organizations to participate in HUD-sponsored programs. The President issued an Executive Order in FY 2004 that created the White House Office of Faith-Based activities and provided that the Department would be one of several leaders in the Federal government to increase opportunities for Faith-Based and other Community Development Organizations in order to utilize their special talents and skills. Activities supporting this goal permeate the funding and operation issues involving all of HUD's programs.

In the first phases of this effort barriers to participation for these organizations were removed. In FY 2006, 2007 and 2008, focus has been on developing the relevant skill set for these groups, expanding opportunities to participate in HUD's programs, providing comprehensive outreach and technical assistance, and conducting pilot programs that capture the promise of this overall effort. Measurements in this area track the outreach, training and technical assistance efforts, all of which have been met or exceeded. Measurements also follow the pilot programs and measure the level of participation in HUD's competitive programs.

- The Center helped create opportunity for Faith-Based and Community Development organizations to obtain HUD grants worth \$513 million in FY 2007 (there is a one-year reporting lag), roughly the same as \$512 million in FY 2006.
- The Center for Faith-Based and Community Initiatives provided 68 grant writing sessions, more than double its goal of 30.
- The Center collaborated with PIH in the operation of PIH's HOPE VI Mentoring Pilot Project, successfully operated the Doors of Hope program, and further developed and disseminated the Hurricane Toolkit that makes resources accessible to those experiencing hurricane and similar disaster situations and needs.

RESOURCES SUPPORTING HUD'S MISSION

Summary of Resources By Strategic Goal

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request
Strategic Goal A: Increase Homeownership Opportunities			
Discretionary BA	\$3,002,324	\$2,839,216	\$2,889,354
FTE	1,178	1,152	1,151
S&E Cost	\$128,187	\$132,773	\$139,162
Strategic Goal B: Promote Decent Affordable Housing			
Discretionary BA	\$23,978,632	\$24,977,483	\$25,697,911
FTE	2,929	2,724	2,776
S&E Cost	\$321,863	\$312,289	\$333,381
Strategic Goal C: Strengthen Communities			
Discretionary BA	\$4,792,599	\$18,302,016	\$4,202,643
FTE	816	859	896
S&E Cost	\$89,577	\$99,732	\$105,464
Strategic Goal D: Ensure Equal Opportunity in Housing			
Discretionary BA	\$46,000	\$50,000	\$51,300
FTE	541	596	603
S&E Cost	\$59,145	\$67,100	\$71,098
Strategic Goal E: Embrace High Standards of Ethics, Management, and Accountability			
Discretionary BA	\$4,814,537	\$4,950,771	\$5,076,843
FTE	3,175	3,437	3,495
S&E Cost	\$579,915	\$636,036	\$680,472
Strategic Goal F: Promote Participation of Faith-Based and Community Organizations			
Discretionary BA	0	0	0
FTE	8	10	10
S&E Cost	\$1,586	\$1,870	\$2,175
Total Resources			
Total BA	\$36,634,092	\$51,119,486	\$37,918,051
FTE	8,647	8,778	8,931
S&E Cost	\$1,180,273	\$1,249,800	\$1,331,752

Fiscal Years 2007 and 2008 Discretionary BA include supplemental disaster funding. Discretionary BA is gross, exclusive of receipts and is net of rescissions. FTEs and S&E are not included in the Total Resources for the Inspector General's office and the Office of Federal Housing Enterprise Oversight because each has independent budget presentations. S&E and FTEs for the Working Capital Fund are reflected as part of the overall resources. The FY 2007, 2008, and 2009 Discretionary BAs are net of S&E BA.

Strategic Goal A: Increase Homeownership Opportunities

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
Office of Public and Indian Housing				
Tenant-Based Rental Assistance				
Discretionary BA	\$1,575,928	\$1,544,752	\$1,592,190	\$47,438
FTE	76	46	47	1
S&E Cost	\$9,033	\$5,660	\$6,006	\$46
Housing Certificate Fund				
Discretionary BA	-\$125,530	-\$28,176	0	\$28,176
Permanent Supportive Housing				
Discretionary BA	0	\$2,300	0	(\$2,300)
Project-Based Rental Assistance				
Discretionary BA	\$19,659	\$18,192	\$19,953	\$1,761
Native American Housing Block Grants				
Discretionary BA	\$280,665	\$280,836	\$282,150	\$1,314
FTE	64	70	70	0
S&E Cost	\$7,546	\$8,642	\$9,047	\$405
Indian Housing Loan Guarantee Fund				
Discretionary BA	\$6,000	\$7,450	\$9,000	\$1,550
FTE	25	27	28	1
S&E Cost	\$2,992	\$3,483	\$3,649	\$166
Native Hawaiian Loan Guarantee Fund				
Discretionary BA	\$891	(\$1,909)	0	\$1,909
FTE	1	2	1	(1)
S&E Cost	\$64	\$75	\$77	\$2
Revitalization of Severely Distressed Public Housing				
Discretionary BA	\$28,590	\$29,805	0	(\$29,805)
FTE	23	25	26	1
S&E Cost	\$2,769	\$3,035	\$3,280	\$245
PIH TOTAL				
Discretionary BA	\$1,786,204	\$1,853,251	\$1,903,293	\$50,042
FTE	189	170	172	2
S&E Cost	\$22,407	\$20,894	\$22,059	\$1,165
COMMUNITY PLANNING AND DEVELOPMENT				
Community Development Block Grants				
Discretionary BA	\$377,250	\$387,830	\$273,678	(\$114,152)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
FTE	29	28	27	(1)
S&E Cost	\$3,185	\$3,587	\$3,883	246
HOME Investment Partnership Program				
Discretionary BA	\$446,069	\$428,705	\$511,326	\$82,621
FTE	37	36	34	(2)
S&E Cost	\$4,059	\$4,449	\$4,734	285
Self-Help Homeownership Opportunity Program				
Discretionary BA	\$19,800	\$26,500	\$40,000	\$13,500
FTE	5	5	4	(1)
S&E Cost	\$549	\$327	\$513	\$186
CPD TOTAL				
Discretionary BA	\$837,119	\$836,035	\$825,004	(\$11,031)
FTE	71	69	65	(4)
S&E Cost	\$7,792	\$8,363	\$9,080	\$717
OFFICE OF HOUSING				
FHA-GI/SRI				
Discretionary BA	\$20,660	\$6,125	\$110	(\$6,015)
FTE	76	74	2	(72)
S&E Cost	\$7,951	\$8,198	\$254	\$7,944
FHA-MMI/CHMI				
Discretionary BA	\$291,630	\$54,507	\$83,070	\$28,563
FTE	670	650	719	69
S&E Cost	\$69,963	\$71,879	\$82,883	\$11,004
Housing Counseling Assistance				
Discretionary BA	\$31,710	\$39,474	\$50,560	\$11,086
FTE	77	90	91	1
S&E Cost	\$7,922	\$9,840	\$10,356	\$516
Housing for Homeowners				
Discretionary BA	0	\$29,535	0	(\$29,535)
Interstate Land Sales (and RESPA)				
FTE	16	17	19	2
S&E Cost	\$1,989	\$2,790	\$3,132	\$342
HOUSING TOTAL				
Discretionary BA	\$344,006	\$129,641	\$133,740	\$4,099
FTE	839	831	831	0
S&E Cost	\$87,825	\$92,707	\$96,625	\$3,918

**SECTION 2: PERFORMANCE INFORMATION
RESOURCES SUPPORTING HUD'S MISSION**

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
GNMA				
Mortgage-Backed Securities				
Discretionary BA	\$7,950			
FTE	49	52	52	0
S&E Cost	\$6,103	\$6,537	\$6,834	\$297
OFFICE OF POLICY DEVELOPMENT AND RESEARCH				
Discretionary BA	\$27,045	\$20,289	\$27,317	\$7,028
FTE	30	30	31	1
S&E Cost	\$4,060	\$4,272	\$4,564	\$292
Total for Strategic Goal A				
Discretionary BA	\$3,002,324	\$2,839,216	\$2,889,354	\$50,138
FTE	1,178	1,152	1,151	(1)
S&E Cost	\$128,187	\$132,773	\$139,162	\$6,389
OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT				
FTE	230	251	0	(251)
S&E Cost	\$67,000	\$59,000	0	(\$59,000)

Strategic Goal B: Promote Decent Affordable Housing

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
OFFICE OF PUBLIC AND INDIAN HOUSING				
Tenant-Based Rental Assistance				
Discretionary BA	\$12,607,427	\$12,358,017	\$12,737,520	\$379,503
FTE	609	369	374	5
S&E Cost	\$72,291	\$45,276	\$48,048	\$2,772
Project-Based Rental Assistance				
Discretionary BA	\$157,725	\$145,532	\$159,625	\$14,093
Housing Certificate Fund				
Discretionary BA	(\$1,004,240)	(\$225,408)	0	\$25,408
Permanent Supportive Housing				
Discretionary BA	0	\$18,400	0	(\$18,400)
Native American Housing Block Grants				
Discretionary BA	\$280,665	\$280,836	\$282,150	(\$1,314)
FTE	63	69	69	0
S&E Cost	\$7,546	\$8,642	\$9,047	405
Public Housing Operating Fund				
Discretionary BA	\$1,545,600	\$1,679,977	\$1,720,000	\$40,023
FTE	53	220	239	19
S&E Cost	\$6,270	\$27,032	\$30,726	\$3,694
Public Housing Capital Fund				
Discretionary BA	2,431,400	2,425,130	2,024,000	(\$401,130)
FTE	347	233	254	21
S&E Cost	\$41,210	\$28,555	\$32,677	\$4,122
Revitalization of Severely Distressed Public Housing				
Discretionary BA	\$66,710	\$69,546	0	(\$69,546)
FTE	54	58	60	2
S&E Cost	\$6,461	\$7,081	\$7,652	\$571
Native Hawaiian Housing Block Grant				
Discretionary BA	\$8,727	\$9,000	\$5,940	(\$3,060)
FTE	1	1	1	0
S&E Cost	\$38	\$38	\$39	1
Drug Elimination Grants				
Discretionary BA	0	(\$1,081)	0	\$1,081

**SECTION 2: PERFORMANCE INFORMATION
RESOURCES SUPPORTING HUD'S MISSION**

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	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
PIH TOTAL				
Discretionary BA	\$16,093,564	\$16,759,950	\$16,929,235	\$169,285
FTE	1,127	950	997	47
S&E Cost	\$133,816	\$116,623	\$128,190	\$11,567
OFFICE OF COMMUNITY DEVELOPMENT AND PLANNING				
Community Development Block Grants				
Discretionary BA	\$556,875	\$571,245	\$410,517	(\$160,728)
FTE	44	44	40	(4)
S&E Cost	\$4,804	\$5,097	\$5,158	61
HOME Investment Partnerships Program				
Discretionary BA	\$1,098,333	\$1,055,049	\$1,258,695	203,646
FTE	93	93	83	(10)
S&E Cost	\$10,556	\$10,613	\$10,698	85
Housing Opportunities for Persons With AIDS				
Discretionary BA	\$231,177	\$242,468	\$242,481	13
FTE	37	37	35	(2)
S&E Cost	\$4,037	\$4,388	\$4,511	123
CPD TOTAL				
Discretionary BA	\$1,886,404	\$1,868,762	\$1,911,693	\$42,931
FTE	174	174	158	(16)
S&E Cost	\$18,997	\$20,098	\$20,367	269
OFFICE OF HOUSING				
Section 202, Housing for the Elderly				
Discretionary BA	\$688,602	\$656,905	\$492,727	(\$161,178)
FTE	263	272	271	(1)
S&E Cost	\$26,914	\$29,406	\$30,490	\$1,084
Section 811, Housing for the Disabled				
Discretionary BA	\$222,784	\$218,632	\$150,986	(\$67,646)
FTE	129	134	134	0
S&E Cost	\$13,233	\$14,508	\$15,106	\$598
FHA-GI/SRI				
Discretionary BA	\$204,746	\$55,457	\$37,554	(\$17,903)
FTE	753	670	692	22
S&E Cost	\$78,132	\$73,657	\$79,119	\$5,462
FTE	6	6	6	0
S&E Cost	\$607	\$642	\$668	\$26

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Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
Rent Supplement Program				
FTE	5	5	5	0
S&E Cost	\$518	\$547	\$571	\$24
Rental Housing Assistance Program (Section 236)				
Discretionary BA	(\$304,900)	(\$52,581)	0	\$52,581
FTE	26	26	26	0
S&E Cost	\$2,643	\$2,793	\$2,908	\$115
Project-Based Rental Assistance				
Discretionary BA	\$5,194,604	\$5,458,764	\$6,159,444	\$700,680
FTE	352	394	393	(1)
S&E Cost	\$36,389	\$43,173	\$44,620	\$1,447
Housing Counseling Assistance				
Discretionary BA	\$9,885	\$10,526	14,440	\$3,914
FTE	24	24	26	2
S&E Cost	\$2,467	\$2,608	\$2,943	\$335
HOUSING TOTAL				
Discretionary BA	\$5,995,722	\$6,347,704	\$6,855,151	\$507,477
FTE	1,558	1,531	1,553	22
S&E Cost	\$160,903	\$167,334	\$176,425	\$9,091
GINNIE MAE				
Mortgage Backed Securities				
Discretionary BA	\$2,650			
FTE	16	17	17	1
S&E Cost	\$2,034	\$2,179	\$2,278	\$99
OFFICE OF POLICY DEVELOPMENT AND RESEARCH				
Research and Technology				
Discretionary BA	\$292	\$1067	\$1,832	\$765
FTE	54	52	51	(1)
S&E Cost	\$6,113	\$6,055	\$6,121	\$66
Total for Strategic Goal B				
Discretionary BA	\$23,978,632	\$24,977,483	\$25,697,911	\$720,428
FTE	2,929	2,724	2,776	52
S&E Cost	\$321,863	\$312,289	\$333,381	\$21,092

Strategic Goal C: Strengthen Communities

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT				
Community Development Block Grants				
Discretionary BA (1)	\$4,300,000	\$15,927,946	\$1,861,010	(\$16,066,936)
FTE	190	198	181	(17)
S&E Cost	\$21,246	\$22,220	\$20,638	(\$1,582)
Homeless Assistance Grants				
Discretionary BA	\$1,329,970	\$1,488,535	1529,118	(\$40,583)
FTE	251	254	293	39
S&E Cost	\$27,695	\$30,035	\$33,402	\$3,367
Housing Opportunities for Persons With AIDS				
Discretionary BA	\$37,470	\$39,313	\$39,313	0
FTE	6	6	6	0
S&E Cost	\$660	\$684	\$684	0
Brownfields Redevelopment Program				
Discretionary BA	\$6,100	(\$1,374)	0	\$1,374
FTE	7	8	8	0
S&E Cost	\$767	\$787	\$912	\$125
Urban Development Action Grants				
Discretionary BA	0	(\$1,424)	0	\$1,424
Community Development Loan Guarantees				
Discretionary BA	3,700	4,500	0	(4,500)
Section 4				
Discretionary BA	\$29,600	\$30,050	0	(\$30,050)
FTE	3	3	1	(2)
S&E Cost	\$329	\$196	\$128	(\$68)
Community Renewals				
Discretionary BA	0	(110)	0	(\$110)
FTE	19	19	20	1
S&E Cost	\$2,081	\$2,194	\$2,280	\$86
Rural Housing and Economic Development				
Discretionary BA	\$16,800	\$12,913	0	(\$12,913)
FTE	15	15	18	3
S&E Cost	\$1,641	\$1,872	\$2,320	\$448

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Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
CPD TOTAL				
Discretionary BA	\$3,947,941	\$17,500,348	\$3,429,441	(\$14,070,907)
FTE	491	503	527	24
S&E Cost	\$54,419	\$57,988	\$60,364	\$2,376
OFFICE OF HOUSING				
Section 202, Housing for the Elderly				
Discretionary BA	\$66,098	\$65,207	\$47,273	(\$17,934)
FTE	26	27	26	(1)
S&E Cost	\$2,655	\$2,913	\$2,908	(5)
Section 811, Housing for the Disabled				
Discretionary BA	\$13,816	\$13,053	\$9,014	(\$4,039)
FTE	8	8	8	0
S&E Cost	\$820	\$866	\$905	39
FHA-GI/SRI				
Discretionary BA	\$42,961	\$15,644	\$10,745	(\$4,899)
FTE	158	189	198	9
S&E Cost	\$16,307	\$20,858	\$22,838	1,980
FHA-MMI/CHMI				
Discretionary BA	\$2,612	\$503	\$809	\$306
FTE	6	6	7	1
S&E Cost	\$658	\$696	\$839	\$143
Manufactured Home Inspection and Monitor Program				
Discretionary BA	\$12,900	\$16,000	\$16,000	0
FTE	11	11	11	0
S&E Cost	\$1,229	\$1,301	\$1,352	\$51
Project-Based Rental Assistance				
Discretionary BA	\$413,207	\$401,787	\$438,841	\$37,054
FTE	28	29	28	(1)
S&E Cost	\$2,869	\$3,138	\$3,142	4
HOUSING TOTAL				
Discretionary BA	\$551,594	\$512,194	\$522,682	\$10,488
FTE	237	270	278	8
S&E Cost	\$24,538	\$29,772	\$31,984	\$2,212

**SECTION 2: PERFORMANCE INFORMATION
RESOURCES SUPPORTING HUD'S MISSION**

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
OFFICE OF PUBLIC AND INDIAN HOUSING				
Native American Housing Block Grants				
Discretionary BA	\$62,370	\$63,000	\$62,700	(\$300)
FTE	14	16	16	0
S&E Cost	\$1,677	\$1,920	\$2,011	\$91
Native American Indian Community Development Block Grants				
Discretionary BA	\$59,400	\$62,000	\$57,420	(\$4,580)
PIH Total				
Discretionary BA	\$121,770	\$124,408	\$120,120	(\$4,288)
FTE	14	16	16	0
S&E Cost	\$1,677	\$1,920	\$2,011	\$91
OFFICE OF POLICY DEVELOPMENT AND RESEARCH				
Research and Technology				
Discretionary BA	\$21,294	\$22,830	\$14,400	(\$8,430)
FTE	18	20	21	1
S&E Cost	\$2,437	\$2,849	\$3,092	\$243
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY				
Other FHEO Programs				
FTE	7	NA	NA	NA
S&E Cost	\$765	NA	NA	NA
LEAD HAZARD CONTROL				
Discretionary BA	\$150,000	\$142,236	\$116,000	(\$26,236)
FTE	49	50	54	4
S&E Cost	\$5,741	\$7,203	\$8,013	\$810
Total for Strategic Goal C				
Discretionary BA	\$4,792,599	\$18,302,016	\$4,202,643	(14,099,373)
FTE	816	859	896	37
S&E Cost	\$89,577	\$99,732	\$105,464	\$5,732

(1) The amount for fiscal year 2008 Community Development Block Grants discretionary BA includes \$13,392,860 in supplemental funding for hurricane, flood and related disaster recovery.

Strategic Goal D: Ensure Equal Opportunity in Housing

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
OFFICE OF POLICY DEVELOPMENT AND RESEARCH				
Research and Technology				
Discretionary BA	\$500	0	\$300	\$300
FTE	2	0	2	2
S&E Cost	\$270	0	\$300	\$300
FAIR HOUSING AND EQUAL OPPORTUNITY				
Fair Housing Initiatives Program				
Discretionary BA	\$19,800	\$24,000	\$26,000	\$2,000
FTE	25	23	23	0
S&E Cost	\$2,731	\$2,590	\$3,652	\$1,062
Fair Housing Assistance Program				
Discretionary BA	\$25,700	\$25,620	\$25,000	(\$620)
FTE	22	25	27	2
S&E Cost	\$2,403	\$2,815	\$4,287	\$1,472
Other FHEO Programs				
Discretionary BA (1)	0	\$380	0	(\$380)
FTE	492	534	551	17
S&E Cost	\$53,741	\$61,695	\$62,859	\$1,164
FHEO TOTAL				
Discretionary BA	\$45,500	\$50,000	\$51,000	\$1,000
FTE	539	596	601	5
S&E Cost	\$58,875	\$67,100	\$70,798	\$3,698
Total for Strategic Goal D				
Discretionary BA	\$46,000	\$50,000	\$51,300	\$1,300
FTE	541	596	603	7
S&E Cost	\$59,145	\$67,100	\$71,098	\$3,998

(1) The FY 2008 BA of \$380,000 is for the creation and promotion of translated materials and other programs that support the assistance of persons with limited English proficiency in utilizing the services provided by the Department.

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

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
OFFICE OF PUBLIC AND INDIAN HOUSING				
Tenant-Based Rental Assistance				
Discretionary BA	\$1,579,928	\$1,544,752	\$1,592,190	\$47,438
FTE	76	46	47	1
S&E Cost	\$9,036	\$5,660	\$6,006	\$346
Project-Based Rental Assistance				
Discretionary BA	\$19,659	\$18,192	\$19,953	\$1,761
Housing Certificate Fund				
Discretionary BA	(\$125,530)	(\$28,176)	0	\$28,176
Public Housing Operating Fund				
Discretionary BA	\$2,318,400	\$2,519,966	\$2,580,000	\$60,034
FTE	79	330	358	28
S&E Cost	\$9,405	\$40,548	\$46,090	\$5,542
PIH TOTAL				
Discretionary BA	\$3,788,458	\$4,057,034	\$4,192,143	\$135,109
FTE	155	376	405	29
S&E Cost	\$18,442	\$46,207	\$52,096	\$5,889
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT				
Community Development Block Grants				
Discretionary BA	\$259,875	\$266,581	\$191,575	(\$75,006)
FTE	21	21	18	(3)
S&E Cost	\$2,264	\$2,310	\$2,139	(171)
HOME Investment Partnerships Program				
Discretionary BA	\$171,565	\$164,886	\$196,664	\$31,778
FTE	15	15	13	(2)
S&E Cost	\$1,622	\$1,693	\$1,545	(148)
Homeless Assistance Grants				
Discretionary BA	\$152,880	\$164,974	\$175,355	\$10,381
FTE	29	29	34	5
S&E Cost	\$3,138	\$3,500	\$4,089	\$589

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
Office of CPD TOTAL				
Discretionary BA	\$601,473	\$614,478	\$581,900	(\$32,848)
FTE	68	68	68	0
S&E Cost	\$7,350	\$7,826	\$8,130	\$304
OFFICE OF HOUSING				
FHA-GI/SRI				
Discretionary BA	\$48,128	\$14,485	\$9,063	(\$5,422)
FTE	177	175	167	(8)
S&E Cost	\$19,038	\$19,876	\$19,793	(\$83)
FHA-MMI/CHMI				
Discretionary BA	\$119,262	\$22,390	\$32,120	9,730
FTE	274	267	278	11
S&E Cost	\$30,917	\$31,917	\$34,528	\$2,611
Project-Based Rental Assistance				
Discretionary BA	\$250,876	\$215,530	\$250,766	\$35,236
FTE	17	17	16	(1)
S&E Cost	\$1,786	\$1,912	\$1,869	(\$43)
Interstate Land Sales				
FTE	17	17	19	2
S&E Cost	\$1,919	\$2,029	\$2,363	\$334
HOUSING TOTAL				
Discretionary BA	\$418,265	\$272,405	\$291,949	\$19,544
FTE	485	476	480	4
S&E Cost	\$53,660	\$55,734	\$58,553	\$2,819
OFFICE OF POLICY DEVELOPMENT AND RESEARCH				
Research and Technology				
Discretionary BA	\$6,341	\$6,584	\$10,851	\$4,267
FTE	37	39	41	2
S&E Cost	\$6,762	\$7,932	\$7,914	(\$18)
OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY				
Other FHEO Programs				
FTE	33	NA	NA	NA
S&E Cost	\$3,584	NA	NA	NA
DEPARTMENTAL EQUAL EMPLOYMENT OPPORTUNITY				
FTE	24	26	26	0
S&E Cost	\$2,994	\$3,268	\$3,438	\$170

SECTION 2: PERFORMANCE INFORMATION
RESOURCES SUPPORTING HUD'S MISSION

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
DEPARTMENTAL MANAGEMENT				
FTE	84	80	80	0
S&E Cost	\$10,476	\$12,676	\$11,819	(\$857)
CHIEF FINANCIAL OFFICER				
FTE	206	211	216	5
S&E Cost	\$37,625	\$45,698	\$50,683	\$4,985
GENERAL COUNSEL				
FTE	640	661	661	0
S&E Cost	\$80,885	\$87,463	\$90,937	\$3,474
ADMINISTRATION AND STAFF SERVICES				
FTE	518	615	649	34
S&E Cost	\$244,177	\$255,136	\$275,642	\$20,506
CHIEF PROCUREMENT OFFICER				
FTE	107	116	117	1
S&E Cost	\$12,040	\$14,117	\$14,229	\$112
FIELD POLICY AND MANAGEMENT				
FTE	431	400	383	(17)
S&E Cost	\$51,752	\$49,857	\$52,256	\$2,399
WORKING CAPITAL FUND				
FTE	298	280	280	0
S&E Cost	\$38,349	\$37,800	\$41,752	\$3,952
Total for Strategic Goal E				
Discretionary BA	\$4,814,537	\$4,950,771	\$5,076,843	\$126,072
FTE	3,175	3,437	3,495	58
S&E Cost	\$579,915	\$636,036	\$680,472	\$44,436
OFFICE OF INSPECTOR GENERAL				
FTE	632	650	650	0
S&E Cost	\$110,153	\$116,000	\$119,000	\$3,000






Strategic Goal F: Promote Participation of Faith-Based and Community Organizations

Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.

	2007 Approp.	2008 Approp.	2009 Request	2008 vs. 2009
CENTER FOR FAITH-BASED AND COMMUNITY INITIATIVES				
FTE	8	10	10	2
S&E Cost	\$1,586	\$1,870	\$2,175	\$305
Total for Strategic Goal F	8	10	10	2
FTE	8	10	10	2
S&E Cost	\$1,586	\$1,870	\$2,175	\$305







Goal A: Increase Homeownership Opportunities

PERFORMANCE REPORT CARD – GOAL A

Performance Indicators	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2008 Target	Met	Notes				
Cross-Departmental											
A.1	HUD's major programs will promote affordable homeownership opportunities.										
	Community Planning and Development	172,596	204,381	166,748	169,452	158,375					
	Public and Indian Housing	12,518	11,140	11,367	9,314	8,000					
A.2	Improve national homeownership opportunities in support of first-time homebuyers.				68.8%	69.0%	68.2%	67.9%	N/A	N/A	a
	The share of all homebuyers who are first-time homebuyers.				38.1%	N/A	34.8%	N/A	N/A	N/A	b
A.3	The homeownership rate among targeted households.										
	Homeownership among minority households				51.2%	51.7%	51.0%	51.0%	N/A	N/A	a
	Households with income less than median family income				52.8%	53.0%	53.0%	52.0%	N/A	N/A	a
	Homeownership among central city households				54.0%	54.6%	53.5%	53.6%	N/A	N/A	a
A.4	Add 5.5 million minority homeowners between 2002 and 2010.				2.35	3.48	3.19	4.99	N/A	N/A	c
	The gap in homeownership rates of minority and non-minority households.				24.6%	24.6%	24.3%	24.1%	N/A	N/A	a
FHA/Housing											
A.5	The number of FHA single family mortgage endorsements nationwide.				556	502	532	1,200	N/A	N/A	d
A.6	The share of first-time homebuyers among FHA home purchase endorsements is 73 percent.				79.3%	79.3%	79.5%	77.9%	73.0%		
A.7	The share of first-time minority homebuyers among FHA first-time home purchase endorsements is 33 percent.				34.4%	31.7%	33.0%	31.2%	33.0%		
A.8	At least 30 percent of clients receiving pre-purchase counseling will purchase a home or become mortgage-ready within 90 days.				37.1%	42.7%	49.1%	44.5%	30.0%		e




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PERFORMANCE REPORT CARD – GOAL A

		2005	2006	2007	2008	2008		
	Performance Indicators	Actual	Actual	Actual	Actual	Target	Met	Notes
A.9	Minority clients are at least 50 percent of total clients receiving housing counseling in FY 2008.	58.4%	47.3%	45.7%	45.9%	50.0%		e
A.10	More than 80 percent of total mortgagors that complete counseling for resolving or preventing mortgage delinquency will successfully avoid foreclosure.	96.7%	92.5%	96.3%	96.7%	80.0%		e
A.11	The share of FHA real estate owned properties that are sold to owner-occupants is 45 percent.	N/A	N/A	N/A	50.1%	45.0%		
A.12	HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined targets for low- and-moderate income mortgage purchases.							
	Fannie Mae	53.4%	55.1%	56.9%	N/A	N/A	N/A	
	Freddie Mac	52.5%	54.0%	55.9%	N/A	N/A	N/A	
A.13	HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined targets for mortgages financing special affordable housing.							
	Fannie Mae	23.6%	26.3%	27.8%	N/A	N/A	N/A	
	Freddie Mac	23.0%	24.3%	26.4%	N/A	N/A	N/A	
A.14	Respond to 3,000 inquiries and complaints from consumers and industry regarding the Real Estate Settlement Procedures Act and the home buying and mortgage loan process.	1,245	1,355	6,622	5,578	3,000		
A.15	FHA ensures that the percentage of at risk loans that substantively comply with FHA program requirements is at least 85 percent.	90.0%	95.0%	96.8%	97.3%	85.0%		
A.16	Loss mitigation claims are 55 percent of the total claims on FHA-insured single family mortgages.	59.1%	61.0%	64.9%	64.5%	55.0%		

SECTION 2: PERFORMANCE SECTION
GOAL A: INCREASE HOMEOWNERSHIP OPPORTUNITIES

PERFORMANCE REPORT CARD – GOAL A

Performance Indicators	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2008 Target	Met	Notes			
Ginnie Mae										
A.17	Ginnie Mae securitizes at least 93.5 percent of eligible single family, fixed-rate FHA loans.				92.7%	91.4%	93.0%	96.9%	93.5%	
A.18	Ginnie Mae securitizes at least 84 percent of Veterans Affairs single family, fixed-rate loans.				N/A	N/A	92.0%	91.6%	84.0%	
A.19	At least 29 percent of all Ginnie Mae single family pools issued in FY 2008 are Targeted Lending Initiative Pools.				25.9%	26.3%	26.0%	27.8%	29.0%	

N/A: not available

a – third quarter of the calendar year (last quarter of fiscal year; not the entire fiscal year)

b – calendar year beginning during the fiscal year shown

c – number reported in millions

d – number reported in thousands

e - reporting results from FY 2008, third quarter

Cross-Departmental

A.1: HUD's major programs will promote affordable homeownership opportunities.

Public Benefit. Homeownership is a way for an individual or a family to make an investment for the future and can contribute to stabilizing neighborhoods and stimulating economic growth. Homeownership has always been a long-term potential source of wealth creation for millions of American families.

Increasing homeownership opportunities is a key component of HUD's mission and through a variety of housing, loan guarantee, and community development programs, the Department supports a substantial number of homeownership opportunities, particularly those targeted toward populations with more limited incomes and other special characteristics. The largest contributor is the Federal Housing Administration's (FHA) single family mortgage insurance program. It is estimated that each 100,000 new homeowners represent a one-tenth of one percent increase in the overall national homeownership rate.

Home Ownership / Home Rehabilitation Assistance (in units)	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2008 Target
TOTAL FHA Single Family¹	280,188	248,953	224,084	492,369	N/A
CDBG (homeownership assistance)	7,530	7,628	6,919	4,521	6,708
CDBG (owner-occupied rehabilitation)	124,544	131,508	117,830	121,158	114,228
HOME (new homebuyer assistance) ²	23,413	46,556	28,891	30,999	27,264
HOME (existing-homeowner rehabilitation) ²	14,832	16,821	11,221	10,847	8,675
SHOP (homeowners assistance)	<u>2,277</u>	<u>1,868</u>	<u>1,887</u>	<u>1,927</u>	<u>1,500</u>
TOTAL Community Planning and Development	172,596	204,381	166,748	169,452	158,375
Indian Housing Block Grant (homeownership assistance and owner-occupied rehabilitation)	7,449 ³	6,852 ³	5,220 ³	4,192	4,349
Native Hawaiian Housing Block Grant (homeownership assistance and owner-occupied rehabilitation)	72	23	65	95	101
HOPE VI	1,284	718	1,841	2,234	800
Section 184 home loan guarantees	634	1,139	1,340	1,576	1,500
Section 184A home loan guarantees	10	1	0	17	50
Homeownership Vouchers	<u>3,069</u>	<u>2,407</u>	<u>2,901</u>	<u>1,200</u>	<u>1,200</u>
TOTAL Public and Indian Housing	<u>12,518</u>	<u>11,140</u>	<u>11,367</u>	<u>9,314</u>	<u>8,000</u>
TOTAL	465,302	464,474	402,199	671,135	166,375⁴

¹ These figures represent only first time homebuyers, as they exclude refinanced or non-first time home buyers.

² Unlike CDBG, all HOME assisted units must be brought up to code upon completion of the rehabilitation. HOME funds cannot be used in weatherization only or emergency rehabilitation projects that do not result in all structural and component systems meeting code requirements.

³ These figures have been revised from those reported in the Performance and Accountability Report due to subsequent adjustments to the database.

⁴ Does not include impact of FHA single family program as it is a tracking indicator with out a numerical goal.

In FY 2008, the single family mortgage insurance program assisted 492,369 first-time homebuyers. In addition, FHA has played a key role in helping hundreds of thousands of households refinance into more stable, affordable mortgages, in many cases allowing families to

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remain in their homes when they would otherwise not have been able. FHA mortgage insurance also helps to create and maintain greater liquidity in the mortgage market and continues to be a key stabilizing force (See also indicators A.2, A.5, and A.6.).

In addition to FHA, the offices of Community Planning and Development (CPD) and Public and Indian Housing (PIH) have important programs designed to create affordable homeownership options for the American public. In total, the Department's programs provided 671,135 households with homeownership opportunities.

Background. The results tracked by this indicator show the contribution made by FHA, CPD, and PIH to the outcome of promoting affordable homeownership opportunities. HUD created this indicator in FY 2008 by combining the homeownership activities of seven previously reported indicators.

FHA manages the Single Family Mortgage Insurance Program, which represents a major component of HUD's efforts to promote affordable homeownership opportunities for low-income Americans. By providing insurance to commercial mortgage lenders, HUD encourages them to invest capital in the home mortgage market.

CPD manages the following programs in support of providing homeownership opportunities: HOME Investment Partnership program, American Dream Down Payment Initiative, Self-help Homeownership Opportunity Program, and the CDBG program.

- The HOME Investment Partnerships Program provides grants to states and local governments to increase homeownership and create homeownership opportunities for low-income Americans.
- The American Dream Down Payment Initiative provides grants designed to offer down payment assistance and other purchase assistance to low-income first time homebuyers.
- The Self-help Homeownership Opportunity Program provides grants on a competitive basis to nonprofit organizations that assist low-income Americans to purchase homes. Homebuyers are required to invest a significant amount of "sweat equity" in order to participate in the program.
- The CDBG program is HUD's largest and most flexible formula grant program providing funds to states and local governments for a variety of eligible activities including increasing homeownership opportunities.

PIH manages the following programs in support of providing homeownership opportunities: the Indian Housing Block Grant and Native Hawaiian Housing Block Grant, HOPE VI, Section 184 Loan Guarantees for Indian Housing and Section 184A Loan Guarantees for Native Hawaiian Housing, Homeownership Vouchers, and Family Self-Sufficiency.

- The Indian Housing Block Grant and the Native Hawaiian Housing Block Grant programs provide grants to Native American and Native Hawaiian communities for a variety of eligible activities including expanding homeownership opportunities.
- The HOPE VI program provides funding to eradicate and revitalize severely distressed public housing. Eligible activities include creating homeownership opportunities for low-income Americans.

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- Homeownership Vouchers is an eligible activity in Public Housing designed to provide opportunities for homeownership to public housing tenants.

Program Websites.

<http://www.fha.gov/>

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm>

<http://www.hud.gov/offices/cpd/affordablehousing/programs/shop/index.cfm>

<http://www.hud.gov/offices/cpd/communitydevelopment/programs>

<http://www.hud.gov/offices/pih/ih/grants/ihbg.cfm>

<http://www.hud.gov/offices/pih/ih/codetalk/onap/nhhbgprogram.cfm>

<http://www.hud.gov/offices/pih/programs/ph/hope6>

<http://www.hud.gov/offices/pih/ih/homeownership/184>

<http://www.hud.gov/offices/pih/ih/codetalk/onap/program184a.cfm>

<http://www.hud.gov/offices/pih/programs/hcv/homeownership/index.cfm>

Results and Analysis.

For all of the HUD programs reporting in this indicator, a total of approximately 671,000 homeownership opportunities were supported. This is a 67 percent increase over FY 2007 and is above the target for FY 2008 for non-FHA programs. FHA reports this data as a tracking indicator so there is no target. The greatest share of the increase is a result of the dramatic expansion of FHA mortgage insurance endorsements. As a result of the deteriorating private sector mortgage market throughout the fiscal year, FHA has become a keystone of the mortgage market, accounting for almost half of new mortgages and refinances nationwide.

FHA

This is a tracking indicator for FHA because of the effect that macro-economic conditions can have on results. FHA provided 492,369 mortgage endorsements to first-time homebuyers. This is a 120 percent increase from 224,084 in FY 2007. Since the launch of the *FHASecure* program at the end of FY 2007, FHA has also helped more than 400,000 families refinance into safe, secure, fixed-rate mortgages, enabling them to avoid foreclosure and stay in their homes. FHA offers safe, secure, and affordable mortgages and is a key stabilizing force in an overall difficult housing market.

CPD

In FY 2008, CPD provided assistance to 169,452 units, exceeding the overall FY 2008 goal by 11,077 units.

- The CDBG program provided homeownership assistance to 4,521 households missing the goal of 6,708 by 2,187. CDBG did exceed the goal of 114,228 for owner-occupied rehabilitation by six percent, completing rehabilitation of 121,158 units.

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- The HOME Investment Partnerships program provided new homebuyer assistance to 30,999 households, exceeding the goal by approximately 13.7 percent. These results indicate a 2,108 increase in the number of units assisted compared to FY 2007. Participating jurisdictions used HOME funds to rehabilitate 10,847 owner-occupied units. This exceeds the FY 2008 goal of 8,675 units by 25 percent or 2,172 units. It also represents a reduction of 374 units completed compared to the FY 2007 level of 11,221 units.
- For the year ended June 30, 2008, the American Dream Downpayment Initiative program provided 4,209 (part of the HOME number) households the opportunity to become new homeowners, exceeding the goal by approximately 50 percent.
- For the year ended June 30, 2008, the Self-help Homeownership Opportunity Program provided homeowner's assistance to 1,927 households, surpassing the program goal of 1,500 units by 427, or 28.5 percent, and exceeding the FY 2007 level of 1,887 by 40 units.

Each CPD result exceeded HUD's homeownership assistance goals with the exception of CDBG. The design of the CDBG program allows flexibility to local decision-makers to allocate funds based on needs and priorities from among several eligible activities, including promoting homeownership opportunities. Market conditions and other factors can affect how state and local governments allocate CDBG funds, making it difficult for HUD to accurately set targets. While the FY 2008 target was not met, homeownership assistance remains a key goal for CDBG.

PIH

In 2008, PIH provided homeownership opportunities to 9,314 households exceeding the collective goal of 8,000 by more than 16 percent.

- The Indian and Native Hawaiian Housing Block Grant programs helped 4,287 households remain in their homes or purchase new homes. The Indian Block Grant program is designed to provide local decision-makers with the flexibility to allocate funds from among a number of eligible activities. Changing market conditions can cause funds to be shifted from one activity to another making it difficult for HUD to accurately set targets.
- The HOPE VI program provided affordable homeownership opportunities for 2,234 households.
- The Indian and Native Hawaiian home loan guarantee programs (Sections 184 and 184A) helped 1,593 households. The Section 184 Indian Housing Loan Guarantee program provides up to a 100 percent guarantee of mortgages in Indian country where there is an acute lack of affordable homeownership opportunities.

Resources and Performance Link.

FHA

- The Mutual Mortgage Insurance Fund received FY 2008 appropriations in the amount of \$77.4 million, a 25 percent increase from \$62 million in FY 2007. FY 2008 appropriations allowed the program to guarantee up to \$185 billion worth of mortgage loans. Loan guarantees on this scale provide increased liquidity in mortgage markets and help to lower the interest rates consumers pay on their home loans. Together, these effects help to increase the availability of commercial mortgage financing as well as make homeownership more affordable.

CPD

- The CDBG formula grant program was appropriated \$3.586 billion in FY 2008, a three percent decrease from \$3.704 billion in FY 2007. Local governments receive formula CDBG funds either directly from HUD or through states. Local governments and states develop plans and priorities for expenditure of CDBG funds through CPD's consolidated planning process. The number of units assisted is primarily a function of grantee funding decisions and local level implementation. In FY 2008, CDBG grantees expended \$547.6 million on single-unit residential rehabilitation, which represents 12.58 percent of all non-supplemental disbursements during the fiscal year. This represents the largest single use of CDBG funds but is a \$34.6 million reduction from the FY 2007 expenditure level for the same activity.
- The HOME Investment Partnership Program was appropriated \$1.704 billion in FY 2008, a three percent decrease from \$1.757 billion in FY 2007. The HOME program exceeded its homeownership assistance goal in FY 2008. The goal was lowered for FY 2008 and the total was short of the FY 2007 result. This is due in part to the decrease in available appropriations as well as inflation in construction and material costs. The HOME per-unit cost of assistance increased four percent in FY 2008 from FY 2007.
- The American Dream Downpayment Initiative Program is funded as a part of the HOME Investment Partnership program and its budget is a part of the HOME appropriation. In FY 2008, the American Dream Downpayment Initiative program was appropriated \$10 million, a 60 percent decrease from \$24.75 million in FY 2007. Despite a significant reduction in funding in FY 2008, the program exceeded its goal of assisting 2,800 new homeowners by over 50 percent. The number of homeowners assisted in FY 2008 was 4,209, while in FY 2007 the number of homeowners assisted was 6,094. The American Dream Downpayment Initiative program is also impacted by lower appropriations, inflation in construction and material costs, and recent housing market conditions.
- The Self-help Homeownership Opportunity Program was appropriated \$26.5 million in FY 2008, a 42 percent increase from \$18.7 million in FY 2007. The full effect of the FY 2004 increase from \$10,000 to \$15,000 in the Self-help Homeownership Opportunity program's allowable average assistance level per unit will continue to be felt. Consequently, the FY 2009 assistance goal is maintained at 1,500 households. The 42 percent program funding increase requested in FY 2008, compared to the FY 2007 appropriation level, will begin to affect results late in FY 2009, as FY 2008 funds will be awarded on a competitive basis during the first quarter of FY 2009.

PIH

- The Indian Housing Block Grant Program was appropriated \$630 million in FY 2008, a one percent increase from \$623.4 million in FY 2007. The Native Hawaiian Housing Block Grant program was appropriated \$9 million for FY 2008, a three percent increase from \$8.7 million in FY 2007. In recent years, targets have been based on relatively flat funding levels and annual trend data. These grant programs are often the main source or sole source of funding for affordable housing on Tribal and Native Hawaiian areas. Block grant housing projects frequently involve multi-year efforts and grant recipients only report on their accomplishments in the year that projects are completed.

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It can be difficult to predict the number of units that will be reported as built, acquired, and rehabilitated in any given year. Therefore, the link between resources and performance can take several years to reflect changes in performance. Homeownership assistance has trended down in recent years for the Indian Housing Block Grant program while it has generally trended up for the Native Hawaiian Housing Block Grant program.

- The HOPE VI Program was appropriated \$100 million in FY 2008. In the President's FY 2009 budget request to Congress, HUD proposed no new funding for the HOPE VI program. HUD remains focused, however, on continuing the progress of currently active projects and maximizing the effective use of program existing resources. Accordingly, performance targets and future activity related to this goal would be accomplished with remaining prior year funds.
- The Section 184 Indian Housing Loan Guarantee program received \$7.45 million in FY 2008 appropriations, a 24 percent increase from \$6 million in FY 2007. The FY 2008 appropriations allowed the program to guarantee up to \$367 million in loans. Section 184's appropriations and loan guarantee portfolio have grown significantly in recent years. The program's loan guarantee portfolio grew from \$190 million at the close of FY 2004 to \$940 million in FY 2008. Loan guarantees are an important resource in HUD's efforts to expand homeownership opportunities in tribal areas.
- The Section 184A Native Hawaiian Housing Loan Guarantee program received \$1,044,000 in FY 2008 appropriations, a 17 percent increase from \$891,000 in FY 2007. FY 2008 appropriations allowed the program to guarantee up to \$41.5 million in loans.
- For the Voucher Program, the Department works toward its goal through an administrative fee incentive and by providing direct technical assistance to PHAs that are interested in exercising a voluntary homeownership option or by working to accelerate the number of homeownership closings under an existing PHA homeownership program. HUD continues to work closely with PHA's to provide homeownership opportunities to tenants of Public Housing.

Reasons for Shortfalls / Plans and Schedule to Meet the Goals.

The overall goal for CDBG, which combines owner-occupied rehabilitations and homeownership assistance, was met. The shortfall occurred in the homeownership assistance sub-category of this CDBG goal. Housing market conditions throughout FY 2008 resulted in a significant reduction in home purchases nationwide. The formula grant structure of the CDBG program allows grantees to allocate funds from among a variety of eligible activities to most efficiently meet the needs of their communities. Due to the reduction in home purchases throughout the fiscal year, demand for CDBG homeownership assistance fell while the need increased for other CDBG activities such as rental assistance and employment services.

PIH programs were treated as a single output with a goal of 8,000 units. The results for PIH programs exceeded this goal by 16 percent with a total 9,314 units. The combined goal for PIH recognizes that some programs' grantees can and have chosen to use significantly different amounts of funding for homeownership assistance versus other uses. In addition, individual

program results are significantly impacted by local market conditions, current program design, and/or operational changes in the programs.

Homeownership assistance remains an important part of HUD's mission. HUD will continue to emphasize the importance of homeownership and expanding homeownership opportunities, particularly for low-income and other underserved Americans.

Data Discussion.

FHA

- Data for the FHA Single Family Mortgage Insurance program originates in the Computerized Homes Underwriting Management System and is reported in FHA's Single Family Housing Enterprise Data Warehouse. Direct endorsement lenders enter data with FHA monitoring. As part of the Department's data quality initiative, the Computerized Homes Underwriting Management System was identified by the Enterprise Data Management Group as passing six-sigma quality tests for validity, completeness, and consistency.

CPD

- Data for the HOME Investment Partnerships program and the American Dream Downpayment Initiative program are reported in HUD's Integrated Disbursement and Information System by participating jurisdictions.
- Reports compiled by Self-help Homeownership Opportunity Program grantees are used to track performance under this indicator. HUD Headquarters staff monitors grantees to ensure that reported accomplishments are accurate.
- CDBG accomplishments are reported by grantees in HUD's Integrated Disbursement and Information System. The CDBG program also continues to work closely with grantees to address reporting and data quality in an effort to ensure accurate results and allow the CDBG program to base its targets on the most current data. In FY 2009 additional training on data will be undertaken to ensure that grantees properly account for all CDBG accomplishments.
- CPD has pursued a variety of enhancements to the Integrated Disbursement and Information System that, along with data clean-up efforts, have been the focus of ongoing data quality improvement efforts. CPD staff also verify data when monitoring grantees.

PIH

- Indian Housing Block Grant data come from more than 500 grant recipients through annual performance reports. The data are captured in the Performance Tracking Databases of regional Office of Native American Programs and then aggregated into a national database at HUD Headquarters. Indian Housing Block Grant recipients with fiscal years ending after June 30 report in the next federal fiscal year. Therefore, accomplishments of the Indian Housing Block Grant program reported in this document are subject to future adjustment. The Office of Native American Programs works closely with grantees to ensure timely and accurate data reporting.
- The Native Hawaiian Housing Block Grant data come from grantees' Annual Performance Reports. Results are for the period July 1, 2007, through June 30, 2008.

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- Data for the HOPE VI program are accumulated through PIH’s HOPE VI Progress Reporting system. Data are reviewed and verified by HUD staff through close communications with grantees and regular site visits. Progress is closely monitored and regularly compared to grantees’ established goals.
- The Section 184 Loan Guarantees for Indian Housing and Section 184A Loan Guarantees for Native Hawaiian Housing programs compile data on the dollar amount and the number of loan guarantee certificates issued upon loan closing. The Director of the Office of Loan Guarantee and the PIH Budget Office both validate the data on a monthly basis.
- PIH compiles data for the Homeownership Vouchers program in HUD’s 50058 module from household data reported by PHAs.

A.2: Improve national homeownership opportunities in support of first-time homebuyers.

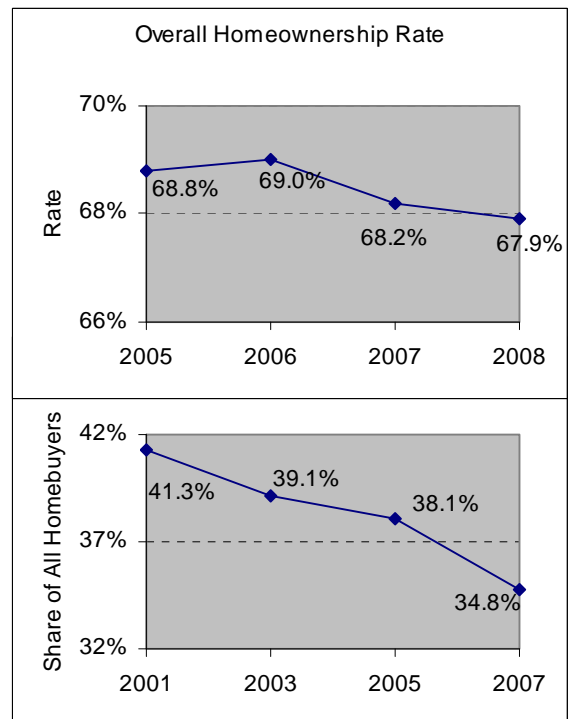
Public Benefit. Responsibly expanding opportunities for homeownership to Americans is a key component of HUD’s mission supporting the American dream. Homeownership is recognized for building wealth and encouraging commitment to communities. Two key indicators of national outcomes are the overall homeownership rate and the proportion of homebuyers who are first-time purchasers. HUD does not establish performance targets for these tracking indicators because of the Department’s limited span of control relative to economic factors.

Background. As a core component of HUD’s mission, each major program area has HUD programs that support increases in the homeownership rate. In line with the Presidential priorities, HUD has placed substantial emphasis on homeownership for minority families and other disadvantaged groups (see indicators A.3 and A.4). The two indicators, overall homeownership rate and share of first-time homebuyers, were consolidated under a single heading through a revision in the FY 2009 Annual Performance Plan for FY 2008.

Program Website.

<http://www.huduser.org/periodicals/ushmc.html>

Results and Analysis. The national homeownership rate for all households in the third quarter of calendar year 2008 was 67.9 percent, compared with 68.2 percent in the third quarter of 2007. It is probable that the homeownership rate will decrease in the future. Mortgage defaults increased during FY 2008 due to property value declines and resetting of many adjustable rate mortgages to higher interest rates.



To track first-time homebuying, the most recent available data show that 34.8 percent of households who reported during 2007 that they had purchased a home in 2006 were first-time

homebuyers. This reflects a decrease of 3.3 percentage points from the proportion of first-time buyers among purchasers reporting during 2005. The decline extends the downward trend from the peak observed among purchasers reporting in 2001.

Resources and Performance Link. Each 0.1 percentage point increase in the national homeownership rate translates to about 100,000 new homeowners (if total households remain constant). Such results are well within range of HUD program impacts reported through a number of performance indicators (see indicator A.1).

HUD programs continue to play an important role in mitigating the difficulties of purchasing a first home. Homeownership vouchers and the American Dream Downpayment Initiative, in particular, help households overcome their lack of savings for a down payment. FHA insured 1,200,111 single family mortgages in FY 2008, of which 77.9 percent were to first-time homebuyers. The FHA insurance programs are measured in terms of insurance-in-force rather than program budget authority. In FY 2008, the Mutual Mortgage Insurance Fund endorsed approximately \$171.8 billion of mortgages.

In response to the growing foreclosure crisis, HUD introduced *FHASecure* in FY 2007 to refinance distressed homeowners with a secure, affordable, fixed-rate, FHA-insured loans. In FY 2008, the Housing and Economic Recovery Act established a \$300 billion Home Ownership Preservation Entity fund for the HOPE for Homeowners program. FHA launched the program to help distressed homeowners avoid foreclosure by insuring new, refinanced mortgages that have lower, fixed interest rates, up to 30-year terms, and principal balances not exceeding 90 percent of appraised value.

Data Discussion. The national homeownership measure is based on averages of monthly Current Population Survey data for the third quarter (the last quarter of the fiscal year). The data are free of limitations affecting the measure's reliability. Changes in the estimated homeownership rate exceeding 0.7 percentage points are statistically significant with 90 percent confidence, using a conservative estimate and assuming the two samples are drawn independently from the same population.

The first-time homebuyer measure uses data from the biennial American Housing Survey. Calendar Year 2009 data will be released during 2010. The data represent homeowners who reported, during the odd years shown, that they moved during the previous even years. This offset allows the data to represent a complete year and avoids seasonal distortions, because odd year homebuyers who moved after they were surveyed would not be represented. Information on first-time status was missing for 6.8 percent of homebuyers who purchased in 2006 and reported in 2007, so those households are excluded. During 2002, HUD contractors completed a study that verified and validated the American Housing Survey for purposes of mortgage market and housing finance analysis. Researchers assessed the replicability, internal consistency, and reliability of American Housing Survey estimates and found the data generally reliable.

A.3: The homeownership rate among targeted households.

Public Benefit. Responsibly expanding the benefits of homeownership can help stabilize neighborhoods, strengthen communities, and stimulate economic growth. Three tracking indicators help HUD assess progress in promoting homeownership among underserved populations. These are the homeownership rates of racial and ethnic minority households, households with incomes below the area median income, and households in central cities. HUD

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did not establish FY 2008 performance targets for these indicators because of the current dominant impact of the macro-economy.

Background. It has long been recognized that homeownership creates incentives for improving communities and is a method to secure personal wealth. Yet, there are many population groups that face greater barriers to homeownership. HUD has been engaged in serving target populations by providing assistance with down payments, by supporting homeowner education, and by implementing the President’s Minority Homeownership Initiative, which established the goal of adding 5.5 million minority homeowners by the end of the decade (see indicator A.4).

Program Website. <http://www.huduser.org/periodicals/ushmc.html>

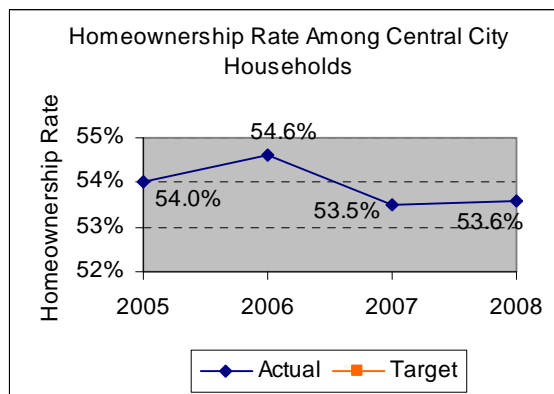
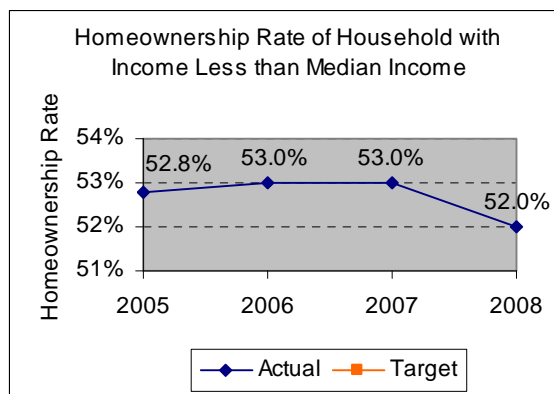
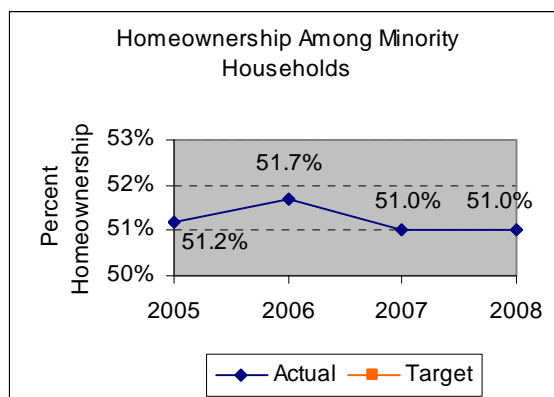
Results and Analysis. The homeownership rate for all minorities combined was 51.0 percent in the third quarter of 2008, unchanged from the third quarter of 2007. There were 16,847,000 minority homeowners in the third quarter of 2008, an increase of 337,000 since the end of FY 2007.

Another indicator tracking homeownership among HUD’s target populations is for households with incomes below the national median income. Homeownership among these households declined to 52.0 percent in the third quarter of 2008, down 1.0 percentage point from 53.0 percent at the end of FY 2007.

The homeownership rate in central cities was 53.6 percent in the third quarter of 2008, about the same as the 53.5 percent in the third quarter of 2007.

Resources and Performance Link.

Homeownership rates had increased through 2006 for each of these target populations during the extended period of low mortgage interest rates and innovative mortgage products. Despite negative macroeconomic factors, HUD’s programs continue to play a significant supporting role. Minority households represented 31.2 percent of FHA-insured first-time homebuyers in FY 2008. HUD’s strategies to increase minority homeownership include increased outreach and continued enforcement of equal opportunity in housing. HUD’s largest block grant programs, CDBG and the HOME Investment Partnership Program, each have a sizable homeownership component. The HOME



Investment Partnership Program, for example, assisted 31,000 homeowners during FY 2008.

In FY 2008, sustaining homeownership among distressed homeowners became a primary focus. HUD's housing counseling program has protected thousands of households by educating them on predatory lending and lax underwriting practices, and housing counseling has helped homeowners sustain their tenure. *FHASecure* and the HOPE for Homeowners program are becoming centers of intense activity as the nation responds to the subprime mortgage crisis.

Data Discussion. The three indicators are based on averages of monthly Current Population Survey data for the final quarter of the fiscal year. The data are free of serious problems, and the sample size is sufficient to report this measure with low variance. Changes in homeownership rates are statistically significant with 90 percent confidence when they exceed 1.2 percentage points for minority homeownership and 0.9 percentage points for households with incomes below median family income, in each case using a conservative estimate and assuming the two samples were drawn independently from the same population. The estimates shown reflect Census 2000 population information and housing unit controls and survey procedures that allow respondents to select more than one race.

A.4: Add 5.5 million minority homeowners between 2002 and 2010.

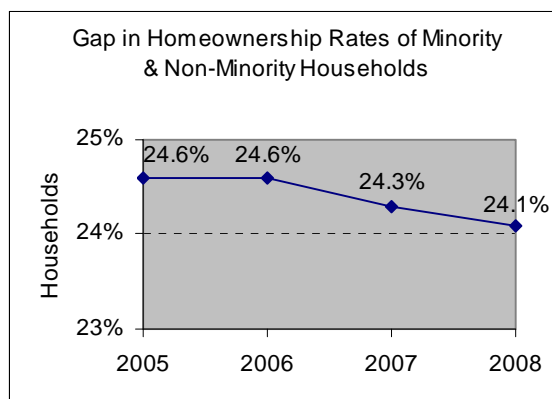
Public Benefit. This indicator addresses the President's Minority Homeownership Initiative of adding 5.5 million minority homeowners by the end of the decade (that is, the last quarter of 2010 compared with the second quarter of 2002). This presidential priority is an important theme and outcome goal in HUD's Strategic Plan and supports the Department's long-term objectives to expand national homeownership opportunities and increase minority homeownership. Homeownership rates are most susceptible to policy intervention among renters who are marginally creditworthy, discouraged by discrimination, or unaware of the economic benefits of homeownership.

Background. The performance goal is supported by two tracking indicators. First, the gap in homeownership rates of minority and non-minority households is measured as the difference in percentage points between the homeownership rate of households who are "non-Hispanic white alone" and the homeownership rate of minority households. Second, a tracking indicator for minority mortgage denial rates addresses financing trends, which are critical for decreasing disparities in homeownership. These three indicators were consolidated under a single heading as described in the FY 2009 Annual Performance Plan, but HUD has not established targets for the latter two because of the overriding influence of external factors.

Program Website.

<http://www.huduser.org/periodicals/ushmc.html>

Results and Analysis. Between the beginning of the President's Initiative in June 2002 and the third quarter of 2008, an estimated 4.992 million minority homeowners have been added, accomplishing 91 percent of the goal while 74 percent of the time has elapsed. This is a gross measure, so it is not influenced by households that leave homeownership each year as part of the typical course of life. Declining home values and



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growing awareness in the secondary mortgage market of risks from subprime mortgages increasingly were holding back progress toward the goal in FY 2008.

During the third quarter of calendar year 2008, the minority homeownership gap was 24.1 percentage points, a statistically insignificant improvement from the 24.3 point gap observed in the third quarter of 2007. The change reflects a small decrease in non-minority homeownership rates while minority rates held steady.

The most recent data for mortgage denial rates cover calendar year 2007, and therefore overlap only with the first quarter of FY 2008. The data show that the rate at which mortgage applications were denied continued to turn sharply upward for minorities, while flattening out for non-minority applicants. Minority households continued to be denied mortgages at higher rates, averaging 24.1 percent, 13 percentage points more than white alone households. The detailed table below shows that during 2007, minority mortgage applicants experienced denial rates ranging from 14.9 percent to 27.5 percent, compared with 11.1 percent for applicants who were “white alone.”

Denial Rates* for Mortgage Applications by Race and Ethnicity

Race/Ethnicity of Primary Borrower	2004	2005	2006	2007
Hispanic/Latino	16.3%	18.0%	21.9%	24.9%
Native American/Alaska Native alone	15.8%	16.9%	19.3%	19.5%
Asian alone	11.7%	13.7%	14.7%	14.9%
Black/African American alone	19.6%	21.4%	25.3%	27.5%
Native Hawaiian/Pacific Islander alone	13.9%	15.2%	18.4%	20.5%
White alone	9.5%	10.5%	11.2%	11.1%
Two or more races	12.4%	14.7%	14.7%	17.8%
Other/Unknown/Missing	17.3%	16.9%	18.2%	18.3%
Total	12.5%	13.8%	15.9%	15.9%
All minority**	16.5%	18.4%	22.0%	24.1%

* Excludes denials at the preapproval stage.

** Includes “two or more races,” but excludes “other/unknown/missing.”

Source – HUD tabulations of Home Mortgage Disclosure Act data.

The volume of mortgage applications was 4.94 million in 2007, down substantially from 7.25 million in 2006. Although denial rates remained unchanged overall, at 15.9 percent of applications, this was possible only because there were disproportionately greater reductions in minority applications between 2006 and 2007.

Changes in macro-economic conditions as well as turmoil in the sub-prime mortgage market has made homeownership less affordable and stable for new purchasers and has begun to force an increased number of defaults among recent purchasers with adjustable rate and other specialty mortgages. In addition, tightening credit markets can serve to limit the number of new homebuyers approved for mortgages.

The primary causes of disparities in mortgage denial rates among race and ethnic groups are differences in their average disposable income and creditworthiness. In some cases, lenders have been shown to discriminate against minority applicants by disapproving their mortgages while approving non-minorities who were less creditworthy or had less income. In such cases HUD can take fair housing enforcement actions. HUD's Office of Fair Housing and Equal Opportunity is focusing increased attention on addressing the role of discrimination in contributing to mortgage approval disparities.

Resources and Performance Link. A number of HUD grant programs provide sustainable homeownership opportunities, such as HOME, CDBG, and the sweat-equity model of the Self-help Opportunity Program. FHA is a major source of mortgage financing for minority homebuyers, and maintaining first-time minority homebuyers as a substantial proportion of FHA's mortgage insurance business is a key aspect of reducing homeownership gaps. During FY 2008, 31.2 percent of FHA home purchase endorsements were for first-time minority homebuyers, providing them with secure, affordable financing as an alternative to subprime lenders.

For homeowners whose mortgages are already distressed, FHA makes substantial efforts to keep them in their homes through loss mitigation and foreclosure prevention programs. *FHASecure* provides refinancing to keep families in their homes. The Housing and Economic Recovery Act of 2008 established a \$300 billion Home Ownership Preservation Entity fund for the HOPE for Homeowners program. Through the program, FHA has begun helping distressed homeowners avoid foreclosure by insuring new, refinanced mortgages that have lower, fixed interest rates, terms of 30 years, and principal balances written down to no more than 90 percent of the home's appraised value.

In current market conditions, ensuring that homeownership gains are sustainable has become even more crucial. A primary strategy for addressing the long-standing disparity in mortgage denial rates is to use housing counseling, funded at \$50 million in FY 2008, to help potential homebuyers understand their income eligibility and improve their creditworthiness. Pre- and post-purchase homeownership counseling is targeted to groups who are disadvantaged in their familiarity with the homebuying and financing process, thus reducing disparities.

Also, strong fair housing efforts, reflecting \$50 million of budget authority in FY 2008, are key to eliminating discriminatory barriers to home purchase and finance, and preventing predatory lending.

Data Discussion. The minority homeowner indicator is based on third-quarter calendar year estimates from the Current Population Survey, conducted monthly by the Bureau of Census. This corresponds to the final quarter of the fiscal year. The homeownership gap is based on the same source, but using fiscal year averages of the quarterly estimates to increase reliability for the small subgroups. Current Population Survey data have the advantage of being nationally

representative, reliable, and widely recognized. Gross change estimates of minority homeowners are made using the American Housing Survey.

The denial rate indicator uses Home Mortgage Disclosure Act data, which are collected from lenders on a calendar year basis. Calendar Year 2008 data are not yet available. The mortgage applications counted are conforming loans or loans insured by FHA, Veterans Affairs, or Rural Housing Service and are limited to owner-occupied single family homes purchased in core-based statistical areas. Loan denials at the pre-approval stage are excluded, although new, but incomplete, data suggest that initially denied or unaccepted pre-approvals may account for at least one percent of all loans. Refinance loans and manufactured housing loans are excluded. The data present a generally reliable picture of mortgage denial disparities, although the 18.3 percent denial rate shown for borrowers with missing race or ethnicity data suggests that such borrowers disproportionately are minority households.

FHA/Housing

A.5: The number of FHA single family mortgage endorsements nationwide.

Public Benefit. The number of FHA single family mortgage endorsements nationwide is a key indicator for the Department because it has a profound impact on the overall goal of maintaining and increasing homeownership opportunities for individuals and families everywhere. FHA insurance has become a much more prominent portion of the nation's overall mortgage market with FHA's refinancing efforts for homeowners with unsustainable mortgages increasing markedly during FY 2008. Recent enactment of the FHA Modernization Act of 2008, part of the Housing and Economic Recovery Act of 2008, will modernize FHA single family mortgage insurance activities to better achieve its mission of reducing barriers to homeownership.

The Housing and Economic Recovery Act of 2008 includes a multifaceted approach to dealing with the current mortgage crisis including the FHA Modernization Act of 2008 and the HOPE for Homeowners program. The FHA Modernization Act of 2008 increases FHA's loan limits, eliminates seller-funded down payment assistance, revises the amount of the required down payment for borrowers getting FHA loans, makes condominium projects easier to approve, expands use of reverse mortgages for senior homeowners, and increases access to pre-purchase and post purchase counseling for low and moderate income homeowners. In addition, the new bill establishes the HOPE for Homeowners program that will allow FHA to insure up to \$300 billion in loans for at-risk borrowers who refinance their unaffordable old mortgages into new low-cost, fixed-rate loans insured by the FHA. The new legislation reduces statutory barriers and increases FHA's flexibility to respond to changes in the marketplace. As a result, FHA will be able to reach more prospective homebuyers to provide an alternative to subprime loans with high interest rates and closing costs, as well as expensive repayment penalties, and will help reduce the number of foreclosures.

Background. This is a tracking indicator. FHA insures mortgages issued by private lenders, increasing access to mortgage capital to increase homeownership opportunities. This indicator tracks FHA's contribution to the homeownership rate through the annual volume of FHA-insured single family mortgage loans. It is a key component of the Department's priority outcome of strengthening the national homeownership rate and fulfilling the President and Secretary's commitment to create 5.5 million new minority homeowners by 2010. This indicator has

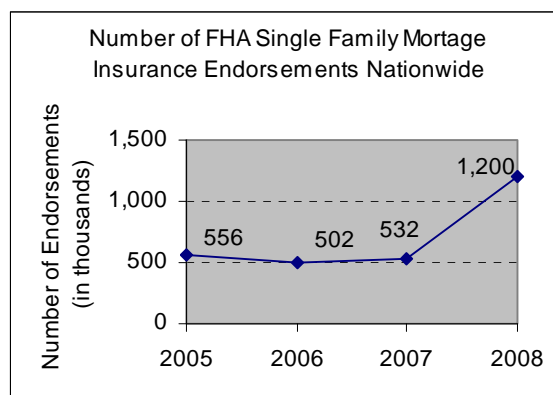
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important implications for first-time and minority homeownership in addition to overall homeownership because a significant proportion of FHA participants are first-time minority homeowners (see indicators A.6 and A.7).

Balancing the importance of reporting this key measure of HUD activity with an appreciation of the substantial role of the market in the final result, the Department decided to continue tracking the number of endorsements but not establish a numeric goal for FY 2008.

Program Website. <http://www.hud.gov/offices/hsg/sfh/hsgsingle.cfm>

Results and Analysis. During FY 2008, FHA endorsed 1,200,111 single family mortgages for insurance. Although no goal had been established for FY 2008, this result represents a vast increase from the level of endorsement activity that took place during FY 2007 (532,494 mortgage insurance endorsements). The increase in single family endorsement levels from FY 2007 to FY 2008 was largely attributable to the collapse of the subprime lending market. Other factors contributing to the increase in FHA endorsement levels include a rise in the number of mortgage re-finance transactions, a continued significant volume of reverse mortgage endorsements, and an overall strong homebuyer acceptance of FHA products.



In FY 2008, the Department and the Congress put in place several actions and programs to deal with the crosscurrents in the mortgage markets and, in particular, the high rates of foreclosure. FHA expanded its refinance program, *FHASecure*, to provide additional assistance for subprime borrowers who are at risk of foreclosure. Since inception in September 2007, *FHASecure* has brought much needed liquidity into the mortgage market by contributing \$62 billion of insurance-in-force. As of September 2008, the program has helped 368,718 homeowners, who are current or past due on their loans, avoid foreclosure. It is expected to assist a total of 500,000 families by December 31, 2008, with more borrowers being eligible for the expanded program.

Resources and Performance Link. FHA and the Office of Single Family Housing administer the 203(b), 234(c), and Home Equity Conversion Mortgage loan products. These programs are self-sustaining and generated sufficient income through operations without requiring any funding through Congressional appropriations for FY 2008. In FY 2008, FHA vastly increased the number of endorsements from the previous fiscal year, reversing a trend that had seen endorsement totals decrease in previous years. This trend is likely to continue.

Data Discussion. Data for this indicator are drawn from FHA's Single Family Data Warehouse, based on the Computerized Homes Underwriting Management System (CHUMS). There are no data deficiencies affecting this measure. Direct-endorsement lenders enter FHA data into the Computerized Homes Underwriting Management System with monitoring by FHA.

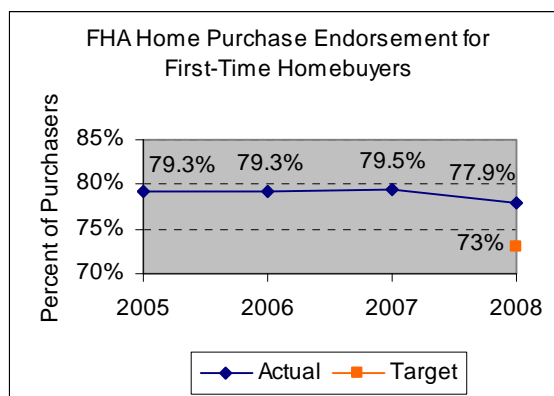
A.6: The share of first-time homebuyers among FHA home purchase endorsements is 73 percent.

Public Benefit. FHA insurance enables the private mortgage market to provide financing for first-time homebuyers as well as for minority and lower income buyers. In the past 10 years, FHA has endorsed more than 9.4 million mortgages for insurance. HUD will help achieve the outcome of strengthening the overall homeownership rate, as well as reducing the homeownership gap between whites and minorities, by maximizing FHA endorsements for first-time homebuyers.

Background. FHA is a major source of mortgage financing for first-time buyers as well as for minority and lower income buyers. To help increase the number of families able to secure financing for their first home, FHA established a target of 73 percent for its Homeownership Centers for single family home purchase mortgage endorsements to first-time homebuyers. This indicator tracks the share of first-time homebuyers among FHA endorsements for home purchases – thus excluding loans made for home improvements.

Program Website. <http://www.hud.gov/offices/hsg/sfh/hsgsingle.cfm>

Results and Analysis. In FY 2008, 77.9 percent of FHA-insured single family home purchase mortgages were to first-time homebuyers, compared with the target of 73 percent and the 79.5 percent achieved in FY 2007. This comparable level of home purchase mortgages endorsed to first-time homebuyers for FY 2008 (77.9 percent) may be attributable to FHA’s continued commitment to reaching first-time homebuyers. FHA will continue to concentrate business efforts towards first-time homebuyers, enabling FHA to meet this goal.



In FY 2008, the Congress enacted the Housing and Economic Recovery Act of 2008 that includes the FHA Modernization Act of 2008 that will make affordable financing available to more households. Key provisions of the FHA Modernization Act of 2008 include an increase in FHA loan limits, elimination of seller-funded down payment assistance, revision in the amount of required down payment for borrowers getting FHA loans, simplified requirements for condominium loans, expanded use of reverse mortgages for senior homeowners, and increased access to pre- and post-purchase counseling for low- and moderate-income homeowners. This new legislation reduces statutory barriers and increases FHA’s flexibility to respond to changes in the marketplace. As a result, FHA will be able to reach more prospective homebuyers to provide an alternative to subprime loans with high interest rates and closing costs, as well as expensive repayment penalties.

Resources and Performance Link. In FY 2008, the share of endorsements to first-time homebuyers was comparable to those achieved in previous years. This is indicative of HUD’s commitment to assist people towards achieving the dream of homeownership. The FHA insurance programs are measured in terms of insurance-in-force rather than program budget

authority. In FY 2008, the Mutual Mortgage Insurance Fund endorsed approximately \$171.8 billion of mortgages.

Data Discussion. Data for this performance indicator are drawn from FHA's Single Family Data Warehouse, based on the Computerized Homes Underwriting Management System. FHA data on first-time buyers are more accurate than estimates of first-time buyers in the conventional market. FHA data are entered by direct endorsement lenders with monitoring by FHA.

A.7: The share of first-time minority homebuyers among FHA first-time home purchase endorsements is 33 percent.

Public Benefit. This indicator directly supports the President and Secretary's commitment to add 5.5 million minority homebuyers by 2010. An important component of the long-term success of this goal is to maintain first-time minority homebuyers as a substantial proportion of FHA's mortgage insurance business. In FY 2008, the Congress enacted the Housing and Economic Recovery Act of 2008 that provides for FHA modernization and HOPE for Homeowners program, among other key provisions, that will make affordable financing available to more households and allow FHA to insure up to \$300 billion in loans for at-risk borrowers who refinance their unaffordable old mortgages into new low-cost, fixed-rate loans insured by the FHA.

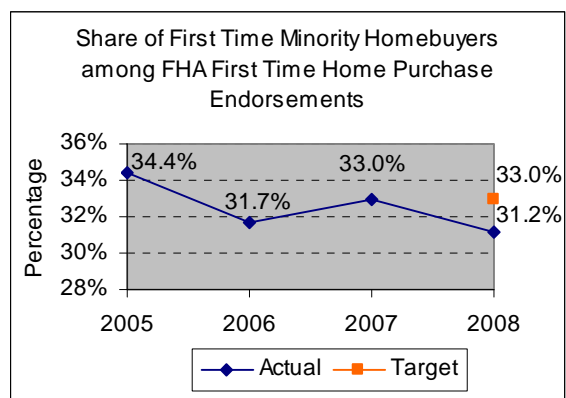
Background. Despite the stressful market conditions during FY 2008, HUD's programs continued to play a significant supporting role. Minority households represented 31.2 percent of FHA-insured, first-time homebuyers in FY 2008. The decrease in minority homeownership reflects the generalized decrease in homeownership during challenging market conditions, particularly in the subprime and Alt-A portions of the housing market. HUD's strategies to increase minority homeownership include continued outreach and marketing efforts and full implementation of the HOPE for Homeowners legislation enacted on July 30, 2008. Homeownership counseling is also critical in improving homeownership readiness and sustainability.

Program Website. <http://www.hud.gov/offices/hsg/sfh/hsgsingle.cfm>

Results and Analysis. During FY 2008, 31.2 percent of FHA endorsed loans were to first-time minority homebuyers. This result falls short of meeting the established goal of 33 percent for FY 2008 and 33 percent of first-time minority endorsements achieved in FY 2007.

Reasons for Shortfall / Plans and Schedule to Meet the Goal. Despite unfavorable market conditions, FHA made substantial progress toward meeting its 33 percent goal. Barriers affecting the successful completion of this goal primarily lie outside of the control of HUD.

During the first half of FY 2008, first-time minority homebuyers opted for subprime and non-conventional loan products. The proliferation of non-traditional loan products provided prospective homebuyers with a variety of products that appeared attractive on the surface, but contained features detrimental to the long-term financial health of the homebuyer. Conversely,



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the second half of the fiscal year, many potential homebuyers realized the uncertainty and danger of certain subprime products, ultimately leading to the collapse of the non-prime market and the beginning of an overall real estate market downturn. By implementing key provisions of recently enacted legislation, FHA will be able to reach more prospective homebuyers and recapture this portion of the first-time minority market lost to subprime loans. In addition, FHA aims to increase its first-time minority endorsements through continued outreach and marketing efforts to effectively meet the President's goal of increasing minority homeownership.

Since FY 2001, FHA has seen first-time minority endorsements decrease from 39.7 percent to 31.2 percent in FY 2008. Changes in macroeconomic conditions, as well as turmoil in the subprime market, made homeownership less affordable and stable for new purchasers and began to force an increased number of defaults among recent purchasers with adjustable rate and other specialty mortgages. In addition, tightening credit markets served to limit the number of new homebuyers approved for mortgages.

In FY 2008, the Department and the Congress put in place several actions and programs to deal with the crosscurrents in the mortgage markets and in particular the high rates of foreclosure.

The Congress enacted the Housing and Economic Recovery Act of 2008 that provides for a multifaceted approach to dealing with the current mortgage crisis including the FHA Modernization Act of 2008 and the HOPE for Homeowners program. The FHA Modernization Act of 2008 increases FHA's loan limits, eliminates seller-funded down payment assistance, revises the amount of required down payment for borrowers getting FHA loans, makes condominium projects easier to approve, expands use of reverse mortgages for senior homeowners, and increases access to pre-purchase and post-purchase counseling for low- and moderate-income homeowners. In addition, the new bill establishes the HOPE for Homeowners program that will allow FHA to insure up to \$300 billion in loans for at-risk borrowers who refinance their unaffordable old mortgages into new low-cost, fixed-rate loans insured by the FHA. The new legislation reduces statutory barriers and increases FHA's flexibility to respond to changes in the marketplace. As a result, FHA will be able to reach more prospective homebuyers to provide an alternative to subprime loans with high interest rates and closing costs, as well as expensive repayment penalties.

Resources and Performance Link. FHA and the Office of Single Family Housing administer the 203(b), 234(c), and Home Equity Conversion Mortgage loan products. These programs are self-sustaining and generated sufficient income through operations without requiring any funding through Congressional appropriations for FY 2008. The share of mortgage insurance for minority homeowners was 31.2 percent, or \$53.6 billion, of \$171.8 billion, a very significant amount of financial resources. This effort will be significantly augmented by the use of up to \$300 billion in available resources from the newly enacted HOPE for Homeowners program. The decrease in minority homeownership in FY 2008 reflects the generalized decrease in homeownership during challenging market conditions. Results of this indicator are beyond the control of HUD. The FY 2008 goal was to remain on pace in adding minority homebuyers through the end of the fiscal year, while also minimizing attrition of existing minority homeowners during stressful market conditions. HUD is continuing with its major programmatic efforts to ensure that homeownership gains are sustainable, including FHA's housing counseling program, funded at \$50 million in FY 2008, and FHA's loss mitigation and foreclosure prevention programs.

Data Discussion. The data source for this performance indicator originates in the Computerized Homes Underwriting Management System, based on data submitted by direct-endorsement lenders, and for convenience is reported from FHA's Single Family Housing Enterprise Data Warehouse. The data are judged to be reliable for this measure. FHA data are entered by direct-endorsement lenders with monitoring by FHA.

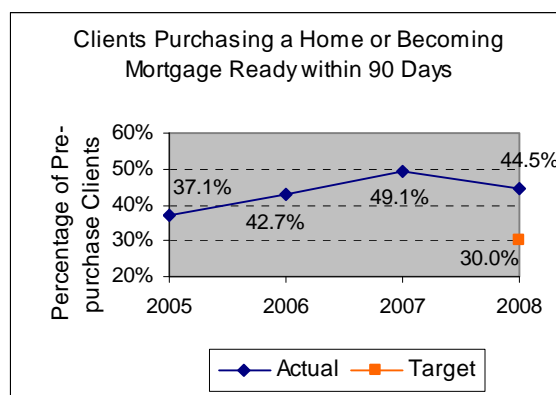
A.8: At least 30 percent of clients receiving pre-purchase counseling will purchase a home or become mortgage-ready within 90 days.

Public Benefit. Clients tracked through this indicator include those receiving housing counseling for pre-purchase reasons, including clients who are preparing to purchase a home or working to become mortgage-ready. A home purchase has the potential to be a very positive outcome for households, especially those that make wise decisions, as a result of counseling, regarding the purchase and mortgage financing. The FY 2008 goal is to ensure that at least 30 percent of clients receiving pre-purchase counseling achieve the outcome goal of purchasing a home or becoming mortgage-ready within 90 days.

Background. The Department continues to emphasize the critical role of counseling in the home buying process. Counselors assist homebuyers in an objective manner, honestly evaluating clients' readiness for homeownership. Counselors help clients learn about different loan features and products, comparing their costs and benefits. Counseling helps homebuyers make smarter decisions regarding home purchase and financing and helps clients to escape the high interest rates, hidden costs, prepayment penalties and other often predatory practices currently putting many Americans on a collision course with financial disaster. Many of the homeowners currently experiencing problems with exotic and subprime loans were simply unaware of less expensive and safer options, such as FHA, for which they could qualify.

Program Website. www.fha.gov/sf/counseling/index.cfm

Results and Analysis. Although final results are not yet available, reported results from the first three quarters of FY 2008 exceed the target and indicate that 44.5 percent, or 67,755 clients out of the 152,384 completing pre-purchase counseling from HUD-approved agencies, and for whom an outcome is known, purchased a home or became mortgage-ready within 90 days. The FY 2008 third quarter result of 44.5 percent of clients receiving pre-purchase counseling would exceed the FY 2008 goal of 30 percent. With increased training and outreach and continuous efforts to improve efficiency and effectiveness, there is no reason to anticipate a decrease in program performance in FY 2008 fourth quarter reporting. The final housing counseling activity data needed to report on this measure will become available early in FY 2009. HUD-approved housing counseling agencies are given 90 days following the end of a fiscal year to report the results of counseling activity for that fiscal year and to submit requests to HUD for reimbursement for counseling services provided.



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Resources and Performance Link. Funding in FY 2008 of \$50 million was provided to housing counseling agencies to provide counseling and counselor training services. FHA and the Office of Single Family Housing support housing counseling agencies throughout the country that provide advice on buying a home, renting, defaults, foreclosures, credit issues, and reverse mortgages to clients at a low or minimal cost. As evidenced by the problems in the subprime market and record-setting defaults and foreclosures, the housing market is as complex and dynamic as ever. More than ever, people need housing counseling services to have a trusted counselor that they can approach with housing-related questions and prepare themselves for the responsibilities of homeownership. Additional funding is needed to support pre-purchase counseling, particularly since supplemental appropriations this past year have focused specifically on default counseling. Without a significant investment in pre-purchase counseling, the demand for default counseling will continue to be high. Millions of households need to be assisted at the front-end so that they make smarter decisions regarding home purchase and financing in order to be able to meet the responsibilities of homeownership.

Data Discussion. HUD collects data on clients receiving pre-purchase counseling through the Housing Counseling System (HCS – F11). The data include the total number of clients, the type of counseling they received, and the results or outcomes of the counseling. An independent assessment in 2005 showed that the Housing Counseling System performance indicator data passed 6-sigma quality tests for validity, completeness, and consistency. A limitation of the data collection instrument is that it does not differentiate the level of counseling given to each client. The quality and level of counseling may vary significantly. It is also one-year, aggregate data, making it difficult to analyze the impact of counseling. To improve the quality of housing counseling information that is used by HUD, the Department is implementing a new automated data collection instrument that will enable it to collect client-level data beginning in FY 2009.

A.9: Minority clients are at least 50 percent of total clients receiving housing counseling in FY 2008.

Public Benefit. Clients tracked through this indicator include those receiving housing counseling in FY 2008. The FY 2008 goal is to ensure that at least 50 percent of clients receiving housing counseling are minorities. Clients tracked through this indicator include those receiving various forms of housing counseling from homebuyer education, pre-purchase, and loss mitigation/default counseling to rental, fair housing, and homeless counseling.

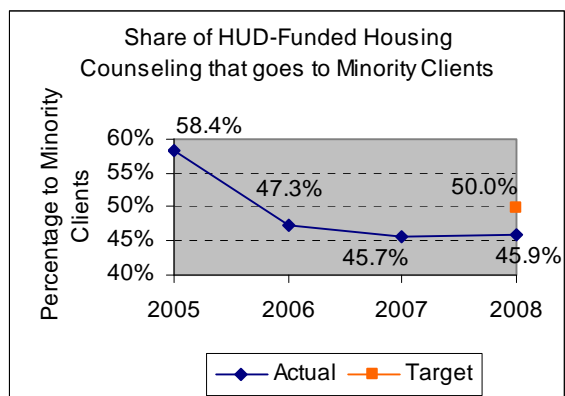
Housing counseling assistance program is an integral part of achieving the outcome of helping to increase the minority homeownership rate. It supports the President and Secretary's commitment to add 5.5 million homebuyers by 2010. The program is also critical in order to combat predatory, unscrupulous lenders, and other industry representatives that target minority communities and communities with limited English proficiency, and minimize the likelihood that these communities are disproportionately affected by defaults and foreclosures, and increase the likelihood that homeownership can help effectively build wealth and improve financial situations.

Background. In order to increase targeted outreach to minority communities, the program gives additional incentive to this activity in the application for grant funding, the Housing Counseling Notice of Funding Availability (NOFA). The program is also proactively working to reach out and approve local housing counseling agencies and intermediaries that specifically target their services to minority and under-served communities.

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Program Website. www.fha.gov/sf/counseling/index.cfm

Results and Analysis. HUD does not expect to meet this goal, although final results for clients counseled in FY 2008 could not be fully assessed by the date of this publication. Reported results through the FY 2008, third quarter indicate that 397,144 of the 864,886 households receiving housing counseling to be minorities. This FY 2008 third quarter result of 45.9 percent indicates that the established FY 2008 minimum goal of 50 percent will not be achieved. By comparison, reporting results from the first three quarters of fiscal year 2007 indicate that 45.7 percent, or 483,252, of the 1,056,872 clients receiving counseling and education from agencies participating in HUD's Housing Counseling Program were minorities. Final housing counseling data will become available early in FY 2009. HUD-approved counseling agencies are given 90 days after the end of their fiscal year to report the results of counseling activity for that fiscal year and to submit requests to HUD for reimbursement for counseling services provided.



Resources and Performance Link. FHA and the Office of Single Family Housing support housing counseling agencies throughout the country that provide advice on buying a home, renting, defaults, foreclosures, credit issues, and reverse mortgages to clients at a low or minimal cost. Funding in FY 2008 of \$50 million was provided to housing counseling agencies to provide counseling and counseling training services. This is an increase of \$8.3 million, or 19.9 percent, since FY 2005. In the wake of the subprime market collapse and record-setting defaults and foreclosures, more than ever before, minority communities need critical housing counseling services. Additional funding is needed to support targeted outreach to minority and underserved communities.

Reason for Shortfall / Plans and Schedule to Meet this Goal. HUD's inability to meet this goal is due to reasons beyond HUD's control. HUD can do little to influence who will actually seek housing counseling services. However, housing counseling is readily available for anyone who desires to receive it. Additionally, in order to increase targeted outreach to minority communities, the program includes incentives for this activity in the application for grant funding, the Housing Counseling Notice of Funding Availability (NOFA). The program is also proactively working to reach out and approve local housing counseling agencies and intermediaries that specifically target their services to minority and under-served communities.

Data Discussion. The data source for this performance indicator is the Housing Counseling System (HCS –F11) based on information submitted through Housing Counseling Agency Fiscal Year Activity Reports (Form HUD-9902). The data include total number of clients, the type of counseling received, and the results of the counseling. An independent assessment in 2005 showed that the Housing Counseling System performance indicator data passed six-sigma quality tests for validity, completeness, and consistency. A limitation of the data for this indicator is that it is difficult for counselors to collect demographic data from individuals participating in group education sessions. The lack of confidentiality and privacy discourages

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many responses. HUD is working with counselors to encourage them to discreetly collect this information, in an effort to improve reporting rates.

A.10: More than 80 percent of total mortgagors that complete counseling for resolving or preventing mortgage delinquency will successfully avoid foreclosure.

Public Benefit. The FY 2008 performance goal is to ensure that more than 80 percent of total mortgagors seeking help with resolving or preventing mortgage delinquency, and complete counseling, successfully avoid foreclosure. Clients tracked through this indicator include homeowners with mortgages who are at risk of default or that have already defaulted, and are seeking assistance in order to remain in their home and meet the responsibilities of homeownership.

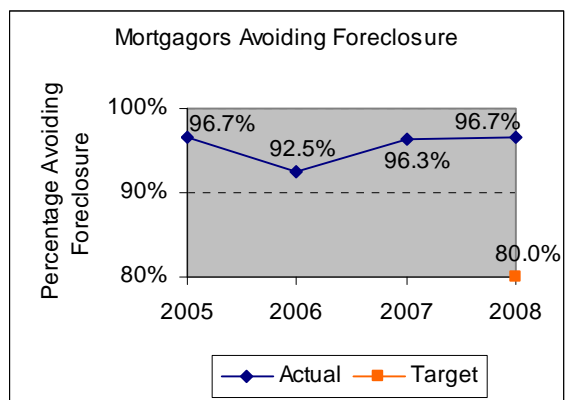
Default and foreclosure is occurring nationwide at record rates. Housing counseling is one of the most cost-effective ways to assist individuals in default and foreclosure, and helps them avoid default and foreclosure in the first place. Counselors have the skills and expertise to make available to affected households aggressive loss mitigation, lender advocacy, and other tools and strategies to help them modify their loans, refinance, or otherwise escape foreclosure. Moreover, by limiting foreclosure, default counseling is a cost-effective way to reduce HUD's exposure to risk while contributing to the growth and stability of families and communities across the country.

Background. This target was revised in the FY 2008 APP, Appendix A, to incorporate a new methodology for calculating fiscal year performance. Under the new methodology, clients whose outcome is counted as "currently receiving counseling" are now excluded from the calculation since counseling has not concluded and their outcome is still unknown. Removing these cases, and focusing only on those for whom counseling has been completed, and results known, will provide more accurate results on the success of the clients in preventing mortgage delinquency. Moreover, default counseling is increasingly important when targeted towards areas with higher unemployment or markets experiencing rapid home price escalation. Through the first three quarters of FY 2008, default counseling represented 31 percent of the total activity by counseling agencies. By comparison, through the first three quarters of FY 2007, default counseling represented 15 percent of the total activity by counseling agencies.

Program Website.

www.fha.gov/sf/counseling/index.cfm

Results and Analysis. HUD expects to exceed this goal. Reported results from FY 2008, third quarter, indicate that 96.7 percent of total mortgagors seeking help with resolving or preventing mortgage delinquency have successfully avoided foreclosure. Specifically, 172,822 out of the 178,704 mortgagors completing default counseling, for which an outcome is known, successfully avoided foreclosure. These results indicate that HUD is trending ahead of the target to reach the FY 2008 goal of 80 percent. By comparison, reporting



results from the first three quarters of fiscal year 2007 indicated that 96.3 percent, or 82,652 out of 85,823 mortgagors completing default counseling, and for whom an outcome is known, successfully avoided foreclosure. Final results for clients counseled in FY 2008 could not be fully assessed by the date of this publication. HUD approved counseling agencies are given 90 days after the end of their fiscal year to report the results of counseling activity for that fiscal year and to submit requests to HUD for reimbursement for counseling services provided.

Resources and Performance Link. FHA and the Office of Single Family Housing support housing counseling agencies throughout the country. Funding in FY 2008 of \$50 million was provided to housing counseling agencies to provide counseling and counseling training services. In the wake of the subprime market collapse and record setting foreclosures, counseling services are more critical than they have ever been. Millions of households need assistance resolving delinquency and avoiding foreclosure. Millions more need to be assisted at the front-end so that they make smarter decisions regarding home purchase and financing in order to be able to meet the responsibilities of homeownership.

Data Discussion. The data source for this performance indicator is the Housing Counseling System (HCS –F11) based on information submitted through Housing Counseling Agency Fiscal Year Activity Reports (Form HUD-9902). The data include total number of clients, the type of counseling received, and the results of the counseling. An independent assessment in 2005 showed that the Housing Counseling System performance indicator data passed six-sigma quality tests for validity, completeness, and consistency. One limitation of the data is that mortgagors can, and often do, go in and out of default. Consequently, a mortgagor whose counseling outcome was recorded as “reinstated” in a given year could actually result in “foreclosure” in another year. It is also one-year, aggregate data, making it difficult to analyze the impact of counseling. In an effort to further improve its ability to collect detailed information about the families and individuals seeking help with resolving or preventing mortgage delinquency, among other data, the Department will implement an automated data collection instrument that will enable it to collect client-level information beginning in FY 2009.

A.11: The share of FHA real estate owned (REO) properties that are sold to owner-occupants is 45 percent.

Public Benefit. This indicator measures the number of FHA real estate owned properties that are sold to owner-occupant purchasers. Real estate owned properties are homes acquired by HUD as a result of mortgage foreclosures and insurance claim conveyance payments made to lenders. The real estate owned properties held in HUD’s inventory are Departmental assets and provide a resource for increasing the availability of affordable homes to potential homebuyers. This indicator is a measure of the Department’s success in achieving the outcomes of expanding homeownership opportunities and helping stabilize neighborhoods.

Background. HUD intends to increase sales of its real estate owned homes directly to families who will occupy them rather than to investors. The FY 2008 goal was to ensure that 45 percent of FHA real estate owned property sales are to owner-occupants.

Program Website. www.hud.gov/offices/hsg/sfh/hsgsingle.cfm

Results and Analysis. The FY 2008 result of 50.1 percent (23,185 of 46,308) of FHA real estate owned single family properties sold to owner-occupants exceeded the goal of 45 percent.

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In addition, of the real estate owned single family properties that were sold that met FHA appraisal standards, 84.3 percent were sold to owner-occupants.

Resources and Performance Link. The goal was revised in FY 2008; therefore, historical data is not available.

This indicator will no longer be reported in the FY 2008 Annual Performance Plan in its current form. It has been revised to reflect the original, broader Annual Performance Plan reporting which encompasses all real estate owned properties sold to owner-occupants, regardless of whether the dwelling is identified as “insurable” or “uninsurable” on the FHA appraisal. This inclusion is important because many “uninsurable” properties sold are to owner occupants who use other rehab products or FHA’s 203(k) rehab program to rehabilitate them. The established target reflects current market trends. The title of the revised indicator is, “A.11: The share of FHA real estate owned (REO) properties that are sold to owner-occupants is 45 percent.”

Data Discussion. The data for this indicator are from FHA’s Single Family Acquired Asset Management System. The data is used as a part of the overall monitoring of FHA’s portfolio and as a component of the internal controls of FHA. HUD regulations require that properties be sold as-is without repairs.

A.12: HUD will continue to monitor and enforce Fannie Mae’s and Freddie Mac’s performance in meeting or surpassing HUD-defined targets for low- and moderate-income mortgage purchases. (HUD responsibility ended during FY 2008.)

The Department will no longer be reporting on Fannie Mae and Freddie Mac’s performance. Pursuant to the Housing and Economic Recovery Act of 2008, which became law on July 30, 2008, HUD’s regulatory responsibilities over Fannie Mae and Freddie Mac (government sponsored enterprises) have transferred to a new regulator, the Federal Housing Finance Agency, effective immediately. This means, among other things, that the Federal Housing Finance Agency assumed responsibility for the affordable housing goals.

Prior to the Housing and Economic Recovery Act of 2008, the Secretary of HUD was the mission regulator for the government sponsored enterprises, with oversight authority to ensure that both government sponsored enterprises complied with the public purposes set forth in their charters. HUD had general regulatory authority for oversight responsibilities, which included establishing housing goals; monitoring and enforcing compliance with housing goals; new program approval; collecting loan-level data from the government sponsored enterprises on their mortgage purchase activities; making available to the public a database on non-proprietary government sponsored enterprise loan purchase data; and ensuring government sponsored enterprises compliance with fair lending requirements. An independent office of HUD, the Office of Federal Housing Enterprise Oversight regulated the government sponsored enterprises for safety and soundness by ensuring that they were adequately capitalized and operating their businesses in a financially sound manner.

With the exception of fair lending oversight, which remains at HUD, HUD’s mission oversight responsibilities, as well as the Office of Federal Housing Enterprise Oversight’s safety and soundness responsibilities, have been transferred to the Federal Housing Finance Agency.

Additional information regarding the role and function of the Federal Housing Finance Agency will be available on its website, currently in development.

A.13: HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined targets for mortgages financing special affordable housing. (HUD responsibility ended during FY 2008.)

The Department will no longer be reporting on Fannie Mae and Freddie Mac's performance. Pursuant to the Housing and Economic Recovery Act of 2008, which became law on July 30, 2008, HUD's regulatory responsibilities over Fannie Mae and Freddie Mac (government sponsored enterprises) have transferred to a new regulator, the Federal Housing Finance Agency, effective immediately. This means, among other things, that the Federal Housing Finance Agency assumed responsibility for the affordable housing goals.

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A.14: Respond to 3,000 inquiries and complaints from consumers and industry regarding the Real Estate Settlement Procedures Act and the home buying and mortgage loan process.

Public Benefit. The Department's responses to the inquiries and complaints received are a measure of its public assistance and enforcement activities. This is a major consumer protection activity that protects citizens in financial transactions involving billions of dollars annually.

Background. The Real Estate Settlement Procedures Act (RESPA) is a consumer protection statute enforced by HUD. This Act helps consumers be better shoppers in the home buying and mortgage loan process by requiring that consumers receive disclosures at various times in the transactions and by prohibiting practices, such as paying kickbacks, that increase the cost of settlement services. The Act also provides consumers with protections relating to the servicing of their loans, including proper escrow account management. The Department currently receives inquiries and complaints from consumers, industry, and other state and federal regulatory

SECTION 2: PERFORMANCE SECTION
GOAL A: INCREASE HOMEOWNERSHIP OPPORTUNITIES

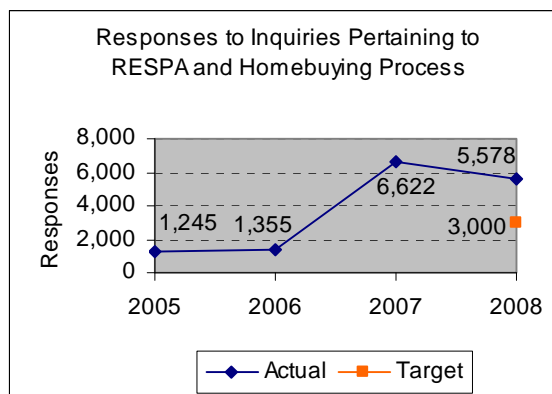
agencies by mail, telephone, and e-mail. The FY 2008 goal was to respond to 3,000 of these inquiries and complaints.

Program Website. <http://www.hud.gov/respa>

Results and Analysis. The Office of Real Estate Settlement Procedures Act and Interstate Land Sales exceeded its goal by responding to 5,578 inquiries and complaints during FY 2008. This number exceeds the goal by 85 percent.

HUD's Office of Real Estate Settlement Procedures Act and Interstate Land Sales tracks responses to inquiries and complaints regarding the home buying, home financing, and settlement process, as well as inquiries from industry, state, and federal regulators regarding practices that may violate the Act. The office anticipated that

by increasing public awareness of enforcement, an increasing number of consumers, industry, and other regulatory agencies would file complaints alleging violations of the Act. This increased public awareness has helped bring additional violations of the Act to the attention of the Department and enabled the Department to provide greater assistance to the public, particularly consumers.



Resources and Performance Link. The Office of Real Estate Settlement Procedures Act and Interstate Land Sales exceeded its goal of 3,000, by responding to 5,578 complaints and inquiries regarding the homebuying and mortgage process. These included questions and complaints from industry, consumer, state, and federal regulators regarding practices that violate RESPA.

Data discussion. The data are compiled from the Office of Real Estate Settlement Procedures Act's Case Management System, which maintains an electronic record of complaints and telephone calls received by the Office. In addition, e-mail responses are maintained in Lotus Notes via the Real Estate Settlement Procedures Act email box. Management reviews this tracking system and e-mail on an ongoing basis.

A.15: FHA ensures that the percentage of at-risk loans that substantively comply with FHA program requirements is at least 85 percent.

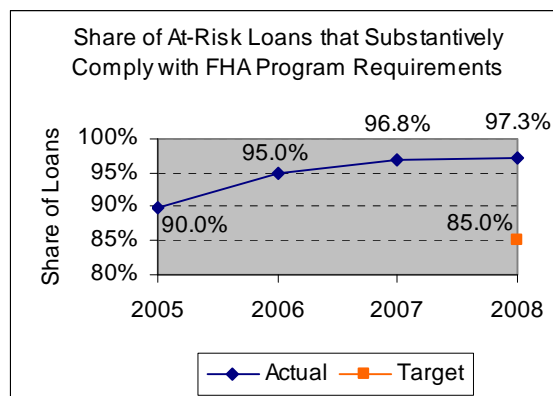
Public Benefit. This indicator tracks efforts to reduce non-compliance with FHA program requirements relative to the number of insured single family loans reviewed that have material findings. A material finding is defined as a failure to adhere to FHA program requirements pertaining to the origination and/or servicing of mortgage loans that result in the indemnification of the loan. Lenders are reviewed on the basis of a target methodology that focuses on high early default and claim rates in addition to other risk factors. Loans that are originated by the lenders are reviewed and then evaluated for material findings. This indicator supports HUD's Strategic Goal to reduce predatory lending through reform, education, and enforcement.

Background. Quality Assurance Division (QAD) reviews of FHA-approved lenders provide the means of data collection for this performance measure. FHA tracks performance under this indicator as a ratio of at-risk loans reviewed as the denominator and at-risk loans reviewed

without material findings as the numerator. The program goal is to have a compliance ratio that is at least 85 percent.

Program Website. www.hud.gov/offices/hsg/sfh/hsgsingle.cfm

Results and Analysis. Of the 15,400 at-risk loans reviewed in FY 2008, 14,987 or 97.3 percent were determined to have no material findings, far exceeding the program goal of 85 percent. This compares favorably to the 12,813 reviews on loans originated by FHA-approved lenders in FY 2007, when 12,406, or 96.8 percent, were determined to have no material findings. These outcomes show that focusing monitoring efforts on those lenders that are high and moderate risks allows FHA to identify and develop remedies for consistent patterns of risk and material violations to program requirements. More effective remedies to program violations mean that FHA's insurance funds remain fiscally sound and in a position to help current homeowners and prospective homebuyers.



Resources and Performance Link. FHA, through its Office of Single Family Housing, administers the 203(b), 234(c), and Home Equity Conversion Mortgage loan products. These programs are self-sustaining and generated sufficient income through operations without requiring any funding through Congressional appropriations for FY 2008. In FY 2008, the Mutual Mortgage Insurance Fund endorsed approximately \$171.8 billion of mortgages. The trend for the review of FHA mortgage lenders to ensure accountability and transparency of their lending practices continued to exceed the percentage goal. FHA's monitoring and oversight efforts continue to reduce the incidence of non-compliance among FHA-approved lenders by uncovering and correcting material violations to FHA program requirements. These efforts in turn keep FHA's insurance funds fiscally sound and allow FHA to serve more people.

Data Discussion. Loan review and findings data are drawn from the Approval Recertification Review Tracking System (ARRTS/F51A). Data are generated independently and entered into this system by Quality Assurance Division monitors operating throughout the country, with secondary review and verification by FHA Homeownership Centers. Quality Assurance Division functions and data are included in the annual FHA Financial Statements audit. An independent assessment in FY 2005 showed that ARRTS data for this performance indicator passed four-sigma quality tests for validity, completeness, and consistency.

A.16: Loss mitigation claims are 55 percent of the total claims on FHA-insured single family mortgages.

Public Benefit. This indicator measures the success of FHA loan servicers in implementing statutorily required loss mitigation techniques when borrowers default on their FHA mortgages. A borrower can resolve a default (90-day delinquency) in several ways short of foreclosure. A borrower may do so, for example, by paying down the delinquency (cure), by a pre-foreclosure sale with FHA paying an insurance claim in the amount of the shortfall, or by surrendering a deed in lieu of foreclosure. Improved loss mitigation efforts, such as enhanced borrower

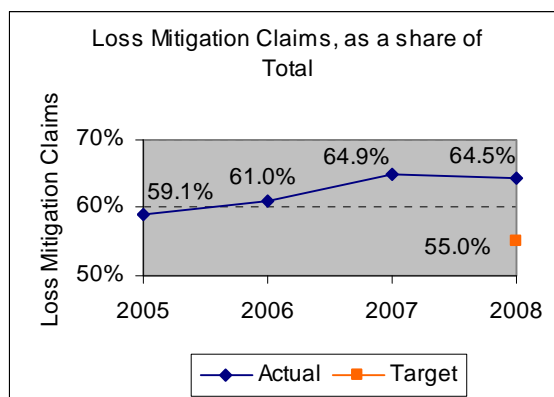
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counseling, help borrowers keep their current homes or permit them to buy another home sooner. For these reasons, HUD will help increase the overall homeownership rate by achieving this goal.

Background. Avoidance of foreclosure reduces FHA's insurance losses, making FHA more financially sound and enabling it to assist more borrowers. This goal seeks alternative actions to foreclosures in the event of borrower default on a loan. Reductions in foreclosure claim expenses are a key component of departmental budget estimates for FY 2008. The FY 2008 goal is to ensure that at least 55 percent of claims are resolved through loss mitigation.

Program Website. www.hud.gov/offices/hsg/sfh/hsgsingle.cfm

Results and Analysis. In FY 2008, 64.5 percent (101,167 out of 156,867) of FHA mortgage defaults were resolved through loss mitigation alternatives to foreclosure, exceeding the goal of 55 percent and is in close proximity with the performance level of 64.9 percent achieved in FY 2007. This performance level represents a continuation of increased success. Loss mitigation does not always permanently stabilize many borrowers' financial status. This reduction in foreclosure claim expense is a key component of Departmental budget estimates for FY 2008.



Our programmatic objective is to sustain the high level of participation in loss mitigation even as the Office of Housing tightens programmatic requirements designed to increase the ultimate success rate of loss mitigation in helping borrowers avoid foreclosure.

Resources and Performance Link. FHA and the Office of Single Family Housing track this goal without a direct appropriation from Congress. The net benefit of \$235.98 million paid in home retention claims in FY 2008 equates to \$3.22 billion in loss avoidance for the FHA insurance funds. Loss mitigation tools seek the best alternative for the homeowner to prevent foreclosure on the property. Loss mitigation techniques limit losses to the FHA fund which, in turn, enables FHA to assist additional people. Default rates for mortgage loans continued to rise due to rising interest rates and slowing housing market. During FY 2008, FHA continued the trend to increase the proportion of mortgagors with troubled mortgages who were able to resolve their mortgage defaults, rather than going through foreclosure. Through techniques such as home retention tools, pre-foreclosure sales, deeds-in-lieu, and housing counseling services, more defaults were resolved and fewer homeowners lost their homes.

Data Discussion. The data originate in the Single Family Insurance, CLAIMS subsystem (CLAIMS/A43C), and for convenience are reported from FHA's Single Family Enterprise Data Warehouse, Loss Mitigation table. The resolutions that are counted as loss mitigation are: forbearance agreements, loan modifications, partial claims, pre-foreclosure sales, and deeds-in-lieu of foreclosure. Total claims comprise loss mitigation claims plus conveyance claims. No data limitations are known to affect this indicator. FHA data are entered by the loan servicers with monitoring by FHA. The results reported for this performance indicator are consistent with those reported in the FHA Management Report for FY 2008. FHA now collects

30- and 60-day default data, which provides better information about typical default patterns and insight towards improving loss mitigation efforts.

Ginnie Mae

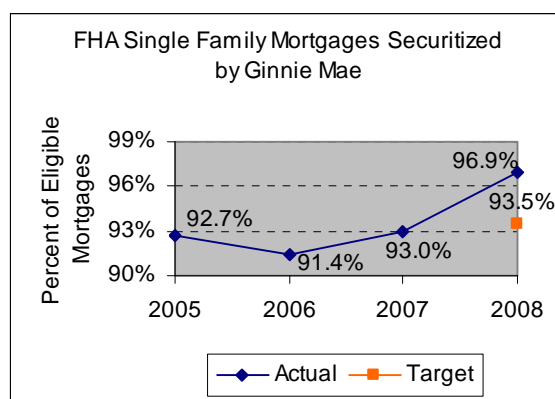
A.17: Ginnie Mae securitizes at least 93.5 percent of eligible single family, fixed-rate FHA loans.

Public Benefit. This indicator measures Ginnie Mae’s share of the residential mortgage loans insured or guaranteed by the Federal Housing Administration (FHA). As articulated in Title III of the National Housing Act, Ginnie Mae’s purpose is “to establish secondary market facilities for residential mortgages, to provide that the operations thereof shall be financed by private capital to the maximum extent feasible”, and to conduct certain other secondary market functions consistent with this purpose. Ginnie Mae was authorized to guarantee securities backed by government guaranteed or insured loans when it was established as a government corporation on September 1, 1968. Ginnie Mae securitization increases the capital available in the mortgage market and decreases the cost of said capital.

Background. Ginnie Mae continues to address the specific need of promoting liquidity and the flow of investment capital for FHA mortgages. The total amount of Ginnie Mae securities outstanding have increased every month since early 2008 to approximately \$30 billion a month. At the end of FY 2008, the amount of Ginnie Mae securities outstanding was approximately \$576.8 billion, of which single family program securities were \$536.2 billion and \$1.1 billion in Home Equity Conversion Mortgages. Since 1970, when it pioneered the mortgage-backed pass-through security (MBS), Ginnie Mae has guaranteed over approximately \$2.9 trillion in securities.

Program Website. <http://www.ginniemae.gov>

Results and Analysis. The target of 93.5 percent was met. As of the end of FY 2008, Ginnie Mae securitized 96.9 percent of eligible single family, fixed-rate FHA loans. This result is an increase of 3.9 percentage points over last year’s result of 93 percent. Single family securities outstanding increased from \$389.1 billion in FY 2007 to \$536.2 billion in FY 2008. Ginnie Mae’s share of the Mortgage-Backed Securities Market since the financial crisis has increased to approximately 30 percent from 4 percent.



Ginnie Mae was able to meet its goal by guaranteeing securities that provide the best execution from a pricing standpoint. Also important was Ginnie Mae’s continued success in reducing issuers’ back-end processing costs and improving security disclosures. The Department anticipates that it will also meet the FY 2009 target of 94 percent.

Resources and Performance Link. Commitment Authority is used by Ginnie Mae to guarantee securities backed by government-guaranteed or insured loans. In FY 2008, Ginnie Mae

commitment authority was \$200 billion in new commitment authority and \$200 billion commitment authority carried forward from FY 2007. In FY 2008, Ginnie Mae approved a total of \$258.3 billion in commitment authority and issued a total of \$220.6 billion in securities. Of the \$258.3 billion in commitment authority approved, \$254.1 billion was single family, and of the \$220.6 billion issued in securities, \$216.2 was issued in the single family program.

Data Discussion. Data for this indicator are based on FHA-insured loan level data of monthly endorsements collected by Ginnie Mae in its Mortgage-Backed Security Information System. The data that populate Ginnie Mae's Mortgage-Backed Security Information System reflect the most recent data of insured or guaranteed loans. A third party, independent auditor conducts Ginnie Mae's annual financial statements audit, which includes auditing Ginnie Mae's data systems each year; Ginnie Mae has consistently received an unqualified, or clean, opinion in prior fiscal years, and again received a clean opinion for the FY 2008 audit.

A.18: Ginnie Mae securitizes at least 84 percent of Veterans Affairs single family, fixed-rate loans.

Public Benefit. By securitizing pools of mortgages as Mortgage-Backed Securities, Ginnie Mae enables qualified lenders to access international credit markets. Lenders can then sell the securities at prices that allow them to offer loans to qualified homebuyers and developers at lower interest rates, thus lowering costs for homeowners. By supporting an efficient secondary market for these loans, Ginnie Mae helps to increase the availability of mortgage credit for veterans and their families.

Background. This indicator measures Ginnie Mae's share of the residential mortgage loans guaranteed by the Department of Veterans Affairs (VA).

Program Website. <http://www.ginniemae.gov>

Results and Analysis. The target goal of 84 percent was exceeded. As of the end of FY 2008, Ginnie Mae securitized 91.6 percent of eligible single family, fixed-rate Veteran Affairs loans. This result is 7.6 percentage points above the target of 84 percent. Ginnie Mae was able to meet its goal by guaranteeing securities that provide the best execution from a pricing standpoint. Also important were Ginnie Mae's continued success in reducing issuers' back-end processing costs and improving security disclosures. The Department anticipates that it will also meet the FY 2009 target.

Resources and Performance Link. This goal was implemented in FY 2007 and it accounts for approximately 17 percent of Ginnie Mae's portfolio. Funding was provided through Commitment Authority guaranteed government loans.

Data Discussion. Data for this indicator are based on monthly loan level data from the VA and collected by Ginnie Mae in its Mortgage-Backed Security Information System. The data that populates Ginnie Mae's Mortgage-Backed Security Information System reflect the most recent data of insured or guaranteed loans. A third party, independent auditor conducts Ginnie Mae's annual financial statements audit, which includes auditing Ginnie Mae's data systems each year; Ginnie Mae has consistently received an unqualified, or clean, opinion in prior fiscal years, and again received a clean opinion for the FY 2008 audit.

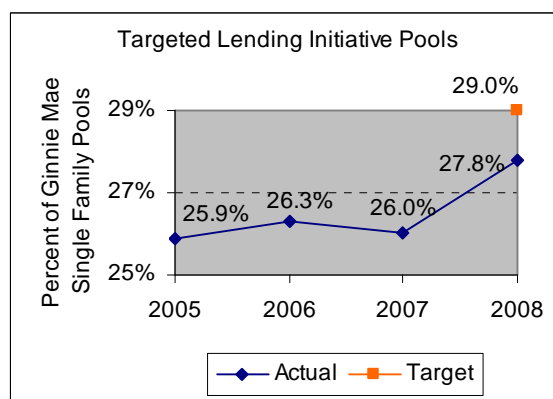
A.19: At least 29 percent of all Ginnie Mae single family pools issued in FY 2008 are Targeted Lending Initiative pools.

Public Benefit. Ginnie Mae established the Targeted Lending Initiative in FY 1996 in order to provide incentives for lenders to increase loan volumes in the following traditionally under-served areas: HUD-designated Renewal Communities, Urban Enterprise Zones, Urban Empowerment Zones, Native American Lands, Rural Empowerment Zones, and Rural Enterprise Communities. Ginnie Mae expanded the Targeted Lending Initiative in FY 2004 to include the colonias (poor rural communities, almost always unincorporated, that lie in a 150-mile-wide strip along the U.S. Mexico border between Texas and California). Most recently, Ginnie Mae expanded the program to include those census tracts that were declared disaster areas as a result of Hurricane Katrina.

Background. The Targeted Lending Initiative program offers discounts ranging from one to three basis points on Ginnie Mae's six basis point guaranty fee, depending on the percentage of Targeted Lending Initiative-eligible loans within the security. The reduced guaranty fee gives lenders an incentive to originate loans in Targeted Lending Initiative areas.

Program Website. <http://www.ginniemae.gov>

Results and Analysis. The target was not met. As of the end of FY 2008, 27.8 percent of all single family pools issued received Targeted Lending Initiative credit. This result is 1.2 percentage points below the target of 29 percent. The result, however, was an improvement of 1.8 percentage points over FY 2007.



Resources and Performance Link. This goal was originated in FY 2008. Funding provided through Commitment Authority insured or guaranteed government loans in approximately 35,000 cumulative pools.

Reasons for Shortfall / Plans and Schedule to Meet the Goal. In FY 2008, more issuers formed Targeted Lending Initiative pools than in FY 2007, but the share represented by Targeted Lending Initiative pools did not match the rate of growth of the overall single family volume. This may be due, in part, to a shift to Ginnie Mae Mortgage-Backed Securities in the mortgage industry, particularly in higher balance loans during the second half of the year; those loans are less likely to be in Targeted Lending Initiative areas. Ginnie Mae plans to reach out to its issuers in FY 2009, particularly any previously active Targeted Lending Initiative issuers who were not active in FY 2008. Although the goal was not met, the overall volume of Targeted Lending Initiative in underserved areas increased.

Data Discussion. Monthly Master Pool files detailing characteristics of pools securitized by Ginnie Mae. No data limitations are known to affect this indicator. Ginnie Mae and FHA numbers are subject to annual financial audits because they represent an obligation on the part of the United States.

Goal B: Promote Decent Affordable Housing

PERFORMANCE REPORT CARD – GOAL B

Performance Indicators	2005	2006	2007	2008	2008			
	Actual	Actual	Actual	Actual	Target	Met	Notes	
Cross-Departmental								
B.1	Rental households and rental units will be assisted through major HUD programs.							
	CDBG (rental units rehabilitated)	34,918	38,178	26,358	21,418	25,552		
	HOME (tenant-based assistance)	20,554	23,325	18,172	25,381	9,486		
	HOME (rental units completed)	33,612	47,598	28,039	23,170	20,077		
	Housing Opportunities for Persons With AIDS	67,012	67,000	67,850	62,210	67,000		
	Indian Housing Block Grant	1,729	1,781	1,569	1,841	1,380		
B.2	The number of households with worst case housing needs among families with children, the elderly, and non-elderly persons with disabilities.							
	Families with children	2,324,000	N/A	N/A	N/A	N/A	N/A	
	Elderly households	1,291,000	N/A	N/A	N/A	N/A	N/A	
	Households with disabilities	694,000	N/A	N/A	N/A	N/A	N/A	
B.3	Implement Phase II of HUD's plan for increasing the energy performance and reducing utility costs in HUD-supported housing.							
		N/A	N/A	\$33.70	\$37.00	N/A	N/A	a
FHA/Housing								
B.4	FHA endorses at least 750 multifamily mortgages.	1,017	1,016	881	647	750		
B.5	HUD will complete 80 percent of the initial FY 2008 Mark-to-Market pipeline during the fiscal year, reducing rents and restructuring mortgages where appropriate.							
		82.0%	86.0%	92.0%	62.0%	80.0%		
B.6	At least 70 percent of clients receiving rental or homeless counseling either find suitable housing or receive social service assistance to improve their housing situation.							
		75.0%	71.5%	67.1%	71.8%	70.0%	b	






**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT**

PERFORMANCE REPORT CARD – GOAL B

Performance Indicators	2005	2006	2007	2008	2008		
	Actual	Actual	Actual	Actual	Target	Met	Notes
B.7 HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined targets for special affordable multifamily mortgage purchases.							
Fannie Mae	\$7.32	\$10.39	\$13.31	N/A	N/A	N/A	
Freddie Mac	\$7.77	\$12.35	\$13.58	N/A	N/A	N/A	
B.8 Reduce the average number of observed exigent deficiencies per property for substandard multifamily housing properties by five percent.	N/A	7.60	3.20	4.48	6.48		
B.9 The share of assisted and insured privately owned multifamily properties that meet HUD-established physical standards are maintained at no less than 95 percent.	96.0%	95.0%	93.8%	93.0%	95.0%		
B.10 For households living in assisted and insured privately-owned multifamily properties, the share of properties that meets HUD's financial management compliance is maintained at no less than 98 percent.	98.0%	98.0%	99.0%	100.0%	98.0%		c
B.11 Increase the availability of affordable housing for the elderly and persons with disabilities by bringing 4,000 Section 202 units (100 projects) and 1,100 Section 811 units (100 projects) to initial closing.	302	315	245	224	200		
B.12 The number of elderly households living in private assisted housing developments served by a service coordinator is maintained at the FY 2007 level.	N/A	N/A	353.8	347.9	353.8		d
B.13 For both Section 202 and Section 811, at least 70 percent of projects that are initially closed in FY 2008 will have completed the process within 24 months; and, of these, 25 percent will have completed the process within 18 months.	N/A	N/A	N/A	69.0%	70.0%		
B.14 The number of Section 202 units serving the elderly and Section 811 units serving persons with disabilities is maintained at 98 percent of those at the FY 2007 level, excluding new units added to inventory.	N/A	N/A	N/A	99.1%	98.0%		





SECTION 2: PERFORMANCE SECTION
GOAL B: PROMOTE DECENT AFFORDABLE HOUSING

PERFORMANCE REPORT CARD – GOAL B

Performance Indicators	2005	2006	2007	2008	2008		
	Actual	Actual	Actual	Actual	Target	Met	Notes
Ginnie Mae							
B.15	Ginnie Mae securitizes at least 95 percent of eligible FHA multifamily mortgages.				95.0%		
	91.1%	96.9%	98.0%	96.4%			
PIH							
B.16	Improve the utilization rate of Housing Choice Voucher funding to 97 percent by Calendar Year 2011.				N/A	N/A	e
	97.0%	90.0%	91.7%	93.3%			
B.17	The share of public housing units that meet HUD established physical inspection standards will be 85 percent.				85%		f
	85.1%	85.8%	85.7%	84.5%			
B.18	Key measures under the Public Housing Assessment System including (a) the unit-weighted average score, (b) observed exigent deficiencies per property among PHAs that are designated as troubled and have five or more deficiencies per property for public housing, and (c) the share of units that have functioning smoke detectors.						
	Unit weighted average score	85.8%	85.0%	85.2%	85.2%	N/A	N/A
	Observed exigent deficiencies per property	N/A	54.0%	58.0%	44.0%	N/A	N/A g
	Share of units with functioning smoke detectors	92.9%	93.6%	93.4%	93.2%	N/A	N/A
B.19	The percent of public housing units under management of troubled housing agencies.				N/A	N/A	h
	33.0%	31.0%	43.0%	23.0%			
B.20	The proportion of the Housing Choice Voucher Program funding administered by troubled housing agencies.				N/A	N/A	i
	N/A	6.1%	4.5%	2.9%			
B.21	The HOPE VI Revitalization program demolishes 4,000 units and completes 9,000 new and rehabilitated units.						
	Units demolished	8,765	5,034	6,601	4,374	4,000	
	Units constructed or rehabilitated	9,632	9,389	8,436	9,978	9,000	
B.22	Ensure that unit production is completed for 89 HOPE IV grants awarded from FY 1993 to FY 2004.				89		
	N/A	N/A	76	92			

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PERFORMANCE REPORT CARD – GOAL B

Performance Indicators	2005	2006	2007	2008	2008		
	Actual	Actual	Actual	Actual	Target	Met	Notes
B.23 The Department will approve and facilitate \$700 million of activity using alternative financing methods.	\$1,826	\$1,244	\$860	\$1,453	\$700		a
B.24 Implement changes based on completed analysis of the Section 8 Management Assessment Program and development of a more accurate and efficient tool.	N/A	N/A	Complete	Complete	Complete		
B.25 Asset-based accounting will be implemented in 99 percent of PHAs by FY 2008.	N/A	N/A	30.0%	99.0%	99.0%		c
B.26 Asset management will be implemented in five percent of PHAs with 250 or more units by FY 2008.	N/A	N/A	N/A	8.0%	5.0%		

N/A: not available

a – number reported in millions

b – reporting results from FY 2008, third quarter

c – number estimated

d – number reported in thousands

e – data through first half of calendar year

f – difference from goal is not statistically significant

g – measured in terms of percentage reduction from prior year

h – tracks the percent of “troubled” agencies that successfully return to “standard”

i – most recent, validated data

Cross-Departmental

B.1: Rental households and rental units will be assisted through major HUD programs.

Public Benefit. Promoting decent affordable housing is a key strategic goal for HUD. The Department’s rental assistance programs are an important component of this effort. The outcome of HUD’s rental assistance programs is a significant reduction in the number of households that would otherwise fall under worst-case housing needs. Worst-case housing needs is defined by the Department as unassisted renters with very low incomes who have one of two “priority problems,” either paying more than half of their income for housing or living in severely substandard housing.¹ Households with worst-case housing needs are at a high risk of homelessness, malnutrition, and other housing and health related issues. HUD strives to reduce the incidence of worst-case housing needs by addressing shortages of affordable rental housing nationwide, by maintaining existing housing units in decent condition, and producing new affordable housing units.

Rental Households/Rental Units Receiving Assistance	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2008 Target
CDBG (rental units rehabilitated)	34,918	38,178	26,358	21,418	25,552
HOME (tenant-based assistance)	20,554	23,325	18,172	25,381	9,486
HOME (rental units completed)	33,612	47,598	28,039	23,170	20,077
Housing Opportunities for Persons With AIDS	67,012	67,000	67,850	62,210	67,000
Indian Housing Block Grant	1,729*	1,781*	1,569*	1,841	1,380
TOTAL	157,825	177,882	141,988	134,020	123,495

* These figures, previously reported in the Performance and Accountability Report, have changed due to subsequent adjustments to the database.

Background. This indicator tracks the number of new households that receive affordable rental housing assistance through HUD programs in FY 2008. Rental housing assistance includes rehabilitation, construction, and acquisition of rental housing units. The data for reporting this measure is compiled from the Community Development Block Grants (CDBG), HOME Investment Partnerships, Housing Opportunities for Persons With AIDS, and Indian Housing Block Grant programs.

The CDBG program provides state and local governments’ block grant funding on a formula basis targeted to communities across the country with the greatest need. The CDBG program remains the federal government’s largest and most flexible community development program that enables communities to carry out a variety of development activities, including rehabilitation and expansion of decent, affordable rental housing.

¹ *Affordable Housing Needs 2005: Report to Congress.* U.S. Department of Housing and Urban Development, Office of Policy Development and Research, May 2007.

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The HOME Investment Partnerships program is one of HUD's major affordable housing production programs. The HOME program's block grant structure enables participating state and local governments to build or rehabilitate housing for rent or ownership, provide home purchase or rehabilitation financing assistance to existing homeowners and to new homebuyers, and provides tenant-based rental assistance to assist low-income households.

The Housing Opportunities for Persons With AIDS program provides state and local governments and nonprofit organizations with vital resources to address the supportive housing needs of a particularly vulnerable population of low-income households. The Housing Opportunities for Persons With AIDS program provides tenant-based rental assistance, permanent housing facility assistance, short-term housing assistance, and support through transitional facilities in the effort to reduce the risk of homelessness among persons living with HIV/AIDS.

The Indian Housing Block Grant program provides grants to maintain and expand the supply of affordable rental housing on tribal lands. Shortages of decent, affordable, rental housing are particularly acute in many of these areas, and the Indian Housing Block Grant program is an important source of funding to address this need.

Program Websites.

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

<http://www.hud.gov/homeprogram/>

<http://www.hud.gov/offices/cpd/aidshousing/index.cfm>

<http://www.hud.gov/offices/pih/ih/grants/ihbg.cfm>

Results and Analysis. FY 2008 goals were exceeded for two of the four programs counted in this measure. Together these programs supported over 134,000 households and exceeded the combined goal of assisting 123,495 households by 10,505 households or eight percent.

The actual number of multi-unit rehabilitation units assisted in FY 2008 through the CDBG program was 21,418. This was 4,134 units short of CDBG's FY 2008 goal of assisting 25,552 units. In FY 2007, the number of multi-unit rehabilitation units assisted through the CDBG program was 26,358 units, 4,940 more than the number of units assisted in FY 2008. The FY 2008 goal for CDBG rental assistance was adjusted to account for the actual outcome in FY 2007 and the FY 2008 appropriation.

The HOME program exceeded its goals for both rental housing production and tenant-based rental assistance in FY 2008. The HOME-funded tenant-based rental assistance supported 25,381 households exceeding the goal of 9,486 by 15,895 households or 168 percent. This also represents an increase of 7,209 households compared to FY 2007 when the HOME program assisted 18,172 households. In FY 2008, the HOME program anticipated a significant decline in the number of households receiving tenant-based rental assistance. This anticipated decline did not occur. The increase in households assisted with HOME-funded tenant-based rental assistance is attributable to rapidly worsening housing market conditions during FY 2008, which made assistance to low-income tenants a higher priority than assistance to homebuyers in many jurisdictions. (See Indicator A.1 for HOME assistance to homebuyers and existing homeowners).

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The HOME program completed 23,170 rental housing units in FY 2008, exceeding the goal of 20,077 units by 3,093 units or 15 percent. The FY 2008 result is a decrease of 4,869 units, however, from the 28,039 units completed in FY 2007. The decline in the number of units produced in FY 2008 is partly attributable to a significant increase in the costs of construction and building materials during the period as well as to a reduction in available funding for the HOME program. Based on completions, the average per-unit HOME cost of producing a rental unit in FY 2008 increased by \$892 to \$24,564, or 3.8 percent, compared to FY 2007, while the annual cost of providing tenant-based rental assistance to a household decreased to \$2,847 in FY 2008, a decrease of \$48 or 1.6 percent.

In FY 2008, Housing Opportunities for Persons With AIDS program grants supported 21,405 households through permanent housing projects. An additional 40,805 households received benefits to reduce risks of homelessness under the short-term and transitional housing projects. This total of 62,210 households supported through Housing Opportunities for Persons With AIDS grants is below the goal of 67,000 by 4,790 households, or 7 percent. This result is due in part to a shift in HUD's focus from providing more short-term housing assistance to promoting more long-term outcomes through permanent housing solutions and on-going support (reported being achieved under Indicator C.13.) Data changes also reflect verification and management efforts undertaken in program training, data cleanup, and evaluation efforts. While HUD did not meet the Housing Opportunities for Persons With AIDS goal of supporting 67,000 households, grantees reported that an additional 35,253 eligible households benefited under housing assistance leveraged by Housing Opportunities for Persons With AIDS grantees from other state, local, or private sources.

The Indian Housing Block Grant program built, rehabilitated, or acquired 1,841 units. This exceeded the FY 2008 goal of 1,380 by 461 units or 33 percent. It was also a 17 percent increase over the 1,569 units built, rehabilitated, or acquired in FY 2007. The number of units built, rehabilitated, and acquired each year under the Indian Housing Block Grant program can vary because local grantees have the flexibility to determine which of the eligible activities they will carry out based on need and changing circumstances. Rising construction costs and relatively constant appropriations in recent years have limited increases each year in the number of units built, rehabilitated, or acquired with Indian Housing Block Grant funds.

Reasons for Shortfall / Plans and Schedule to Meet the Goal. By statute, CDBG's formula block grants provide targeted assistance to communities throughout the country and allow the flexibility for local decision-makers to determine how to invest the funds most efficiently and effectively from among a wide range of community development activities. HUD does not dictate the proportion of funds to be spent on rental housing activities and bases its goal each year for this activity on actual results and trends from previous fiscal years. The CDBG goal for multi-unit rehabilitation assistance was reduced in FY 2008 to account for actual CDBG program outcomes in FY 2007 and the FY 2008 appropriation. The proportion of CDBG funds spent on multi-unit rehabilitation assistance has been declining significantly in recent years. The CDBG program received technical assistance funds in FY 2008, the first appropriation for such funds in three years, and these funds will be awarded in FY 2009 to assist with grantee training. In the CDBG grantee community there are high levels of staff turnover, increasing the need for consistent annual training.

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This result for Housing Opportunities for Persons With AIDS is due in part to the Department's focus on promoting long-term outcomes (reported being achieved under Indicator C.13) by using funds for permanent housing, on-going support, and reducing reliance on short-term efforts. Data changes also reflect verification and management efforts undertaken in program training, data cleanup, and evaluation efforts.

Resources and Performance Link. Combined, the CDBG, HOME, Housing Opportunities for Persons With AIDS, and Indian Housing Block Grant programs received appropriations totaling \$6.22 billion for FY 2008, compared with \$6.38 billion in FY 2007. Excluding supplemental disaster relief funds, the FY 2008 appropriations for these programs represents 15.9 percent of HUD's total gross discretionary budget authority of \$39.22 billion. Significant portions of CDBG, HOME, and Indian Housing Block Grant funding, however, are allocated to activities other than rental housing assistance. The CDBG, HOME, Housing Opportunities for Persons With AIDS, and Indian Housing Block Grant programs together represented \$1.619 billion in funding for rental housing assistance in FY 2008. HUD also provides extensive rental housing assistance through its Tenant-Based Rental Assistance program (see indicators B.16, B.20, and B.24), Project-Based Rental Assistance program (see indicators B.8, B.9, and B.10), Public Housing (see indicators B.17, B.18, B.19, B.25, and B.26), and the Housing for the Elderly and Persons With Disabilities programs (see indicators B.11, B.12, B.13, and B14).

In FY 2008, CDBG grantees expended approximately \$75 million on multi-unit rehabilitation housing assistance compared with \$89 million in FY 2007. The decline in CDBG funds spent on multi-unit rehabilitation housing assistance continues a downward trend in recent years from a high of \$102 million in FY 2005. Between FY 2005 and FY 2008, the amount of CDBG funds allocated to multi-unit rehabilitation housing assistance efforts has declined 26 percent. The total CDBG appropriation in FY 2008, excluding disaster supplemental funding and set-asides, was \$3.59 billion, down from \$3.71 billion in FY 2007. Multi-unit rehabilitation assistance accounted for approximately two percent of CDBG funding in FY 2008.

In FY 2008, the HOME program expended approximately \$906 million on rental projects and committed an additional \$47.9 million for tenant-based rental assistance. The total HOME appropriation in FY 2008 was \$1.70 billion, *down* from \$1.76 billion in FY 2007. This continues a downward trend in recent years from a high of \$1.915 billion in FY 2005. Between FY 2005 and FY 2008, HOME appropriations have declined 11 percent. Through FY 2008, rental units and direct rental assistance accounted for approximately 53 percent of overall HOME funding.

The Housing Opportunities for Persons With AIDS program received FY 2008 appropriations of \$300.1 million, a five percent increase from \$286.1 million in FY 2007. The Housing Opportunities for Persons With AIDS program is achieving its related client outcome goals as further detailed under the program's outcome indicator (see indicator C.13), with 92 percent of households in permanent housing and 62 percent of households under short-term projects having stable housing outcomes. In 2008, Housing Opportunities for Persons With AIDS was reviewed under the Performance Assessment Rating Tool (PART), and received a rating of "effective," the highest rating possible. The assessment demonstrated that the Housing Opportunities for Persons With AIDS program is performing at a high level and is accountable for achieving its key outcomes. The amount of assistance provided to Housing Opportunities for Persons With AIDS' targeted recipients is directly related to changes in the levels of appropriations, as well as general economic conditions and participation at the local level.

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In FY 2008, the Indian Housing Block Grant program received appropriations of \$630 million, a one percent increase from \$623.7 million in FY 2007. Funding levels have remained relatively stable since FY 2005. For many American Indian tribes and Alaska Native villages, the Indian Housing Block Grant program is the primary or sole source of funding for affordable housing. Because affordable housing projects in Indian Country tend to be long-term, there is not a direct correlation to funding levels and households assisted in a given fiscal year. Projects can take several years to complete before they are recorded in HUD's data for rental units receiving assistance. In addition, Indian Housing Block Grant recipients can allocate grant funds to a number of eligible activities that are not recorded. While this makes it difficult to predict the number of rental units that will be built, acquired, and rehabilitated in a given fiscal year, this measure remains a primary indicator of program output.

Data Discussion. Data for this indicator are collected by the programs individually. For the CDBG and HOME programs, data are reported by grantees in HUD's Integrated Disbursement and Information System (IDIS). For Housing Opportunities for Persons With AIDS, data comes from grantees through IDIS or from grantee annual reports. For the Indian Housing Block Grant program, data come from grantee annual reports that are entered into a database at the regional Offices of Native American Programs and aggregated at HUD Headquarters. Each of the programs undertakes continual efforts to improve data collection efforts and ensure data integrity. These efforts include upgrading data reporting systems, having HUD staff verify data and data collection processes when monitoring grantees, establishing and enforcing data reporting requirements, conducting training and meetings focused on data reporting, and undertaking data clean-up efforts.

B.2: The number of households with worst case housing needs among families with children, the elderly, and non-elderly persons with disabilities.

Public Benefit. This tracking indicator is a key measure of whether the nation is advancing or losing ground in the fight to ensure decent, safe, and affordable housing for America's most vulnerable populations. The indicator focuses on the elderly, non-elderly disabled persons, and families with children because they are particularly susceptible to housing problems and are targeted by HUD housing programs. Nearly every added unit of public housing or Section 8 assistance, whether linked to projects or provided directly through a voucher, prevents a very low-income family or individual from having severe housing problems.

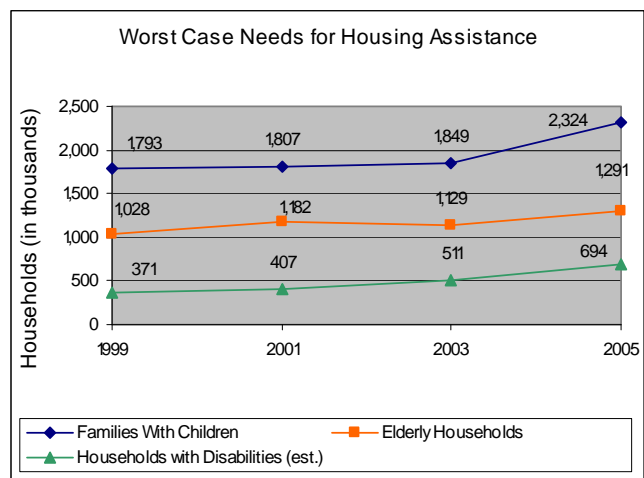
The Department estimates that, without HUD's rental assistance programs which served 4.7 million families and clients with limited incomes in FY 2008, at least 52 percent of participating households (2.5 million) would have worst case housing needs. This lower bound estimate does not reflect the additional public benefit of PHA targeting to extremely low-income renters, elderly households, and persons with disabilities, all of whom face more severe shortages of suitable, affordable, available units in the private marketplace.

Background. Worst case needs are defined as unassisted renters with very low incomes (that is, not more than 50 percent of area median income) and a priority housing problem – either severely inadequate housing or, more commonly, severe housing cost burden, meaning total costs exceed 50 percent of monthly income. HUD has not established a performance target for this indicator because of the dominant influence of the macro-economy relative to program funding.

Program Website. “Affordable Housing Needs 2005: Report to Congress” is available at <http://www.huduser.org/publications/affhsg/affhsgneeds.html>.

Results and Analysis. The most recent published tracking data show that in calendar year 2005, 2.32 million families with children had worst case housing needs and 1.29 million elderly households had worst case needs. These estimates reflect statistically significant and substantial increases of 26 percent and 14 percent from 2003 levels. For households with disabilities, HUD recently used a newly-enhanced proxy measure to estimate that there were 694,000 households containing adults with disabilities and having worst case needs in 2005.

National and regional economic conditions affect worst case needs by changing the number of very low-income renters (that is, households eligible for worst case status if unassisted) and the availability of affordable private-market rental units. Between 2003 and 2005, the number of very low-income renters increased by 2.6 percent, from 15.7 million to 16.1 million. Lack of affordable housing units relative to the growing number of units demanded by very low-income households is a central aspect of the problem: for every 100 very low-income renter households in 2005, there were only 76.8 rental units that were affordable and available. When physical quality of the unit is also considered, then only 67.9 units were adequate, affordable, and available per 100 very low-income renter households.



Resources and Performance Link. The vast majority of HUD’s non-disaster budget helps program partners meet the affordable housing needs of very low-income renters. Multiple programs provide affordable housing opportunities for targeted income groups as well as subpopulations including the elderly, disabled, and homeless. Contributing programs include vouchers, Project-Based Section 8, public housing, HOME Investment Partnerships program, CDBG, Housing Opportunities for Persons With AIDS, homeless programs, multifamily mortgage insurance, and capital advances for supportive housing under Sections 202 and 811. Although recent funding levels for these programs have not supported expanded coverage, collectively they produce a critical outcome: keeping many of the nearly five million households served out of worst case status (see the table “Units/Households Receiving HUD Assistance” in Section 4 of this report).

In 2005, 4.6 million very low-income renters were prevented from having worst case housing needs by receiving housing assistance, according to a report in the American Housing Survey. Despite issues with self-reported receipt of assistance, this estimate is very similar to the number of households that HUD assists. Among those without housing assistance, 58 percent of elderly very low-income renters, 65 percent of disabled very low-income renters, and 72 percent of extremely low-income renters had worst case housing needs in 2005. Because these are populations that HUD frequently assists, the proportions indicate that if HUD-assisted

households were to lose their assistance, a sizable majority quickly would have worst case housing needs.

Data Discussion. The data for this indicator come from the national American Housing Survey, conducted for HUD by the Census Bureau on a biennial basis. In FY 2009, HUD plans to report to Congress on the extent of worst case needs during 2007. Changes in estimated worst case needs are statistically significant (with 90 percent confidence) when the difference from year to year exceeds 170,000 households for families with children, 140,000 households for elderly families, or 90,000 households containing persons with disabilities. Estimates of households containing non-elderly persons with disabilities are created using a proxy based on income sources related to disabilities. The improved proxy discussed above identifies additional non-elderly, disabled adults by taking advantage of a new American Housing Survey question about disability income.²

In preparing the 2003 report, the Office of Policy Development and Research verified estimates of worst case needs overall through comparisons with the American Community Survey and the Survey of Income and Program Participation. Estimates of very low-income renters with severe rent burdens produced with the 2001 Survey of Income and Program Participation data showed 37 percent fewer elderly households, 11 percent fewer families with children, and 2 percent more households with disabilities than did the 2001 American Housing Survey. The 2003 and 2005 reports also present preliminary research about the duration of severe rent burdens from year-to-year.

B.3: Implement Phase II of HUD's plan for increasing the energy performance and reducing utility costs in HUD-supported housing.

Public Benefit. With energy prices reaching record levels during FY 2008, energy savings continue to be a key policy concern for the Department. Owners and tenants in HUD's public and assisted housing programs spend more than \$5 billion on energy, including \$1.8 billion in public housing. Energy savings in HUD's public and assisted housing will reduce budget costs and keep the inventory of HUD-assisted and public housing affordable.

Background. HUD has undertaken a Department-wide effort to address rising energy costs. The statutory framework for this effort is Section 154 of the Energy Policy Act of 2005 (P.L. 109-58), which required HUD to prepare an integrated energy strategy and to report on progress every two years. In addition, the Energy Independence and Security Act of 2007 requires HUD to upgrade its energy standards for HUD-assisted or insured new construction and major rehabilitation projects. The organizational framework is provided by the Department's Energy Task Force, co-chaired by the offices of Policy Development and Research and Community Planning and Development, and including key program and support offices: Housing, Public and Indian Housing, Field Policy and Management, and Healthy Homes and Lead Hazard Control. Regional Energy Coordinators represent HUD's field offices on the Task Force, and many field offices have been active in developing local energy partnerships.

² See "Housing Needs of Persons with Disabilities: Supplemental Findings to the *Affordable Housing Needs 2005* Report," at <http://www.huduser.org/publications/affhsg/affhsgneedsdis.html>. An independent analysis makes further adjustments to accommodate American Housing Survey data to other data sources that identify greater proportions of adults with disabilities. This procedure produces an estimate of 1.3–1.4 million worst case households with disabilities in 2005. See the Technical Assistance Collaborative. <http://www.tacinc.org/HH/housingcrises.htm>.

HUD continued implementation of HUD's Phase II Energy Action Plan, first implemented in FY 2007. The Plan includes 25 actions aimed at upgrading the energy efficiency of existing and new HUD-assisted and HUD-financed housing, and using an established inventory of proven energy-efficient products and appliances, with a strong emphasis on expanding the use of the Energy Star label for both products and new homes. A detailed two-year progress report describes key results.³ HUD also continues to work with the Environmental Protection Agency to promote the use of Energy Star products and appliances through HUD programs. The Government Accountability Office, in October 2008, found that "HUD has taken steps to promote energy efficiency by providing information, training, and technical assistance, but its efforts have limitations."

Program Websites.

www.hud.gov/energy

www.hud.gov/offices/cpd/library/energy/index.cfm

www.hud.gov/offices/pih/programs/ph/phecc/econserve.cfm

Results and Analysis. An estimated \$37 million in documented energy savings in FY 2008 were reported in four program areas: HOME, CDBG, energy performance contracting in public housing, and Energy Efficient Mortgages insured by FHA. This represents increased savings of \$3.3 million, or nine percent, over FY 2007 results.

- A total of 29 new performance contracts in public housing were reported, involving a capital investment of \$99 million and an estimated annual savings of \$34.8 million. While the dollar investment is significantly lower than the investment reported in FY 2007 (\$141 million), the annual savings are \$2.6 million higher, representing a significantly higher return on investment.⁴
- A total of 1,235 FHA-insured Energy Efficient Mortgages totaling an estimated \$98 million were reported, for an estimated savings of \$442,130 – a 16 percent increase over FY 2007.⁵
- A total of 5,921 units of HOME-funded new construction projects were reported as having achieved the Energy Star label for new homes (achieving 15 percent energy savings over the 2004 International Residential Code), for an estimated savings of \$1.7 million.⁶ This represents a 54 percent increase over estimated savings achieved in FY 2007.
- A total of 290 units of CDBG-funded projects were reported as having achieved the Energy Star label, for an estimated savings of \$85,550. This is double (109 percent more) the estimated savings reported in FY 2007.

³ U.S. Department of Housing and Urban Development, *Implementing HUD's Energy Strategy: Progress Report*, October 2008. See www.hud.gov/energy.

⁴ Comparable EPC figures for FY 2007 were as follows: 32 contracts, capital investment of \$141.3 million, estimated annual savings of \$32 million.

⁵ Savings for existing homes assumed at \$358 per unit, based on average savings achieved through the comparable Department of Energy Low-Income Weatherization Assistance Program.

⁶ The number of HOME and CDBG units reporting Energy Star compliance include 164 units that were funded by both programs; the savings reported for the HOME program have been discounted accordingly.

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Continued implementation of HUD's Phase II Energy Plan resulted in the following additional results:

- HUD continued to include energy as a policy priority in determining awards for several discretionary grant programs through HUD's Super Notice of Funding Availability (SuperNOFA).
- PIH continued to provide technical support to PHAs to implement energy performance contracts, continued to develop a utility benchmarking tool that will assist PHAs in managing energy, and operated a Public Housing Energy and Environmental Clearinghouse.
- HUD's 10 Regional Energy Coordinators continued to play a prominent role in leveraging resources for HUD customers and partners and working with field offices in conducting training and outreach. Significant energy and green building conferences were held, for example in South Carolina, Texas and Arizona, and an important pilot project was initiated in California to use CDBG and HOME funds to finance solar energy installations in affordable housing.
- The HOME Investment Partnerships (HOME) Program implemented a new training curriculum on building green, Energy Star qualified new homes.
- Several green building initiatives were launched, that, in addition to addressing energy efficiency, include support for water efficiency, indoor environmental quality, and other elements of green building. These efforts included regional and national training workshops sponsored by the Office of Native American Programs, the Green Remodeling Initiative for multifamily projects in the Mark-to-Market program, and HUD's first "green" Notice of Funds Availability, sponsored by the HOME Investment Partnerships Program.
- Among HOPE VI sites redeveloping public housing neighborhoods in 2008, 13 of 49 sites surveyed, representing 1,695 units, reported achieving the Energy Star label for new homes. Of the 49 sites, 36 reported that they specify Energy Star products or appliances.
- HUD also continued to address high transportation energy costs, which reached \$4 per gallon of gasoline during FY 2008, through a working partnership led by the Office of Policy Development and Research with the Federal Transit Administration.

Resources and Performance Link. Energy conservation is a highly cost-effective approach to address numerous public policy goals, simultaneously helping reduce energy imports, carbon emissions, and public expenditures. The \$37 million in annual energy savings reported above for FY 2008 were achieved as a result of an investment of an estimated \$117 million (for a simple payback of less than four years) as follows:

- \$9 million for HOME and CDBG, assuming \$1,500 per new Energy Star unit;
- \$9.3 million invested in Energy Efficient Mortgages, assuming that 5 percent of an average loan of \$150,000, or \$7,500 per unit, is for energy efficiency; and
- \$99.3 million actually invested in Energy Performance Contracts in public housing.

A financial analysis of the current portfolio of Energy Performance contracts indicated that the total investment of \$570.8 million since program inception has guaranteed savings of \$102.8 million annually. Assuming a 5 percent interest rate, this stream of income has a net present value (i.e., after paying for the investment) of \$324.1 million over 12 years and \$676.5 million over 20 years. Accordingly, HUD now permits PHAs to undertake Energy Performance Contracts paying off over a period of 20 years.

Data Discussion. This is the second year that HUD has reported energy savings projects from four sources: energy performance contracts in public housing, HOME, CDBG, and Energy Efficient Mortgages. While HUD cannot report specific results for public housing beyond energy performance contracts this year, progress is being made in HUD's ability to measure, track or report energy savings in this area. As a result of the shift to asset management, housing authorities are reporting utility consumption for individual projects which will provide an important baseline for measuring results in the future.

However, while property owners do report annual utility expenditures through the Financial Assessment Subsystem for Multifamily Housing (FASS-MF), no mechanism is in place to measure or report on energy savings in HUD's assisted or insured multifamily portfolio, and no data are yet available on energy savings achieved in Section 202 or 811 new construction. HUD is working to improve reporting on Energy Efficient Mortgages utilizing the existing Computerized Underwriting Management System (CHUMS). As noted in previous years, the Office of Policy Development and Research will continue to work with program offices to put in place sampling or other methodologies to track and/or report energy savings in FY 2009.

FHA/Housing

B.4: FHA endorses at least 750 multifamily mortgages.

Public Benefit. This indicator measures the number of multifamily loans for which HUD has provided new FHA insurance to private lenders or Risk Sharing with state housing agencies, Fannie Mae or Freddie Mac. The indicator counts loans for all facility types (apartments, cooperatives, nursing homes, assisted living, and mobile home parks) except for hospitals and medical group practices. Because FHA insurance and Risk Sharing guarantees protect lenders if borrowers default, these tools make lenders more willing to finance multifamily housing and contribute directly to HUD's strategic goal of providing decent and affordable housing.

Background. FHA insurance is critical to maintaining a supply of affordable housing because FHA insures both construction loans and permanent financing for terms up to 40 years and does so with favorable loan-to-value ratios and debt service coverage. FHA's favorable terms allow developers to create needed housing that might otherwise go unbuilt and provide consumers with a wide array of shelter options for all life stages.

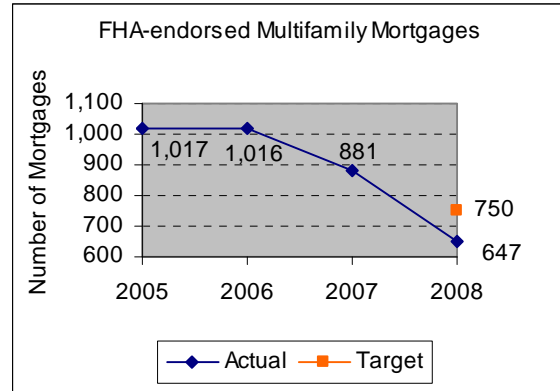
Program Website. <http://www.hud.gov/offices/hsg/mfh/progdsc/progdsc.cfm>

Results and Analysis. The target was not met. During FY 2008, Multifamily initially endorsed 647 FHA and Risk Sharing loans – only 86 percent of the FY 2008 revised goal of 750 loans. The 647 is less than both the 881 loans endorsed in FY 2007 and the 1016 loans endorsed in FY 2006. Production fell because of the significant economic turmoil in housing market conditions. While nationwide production fell short of the 750 loan goal, the 647 loans still

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represent a significant achievement in the face of a major economic downturn. The 647 loans supported 70,914 units or beds in 47 states, the District of Columbia, and Puerto Rico and provided the public with a variety of shelter options: 449 rental projects, 123 nursing homes, 69 assisted living facilities, 5 cooperatives, and 1 mobile home park.

In total, 260 (40 percent) of the 647 loans were made under special initiatives that make the units affordable specifically to low- and moderate-income families, while 384 loans were made for properties located in underserved areas. Of the 260 loans, 166 loans refinanced Section 202 Elderly Housing projects, 16 loans decoupled Section 236 Interest Reduction Payment (IRP) contracts, and 78 projects in 25 states and the District of Columbia received Low Income Housing Tax Credits (LIHTC) in conjunction with these loan transactions.



Because FHA programs are market-rate and demand driven, FY 2009 production will be determined primarily by the state of the U.S. economy. Production will improve only if current efforts to restore liquidity and confidence and control interest rates are successful, and the excess supply created by the over-development of condominiums is absorbed.

Resources and Performance Link. Loan authority and credit subsidy were more than adequate to cover the lower FY 2008 production level, and neither is expected to constrain future production. Production levels will be driven more by economic factors – interest rates; housing demand and supply; availability of credit and equity; and confidence in the economy. Whatever the production level, Multifamily will require systems development money and adequate staffing in both Headquarters and Multifamily’s field offices. While current staff levels are handling current workload, spot shortages of technical skills (e.g., appraisal, mortgage credit, etc.) essential to efficient underwriting are appearing as Development staff retires and these shortages could cause processing delays and discourage borrowers from choosing FHA. To avoid such delays, Development is exploring work-sharing across offices, centralizing some programs (e.g., health care loans) within selected offices, and filling critical vacancies.

Reasons for Shortfall / Plans and Schedule to Meet Goal. Because HUD’s FHA and Risk Sharing programs offer only market-rate loans, FHA production levels are determined primarily by economic factors (interest rates; availability of debt and equity financing; demand and supply for specific housing types; demographics; and construction and operating costs). Initial endorsements dropped sharply in FY 2008 because nearly all of these economic factors deteriorated in 2008. Refinancings dropped sharply because interest rates on apartment loans climbed significantly and because heavy refinancing activity in FY 2005 through FY 2007 reduced the number of loans available for refinancing. New construction fell for several reasons. Foreclosed single family homes and failed cooperatives converted to rentals, reducing the demand for new construction. The credit crunch and rising interest rates made debt financing scarce or expensive. Financial problems at Fannie Mae and Freddie Mac, reduced investor demand for tax credits, and falling Low Income Housing Tax Credits (LIHTC) prices made equity and gap financing more difficult.

To attract more borrowers and lenders in this soft market, Development will work with industry and field staff to streamline FHA systems and processes to make FHA programs even more attractive than they already are. While market forces will still be the main determinants of volume, efficient processing and streamlined application requirements could bring HUD an increased portion of the reduced market demand.

Data Discussion. As Development’s field staff close loans, the staff record the closing (endorsement) in the Development Application Processing system which generates a hard copy closing memo for the F47 Multifamily Insurance System. The F47 Multifamily Insurance System staff manually enters the endorsement data into F47 Multifamily Insurance System and it then electronically sends data to both Integrated Real Estate Management System (iREMs) and the Development Application Processing system (DAP) nightly. The Development Application Processing system compares data on key data fields and flags any cases where the F47 Multifamily Insurance System has manually entered data different than in the Development Application Processing system (DAP). Development and F47 Multifamily Insurance System staff checks the loan closing files and make any necessary corrections so that the data in both systems agree.

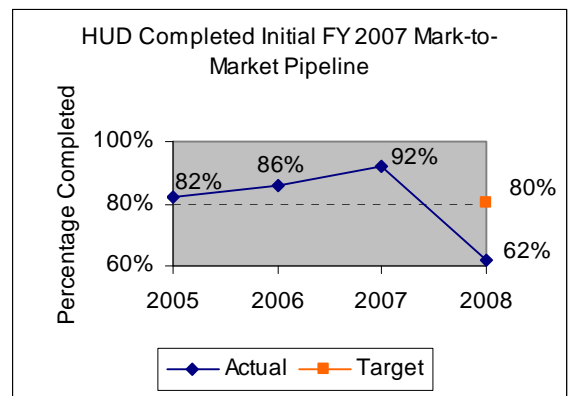
B.5: HUD will complete 80 percent of the initial FY 2008 Mark-to-Market pipeline during the fiscal year, reducing rents and restructuring mortgages where appropriate.

Public Benefit. The Mark-to-Market program seeks to preserve affordable housing stock by maintaining the long-term physical and financial integrity of such housing and to reduce the Section 8 rental assistance costs and the cost of FHA insurance claims.

Background. Under the Mark-to-Market program, the Office of Affordable Housing Preservation analyzes FHA-insured multifamily properties for which Section 8 rents exceed comparable market rents, and reduces Section 8 rents to bring them in line with comparable market rents or levels that preserve financial viability. Properties also are eligible for full debt restructuring that involves a write-down of the existing mortgage in conjunction with the reduced rent levels. This indicator measures completions and closings as a percentage of projects in the pipeline at the beginning of the fiscal year.

Program Website. <http://www.hud.gov/offices/hsg/omhar/index.cfm>

Results and Analysis. The Department completed 62 percent of the initial FY 2008 pipeline which means that it did not make its original target of 80 percent. In FY 2008, the Office of Affordable Housing Preservation completed/closed 88 properties under the Mark-to-Market program, resulting in annual Section 8 savings (non-incurrence of cost) of \$26.8 million. The Office of Affordable Housing Preservation’s initial active pipeline on October 1, 2007, was 142 assets. The average savings (cost) per debt restructure reflects shifts in the pipeline itself, as



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transactions present more difficult issues and require more intensive interventions in order to be made viable; as each year passes, properties have increasing deferred maintenance needs.

Resources and Performance Link. Utilizing partial insurance claims against the FHA fund as its funding mechanism, Mark-to-Market in FY 2008 rehabilitated, preserved, and restructured debt on 43 properties with nearly 3,600 units of affordable housing nationwide. This included over \$20 million in physical improvements to properties in the Section 8 portfolio. Over 3,100 properties have been completed or closed under the Mark-to-Market program since FY 2000, resulting in Section 8 savings (non-incurrence of cost) of approximately \$216 million per year.

Reasons for Shortfall / Plans and Schedule to Meet the Goal. Two factors contributed to the shortfall in FY 2008. First, a number of Mark-to-Market transactions were planned using Low Income Housing Tax Credits as a source of funds. During the fiscal year, the turmoil in the credit and equity markets dried up the market for tax credits, reduced the equity value of the credits, and therefore the equity available to the transactions, restricted the availability of debt, and caused postponement and re-underwriting delays on these transactions. Rather than discontinue processing of these transactions, which would count as completions toward this goal, in the interest of preservation of the properties HUD kept these transactions “inactive,” in order to move as soon as the credit markets improve.

Second, the introduction of the Green Initiative, a pilot initiative to encourage owners of eligible Mark-to-Market properties to rehabilitate their properties in the most sustainable way feasible, delayed the completion of active properties by up to three months during FY 2008. Throughout FY 2008, the Office of Affordable Housing Preservation continued efforts to reach out and improve communication and coordination with HUD staff, performance-based contract administrators, owners, and industry groups. The purpose was to educate owners, HUD staff, and other stakeholders about the Mark-to-Market program. As a result, 33 new referrals were received into the Mark-to-Market program and 19 properties re-entered the Mark-to-Market program, for a total of 52 referrals for the fiscal year. Under the “Once Eligible, Always Eligible” provision in the statute, any property that was initially eligible for the Mark-to-Market program but failed to close as a full debt restructuring, remains eligible to re-enter the program. The Office of Affordable Housing Preservation continues its efforts under the Mark-to-Market program to preserve the affordability and availability of low-income rental housing and reducing long-term Project-Based Section 8 rental assistance costs. HUD expects to meet this completion target in FY 2009.

Data Discussion. This measure uses data from the Mark-to-Market Management Information System. Results are reported on a fiscal year basis. Values reflect status as of September 2008, including revisions to previously-reported results caused by properties re-entering the Mark-to-Market program under the “Once Eligible, Always Eligible” provision. The Office of Affordable Housing Preservation has put into place various data quality checks to ensure that the information stored in the Mark-to-Market Management Information System is reliable and complete. Monthly data integrity meetings are held between the Office of Affordable Housing Preservation’s system manager and its Production Office staff. These meetings focus on timeliness in updating the system as the various milestones of the properties are completed and reviewing system reports to ensure that dates and data are within established parameters. During the audits of Participating Administrative Entities, the performance dates are reviewed against

three sources: dates entered into the Mark-to-Market Management Information System; dates recorded in the final files; and dates shown on supporting documents such as the date the appraisal was completed. For those properties that received a full debt restructuring, staff also examine three separate data sources to be sure all entered data are consistent. The sources include data entered into the Mark-to-Market underwriting model, information reported in the closing dockets, and data entered into the Mark-to-Market Management Information System. The Mark-to-Market System is primarily used to track the milestones completed and final rent determinations for each Mark-to-Market property, enabling the Office of Affordable Housing Preservation to measure performance, estimate savings, and provide budget projections.

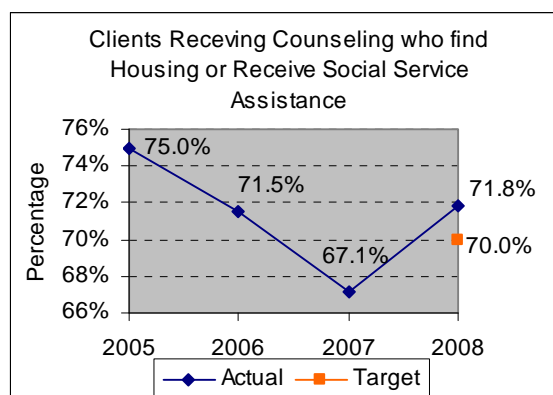
B.6: At least 70 percent of clients receiving rental or homeless counseling either find suitable housing or receive social service assistance to improve their housing situation.

Public Benefit. This indicator focuses on FY 2008 outcomes associated with clients receiving rental or homeless counseling. The FY 2008 performance goal is to ensure that at least 70 percent of clients receiving rental or homeless counseling either find suitable housing or receive social service assistance to improve their housing situation by the end of the fiscal year. This outcome is being measured because homeownership is not right for everyone, and households need assistance resolving issues with rental subsidies, mobility, fair housing, and finding safe and affordable housing.

Background. The Department continues to place emphasis on housing counseling, including counseling for homeless clients and families seeking affordable rental housing. Through the first three quarters of FY 2008, rental counseling represented 16 percent of the data reported by agencies participating in the program; homeless counseling represented two percent.

Program Website. www.fha.gov/sf/counseling/index.cfm

Results and Analysis. The program is on target to meet this goal. Reporting results from FY 2008, third quarter, indicate that 135,802 out of 189,076 households (71.8 percent) receiving rental or homeless counseling have either found suitable housing or received social service assistance to improve their housing situation. HUD anticipates that the level of performance will continue as FY 2008 data are finalized and efforts to improve program efficiency and effectiveness continue to be made. Actual FY 2008 outcome data will become available early in FY 2009. Actual outcome data from FY 2007 indicate that 253,666 out of 373,200 households (68.0 percent / 67.1 percent through three quarters of FY 2007) receiving rental or homeless counseling have either found suitable housing or received social service assistance to improve their housing situation. HUD-approved housing counseling agencies are given 90 days after the end of their fiscal year to report the results of counseling activity for that fiscal year.



Resources and Performance Link. FHA and the Office of Single Family Housing support housing counseling agencies throughout the country. Funding in FY 2008 of \$50 million was provided to housing counseling agencies to provide counseling and counselor training services. Funding in FY 2007 of \$41.6 million was provided to housing counseling agencies to provide counseling services. In the wake of the subprime market collapse, record-setting foreclosures, and a tight credit market, rental housing will continue to be an extremely important option for millions of Americans. Additional funding is needed to ensure that sufficient resources are available to support this critical counseling, particularly at a time when agencies are increasingly devoting resources and capacity to default counseling.

Data Discussion. HUD collects data on renters and homeless clients counseled through the Housing Counseling System (HCS-F11). The data include the total number of clients, the type of counseling received, and the results of the counseling. An independent assessment in 2005 showed that the Housing Counseling System performance indicator data passed six-sigma quality tests for validity, completeness, and consistency. However, a limitation of the data collection instrument is that it does not differentiate the level of counseling given to each client, as the quality and level of counseling provided to each client may vary significantly. It is also one-year, aggregate data, making it difficult to analyze the impact of counseling. To improve the quality of housing counseling data, HUD will implement a new automated data collection instrument that will enable it to collect client-level data beginning in FY 2009.

B.7: HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined targets for special or affordable multifamily mortgage purchases. (HUD responsibility ended during FY 2008.)

The Department will no longer be reporting on Fannie Mae and Freddie Mac's performance. Pursuant to the Housing and Economic Recovery Act of 2008, which became law on July 30, 2008, HUD's regulatory responsibilities over Fannie Mae and Freddie Mac (government sponsored enterprises) have transferred to a new regulator, the Federal Housing Finance Agency, effective immediately. This means, among other things, that the Federal Housing Finance Agency assumed responsibility for the affordable housing goals.

Prior to the Housing and Economic Recovery Act of 2008, the Secretary of HUD was the mission regulator for the government sponsored enterprises, with oversight authority to ensure that both government sponsored enterprises complied with the public purposes set forth in their charters. HUD had general regulatory authority for oversight responsibilities, which included establishing housing goals; monitoring and enforcing compliance with housing goals; new program approval; collecting loan-level data from the government sponsored enterprises on their mortgage purchase activities; making available to the public a database on non-proprietary government sponsored enterprise loan purchase data; and ensuring government sponsored enterprises compliance with fair lending requirements. An independent office of HUD, the Office of Federal Housing Enterprise Oversight regulated the government sponsored enterprises for safety and soundness by ensuring that they were adequately capitalized and operating their businesses in a financially sound manner.

With the exception of fair lending oversight, which remains at HUD, HUD's mission oversight responsibilities, as well as the Office of Federal Housing Enterprise Oversight's safety and soundness responsibilities, have been transferred to the Federal Housing Finance Agency.

Additional information regarding the role and function of the Federal Housing Finance Agency will be available on its website, currently in development.

B.8: Reduce the average number of observed exigent deficiencies per property for substandard multifamily housing properties by five percent.

Public Benefit. This indicator helps measure the overall physical condition, health and safety, as well as corrective actions taken on deficiencies, for privately-owned multifamily properties. This measure contributes to HUD's strategic goal of providing decent, safe, and affordable housing.

HUD exceeded its goal for the reduction in the number of exigent health and safety hazards for privately-owned multifamily properties with a Physical Assessment Subsystem score of less than 60. For FY 2008, there were 1,787 substandard properties with an average of 4.48 exigent deficiencies per property, down from an initial average of 6.82 exigent deficiencies per property, a 34 percent reduction in exigent health and safety hazards for HUD's privately-owned properties with Physical Assessment Subsystem scores of fewer than 60.

Multifamily Housing believes that the number of substandard properties identified this year increased due to the delays in inspections, which were the result of funding delays in the earlier fiscal years, that contributed to a significant number of late inspections.

Background. HUD's Real Estate Assessment Center conducts physical inspections that identify exigent health and safety or fire safety deficiencies. Exigent health and safety hazards include: 1) air quality and gas leaks; 2) electrical hazards and exposed wires/open panels; 3) water leaks on or near electrical equipment; 4) emergency/fire exits/blocked/unusable fire escapes; 5) blocked egress/ladders; and 6) carbon monoxide hazards. Fire safety hazards include: 1) window security bars preventing egress and 2) fire extinguishers expired. (Smoke detectors are excluded from exigent health and safety or fire safety for this measure because they are covered in Indicator C.18.) In prior years, the Department focused on the reductions in exigent health and safety or fire safety on an overall basis. From FY 2001 to FY 2005, the average number of exigent health and safety or fire safety deficiencies observed per property was reduced from 1.81 to 1.40 for multifamily housing. Due to scarce monitoring resources, the Department shifted and targeted its focus to the reduction of deficiencies at the worst properties in FY 2006. The goal for FY 2008 was to continue to reduce the average exigent defects per property for substandard properties with a Physical Assessment Subsystem score of less than 60 by five percent.

Program Website. <http://www.hud.gov/offices/hsg/hsgmulti.cfm>

Results and Analysis. HUD significantly exceeded its goal for the reduction in the number of exigent health and safety hazards for privately-owned multifamily properties with a Physical Assessment Subsystem score of less than 60. For FY 2008, there were 1,787 substandard properties with an average of 4.48 exigent deficiencies per property, which is a 34 percent reduction in exigent health and safety hazards for HUD's privately-owned properties with Physical Assessment Subsystem scores of less than 60. Those properties with Physical Assessment Subsystem scores of less than 60 had an initial average of 6.82 exigent deficiencies per property. As noted above the methodology for measuring this goal was revised in FY 2007. Since 2007, the goal measures the average exigent deficiencies against properties that are classified as substandard.

This is a very difficult goal to forecast or control, as the worst properties will have the highest likelihood of exigent deficiencies. However, taking prompt action to require correction in conjunction with the Department focusing on reducing substandard housing, a trend showing a reduction in average exigent deficiencies should be evident in future years. Over the entire portfolio, the average number of exigent deficiencies was 1.44 in 2008 compared to 1.67 for FY 2007 for the same 27,278 properties.

Resources and Performance Link. Funding for physical inspections of HUD-supported privately-owned multifamily housing is provided through one of six (five Departmental and one from the mortgagee) possible sources depending upon the characteristics of the project.

For projects that are insured with or without subsidy, the cost of routine inspections under HUD's Uniform Physical Inspection Standards is borne by the mortgagee under its contract of insurance. Special and follow-up inspections of properties scoring below standard are funded through the General Insurance Fund. For uninsured projects with Project-Based Section 8, funding is provided through the Project-Based Rental Assistance Account. For Section 202 direct loan projects with Section 8 and pre-1987 Section 202 projects funds are from the Section 202/8 allocation. For Section 202 Capital Advance and Section 811 projects, funding is provided from those allocations. In FY 2007, the Department funded 7,225 inspections at an average cost of \$324 per inspection, for a total of \$2.3 million. That compares to FY 2006, when the Department funded 9,080 inspections at an average cost of \$397, for a total of \$3.6 million. Through the implementation of its Uniform Physical Inspection Standards, providing for timely, consistent, objective inspections, the Department insures that quality and improvement in the HUD-involved housing is achieved.

Data Discussion. The Real Estate Assessment Center's Physical Assessment Subsystem, consisting of electronically coded and transmitted results of independent physical inspections of units, buildings, and sites, is stored in the National Inspection Contract – Central Integrated Data Repository. Unit-level data are estimated on the basis of project-level sample observations, extrapolated to the universe of all units. The multifamily program is on a "3-2-1" inspection schedule so that the higher performing properties are not re-inspected every year like troubled properties. High scoring properties' scores carry forward until a new inspection is conducted. As a result, not every property in the portfolio, or the units associated with those properties, are reflected in the Exigent Health and Safety or Fire Safety percentages. There may also be a distortion of the data since many of the properties that receive a Physical Assessment Subsystem score of less than 60 may be inspected more than once annually. Owners and managers validate Exigent Health and Safety Report contents by acknowledging receipt at the time of inspection and reporting corrective actions. In addition, the Real Estate Assessment Center re-inspects units and properties on a sample basis for quality assurance.

B.9: The share of assisted and insured privately owned multifamily properties that meet HUD-established physical standards are maintained at no less than 95 percent.

Public Benefit. This indicator helps measure the overall physical condition, health and safety, as well as corrective actions taken on deficiencies for privately-owned multifamily properties. This measure contributes to HUD's strategic goal of providing decent, safe, and affordable housing.

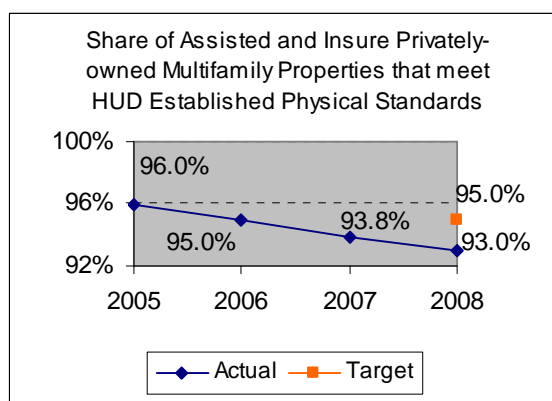
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Background. Over 4 million American families live in rental housing that is owned, insured, or subsidized by HUD. Well-maintained projects are central to HUD’s mission of providing decent, safe, and sanitary housing.

HUD’s Real Estate Assessment Center conducts physical inspections that identify property deficiencies. Properties that receive a score of 60 or more (out of 100) are deemed to meet the established physical standards. This performance goal builds on recent successes and exceeds the benchmark established in the President’s Management Agenda, setting a goal that at least 95 percent of assisted multifamily properties will continue to meet HUD’s standards for physical condition. This is a very high performance rate and reflects the important outcome goal of providing healthy, quality, and safe housing for HUD’s multifamily inventory.

Program Website. <http://www.hud.gov/offices/hsg/hsgmulti.cfm>

Results and Analysis. In FY 2008, as of the latest inspection, 29,380 properties in Multifamily’s portfolio of 31,496 (93 percent) were found to have acceptable physical condition slightly missing the goal of 95 percent. The Multifamily Program is on a “3-2-1” inspection schedule, so that the higher performing properties are not re-inspected every year like troubled properties. High scoring properties’ scores carry forward until a new inspection is conducted.



Resources and Performance Link. Funding for physical inspections of HUD involved privately-owned multifamily housing is provided through one of six (five Departmental and one from the mortgagee) possible sources depending upon the characteristics of the project.

For projects that are insured with or without subsidy, the cost of routine inspections under HUD’s Uniform Physical Inspection Standards is borne by the mortgagee under its contract of insurance. Special and follow-up inspections of properties scoring below standard are funded through the General Insurance Fund. For uninsured projects with Project-Based Section 8, funding is provided through the Project-Based Rental Assistance Account. For Section 202 direct loan projects with Section 8 and pre-1987 Section 202 projects funds are from the Section 202/8 allocation. For Section 202 Capital Advance and Section 811 projects, funding is provided from those allocations. In FY 2007, the Department funded 7,225 inspections at an average cost of \$324 per inspection, for a total of \$2.3 million. That compares to FY 2006, when the Department funded 9,080 inspections at an average cost of \$397, for a total of \$3.6 million. Through the implementation of its Uniform Physical Inspection Standards, providing for timely, consistent, objective inspections, the Department insures that quality and improvement in the HUD involved housing is achieved.

Reasons for Shortfall / Plans and Schedule to Meet the Goal. Properties overseen by the Office of Multifamily Programs are on a “3-2-1” inspection schedule, so that the higher performing properties are not re-inspected every year like troubled properties. High scoring properties’ scores carry forward until a new inspection is conducted. Given this inspection, properties that previously scored higher can fall below the defined threshold for meeting

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acceptable physical standards. Given the severity of the items noted during inspections and timing of the inspection during the fiscal years, some items may be addressed through repairs paid for using the property's reserve for replacement account or may require an infusion of capital through new financing, change of ownership, and even foreclosure, all of which take time complete. HUD will continue to work actively with owners to ensure that the properties overseen by the Department are maintained at an acceptable physical standard.

Multifamily housing quality overall remains quite high with the year-to-year change in FY 2008 not statistically significant. The multifamily inventory is on the whole an aging, static inventory and the capital needs of the housing are financed by the individual landlord. There is no dedicated source of Federal assistance for capital costs.

Data Discussion. The Real Estate Assessment Center's Physical Assessment Subsystem consists of electronically coded and transmitted results of physical inspections of units, buildings, and sites, and is stored in the National Inspection Contract – Central Integrated Data Repository. The Physical Assessment Subsystem is a component of the overall Public Housing Assessment System, and is used separately for privately-owned multifamily housing. Inspections are conducted independently and are statistically representative of assisted private multifamily housing. Because of the necessity of evaluating common areas, the number of passing units is determined by multiplying passing projects by the number of units they contain. Improvements to the Physical Assessment Subsystem may alter slightly the selection and weighting of individual inspection items from year-to-year.

Under the "3-2-1 Rule" that took effect in August 2000, inspections of some multifamily developments occur at longer intervals of two or three years if their scores are high enough in the first year. Because some multifamily scores accordingly carry over from previous years, the average score will change about 40 percent less than it would if the measure were limited to projects that were present in both samples. As reported to Congress in the March 1, 2001, Conferee Report titled *PHAS-Physical Inspection System*, the Real Estate Assessment Center's physical assessment program ensures the proper application and interpretation of the inspection protocol and the accuracy of inspection scores, which were validated by an independent engineering firm as reflected in the subject report.

B.10: For households living in assisted and insured privately-owned multifamily properties, the share of properties that meets HUD's financial management compliance is maintained at no less than 98 percent.

Public Benefit. Financial reporting has the important outcome of protecting FHA funds and supports both the quantity and quality of the affordable housing inventory.

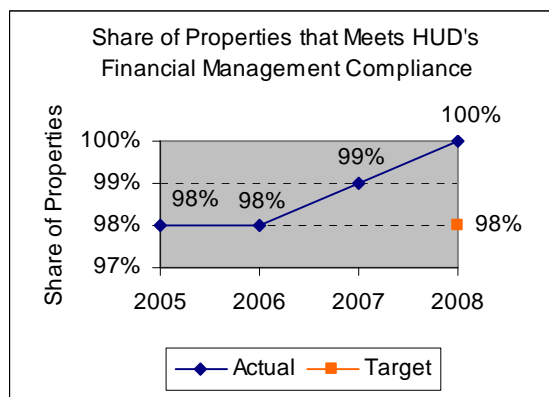
Background. The goal is to maintain high compliance and successful resolutions so that at least 98 percent of the properties submitting audited financial statements either have no compliance issues or audit findings, or have such issues or findings closed (resolved) by the end of each fiscal year. Property owners must submit annual financial statements so the Department can ensure that project owners are in compliance with their business agreements, i.e., the regulatory agreement, mortgage and note, and any subsidy contracts. These compliance factors are used in the evaluation of project operations and guide business and operating decisions and have the important outcome of protecting subsidy and FHA funds. Multifamily project managers in the field offices are responsible for resolving all compliance issues or findings identified by HUD's Real Estate

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Assessment Center to achieve the outcome of ensuring that there is the necessary financial information to make business and operating decisions. Owners not submitting their audited financial statements in a timely manner are referred to the Departmental Enforcement Center. HUD's Real Estate Assessment Center evaluates the financial management of both public housing agencies and privately-owned multifamily properties based on generally accepted accounting principles.

Program Website. <http://www.hud.gov/offices/hsg/hsgmulti.cfm>

Results and Analysis. The target was met for FY 2008 with essentially 100 percent of financial reviews having no conditions or conditions closed. This goal was achieved with only five compliance findings remaining open at year end, out of a total 19,171 properties reviewed. To meet this goal the Real Estate Assessment Center's Financial Assessment Subsystem reviews electronically submitted financial statements for indicators of non-compliance. In addition, field office staff in the Office of Multifamily Housing reviews all financial statements and follows up on issues of non-compliance to ensure the goal is met. Should a property's financial statements identify an issue of non-compliance, the Department obtains owner compliance or pursues appropriate enforcement action.



Resources and Performance Link. The collection and system analysis of annual financial statement is through the Financial Assessment Subsystem operated by the Department's Real Estate Assessment Center. Housing contributed \$7.5 million towards the assessments systems provided by the Real Estate Assessment Center. The system electronically collected and assessed over 19,000 financial statements in FY 2008 and FY 2007. The collection and assessment of annual financial statements is crucial to the Department's oversight of the HUD involved properties and the owners' compliance with their business agreements and programmatic requirements. The assessment also provides early warning of financial difficulties improving the Department's ability to forestall or mitigate loss.

Data Discussion. The data come from the Office of Housing's Real Estate Management System and the Real Estate Assessment Center's Financial Assessment Subsystem. The submission of financial statements is a process validated by the American Institute of Certified Public Accountants. Further refinements may be necessary as the assessment process matures. The Real Estate Assessment Center performs quality assurance reviews of the audited financial statements of multifamily property owners submitted by independent public accountants. The quality assurance review provides assurance that the audited statements are accurate and reliable and that audits are conducted in accordance with government and professional standards. The Financial Assessment Subsystem incorporates extensive data checks and both targeted and random review by independent auditors.

B.11: Increase the availability of affordable housing for the elderly and persons with disabilities by bringing 4,000 Section 202 units (100 projects) and 1,100 Section 811 units (100 projects) to initial closing.

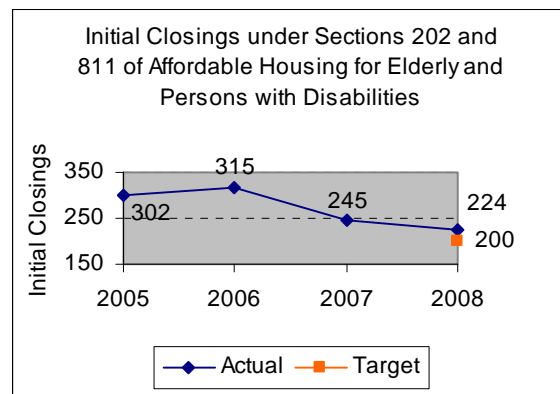
Public Benefit. This indicator measures the number of projects that reach the initial closing stage (when the project design has been approved and all of the local community requirements have been met, and the sponsor is ready to start construction). It measures the Department’s commitment to providing and preserving affordable housing and services designated for the elderly and persons with disabilities.

Background. The Section 202 and Section 811 programs provide capital advances for multifamily housing for elderly and disabled households, respectively. The outcome of this funding is the expansion of affordable rental housing for very low-income elderly persons and persons with disabilities.

Section 202 and 811 projects can be a challenge to bring to closing. Sponsors are usually required to find other sources of funding to pay for costs that exceed the amount of those that can be covered by the Section 202 or Section 811 funds and project features that are not able to be funded by the programs. In addition, neighborhoods sometimes oppose the developments.

Program Website. <http://www.hud.gov/offices/hsg/hsgmulti.cfm>

Results and Analysis. During FY 2008, HUD reached initial closing on 224 Section 202 and 811 projects, resulting in an additional 4,560 Section 202 units and 1,137 Section 811 units. The Department successfully exceeded the goal by initially closing 112 percent of the Annual Performance Plan goal of 200 projects. In FY 2007, the Department reached initial closing on 245 Section 202 and 811 projects, exceeding the target goal of 200 projects by 23 percent. The decline in part reflects the level funding of the programs over the past few years and the increasing cost of projects.



In FY 2009, the goal will be to continue to close a projected 180 projects. However, the goal will be modified to reflect the number of units that will be generated by 90 initially closed Section 202 and 90 Section 811 projects in FY 2009. The overall goal will be 4,550 units (3,600 units for the elderly and 950 units for persons with disabilities).

Resources and Performance Link. The expansion of affordable rental housing for very low-income elderly persons and persons with disabilities is linked to the fiscal year’s appropriation. As more and more of the project rental assistance contracts expire, more of the funds appropriated will go towards extending those contracts, leaving fewer dollars for the development of new units in the future. However, with more emphasis being placed on the development of additional affordable units through the use of low income housing tax credits, it is anticipated that the number of affordable rental housing units will at least be maintained at the current level if not increased. In FY 2008, \$629 million was appropriated for Section 202 capital advance and \$162 million for Section 811.

Data Discussion. The data are captured in the Office of Housing Development Application Processing System and the Housing Enterprise Real Estate Management System. The indicators of project status during the development process stage consist of straightforward and easily verifiable counts. The data are judged to be reliable for this measure. Historical data are currently unavailable to provide context and a performance baseline. Submitted data are reviewed, verified, and approved by HUD field office staff. The Office of Housing receives copies of the closing documents that will be used to verify data system entries.

B.12: The number of elderly households living in private assisted housing developments served by a service coordinator is maintained at the FY 2007 level.

Public Benefit. This indicator measures the Department's commitment to providing and preserving affordable housing and services designated for the elderly and persons with disabilities by showing the number of properties that receive funding for the employment of service coordinators at elderly and assisted housing developments.

Service Coordinators improve the quality of life of the tenants, support independent living, and improve the medical and other aspects of living for their clients.

Background. A service coordinator is a staff person who is hired or contracted for by the development's owner for the purpose of helping elderly residents, especially those who are frail and at-risk, obtain needed supportive services that will further enable independent living and aging in place. The baseline was established at 353,765 units.

Program Website. <http://www.hud.gov/offices/hsg/hsgmulti.cfm>

Results and Analysis. The Department did not accomplish the FY 2008 goal by maintaining the number of units covered by service coordinators in FY 2007. During FY 2008, the Service Coordinator Program served a total of 347,922 households which is slightly less than the 353,765 households served in FY 2007, a difference of 5,843 households.

Resources and Performance Link. In future fiscal years, the percentage of the appropriated funds needed to extend the service coordinators in the previously funded projects is expected to increase to the extent that no funds will remain for new coordinators, unless there is a significant increase in appropriated funds. However, HUD will continue to encourage owners to use operating funds residual receipts and excess income to leverage federal resources in order to increase the number of service-enhanced units.

Reasons for Shortfall / Plans and Schedule to Meet the Goal. The percentage of the appropriated funds needed to extend the service coordinators from previously funded projects is increasing to the extent that little or no funds remain for supplying new coordinators. However, HUD will continue to encourage owners to use operating funds residual receipts and excess income to leverage federal resources in order to increase the number of service-enhanced units.

Data Discussion. The data was captured in the Real Estate Management System, surveys, and management reviews during FY 2008. Activities for FY 2009 and future fiscal year performance targets will be measured against the FY 2008 level of 347,922. Tabulations will be reviewed and any problems or discrepancies will be reported.

B.13: For both Section 202 and Section 811, at least 70 percent of projects that are initially closed in FY 2008 will have completed the process within 24 months; and, of these, 25 percent will have completed the process within 18 months.

Public Benefit. This indicator measures the Department's commitment to providing and preserving affordable housing and services designated for the elderly and persons with disabilities by showing the number of 202 and 811 properties that have completed the process within 24 months (goal is 70 percent) and within 18 months (goal is 25 percent). The focus is to speed the project pipeline and therefore serve more tenants sooner.

Background. This efficiency indicator measures the Department's success in achieving the intended outcome by maximizing the time needed for project Section 202 and 811 projects to proceed from fund reservation to initial closing.

Program Website. <http://www.hud.gov/offices/hsg/hsgmulti.cfm>

Results and Analysis. The Department was just under the FY 2008 goal of 70 percent by closing 69 percent of Section 202 and Section 811 properties within 24 months and this level substantially meets the target of the goal and reflects a significant accomplishment in these programs. The Department did accomplish closing 26 percent of these Section 202 and Section 811 properties within 18 months.

Resources and Performance Link. The expansion of affordable rental housing for very low-income elderly persons and persons with disabilities is linked to the fiscal year's appropriation. As more and more of the project rental assistance contracts expire, more of the funds appropriated will go towards extending those contracts, leaving fewer dollars for the development of new units in the future. However, with more emphasis being placed on the development of additional affordable units through the use of low income housing tax credits, it is anticipated that the number of affordable rental housing units will at least be maintained at the current level if not increased. In FY 2008, \$629 million was appropriated for Section 202 capital advance and \$162 million for Section 811.

Reasons for Shortfall / Plans and Schedule to Meet the Goal. HUD will continue to encourage and work with sponsors to ensure that closings under the Section 202 and Section 811 programs occur within the prescribed time frames.

Data Discussion. The data was captured in the Real Estate Management System during FY 2008. Activities for FY 2009 and future fiscal year performance targets will be measured against that established baseline of 70 percent and 25 percent. Tabulations will be reviewed and any problems or discrepancies will be reported.

B.14.: The number of Section 202 units serving the elderly and Section 811 units serving persons with disabilities is maintained for each program at 98 percent of those at the FY 2007 level, excluding new units added to the inventory.

Public Benefit. This indicator measures the Department's commitment to providing and preserving Affordable Housing and Services designated for the Elderly and Persons with Disabilities. The Annual Performance Goals contribute to HUD's strategic goal of providing decent and affordable housing.

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Background. In order to reinforce the Department’s commitment to preserving affordable housing for the elderly and persons with disabilities, this indicator reports the number of Section 202 and Section 811 units in multifamily housing developments that serve the elderly and persons with disabilities. This indicator tracks the number of 202 and 811 units that are maintained against levels of the previous year. The baseline was established in FY 2007.

Program Website. <http://www.hud.gov/offices/hsg/hsgmulti.cfm>

Results and Analysis. The Department fully met the goal by maintaining 99.1 percent of the Section 202-Elderly program and Section 811-Housing for Persons with Disabilities program inventory, exceeding the 98 percent target by 1.1 percent.

During FY 2007, the Department established the baseline for the Section 202 and Section 811 portfolio as described below. The goal was to preserve at least 98 percent of the units.

Total Section 202, 811 Inventory

<u>Program</u>	<u>Properties</u>	<u>Total Units</u>
202	5,184	256,372
202/162	326	11,074
811	2,079	23,823
202 (prepaid with restricted units)	<u>777</u>	<u>35,427</u>
Total	8,366	326,696

During FY 2008, the Department experienced the following losses of affordable housing to the elderly and persons with disabilities programs:

- 10 Section 202 properties with a total of 283 units were foreclosed. No Section 811 properties were foreclosed during FY 2008.
- 38 Section 202 properties with a total of 2,550 units were authorized to prepay without use restrictions. HUD notes that the owners of these properties have been authorized to prepay. However, the owners ultimately may choose to not prepay. More important, 2,438 of the units had project-based assistance and because owners typically choose to maintain the project-based assistance, the units will remain affordable to very low-income households.

Therefore, during FY 2008 the potential loss to the affordable housing inventory was a maximum of 2,833 units, leaving 323,863 units. This represents 99.1 percent of the portfolio that was identified in FY 2007.

Resources and Performance Link. HUD will continue to provide Project Rental Assistance Contract (PRAC) funding and financing options to owners and sponsors who meet Housing Quality Standards and wish to recapitalize their properties. The FY 2008 appropriation for the Section 202 program and Section 811 program was \$629 million and \$162 million, respectively, the same as in FY 2007.

Data Discussion. The data was captured in the Real Estate Management System during FY 2008.

Ginnie Mae

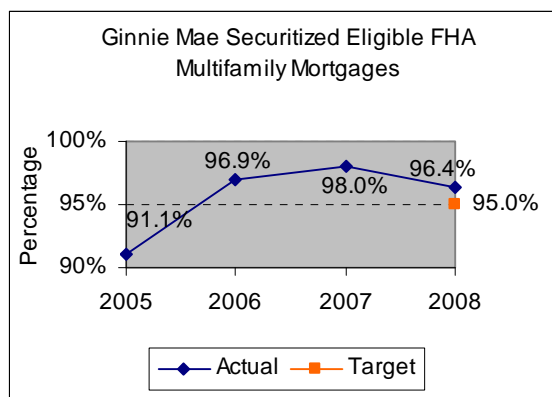
B.15: Ginnie Mae securitizes at least 95 percent of eligible FHA multifamily mortgages.

Public Benefit. This indicator measures Ginnie Mae’s share of the residential mortgage loans insured or guaranteed by the Federal Housing Administration (FHA). As articulated in Title III of the National Housing Act, Ginnie Mae’s purpose is “to establish secondary market facilities for residential mortgages, to provide that the operations thereof shall be financed by private capital to the maximum extent feasible,” and to conduct certain other secondary market functions consistent with this purpose. Ginnie Mae was authorized to guarantee securities backed by government insured loans when it was established as a government corporation on September 1, 1968. By promoting access to mortgage credit and enhancing the liquidity of mortgage investment, Ginnie Mae has increased the availability of affordable rental housing for millions of Americans. This is directly evidenced by the consistent growth in the outstanding balance of the multifamily portfolio in FY 2008; it increased by \$1 billion.

Background. Ginnie Mae continues to address the specific need of promoting liquidity and the flow of investment capital for FHA multifamily mortgages. The total amount of Ginnie Mae securities outstanding have increased every month since 2008. At the end of FY 2008, the amount of Ginnie Mae securities outstanding was approximately \$576.8 billion, of which multifamily program securities outstanding were \$39.4 billion.

Program Website. <http://www.ginniemae.gov>

Results and Analysis. The target was exceeded. As of the end of FY 2008, Ginnie Mae securitized 96.4 percent of eligible multifamily FHA loans. This result is a 1.4 percentage point increase over this year’s goal of 95 percent. Multifamily securities outstanding increased from \$38.4 billion in FY 2007 to \$39.4 billion in FY 2008. Ginnie Mae strives to maintain a strong supply of decent, affordable rental housing by financing affordable multifamily housing units including apartment buildings, nursing homes and assisted-living facilities. Ginnie Mae has continued to streamline the multifamily program, enhancing its efficiency as a securitization vehicle, and making the program more attractive to investors.



The Department anticipates that it will also meet the FY 2009 target of 95 percent.

Resources and Performance Link. Funding provided through Commitment Authority is used by Ginnie Mae to guarantee securities backed by government guaranteed or insured loans. Commitment authority approved in FY 2008 was \$258.3 billion and securities issued were \$220.6 billion. Of the \$258.3 billion of commitment authority approved, the Multifamily Program used \$4.2 billion in commitment authority and issued \$4.4 billion in securities.

Data Discussion. Data for this indicator are based on FHA-insured loan level data of monthly endorsements collected by Ginnie Mae in its Mortgage-Backed Security Information System.

The data that populate Ginnie Mae's Mortgage-Backed Security Information System reflect the most recent data of insured or guaranteed loans. The Office of Inspector General conducts Ginnie Mae's annual financial statements audit, which includes auditing Ginnie Mae's data systems each year and, not only had Ginnie Mae consistently received an unqualified, or clean, opinion in prior fiscal years, it again received a clean opinion for the FY 2008 audit.

Public and Indian Housing

B.16: Improve the utilization rate of Housing Choice Voucher funding to 97 percent by Calendar Year 2011.

Public Benefit. The objective of this goal is to ensure that substantially all of the funding provided by Congress for Housing Choice Vouchers is effectively used. The effective use of budgetary authority supports the Department's strategic goals for expanding access to decent, affordable rental housing and maximizes the number of targeted low-income families and individuals served.

Background. The Housing Choice Voucher program provides low-income participants with the ability to seek rental housing of their choice, with certain rent parameters and portability features enabling families to take their vouchers to other rental markets in pursuit of available jobs and other economic opportunities.

While the vast majority of the Housing Choice Voucher program annual budget authority is currently being used to assist low-income families, some PHAs are not fully using all the budget authority allocated to them. Increasing PHAs use of voucher funds remains a key HUD priority. In Calendar Year 2008, the Department allocated administrative fee funding based on a formula tied to the number of assisted households, as opposed to the prior year where PHAs received a flat amount per year for administrative costs based on a percentage of rental payments, which does not provide an incentive to increase the number of families served. The Department expects that tying the administrative fee formula to the number of assisted households will provide an incentive to increase the number of families served. Also, the Office of Housing Voucher Program will earmark funds to perform an Administrative Cost Study that will determine a more effective formula to compensate the Public Housing Agencies for administering the Housing Voucher Programs.

The Department has also submitted a rule to OMB in FY 2008 that would substantially revise the Tenant-Based Voucher program. In doing so, the renewal funding formula would be revised to provide a predictable and transparent methodology to the PHAs. In doing so, PHAs will be able to better control their program funding and leasing rates.

The Office of Public and Indian Housing is in the process of revising the assessment tool for this program from 16 indicators to four core indicators. The four indicators will measure accuracy of reporting, financial condition of a PHA, utilization of budget authority, and quality of units. Until such time as the new assessment system is implemented, the Department will report the utilization of Housing Choice Voucher funding as a tracking indicator.

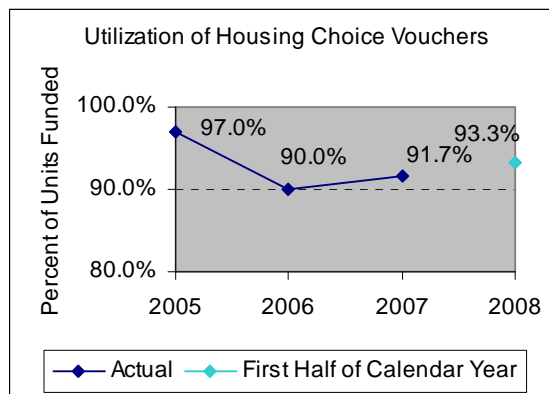
Program Website. <http://www.hud.gov/offices/pih/programs/hcv/>

Results and Analysis. For the six months ended June 30, 2008, PHAs had a projected utilization rate of 93.3 percent. This is an increase from calendar year 2007 when PHAs used 91.7 percent of their funding. Although this is an improvement, HUD still expects much greater utilization of these

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funds. To achieve improved utilization, HUD plans to continue outreach to PHAs and to link future administrative fee payments to PHA leasing levels.

Resources and Performance Link. For 2008, Congress provided over \$14.7 billion for Housing Assistance Payment funding (Tenant-Based Rental Assistance – Contract Renewals). Housing Assistance Payment funding was allocated to PHAs based upon a pro-rata share of their inflated 2006 Housing Assistance Payment expenditures. From year-to-year, Congress may change the manner in which PHAs are to be funded. For example, in 2005, the Voucher Management System data from May to July 2004 was used to allocate funding. In 2006, PHAs received a pro-rata share based on their 2005 funding. In 2007, PHAs received funding based on 12 months of actual leasing and cost data. In 2008, HUD has proposed a regulation that would revise the renewal funding formula so that it would provide a predictable, consistent methodology so that PHAs can adjust and improve their utilization rate.



Data Discussion. The Voucher Management System will be the primary source to measure annual budget authority utilization. The primary purpose of this system is to monitor and manage PHA's use of vouchers. The Voucher Management System collects data that enables the Department to budget, fund, and obligate voucher funding based on actual PHA activity.

Quality Assurance Division analysts conduct on-site reviews to verify the Voucher Management System reporting accuracy and data integrity. This verification is accomplished through the visual inspection of the PHAs' source documentation that was used to support Voucher Management system data entry. The Quality Assurance Division analyst also reviews a random sample of actual Housing Assistance Payment contracts and compares the data to the PHA's financial systems.

B.17: The share of public housing units that meet HUD established physical inspection standards will be 85 percent.

Public Benefit. This indicator tracks the proportion of units in public housing facilities that meet these physical standards, helping the Department to monitor its success in improving the physical conditions in public housing. This goal is important as expanding the access to decent, affordable housing is one of the Department's key strategic objectives.

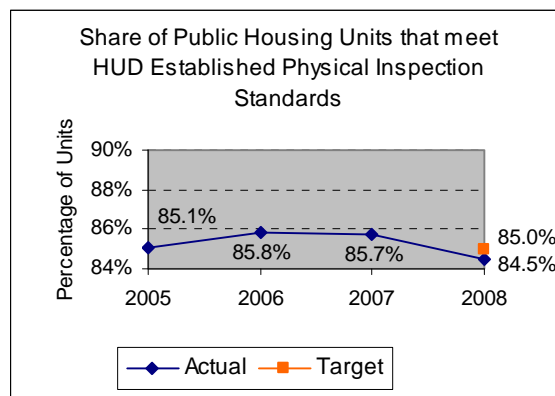
Background. HUD requires PHAs to inspect and maintain public housing to ensure compliance with HUD-established standards for physical condition or with local codes if they are more stringent. This reflects the commitment in the President's Management Agenda to steadily improve the physical quality of public housing, for which HUD's Strategic Plan established a goal of 87.5 percent by FY 2011.

Program Website. www.hud.gov/offices/reac/products/prodphas.cfm

Results and Analysis. Despite several years of decreased funding for the maintenance and operation of Public Housing Agencies, PIH has been very successful in assisting PHAs in the provision of rental housing that is decent, safe, sanitary, and in good condition. For FY 2008, 84.5 percent of the units met Standard Levels, which is 0.5 percent less than the FY 2008 goal of

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85.0 percent. Because of the sampling method used (see below) this variance is not statistically meaningful and accordingly the Department deems this goal substantially met. Additionally supporting this position, it should be noted that when looking at the results on a property basis, 91.3 percent of PHA properties met or exceeded the established physical inspection standards versus 91.0 percent in FY 2007 (an improvement of 0.3 percent). When the conversion to asset management is completed, PIH intends to revise this goal such that reporting is on a project, and not unit, basis, in keeping with the goals of asset management.



Resources and Performance Link. The principle budgetary resources supporting this effort are the Operating and Capital Funds. For FY 2008, the budget for the Operating and Capital Funds was \$4.2 billion and \$2.4 billion, respectively. Over the past five years, resources were relatively flat. The Operating Fund ranged between \$2.4 billion and \$3.8 billion and the Capital Fund ranged between \$2.4 billion and \$2.7 billion.

Data Discussion. Data for this indicator are from the Real Estate Assessment Center’s Physical Assessment Subsystem. Inspections at PHAs are conducted by contractors and are based on a statistically valid random sample of selected buildings and dwelling units within a property. Inspections are scored by the Real Estate Assessment Center system at the property level. The Assessment System Physical Indicator score and reported as one of four components of the Public Housing Assessment System rule scoring process.

B.18: Key measures under the Public Housing Assessment System including (a) the unit-weighted average score, (b) observed exigent deficiencies per property among PHAs that are designated as troubled and have five or more deficiencies per property for public housing, and (c) the share of units that have functioning smoke detectors.

Public Benefit. The Public Housing Assessment System scores provide an indication of the quality of the housing stock and the management conditions within which each public housing resident lives. By closely monitoring these indicators, HUD is working to further its commitment in the President’s Management Agenda to steadily improve the quality of public housing the three key measures (unit-weighted average score, reductions in exigent health and safety or fire safety deficiencies, and share of unit with functional smoke detection systems) track HUD’s progress toward increasing the capability and accountability of PHA partners and increasing the safety and satisfaction of residents.

Background. The Public Housing Assessment System assesses the performance of PHAs based on their physical and financial condition and their management quality (30 points each), as well as on resident satisfaction (10 points), for a total score of up to 100 points. Housing agencies with composite scores below 60 points or scores below 18 points for any one component are classified as “troubled” agencies.

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The Department is in the process of redesigning and implementing changes in the assessment systems for both its public housing and voucher programs during the next few years. During this period a comparison of results from year-to-year will be problematic. Additionally, after the new assessment system is functional, the Department will develop new performance goals which will support PHA operations under asset management. Until such time as asset management and the new assessment system are implemented, the Department will report this measure as a tracking indicator.

Program Website. <http://www.hud.gov/offices/reac/products/prodphas.cfm>

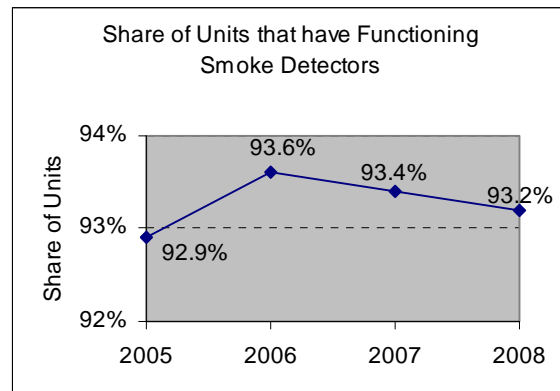
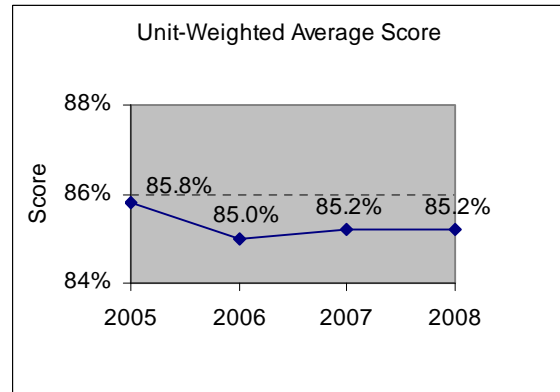
Results and Analysis. The unit-weighted average Public Housing Assessment System score was 85.2 percent, the same as in FY 2007. The average exigent health and safety defects per property assessed (for properties with a physical assessment score of less than 60) dropped from 10.6 defects noted in their previous inspection to 5.9 defects noted in their FY 2008 inspection; this was a reduction of 44 percent. For the last sub-goal, 93.2 percent of public housing units had functioning smoke detectors and were in buildings

with functioning smoke detection systems, compared to 93.4 percent in FY 2007.

Resources and Performance Link. Adequate resources are required for good results under these indicators, particularly during the transition to asset management. The two main budgetary resources come from the Public Housing Operating Fund and Capital Fund programs. In FY 2008, the funding for PIH Capital Fund was \$2.4 billion, a decrease from \$2.7 billion in FY 2003 and 2004. The Operating fund was \$4.2 billion in FY 2008, an increase from \$3.6 billion in FY 2003 and 2004. The combined operating and capital assistance of \$6.6 billion represented 16.8 percent of HUD's net, non-disaster discretionary budget authority of \$39.22 billion in FY 2008 and reflected the priority and significant amount of resources allocated to this effort.

Data Discussion. The data sources are the Real Estate Assessment Center – Public Housing Assessment System database. Some PHAs were excluded from this analysis. These consisted of agencies designated as “Moving to Work,” “Invalidated,” and “Advisory.”

All the goals related to the Public Housing Assessment System are predicated on the timely release of scores by the Real Estate Assessment Center. In the event that the Real Estate Assessment Center experiences a significant delay in the issuance of Public Housing Assessment System scores in a particular year, it could affect the outcome and may represent a skewed assessment of the performance trends within a reporting period.



B.19: The percent of public housing units under management of troubled housing agencies.

Public Benefit. This goal will assist PIH in promoting more access to the number of affordable housing units offered by public housing agencies. Increasing the operational effectiveness of troubled agencies will improve physical conditions, financial performance, and program execution – thereby increasing the number of units available for occupancy for underserved families in these respective communities.

Background. PIH and the Real Estate Assessment Center use the Public Housing Assessment System to evaluate the performance of PHAs based on four categories: physical condition, management operations, financial condition, and resident satisfaction. Housing agencies with composite scores below 60 percent, or scores below 18 percent in any one component, are classified as “substandard” or “troubled.” This indicator tracks the change in the number of units managed by “troubled” agencies at the beginning of the fiscal year that successfully return to “standard” status by the end of the fiscal year due to intervention by the Department.

Results and Analysis. The number of troubled PHAs as of September 30, 2007, totaled 161, with 55,338 low-rent units. As of September 30, 2008, 66 PHAs from this list were recovered. There were 95 troubled PHAs with 42,649 units remaining as of September 30, 2008, a reduction of 23 percent. This compares to a 43 percent reduction for FY 2007.

Resources and Performance Link. The principal budgetary resources supporting this effort are the Operating and Capital Funds. For FY 2008, the budget for the Operating and Capital Funds were \$4.2 billion and \$2.44 billion, respectively. Over the past five years resources were relatively flat. The Operating Fund ranged between \$2.4 billion and \$3.8 billion, and the Capital Fund ranged between \$2.4 billion and \$2.7 billion.

Data Discussion. To calculate the percent of troubled housing units that are no longer managed by troubled agencies, the Department collects and analyzes the September 2007 and September 2008 Troubled Lists. The Troubled List is a monthly document that reports the status of troubled PHAs. PHAs will remain on the Troubled List until the housing authority receives a passing Public Housing Assessment System score – i.e. recovered. For purposes of this analysis, the Department only examines data related to low-rent units.

To identify changes to the number of low-rent units under the management of troubled PHAs, the September 2007 Troubled List served as the control group for measuring variation in the Troubled Portfolio. Because Public Housing Assessment System scores are released on a daily basis, it is necessary to establish a control group to assess changes in the scores and designations. To determine the rate at which field offices were recovering troubled agencies for FY 2008, the Department tracked the number of PHAs that were added or removed from the troubled list. The Department then compared the number of PHAs that were listed on the September 30, 2007 report to the number of PHAs that are listed on the September 30, 2008 report. Those PHAs that were not reported on the September 30, 2007 list are considered recovered. The number of units managed by the recovered PHAs was used to calculate the percentage decrease in units managed by troubled agencies.

The analysis only represents a “snap-shot” of the Department’s ability to assist troubled PHAs. Because of reporting delays, appeals, or quality assurance reviews, PHA scores are not always released in a timely fashion. Because of these fluctuations in the release or changes to the

scores, this analysis only reflects variations between scores and units of the control group (September 30, 2007 Troubled List) and the PHAs that were deemed troubled as of September 30, 2008.

B.20: The proportion of the Housing Choice Voucher Program funding administered by troubled housing agencies.

Public Benefit. The purpose of this goal is to monitor how well PHAs administering the Housing Choice Voucher Program are managing their program. A poorly managed program does not effectively use the budgetary resources provided and effective use of budgetary authority supports the Department's strategic goals for expanding access to decent, affordable rental housing.

Background. The Department is the midst of significant changes in its assessment systems and development of new benchmarks to report results (for detailed discussion see indicator B.24). During FY 2006 to FY 2008, HUD developed a new proposed regulation for assessing whether a PHA is troubled under the Section 8 Management Assessment Program. In FY 2008, HUD sent a proposed rule on the new Section 8 Management Assessment Program to OMB. HUD will determine the baseline percentage of Housing Choice Voucher Program funding that is administered by PHAs that are determined to be troubled. Once the new performance assessment system is implemented, the Department will implement Annual Performance Plan goals to manage PHA performance. Until such time as the new assessment system is implemented, the Department will report the utilization of Housing Choice Voucher funding as a tracking indicator.

Program Website. <http://www.hud.gov/offices/pih/programs/hcv/>

Results and Analysis. Although this is a tracking indicator until the new assessment system is established, there has been a substantial improvement in this indicator. For 2008, there were 116 troubled agencies with Housing Assistance Payment funding of \$430 million (2.9 percent of the total Housing Assistance Payment funding). For 2007, there were 152 troubled agencies, with Housing Assistance Payment funding of \$644.6 million (4.5 percent the total Housing Payment funding). This represents a decrease of 33 percent in the funding that those agencies administered and a 24 percent reduction in the number of troubled PHAs. Note that this FY 2008 data is based on the most recent, validated Section 8 Management Assessment Program scores as reflected in HUD Central Accounting and Program System and PIH Information Center.

Resource and Performance Link. The overall funding for the Housing Choice Voucher Program includes \$14.7 billion in Housing Assistance Payments and \$1.35 billion in Administrative Fees and represents approximately 42 percent of the Department budget.

Data Discussion. The data source for this goal will be the new performance assessment system for the Housing Choice Voucher Program established in accordance with revised regulations. The assessment system and the data elements have yet to be determined. The new performance assessment system will incorporate lessons learned in the development and operation of the current assessment system.

B.21: The HOPE VI Revitalization program demolishes 4,000 units and completes 9,000 new and rehabilitated units.

Public Benefit. HOPE VI is HUD's primary program for eliminating distressed public housing by demolishing unsustainable developments and rebuilding in accordance with community-sensitive principles. The HOPE VI program supports the Department's

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strategic goals for creating decent, affordable housing as well as homeownership opportunities. The Department established annual indicators to track the number of severely distressed public housing units demolished and new and rehabilitated units completed as part of HOPE VI revitalization plans. These two indicators best represent the program and the outcome of more affordable housing.

Background. The HOPE VI program began in 1993, as a result of recommendations by the National Commission on Severely Distressed Public Housing, which was charged with proposing a National Action Plan to eradicate severely distressed public housing. The specific elements of public housing transformation that are key to HOPE VI include changing the physical shape of public housing; providing comprehensive community and supportive services for residents; lessening concentrations of poverty by placing public housing in non-poverty neighborhoods and promoting mixed-income communities; and forging partnerships with other agencies, local governments, nonprofit organizations, and private businesses to leverage support and resources. However, because of the extensive planning and partnering involved, Public Housing Agencies have been slower in implementing HOPE VI revitalization plans than anticipated.

Program Website. <http://www.hud.gov/offices/pih/programs/ph/hope6/>

Results and Analysis. For FY 2008 grantees demolished 4,374 severely distressed public housing units, exceeding the goal of 4,000 units by approximately nine percent. Completions of new or rehabilitated units totaled 9,978, surpassing the 9,000-unit goal by approximately 11 percent. The FY 2008 achievements are attributable to HUD’s continued emphasis on timeliness and accountability in the implementation of HOPE VI grants and the PHAs’ on-going efforts to meet the commitments of their revitalization plans.

HOPE VI Achievements	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2008 Target
Units demolished	8,765	5,034	6,601	4,374	4,000
Units constructed or rehabilitated	9,632	9,389	8,436	9,978	9,000

* All figures for the 12 months ended June 30.

Since program inception, a cumulative total of 89,892 units have been demolished and 70,435 new and rehabilitated units have been completed. With approximately \$883 million in HOPE VI funds awarded through June 30, 2008, but not yet expended, HUD continues to work closely with grantees to implement the grants in a timely manner and to positively affect the affected communities. The goals for FY 2009 (882 units demolished and 4,481 units completed) are lower than FY 2008 to reflect a decrease in activities as grants near completion. HUD anticipates reaching these goals.

Resources and Performance Link. This program is subject to the availability of appropriations by Congress. The Congress appropriated \$100 million for the HOPE VI program in FY 2008. The President’s FY 2009 budget proposes no additional funds for HOPE VI. Though the Department is not requesting additional funds for this program, it is

focused on continuing the progress of current projects and maximizing the effective use of program resources. Accordingly, future activity related to this goal will be met with available prior year funds.

Data Discussion. The data are submitted quarterly to HUD by PHAs via PIH's HOPE VI quarterly progress reporting system. Data are judged to be reliable for this measure. Data for this goal is provided from July 1, 2007, through June 30, 2008. Submitted data are reviewed by HUD staff and are verified through grant management activities and site visits. HUD Headquarters staff reviews the reports each quarter and compares progress to stated goals and the results of on-site visits by HUD staff. Field and Headquarters staff verifies reports of redevelopment progress through site visits. The system has been subject to routine integrity checks by the system administrator.

B.22: Ensure that unit production is completed for 89 HOPE VI grants awarded from FY 1993 through FY 2004.

Public Benefit. HOPE VI is HUD's primary program for eliminating distressed public housing by demolishing unsustainable developments and rebuilding in accordance with community-sensitive principles. The HOPE VI program supports the Department's strategic goals for creating decent, affordable housing, as well as homeownership opportunities.

The Department established this annual indicator to track the number of HOPE VI projects that have completed all unit production as part of HOPE VI revitalization plans. The Department continues to emphasize the importance of timeliness and accountability in its programs, including HOPE VI. That is, the more projects that are completed, the more affordable housing opportunities will be available. However, because of the extensive planning and partnering involved, as well as extenuating circumstances, grantees have been implementing their HOPE VI redevelopment plans more slowly than anticipated. Nevertheless, HUD has worked diligently with grantees to increase the total number of projects completed, as measured by completion of all units (whether public housing, tax credit, market-rate, or homeownership) proposed in the revitalization plan.

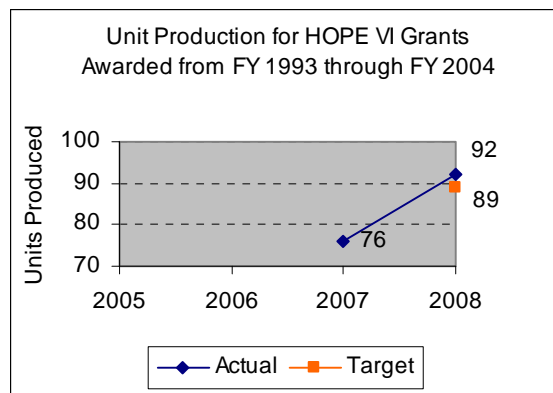
Background. The HOPE VI program began in 1993, as a result of recommendations by the National Commission on Severely Distressed Public Housing, which was charged with proposing a National Action Plan to eradicate severely distressed public housing. The specific elements of public housing transformation that are key to HOPE VI include changing the physical shape of public housing; providing comprehensive community and supportive services for residents; lessening concentrations of poverty by placing public housing in non-poverty neighborhoods and promoting mixed-income communities; and forging partnerships with other agencies, local governments, nonprofit organizations, and private businesses to leverage support and resources. However, because of the extensive planning and partnering involved, PHAs have been slower in implementing HOPE VI revitalization plans than anticipated.

Program Website. <http://www.hud.gov/offices/pih/programs/ph/hope6/>

Results and Analysis. For FY 2008, 16 grants completed all unit production, resulting in a cumulative total of 92 completed projects for the HOPE VI program, surpassing the goal of 89 by approximately three percent. The FY 2008 achievement is attributable to HUD's continued emphasis on timeliness and accountability in the implementation of HOPE VI grants and the PHAs' on-going efforts to meet the commitments of their revitalization plans.

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With approximately \$883 million in HOPE VI funds awarded through June 30, 2008, but not yet expended, HUD continues to work closely with grantees to implement the grants in a timely manner and to positively affect the affected communities. HUD anticipates reaching the FY 2009 goal of 103 cumulative project completions.



Resources and Performance Link. This program is subject to the availability of appropriations by Congress. The Congress appropriated \$100 million for the HOPE VI program in FY 2008. The President’s FY 2009 budget proposes no additional funds for HOPE VI. Though the Department is not requesting additional funds for this program, it is focused on continuing the progress of current projects and maximizing the effective use of program resources. Accordingly, future activity related to this goal would be met with available prior year funds.

Data Discussion. The data are submitted quarterly to HUD by PHAs via Public and Indian Housing’s HOPE VI quarterly progress reporting system. Data are judged to be reliable for this measure. Data for this goal is provided from July 1, 2007, through June 30, 2008. Submitted data are reviewed by HUD staff and are verified through grant management activities and site visits. HUD Headquarters staff reviews the reports each quarter and compares progress to stated goals and the results of on-site visits by HUD staff. Field and Headquarters staff verifies reports of redevelopment progress through site visits. The system has been subject to routine integrity checks by the system administrator.

B.23: The Department will approve and facilitate \$700 million of activity using alternative financing methods.

Public Benefit. The Department established this annual indicator to track the amount of other financing leveraged by its Public and Indian Housing programs. The principal programs that support this goal are the HOPE VI Revitalization program and the Capital Fund Financing Program. Such financing contribute toward the Department’s strategic goals for creating decent affordable housing as well as homeownership opportunities.

Background. HOPE VI is HUD’s primary program for eliminating distressed public housing by demolishing unsustainable developments and rebuilding in accordance with community-sensitive principles. The mixed-financing approach to replacement public housing development is the single most important development tool currently available to PHAs’ implementing HOPE VI revitalization projects. It emphasizes the formation of public and private partnerships to ensure long-term sustainability of public housing developments and the leveraging of public and private resources to transform the isolated communities in which many public housing residents live into vibrant and sustainable mixed-income communities with a wide range of family incomes.

The Capital Fund Financing Program is an appropriations-based financing program that makes financing available to PHAs. The Congressional Capital Fund appropriation and the Capital Fund Financing Program support the Public Housing Capital Program investment, estimated to have a value of approximately \$190 billion. The agencies borrow funds from the private markets, pledge

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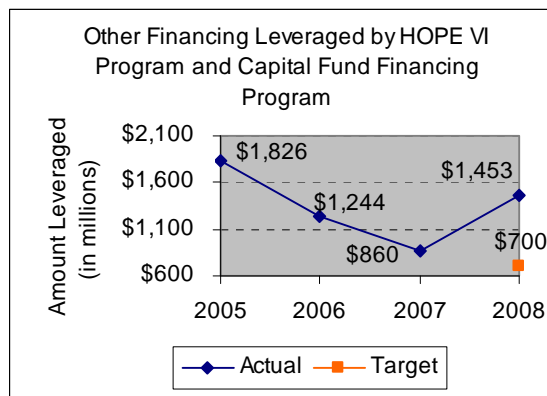
their capital funds subject to the availability of appropriations, and then repay the financing as they receive their capital funds in future years. Proceeds from the Capital Fund Financing Program transactions are used for modernization and development of public housing, thus protecting and enhancing the affordable housing stock.

Program Website. <http://www.hud.gov/offices/pih/programs/ph/hope6/>

Results and Analysis. For FY 2008 over \$1.45 billion of other financing was leveraged, exceeding the goal of \$700 million by approximately twice.

Resources and Performance Link. HOPE VI is subject to the availability of appropriations by Congress. The Congress appropriated \$100 million to continue a modest HOPE VI program in FY 2008. The President's FY 2009 budget proposes no additional funds for HOPE VI. Though the Department is not requesting additional funds for this program, it is

focused on continuing the progress of current projects and maximizing the effective use of program resources. Accordingly, future activity related to this goal would be met with available prior year funds. Rating agencies monitor the Capital Fund Financing Program, and transactions approved using the vehicle, on an ongoing basis. Since the level of appropriations is crucial to supporting the debt service needs of the Capital Fund Financing Program, as appropriations have diminished over the course of time, rating agencies have expressed concern. By way of example, a report issued by Standard and Poor's in 2006 noted that "many issues show declining [debt] coverage due to federal cuts in modernization funds during the past few years." The report further stated that, "the trend of declining Congressional appropriations to the [Capital Fund] program warrants continued monitoring." While appropriations have stabilized since 2006, a resurgence in the trend of declining appropriations would lead to the re-emergence of the concern previously expressed by rating agencies, as well as investors and lenders that participate in the program. This in turn could lead to a fall off in the level of interest in the program, increase cost of borrowing, or both.



Data Discussion. For the HOPE VI program, the data are submitted quarterly to HUD by PHAs via PIH's HOPE VI quarterly progress reporting system. Data are judged to be reliable for this measure. Data for this goal is provided from July 1, 2007, through June 30, 2008. Submitted data are reviewed by HUD staff and are verified through grant management activities and site visits. HUD Headquarters staff reviews the reports each quarter and compares progress to stated goals and the results of on-site visits by HUD staff. Field and Headquarters staff verifies reports of redevelopment progress through site visits. The system has been subject to routine integrity checks by the system administrator. For the Capital Fund Financing Program, the data are collected by HUD and based on the Capital Fund Financing Program proposals received from PHAs. Data are judged to be reliable for this measure. The measure focuses on the key element of the program, which is the amount of funds leveraged through the program. Data are derived from the financing packages and is reviewed by HUD during its approval process.

B.24: Implement changes based on completed analysis of the Section 8 Management Assessment Program and development of a more accurate and efficient tool.

Public Benefit. A revised Section 8 Management Assessment Program that does not depend on self-reporting will effectively ensure that the significant funding appropriated by Congress for this program is effectively used.

Background. Currently, Section 8 funding is based on a fixed annual budget, yet the program's underlying law and regulations mandate a restrictive, cumbersome program that makes managing within budget very difficult. The present program monitoring tool, the Section 8 Management Assessment Program, is based on self-reported management indicators. As envisioned, a revised Section 8 assessment program would be basic and results-oriented. Under the proposed program, PHAs would be measured on four main standards: (1) implementing Housing Quality Standards requirements; (2) calculating and reporting subsidy amounts correctly; (3) operating a financially sound voucher program and effectively utilizing voucher funding; and (4) reporting complete data to HUD's information systems in a timely manner. A fifth indicator will assess whether a PHA can adequately demonstrate efforts to expand housing opportunities. The Secretary may determine additional indicators. During FY 2008, the initial analysis of the needed changes was conducted and the proposed rule was completed and submitted to OMB. The rule is awaiting review and comment at OMB.

Program Websites.

<http://www.hud.gov/offices/reac/products/prodphas.cfm>

<http://www.hud.gov/offices/pih/programs/hcv>

Results and Analysis. The Department met its target since all steps within its control were accomplished during FY 2008. PIH completed the analysis, solicited extensive comments from the Department, industry groups, and other interested partners, and developed a proposed regulation that would implement a new Section 8 Management Assessment Program. This proposed regulation was submitted to OMB. Once the regulation is published in 2009, the formal comment period begins. The Department will then finalize the regulation in 2009 and processes and procedures for implementation of the rule will be finalized.

Resources and Performance Link. The overall funding for the Housing Choice Voucher Program includes \$14.4 billion in Housing Assistance Payments and \$1.4 billion in Administrative Fees and represents approximately 40.3 percent of the Department's non-disaster related budget.

While the current self-certification methodology in the Section 8 Management Assessment Program does not take additional staffing or other resources, the Department believes a more effective assessment tool requires on-site assessments. The 2010 budget requests \$22 million in contract support to implement the Section 8 Management Assessment Program and \$20 million for information technology costs. Both of these requests will be utilized to acquire the necessary staff and infrastructure to develop and implement the new Section 8 Management Assessment Program.

Data Discussion. Accurate and timely reporting by the PHAs into the database is critical to obtain the actual condition of the PHA for any rated criteria. An advantage of the system is that the PHAs are rated against the data they provide and have a vested interest in accurate and timely reporting.

The PHAs will enter and validate their data. PHAs whose data do not meet the (yet to be developed) criteria will be subject to sanctions as well as field office review and validation. Financial data will be validated by independent public accountants. Independent inspections will address the quality of units. PHAs will be subject to annual on-site review/certification by both the Section 8 program's Quality Assurance Division and other HUD representatives.

B.25: Asset-based accounting will be implemented in 99 percent of PHAs by FY 2008.

Public Benefit. Asset management, which includes project-based budgeting and accounting, is a new business model that is intended to improve the efficiency and effectiveness of public housing. Project-based budgeting is the first step in implementing asset-based accounting. This indicator measures the percentage of PHAs that have implemented asset-based accounting. This indicator is being measured because of the requirement, found in 24 CFR 990, that all PHAs must, as part of the overall conversion to asset management, implement project-based budgeting and accounting in FY 2007.

Background. PIH Notice 2007-9 required PHAs with fiscal years beginning July 1, 2007, October 1, 2007, January 1, 2008, and April 1, 2008 to implement project-based accounting. At the end of the fiscal year, the PHAs would then submit project-level financial statements to the Real Estate Assessment Center.

Program Website. <http://www.hud.gov/offices/pih/programs/ph/am>

Results and Analysis. The target of 99 percent of PHAs implementing asset-based accounting was met. All PHAs are required to submit Form HUD 52574, PHA Board Resolution Approving Operating Budget prior to the start of the fiscal year. This form was modified to include a certification that project-based budgets were developed for all projects.

Resources and Performance Link. HUD's Public Housing programs include \$4.2 billion in operating subsidy and \$2.44 billion in capital funding in FY 2008 and represents 18 percent of HUD's non-disaster budgetary authority. Asset-based policies, including asset-based accounting, will ensure greater efficiency and effectiveness in the use of PHA resources.

Data Discussion. The data is based on Form 52574, which is submitted by the PHA to each field office prior to the start of the PHA's fiscal year. Form 52574 is self-certified. Currently there is no audit routine to verify the accuracy of this data; however, during site visits by field office staff, the budgets are subject to review. Currently there is no database that PIH maintains of the submission of the Forms 52574. For the future, PIH is considering whether to log these forms, create an electronic submission process, or to develop a new measurement instrument.

B.26: Asset management will be implemented in five percent of PHAs with 250 or more units by FY 2008.

Public Benefit. Asset management is a new business model that is intended to improve the efficiency and effectiveness of public housing. This indicator measures the number of PHAs that have successfully demonstrated conversion to asset management. This indicator

is being measured because of the requirement, found in 24 CFR 990, that all PHAs with 250 or more units must convert to asset management by FY 2011⁷.

Background. Although all PHAs are required to convert to asset management by FY 2011, the Department is only verifying conversion for PHAs that apply for “stop-loss” (i.e., they experience a net reduction in subsidy between the old and new funding formulas). Thus, this indicator uses the experience of the sub-set of PHAs that have applied for stop-loss as the measurement for conversion to asset management.

Program Website. <http://www.hud.gov/offices/pih/programs/ph/am>

Results and Analysis. The target of five percent of PHAs converting to asset management was met. Overall, 258 PHAs, or eight percent of the approximately 3,200 PHAs that operate public housing, were notified in FY 2008 that they successfully demonstrated that they converted to asset management.

The reporting period is the applications that were assessed in FY 2008. There are a total of approximately 800 PHAs that are eligible for stop-loss. Approximately 430 PHAs applied in the first year. We anticipate a smaller number of applications in the second and third years. For FY 2009, we estimate that the cumulative number of successful applications will be 10 percent of all PHAs.

Resources and Performance Link. HUD’s Public Housing programs include \$4.2 billion in operating subsidy and \$2.45 billion in capital funding in FY 2008 and represents 17 percent of HUD’s non-disaster budget authority. Asset-based policies, including asset management, will ensure greater efficiency and effectiveness in the use of PHA resources.

Data Discussion. The data is easily verifiable since it comes from approved stop-loss submissions, which are processed in the Financial Management Division.

⁷ Section 225 of Title II of Division K of the Consolidated Appropriations Act, 2008, provided an exemption from asset management for 2008 for PHAs with 250 to 400 units. Because this provision was not permanent, it does not affect overall program goals and reporting.

Goal C: Strengthen Communities

PERFORMANCE REPORT CARD - GOAL C

Performance Indicators	2005	2006	2007	2008	2008	Met	Notes	
	Actual	Actual	Actual	Actual	Target			
CPD								
C.1	Assist disaster recovery in the Gulf Coast Region.	N/A	N/A	\$16.673 obligated	\$17.673 obligated	\$17.673 obligated		a
C.2	CDBG disaster recovery funds will be used to make homeowner compensation payments to 130,000 households in Louisiana and Mississippi by September 2008.	N/A	N/A	74,566	141,236	130,000		
C.3	Facilitate restoration and enhancement of infrastructure throughout the Gulf Coast.	N/A	N/A	Goals Established	Goal Met	Facilitate Restoration		
C.4	A total of 42,013 jobs will be created or retained through CDBG.	91,300	56,000	43,231	38,214	42,013		
C.5	Increase economic opportunity through the use of CDBG funds in communities that have unemployment rates above the national unemployment rate.	N/A	N/A	87.0%	85.0%	50.0%		
C.6	Grantees expend at least 90 percent of state and entitlement CDBG funds on activities that benefit low- and moderate-income persons.	N/A	N/A	N/A	95.6%	90.0%		
C.7	Propose legislation to reform the CDBG formula and authorize bonus funds, then implement the reforms when passed.	N/A	N/A	Goal Met	Goal Met	Propose Legislation		
C.8	Sole proprietors will claim \$167 million in Empowerment Zone and Renewal Community employment credits (in millions).	\$105	\$128	\$155	\$121	\$167		b
C.9	Eliminate the blighting influence of 5,000 vacant, boarded up, or abandoned properties by the end of FY 2008.	N/A	N/A	5,900	9,180	5,000		
C.10	The percentage of formerly homeless individuals who remain housed in HUD permanent housing for at least six months will be at least 71.5 percent.	70.0%	69.0%	74.9%	75.1%	71.5%		c
C.11	The percentage of homeless persons who have moved from HUD transitional housing into permanent housing will be at least 63.5 percent.	60.0%	62.4%	68.9%	71.1%	63.5%		c



**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT**

PERFORMANCE REPORT CARD - GOAL C

		2005	2006	2007	2008	2008		
	Performance Indicators	Actual	Actual	Actual	Actual	Target	Met	Notes
C.12	The employment rate of persons exiting HUD homeless assistance projects will be 19 percent.	17.0%	17.0%	22.8%	21.9%	19.0%		c
C.13	The percentage of Housing Opportunities for Persons With AIDS program clients who maintain housing stability, avoid homelessness, and access care will reach 80 percent by 2008.	N/A	N/A	93.0%	92.0%	80.0%		
FHA/Housing								
C.14	At least 35 percent of single family mortgages endorsed for insurance by FHA are in underserved communities.	41.3%	40.2%	42.0%	39.2%	35.0%		
C.15	The share of multifamily properties insured by FHA in underserved areas is maintained at 33 percent of initial endorsements.	43.0%	41.0%	46.0%	59.4%	33.0%		
C.16	HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined geographic targets for mortgage purchases in underserved areas.							
	Fannie Mae	33.5%	41.4%	43.6%	N/A	N/A	N/A	
	Freddie Mac	32.3%	42.3%	42.7%	N/A	N/A	N/A	
C.17	FHA mortgage insurance enables at least seven hospitals to obtain affordable financing for construction or modernization projects.	9	9	9	8	7		
C.18	The share of units that have functioning smoke detectors and are in buildings with functioning smoke detectors will be 92.8 percent or greater for multifamily housing.	94.0%	93.8%	93.5%	93.6%	92.8%		
Healthy Homes and Lead Hazard Control								
C.19	By September 30, 2008, HUD will establish fully operational dispute resolution and installation programs in HUD-administered states.	N/A	Did not establish	Did not fully implement	2	2		
C.20	The number of children under the age of six who have elevated blood lead levels will be less than 220,000 in 2008.	N/A	270,000	235,000	215,000	220,000		d

SECTION 2: PERFORMANCE SECTION
GOAL C: STRENGTHEN COMMUNITIES

PERFORMANCE REPORT CARD - GOAL C

		2005	2006	2007	2008	2008		
	Performance Indicators	Actual	Actual	Actual	Actual	Target	Met	Notes
C.21	As part of a 10-year effort to eradicate lead hazards, the Lead Hazard Control Grant programs will make 11,500 units lead safe in FY 2008.	7,500	9,638	10,602	12,569	11,500		
Public and Indian Housing								
C.22	Overcrowded households in Indian country shall be reduced by three percent.	1,960	2,002	2,176	2,174	1,400		

N/A: not available

a – number reported in billions

b – two-year data lag, reported in calendar year

c – data through first three quarters of calendar year

d – number estimated

Community Planning and Development

C.1: Assist disaster recovery in the Gulf Coast Region.

Public Benefit. To date, Congress has appropriated over \$19.7 billion to address unmet disaster recovery needs from Hurricanes Katrina, Rita, and Wilma. Although HUD, the Federal Emergency Management Agency, and the Small Business Administration provide a variety of resources to address short-term recovery, each state must coordinate a variety of activities at the state and local level to address housing, infrastructure, economic development, and other community needs.

Background. Under this objective, HUD is using supplemental appropriations to support the recovery of housing and critical infrastructure in the Gulf Region so the citizens can rebuild their communities and lives. HUD is assisting Louisiana, Mississippi, Alabama, Texas, and Florida in planning and implementing programs to aid in community and economic recovery of the areas destroyed by the hurricanes.

The statute provides that quarterly progress reports be submitted to the Congress and HUD. The statute also maintains broad flexibility in activities authorized under the CDBG program and maintains local discretion on the use of funds via the plans submitted through the states with local collaboration. As expected, housing and infrastructure activities predominate the rebuilding effort as well as economic development and other related activities. Initial performance goals have been established for most of these activities, but in anticipation of pending significant re-programming, baseline targets have not been established.

Note: The Congress appropriated additional supplemental disaster assistance toward the later part of FY 2008 for major disasters including \$300 million for Midwest floods and \$6.5 billion for Hurricanes Ike and Gustav. A \$3.92 billion supplemental appropriation was also enacted for a new foreclosure abatement response program. Metrics to evaluate these efforts and results will be developed in the revised FY 2009 Annual Performance Plan indicators.

Program Websites.

<http://www.doa.louisiana.gov/cdbg/dractionplans.htm> (Louisiana)

<http://www.mississippi.org/content/page/actionplan> (Mississippi)

<http://www.tdhca.state.tx.us/cdbg/index.htm> (Texas)

<http://www.floridacommunitydevelopment.org/disasterrecovery.cfm> (Florida)

<http://www.adeca.alabama.gov/C8/FY2005%20Application%20Manual/default.aspx>
(Alabama)

Results and Analysis. Through the end of FY 2008, HUD awarded and obligated \$17.673 billion of the total \$19.7 billion from the three supplemental CDBG recovery appropriations to the five states and outlaid \$10.1 billion, thus meeting the goal. In FY 2008, HUD approved several new waiver packages and waiver reconsiderations to provide maximum flexibility to the states with regard to program design and implementation issues. Given the nature of the program to address disaster needs based on locally-set goals based on local allocations, ongoing national annual goals have not been established beyond homeowner compensation and restoration of infrastructure.

Through the end of FY 2008, HUD conducted numerous on-site monitoring and technical assistance visits, including two to Alabama, three to Florida, six to Louisiana, five to Mississippi, and two to Texas. In addition, HUD conducted a grantee training conference in New Orleans in April of 2008. At this event, grantees were provided training and access to HUD experts in areas such as financial management, grant administration, environmental review, and labor standards.

Resources and Performance Link. As of September 30, 2008, HUD has disbursed \$10.1 billion for approved program activities with the majority of these funds having been disbursed for homeowner compensation programs in Louisiana and Mississippi (described more fully in C.2). Of the initial \$11.5 billion allocation, \$7.0 billion has been disbursed. Of the second allocation of \$5.2 billion, almost \$3.1 billion has been disbursed. This represents approximately 60 percent of each grant. As the bulk of homeowner compensation funds are disbursed, grantees are proceeding with other projects such as infrastructure, public facilities, economic development, and affordable rental housing. Each activity type has different sets of preferred measures; goals are set at the local level for each funded activity after funds are allocated.

Data Discussion. Grantees submit quarterly performance reports online in the Disaster Recovery Grant Reporting System. CPD staff in Headquarters and the Field Offices review grantee reports to assess accuracy and monitor to ensure that reported performance measures are accurate and that the results are produced in compliance with program requirements.

C.2: CDBG disaster recovery funds will be used to make homeowner compensation payments to 130,000 households in Louisiana and Mississippi by September 2008.

Public Benefit. This goal represents a substantial need for Louisiana's and Mississippi's recovery from Hurricanes Katrina, Rita, and Wilma. Through these programs, homeowners are provided compensation for recovery needs not met through insurance, the Small Business Administration, or the Federal Emergency Management Agency.

Background. The States of Louisiana and Mississippi requested eligibility waivers to allow them to use their CDBG disaster recovery funds for homeowner compensation and incentive programs. HUD granted these statutory and regulatory waivers during 2006, after which the states launched homeowner compensation programs.

These are innovative programs operating in complex and unstable economic environments. HUD established this measure to underscore and acknowledge the importance of carrying out these programs in a timely manner and will encourage these grantees to continue striving to exceed these timing goals.

Program Websites.

<http://www.doa.louisiana.gov/cdbg/dractionplans.htm> (Louisiana)

<http://www.mississippi.org/content/page/actionplan> (Mississippi)

<http://www.tdhca.state.tx.us/cdbg/index.htm> (Texas)

<http://www.floridacommunitydevelopment.org/disasterrecovery.cfm> (Florida)

<http://www.adeca.alabama.gov/C8/FY2005%20Application%20Manual/default.aspx> (Alabama)

Results and Analysis. This goal was met with a total of 141,236 homeowner grants distributed as of September 30, 2008, 8.6 percent above the target of 130,000. Of the 141,236 homeowner grants distributed, 117,975 recipients were from Louisiana and 23,261 were from Mississippi.

Resources and Performance Link. The States of Louisiana and Mississippi have budgeted more than \$10.5 billion of their grants to support homeowner programs. The homeowner grants paid to date and the resources used to undertake this already represent a disbursement of over \$9.3 billion of the Gulf Coast funds and nearly 88 percent of supplemental CDBG funds for Gulf Coast recovery. These funds highlight both the degree of devastation resulting from Hurricanes Katrina, Wilma, and Rita and the priority of rebuilding housing resources to restore stability and activity in the hardest hit hurricane locations.

Data Discussion. Grantees submit quarterly performance reports online in the Disaster Recovery Grant Reporting System. In addition, HUD receives more frequent updates from Louisiana. CPD staff in Headquarters and the Field Offices review grantee reports to assess accuracy and monitor to ensure that reported performance measures are accurate and that the results are produced in compliance with program requirements.

C.3: Facilitate restoration and enhancement of infrastructure throughout the Gulf Coast.

Public Benefit. This goal represents a substantial need for Louisiana's, Mississippi's, Texas', Alabama's, and Florida's recovery from Hurricanes Katrina, Rita and Wilma. In addition to infrastructure planning, these programs provide resources to the state and local governments to restore critical infrastructure and create infrastructure to relocate residents out of harm's way as needed.

Background. This indicator establishes a goal to restore and improve infrastructure in the Gulf Coast jurisdictions most affected by the hurricanes of 2006. HUD's Community Development Block Grant disaster recovery program creates the foundation for sustained long-term disaster recovery, including recovery of housing and jobs in low-income communities, through restoration of damaged infrastructure, often in ways that influence future development.

The five Gulf States will use CDBG disaster recovery funds to reconstruct, and construct, streets, water lines, sewer systems, critical government buildings, and other public facilities to support relief, recovery, and revitalization of the most affected areas. The use of CDBG funds for infrastructure restoration and enhancement activities is one of many choices available to grantees under this flexible disaster recovery grant program. Each state coordinates its own process for soliciting and/or developing projects within its impacted areas.

Program Websites.

<http://www.doa.louisiana.gov/cdbg/dractionplans.htm> (Louisiana)

<http://www.mississippi.org/content/page/actionplan> (Mississippi)

<http://www.tdhca.state.tx.us/cdbg/index.htm> (Texas)

<http://www.floridacommunitydevelopment.org/disasterrecovery.cfm> (Florida)

<http://www.adeca.alabama.gov/C8/FY2005%20Application%20Manual/default.aspx> (Alabama)

Results and Analysis. Each of the five states receiving Gulf Coast Recovery grants has allocated funds for local public facilities and infrastructure meeting the goal. Each state and local government receiving sub-awards are in various phases of projects from environmental reviews, design, procurement, and/or construction. There are approximately 65 public facility activities and 251 infrastructure and public improvement activities detailed in grantee reports along with the status of each.

Resources and Performance Link. Across the first \$11.5 billion and second \$5.2 billion supplemental Gulf Coast Recovery grants, approximately \$2.0 billion has been budgeted to infrastructure, public improvements, and public facilities at the activity level. Of these, states reported obligating \$1.0 billion to specific activities by June 30, 2008.

Data Discussion. Grantees submit quarterly performance reports online in the Disaster Recovery Grant Reporting System. CPD staff in Headquarters and the Field Offices review grantee reports to assess accuracy and monitor to ensure that reported performance measures are accurate and that the results are produced in compliance with program requirements.

C.4: A total of 42,013 jobs will be created or retained through CDBG.

Public Benefit. The number of jobs created and retained through the use of annual Community Development Block Grant funds is a key indicator for the Department because supporting increased employment levels is an overall indicator of the health of the economy. The CDBG goal to create and retain jobs supports HUD's strategic goal to strengthen communities giving families a better place to live, work, and raise a family.

Background. CDBG grantees have the option to establish CDBG-assisted economic development programs that focus on providing financial assistance to businesses that will create or retain jobs, including assistance to micro-enterprises. Overall, CDBG amounts disbursed for economic development activities have been declining slowly over the past several years, reaching a low of \$343 million, or 7.88 percent, of all disbursements in FY 2008. This is compared with levels of \$378 million in FY 2007 and \$380 million in FY 2006.

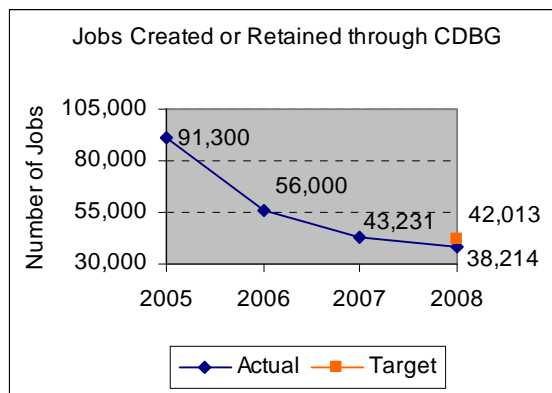
The Section 108 loan guarantee program provides an additional source of economic development financing for CDBG grantees. The FY 2008 authority level was \$205 million, representing a 52 percent increase over the \$135 million provided annually in FYs 2006 and 2007, but still far below the historic high of \$2 billion. The Administration's FY 2009 budget does not request any additional guarantee authority for the Section 108 program and will provide assistance through the CDBG formula program.

As a result of the disbursement and financing trends noted above, and taking into consideration the FY 2007 actual accomplishments and the actual FY 2008 CDBG appropriation, CPD reduced its estimate of jobs to be created or retained as a result of CDBG and Section 108 assistance for FY 2008. The FY 2008 revised goals for jobs created or retained as a result of CDBG and Section 108 assistance, respectively, is 37,913 and 4,100 jobs for a total of 42,013, a reduction from the FY 2008 initial goal of 52,409. The Section 108 goal was increased from zero to 4,100 as the FY 2008 appropriation provided for loan guarantee authority in the amount of \$205 million.

Program Website. <http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT**

Results and Analysis. The CDBG overall goal was not met with a total of 38,214 jobs created; however, the goal for the Section 108 program was exceeded by 58 percent. In FY 2008, grantees reported that CDBG assisted in the creation or retention of 31,723 jobs, a shortfall of 6,190 jobs in comparison to the FY 2008 goal of 37,913 jobs. For the Section 108 loan guarantee program, application commitments reflect that 6,491 jobs will be created as a result of Section 108 loan guarantee assistance, an increase of 2,391 jobs over the goal of 4,100. CDBG grantees reported \$343 million in disbursements for economic development activities in FY 2008, a reduction of \$35 million against FY 2007 economic development activity disbursement levels. Section 108 loan guarantee commitments in FY 2008 were \$161 million.



Resources and Performance Link. Local governments receive formula CDBG funds either directly from HUD or through states. Local governments and states develop plans and priorities for expenditure of CDBG funds through CPD's consolidated planning process. The number of jobs created or retained as a result of CDBG assistance is primarily a function of grantee funding decisions and local level implementation. Section 108 loan guarantees are available to local governments receiving CDBG funds either directly from HUD or through State CDBG programs. Local governments (or states) submit applications to HUD for loan guarantee assistance and commitments are approved as long as proposed projects meet basic qualifying criteria and HUD has available loan guarantee authority. Projects are developed and implemented by grantees.

Reasons for Shortfall / Plans and Schedule to Meet the Goal. Although the CDBG program experienced a shortfall in the number of jobs created or retained with CDBG, it continues to note the trend that job totals have been declining over the past several years. Potential contributing factors for missing this goal include increased project costs, a lack of complete reporting by grantees, and a lack of consistent CDBG technical assistance funds to support training for CDBG grantees. The CDBG program received technical assistance funds in FY 2008, the first appropriation for such funds in three years, and these funds will be awarded in FY 2009 to assist with grantee training. In the CDBG grantee community there are high levels of staff turnover, supporting the need for consistent annual training. Throughout FY 2008, the CDBG program continued efforts to improve the quality of data reporting by grantees. Eight training sessions focusing on correct data entry into CDBG's reporting system, the Integrated Disbursement and Information System (IDIS), were offered on a nationwide basis to educate grantees on how to properly report accomplishments.

Data Discussion. Estimates for CDBG goals are based on historical accomplishments reported by grantees in the Integrated Disbursement and Information System (IDIS) on jobs created and/or retained, the actual CDBG appropriation, jobs associated with Section 108 approved commitments, estimated spend-out rates, and a three percent adjustment for inflation. CDBG accomplishment data are derived from grantee data entries through Integrated Disbursement and Information System (IDIS). Section 108 program data is derived from applications approved during FY 2008.

C.5: Increase economic opportunity through the use of CDBG funds in communities that have unemployment rates above the national unemployment rate.

Public Benefit. The percentage of entitlement communities with unemployment rates above the national average using CDBG funds for economic development is an important measurement for HUD. CDBG funds can assist these communities in expanding economic opportunities. Promoting activities that stimulate local economies is important as it contributes to a key HUD strategic goal of strengthening communities.

Background. For FY 2008, the goal was that at least half of the entitlement communities with unemployment rates above the national average will use CDBG funds for economic development activities and other activities that promote economic opportunity. The goal remains unchanged for FY 2009. As this is only the second year measuring this goal, additional time is needed to establish any trends before adjusting the goal.

This new indicator (baseline data collected in FY 2007) establishes a goal to improve unemployment conditions in those jurisdictions where the unemployment rate is higher than that faced by the nation as a whole. High unemployment is one indicator that cities or suburbs are not sharing in national economic growth. HUD's CDBG program may be used to create jobs in low-income communities and help families make progress toward self-sufficiency, all of which contribute to reducing concentrations of unemployment. While grantees have wide discretion in their use of funds, CPD will encourage grantees with unemployment rates exceeding the national average to use their CDBG funds to create communities of opportunity and choice for lower income residents.

Entitlement communities use CDBG funds for physical development projects, such as roads, sewers, public facilities, and other infrastructure that make them more attractive locations for business investment. CDBG funds for education, job-training, and other services that support the workforce in low-income communities also make them more attractive to prospective employers. The use of CDBG funds for economic development activities is one of many choices available to grantees under this flexible block grant program.

Program Website. <http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

Results and Analysis. CDBG exceeded its goal of at least half of entitlement communities with unemployment rates above the national average using CDBG funds for economic development activities. In total, 85 percent of CDBG entitlement grantees with unemployment rates higher than the national average used CDBG funds to address this issue. CPD's analysis of FY 2008 data indicates that 341 grantees had local employment rates (as measured by the Bureau of Labor Statistics) in excess of the 4.8 percent national employment rate, using October 2007 unemployment data. Of the 341 grantees, 289 were undertaking activities that increased economic opportunity during FY 2008. In FY 2007, 87 percent of entitlement grantees with unemployment rates higher than the national average used CDBG funds for economic development activities.

Resources and Performance Link. Local governments receive formula CDBG funds directly from HUD. In FY 2008, HUD awarded \$2.51 billion to CDBG Entitlement communities down from \$2.59 billion in FY 2007. This CDBG formula grant program is the federal government's largest and most flexible community development program and \$2.5 billion is a significant

portion of HUD's budget. Local governments develop plans and priorities for expenditure of CDBG funds through CPD's consolidated planning process. The number of activities initiated to promote economic opportunity is primarily a function of grantee funding decisions and local level implementation.

Data Discussion. HUD used the Bureau of Labor Statistics data to identify the number of entitlement grantees for which the unemployment rate is above the national average. The Bureau of Labor Statistics can provide unemployment data for only 916 of the 1,142 entitlement communities in the CDBG program for FY 2008. HUD reviewed information reported by these grantees in the Integrated Disbursement and Information System (IDIS) on their use of CDBG for activities that increase economic opportunities, including the number of jobs created and retained, number of jobs with health benefits, and the number of businesses assisted. The Bureau of Labor Statistics is the best available data source for employment and unemployment rates. The Bureau of Labor Statistics employs rigorous data quality standards, and it is not feasible for HUD to verify Bureau of Labor Statistics data independently. HUD continues its collaborations with grantees and technical assistance providers to ensure that the performance indicators will measure this long-term goal.

C.6: Grantees expend at least 90 percent of state and entitlement CDBG funds on activities that benefit low- and moderate-income persons.

Public Benefit. The percentage of CDBG entitlement and state CDBG funds that are used to directly benefit low- and moderate-income persons is a key indicator for the Department, as it supports the overall goal of the CDBG program – funds principally benefit low- and moderate-income persons. Targeting low- and moderate-income persons is the core of the CDBG program and this indicator captures a key aspect of targeting.

Background. CDBG entitlement communities have the discretion to select the activities they will assist each year but are required by statute to use at least 70 percent of the funds expended (over a one-, two-, or three-year period, selected by each grantee) for activities that benefit low- and moderate-income persons. Historically, CDBG grantees have significantly exceeded the 70 percent threshold, but HUD continues to emphasize the importance of targeting the use of CDBG funds for activities that benefit low- and moderate-income persons.

As with CDBG entitlement communities, states are required to use at least 70 percent of CDBG funds for activities that benefit low- and moderate-income persons. State CDBG grantees have historically exceeded this requirement, but HUD continues to emphasize the on-going importance of strong performance in this area.

Program Website. <http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

Results and Analysis. The share of CDBG entitlement and State CDBG funds that benefited low- and moderate-income persons averaged 95.6 percent, exceeding the goal of 90 percent. CDBG entitlement grantees report that 95 percent of CDBG funds expended in FY 2008 were for activities that primarily benefit low- and moderate-income persons. State CDBG grantees report that 96.2 percent of CDBG funds expended in FY 2008 were for activities that primarily benefited low- and moderate-income persons. These outcomes are consistent with historical performance as the FY 2007 level of low- and moderate-income benefit was 94.8 percent for CDBG entitlement grantees and 96.4 percent for state CDBG grantees. For FY 2009, the average of these two results will be reported against the goal of grantees spending at least

90 percent of state and entitlement CDBG funds on activities that benefit low- and moderate-income persons.

Resources and Performance Link. Local governments receive formula CDBG funds directly from HUD with a FY 2008 allocation of \$2.5 billion for entitlement communities. Local governments develop plans and priorities for expenditure of CDBG funds through CPD's consolidated planning process. The percentage of funds expended for activities is primarily a function of grantee funding decisions and local level implementation.

Non-entitled local governments receive formula CDBG funds through states which were allocated \$1.076 billion in FY 2008. States develop plans and priorities for expenditure of CDBG funds through CPD's consolidated planning process. The percentage of funds expended for activities is primarily a function of grantee funding decisions and local level implementation.

Data Discussion. Information reported by grantees on their use of CDBG funds is compiled in the Integrated Disbursement and Information System (IDIS) to report on this goal. CDBG funds used for activities that are available to all residents of a particular geographic area (identified by the grantee) are presumed to serve low- and moderate-income persons if, generally, at least 51 percent of the residents of the area served are low- and moderate-income. In addition, for activities directly serving households and individuals, the grantee reports the income levels of those actually served. CPD Field Office staff verifies program data when monitoring grantees.

C.7: Propose legislation to reform the CDBG formula and authorize bonus funds, then implement the reforms when passed.

Public Benefit. The implementation of the CDBG Reform legislation is important as the CDBG formula has remained essentially unchanged since 1974. Implementation of the proposed legislation will result in communities receiving funding amounts more closely linked to their needs. This legislation will assure that the most distressed communities are able to more fully address their community development needs.

Background. Community Planning and Development has developed and submitted to Congress a legislative proposal to reform the CDBG program consistent with the initiatives described in the Administration's FY 2007, FY 2008, and FY 2009 budget requests.

These initiatives include:

- CDBG formula reform intended to better target funding to the nation's neediest communities;
- Challenge grant funds will be awarded to communities that show the greatest improvements in measures of community livability and investment; and
- Performance measurement provisions to hold grantees more accountable for meeting their own goals.

The CDBG program remains the largest flexible development program available to communities across the nation. The Department continues to believe that more effective targeting through CDBG formula reform is essential to meeting the needs of the communities.

Program Website. <http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

Results and Analysis. The goal was met. The CDBG Reform Act of 2007 legislative package was forwarded to the 110th Congress by former Secretary Jackson on June 5, 2007. No member of Congress has introduced the legislation and there were no hearings related to the proposal during the 110th Congress. As there were no requests for Congressional hearings, there has been no action for implementation.

Resources and Performance Link. Enactment of the Department's proposal would significantly improve targeting of CDBG resources to the nation's neediest communities. In addition, the enhanced performance accountability provisions would assist HUD in holding grantees accountable for achieving self-defined results. The program was funded at \$3.59 billion in FY 2008.

Reasons for Shortfall / Plans and Schedule to Meet the Goal. Congressional action is required to alter the CDBG formula. HUD may revise the CDBG reform proposal as part of the FY 2010 budget cycle. Implementation would follow upon enactment of a reform proposal.

Data Discussion. HUD continues to monitor congressional consideration of the reform proposal.

C.8: Sole proprietors will claim \$167 million in Empowerment Zone and Renewal Community employment credits.

Public Benefit. The economic foundation of communities grows stronger as more businesses claim these employment credits since the credits help the businesses save money and encourage the hiring of local residents. This helps businesses stay viable and expand in distressed areas and helps maintain and increase employment options for residents of these communities. As businesses claim these tax credits in increasing rates, communities get stronger, and one of CPD's goals is to strengthen communities. In a recent three-year period, from 2004-2006, based on data from the Internal Revenue Service, HUD found that these employment credits influenced a total of more than 240,000 jobs of Empowerment Zone and Renewal Community residents.

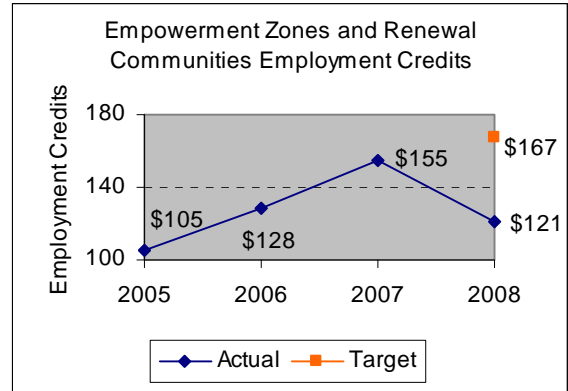
This performance measure is considered an intermediate outcome because implementation of the Empowerment Zone and Renewal Community programs focuses strongly on making economic development professionals, business owners, and tax preparers for small- and medium-sized businesses aware of the tax incentives.

Background. The Empowerment Zone and Renewal Community employment credits offer financial incentives to employers to hire residents of Empowerment Zones and Renewal Communities. Employers who use these credits regularly save a great deal at tax time, which helps them to retain current employees and make additional hires.

The Office of Community Renewal obtains data from Internal Revenue Service on employment credit claims among business owners in Empowerment Zones and Renewal Communities. The data have helped HUD to see that these credits are becoming more and more popular and contributing to increased employment for residents of these distressed communities. This utilization has had a substantial impact on business growth and job creation. Since 1999, approximately 200,000 individual and corporate tax returns have claimed nearly \$1.5 billion in Empowerment Zone and Rural Community employment credits.

Program Website. www.hud.gov/cr

Results and Analysis. In FY 2008, sole proprietors claimed approximately \$121 million in Empowerment Zone and Rural Community employment credits, which is \$46 million less than the FY 2008 goal of \$167 million. The \$121 million represents a 22 percent reduction from the actual total of approximately \$155 million from the previous year. This reduction was very surprising, since employment credit claims in Empowerment Zones and Renewal Communities had been steadily increasing for several years, sometimes by more than 20 percent annually. HUD believes the reduction was due to unusual circumstances that are explained below and the Department believes that claims for these credits will increase again from FY 2008 to FY 2009. HUD expects FY 2009 credits claimed to be approximately 10 percent higher than the FY 2008 figure, or approximately \$133 million.



The \$121 million actual total, while less than expected, is still encouraging because it indicates that thousands of business owners are saving money and strengthening communities by employing local residents of the distressed Empowerment Zones and Renewal Communities. Based on HUD’s calculations, this total in employment credits influenced approximately 70,000 local jobs in these communities of high poverty and unemployment. This is great news for residents of these communities who are seeking employment.

HUD is providing substantial amounts of technical assistance to the directors of the Department’s 70 Empowerment Zones and Renewal Communities to help them market the Empowerment Zone and Rural Community tax incentives aggressively to local business owners and tax practitioners. HUD is doing this through regular conference calls with these directors and through on-site visits from an office director and her staff.

Resources and Performance Link. Congress has allocated approximately \$11 billion in tax incentives to businesses in the designated Empowerment Zones and Renewal Communities through Calendar Year 2009 to encourage businesses to sustain and expand their activities in these areas and to hire local residents.

The Office of Community Renewal works in partnership with the Internal Revenue Service to provide ongoing information and technical assistance to tax practitioners, business owners, and to the administrators of the 70 Empowerment Zones and Renewal Communities that HUD has designated. This helps business owners in these areas claim the \$11 billion package of tax incentives. The Office of Community Renewal believes that once a business owner learns about these valuable incentives he or she will continue to claim them each year. Therefore, the implementation effort for the Empowerment Zone and Renewal Community programs focuses on educating additional business owners on these incentives so they may begin to claim them. The increases in employment credit claims among sole proprietors in Empowerment Zones and Renewal Communities provides evidence that the Office of Community Renewal’s aggressive marketing efforts have been successful.

Reasons for Shortfall / Plans and Schedule to Meet the Goal. A major reason why the actual value of employment credits in FY 2008 did not meet the goal is that HUD needed to re-calibrate

its fiscal year terminology in 2008 due to difficulties receiving accurate and timely data from the Internal Revenue Service. As it had done in the past, HUD expected to provide actual FY 2008 data on employment credits for this report based on Internal Revenue Service data from one tax year earlier, i.e. 2007. In calendar year 2008, however, Internal Revenue Service notified HUD that it could not provide data in time for HUD to meet its reporting requirements. In previous years, HUD obtained these data from the Internal Revenue Service immediately before the Department's deadlines.

HUD has elected, therefore, beginning in FY 2008, to measure changes in employment credit claims by using Internal Revenue Service tax year data that are readily available and which correspond to two calendar years before HUD's fiscal year. For FY 2008, HUD would use data from the Internal Revenue Service Tax Year 2006. While this offers the advantage of using data that are easily available each year, the difference means that HUD's figures for the first year of this re-calibration, FY 2008, look unexpectedly low.

Hurricanes Katrina and Rita are also probably responsible for the unexpectedly low figure of \$121 million in Empowerment Zones and Rural Communities employment credits that businesses reported in FY 2008. These hurricanes devastated large parts of Louisiana, Alabama, and Mississippi in Calendar Year 2005, which corresponds to Internal Revenue Service Tax Year 2006. HUD is reporting 2006 data because there is a two year lag in obtaining these results. Twenty percent of HUD's Renewal Communities are located in these three states. The hurricanes probably destroyed or impacted a large percentage of the businesses in these areas, which eliminated their ability to earn profits and, therefore, to claim employment credits against those profits.

Data Discussion. The Office of Community Renewal obtains data on the volume of employment credits claimed from a division of the Internal Revenue Service. The Internal Revenue Service posts the data on its website as soon as it becomes available. HUD considers these data to be valid.

C.9: Eliminate the blighting influence of 5,000 vacant, boarded up, or abandoned properties by the end of FY 2008.

Public Benefit. This initiative is expected to make a measurable contribution to the priority outcome of restoring and strengthening neighborhood communities by improving the quality of residents' lives since vacant, abandoned, or boarded up properties are associated with neighborhood decline. The removal or improvement of these properties is a promising indicator of neighborhood improvement.

Background. This initiative is measured by the number of buildings that were demolished using CDBG funds in FY 2008 as reported by grantees in the data management system. This initiative is projected in HUD's FY 2006-2011 Strategic Plan to encompass the elimination of 25,000 vacant or boarded up properties by FY 2011. CPD continues to work with HUD's Office of Policy Development and Research to best define and track this indicator and to identify reliable data sources including United States Postal Service data.

Program Website. <http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

Results and Analysis. The goal was met with the clearance or demolition of at least 9,180 structures, 84 percent above the goal of 5,000 properties. This is a significant increase

from last year's report. The most recent two-year total for the five-year goal is at least 15,000 demolitions, which is well past the halfway mark for meeting the initiative's five-year strategic goal of 25,000. We expect that next year's number will remain comparable to the first two years. CPD used the most recent data available from the Integrated Disbursement and Information System (IDIS) to identify grantees that used CDBG funds for FY 2008 activities involving demolition or clearance.

Resources and Performance Link. The total CDBG appropriation in FY 2008, excluding disaster supplemental funding and set-asides, was \$3.59 billion, down three percent from \$3.7 billion in FY 2007. Approximately \$38.6 million of CDBG funds were expended on demolition efforts to eliminate blighting, representing one percent of the total FY 2008 CDBG appropriation. Local governments receive formula CDBG funds either directly from HUD or through states. Local governments and states develop plans and priorities for expenditure of CDBG funds through CPD's consolidated planning process. The number of structures addressed is primarily a function of grantee funding decisions and local level implementation. CDBG offers grantees the flexibility to undertake a variety of eligible community development activities. HUD does not dictate the proportion which is dedicated to the elimination of blighting. As a result, setting annual targets for this indicator can be problematic. Targets are thus based primarily on appropriation levels and recent trend data.

Data Discussion. It is important to keep in mind that this is a new and relatively untested data collection effort. Currently, the goal is measured using data as reported by CDBG grantees regarding their demolition activities. HUD is also exploring using United States Postal Service data, and is making these data available for researchers and practitioners to explore their potential utility for tracking neighborhood change on a quarterly basis. In addition to the total counts, the United States Postal Service reports to HUD the number of days an address has been in each category, such that vacancy is defined based on the number of days that delivered mail has remained uncollected at an address. The Department also is exploring whether combining this United States Postal Service data with other measures of census tract distress will allow HUD to construct a statistical definition of "vacant and abandoned that can be tracked over time."

C.10: The percentage of formerly homeless individuals who remain housed in HUD permanent housing for at least six months will be at least 71.5 percent.

Public Benefit. This measure tracks the number of formerly homeless persons who remain in permanent housing for at least six months in beds funded by HUD under the McKinney-Vento Homeless Assistance Act. Housing retention demonstrates that public dollars are spent on effective programs and represents the end of the cycle of homelessness for many individuals and families.

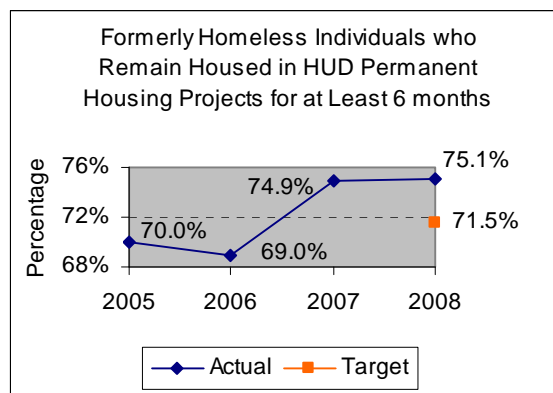
Background. The ultimate goal of homeless assistance is to help homeless families and individuals achieve the outcome of staying in permanent housing and obtaining self-sufficiency. Congress requires that 30 percent of HUD's homeless assistance funding is allocated to permanent housing, and HUD's programs and policies support this requirement. One of HUD's programs, Shelter Plus Care, provides permanent housing assistance, while communities secure an equal level of funding for a variety of supportive services from other sources. This combination ensures that residents receive the housing and services they need to maintain stable permanent housing and make progress towards self-sufficiency. Other HUD homeless programs

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that provide permanent housing, including the Supportive Housing Program and the Moderate Rehabilitation/Single Room Occupancy program, help to meet other needs related to homelessness. Many communities are increasing their permanent housing stock as a direct result of the statutory requirement and HUD's emphasis on permanent housing. This increases the number of available housing units and allows communities to house more homeless persons.

Program Website. <http://www.hud.gov/offices/cpd/homeless/programs/index.cfm>

Results and Analysis. In FY 2008, HUD exceeded this goal, with an achievement of 75.1 percent of formerly homeless persons remaining in permanent housing for at least six months. This represents a difference of 3.6 percentage points between the target of 71.5 percent and the achievement and is a slight increase of 0.2 percentage points over the result reported in FY 2007 of 74.9 percent. The reporting period is from January 1, 2008, to September 30, 2008.



This achievement can be attributed to HUD's emphasis on permanent housing retention. An important part of this is combining new permanent housing units with appropriate supportive services. Since 2006, HUD has published this goal in its annual Homeless Assistance Grant application, highlighted it in national broadcasts and Notices of Funding Availability, and required communities to report on the steps they are taking to achieve this goal at the local level. This emphasis on performance and permanent housing has pushed communities to focus on these goals and use all available mainstream resources to aid in service provision, which in turn has led to visible successes. HUD anticipates that in FY 2009, this number will remain fairly constant, either with a slight increase or slight decrease.

Resources and Performance Link. Historically, Homeless Assistance Grants appropriation levels have increased steadily, which has contributed significantly to HUD's ability to achieve this goal. The appropriation in 2007 was \$1.441 billion, and the appropriation in 2008 increased to \$1.586 billion. The increases in funding ensure that existing permanent housing programs, as well as transitional housing programs that prepare homeless persons for permanent housing, will be able to continue operating, while new programs can be added in communities with remaining need. Further, the Congressional directive requiring that 30 percent of annual homeless assistance funding be allocated to permanent housing ensures a significant level of resources devoted to the development and maintenance of permanent housing. HUD's Samaritan Bonus initiative increases the link between funding levels and new permanent housing. This initiative provides communities with "bonus" funding, above their regular allocations, in order to develop new permanent housing units.

Data Discussion. Data for this indicator are collected from HUD's Annual Progress Report, which each homeless assistance project submits at the end of the operating year. This report represents a means of reporting on the outcomes of HUD-funded homeless assistance projects. Field staff monitor grantees on a sample basis to assess quality of data in grantee reports. HUD intends to improve reliability of this measure by developing an electronic Annual Progress

Report, which can be generated by the local Homeless Management Information System. This will eliminate transaction lag of the paper-based reporting system and increase response rates. Because projects begin annual operations at different times, the data reflect projects that ended their operational year in 2008 and whose Annual Progress Reports were entered in HUD's database by September 30, 2008. Due to the varied operation dates for projects, the data for all Annual Progress Report-based indicators represent at least 39 percent of all projects operating in 2008. An independent assessment in 2004 showed CPD-Annual Progress Report performance indicator data passed quality tests for validity, completeness, and consistency.

C.11: The percentage of homeless persons who have moved from HUD transitional housing into permanent housing will be at least 63.5 percent.

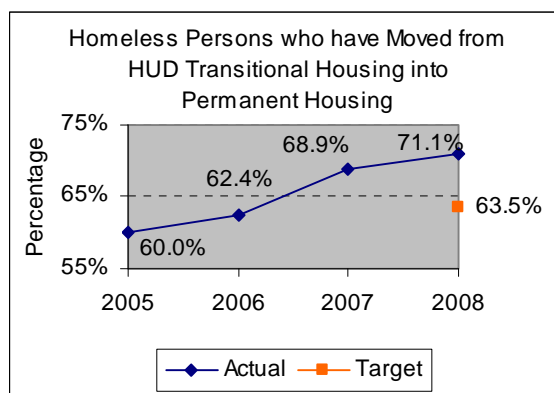
Public Benefit. The ultimate objective of homeless assistance is to help homeless families and individuals achieve the outcome of obtaining permanent housing and self-sufficiency. HUD has focused on creating new permanent housing, which targets hard-to-serve homeless populations that tend to have a more difficult time with permanent housing retention. When there are more permanent supportive housing options available to this population, a higher percentage of people leaving transitional housing will be able to move into permanent housing. Another benefit of this process is that it opens up availability in emergency shelters and transitional housing for other people who need housing and supportive services. This measure tracks the number of homeless persons who move from HUD-funded transitional housing projects into permanent housing or other supportive housing.

Background. Transitional housing with supportive services is an important stepping stone toward permanent housing for many homeless persons. This key part of a community's continuum of care helps homeless individuals and families gain the skills to achieve self-sufficiency. When moving to permanent housing, the needs of the homeless subpopulations within a particular community are varied. Some people need extensive supportive services while in permanent housing to maintain self-sufficiency; for others, market-rate housing with minimal services is adequate. This measure tracks formerly homeless persons moving into all types of permanent housing.

Program Website. <http://www.hud.gov/offices/cpd/homeless/programs/index.cfm>

Results and Analysis. In FY 2008, HUD exceeded this goal, with an achievement of 71.1 percent of homeless persons moving from transitional housing into permanent housing. This represents a difference of 7.6 percentage points between the target of 63.5 percent and the achievement, and is an increase from the result reported in FY 2007 of 68.9 percent. The reporting period is from January 1, 2008, to September 30, 2008.

HUD also continues to provide the supportive services necessary to move people who are homeless from transitional housing to permanent housing, allowing more vacancies for homeless persons in need of transitional housing and accompanying supportive services. Since 2006, HUD has published this goal in its annual Homeless Assistance Grant application and required communities to report on the steps they



are taking to achieve this goal at the local level. This emphasis on performance and permanent housing has pushed communities to focus on these goals and use all available mainstream resources to aid in service provision, which in turn has led to visible successes. Further, in FY 2009, HUD expects that communities will continue to strive toward exceeding their achievements from FY 2008. HUD anticipates that the results will show these efforts and the number of individuals and families moving from transitional housing into permanent housing will increase.

Resources and Performance Link. Historically, Homeless Assistance Grants appropriation levels have increased steadily, which has contributed significantly to HUD's ability to achieve this goal. The appropriation in 2007 was \$1.441 billion, and the appropriation in 2008 increased to \$1.586 billion. The increases in funding ensure that existing transitional housing programs can continue offering quality services to persons who need the support in order to increase their skills and employment and move to permanent housing. At the same time, increases in funding allow new programs to be added in communities with remaining need.

Data Discussion. Data for this indicator are collected from HUD's Annual Progress Report, which each homeless assistance project submits at the end of the operating year. This report represents a means of reporting on the outcomes of HUD-funded homeless assistance projects. Field staff monitor grantees on a sample basis to assess quality of data in grantee reports. HUD intends to improve reliability of this measure by developing an electronic Annual Progress Report, which can be generated by the local Homeless Management Information System. This will eliminate transaction lag of the paper-based reporting system and increase response rates. Because projects begin annual operations at different times, the data reflect projects that ended their operational year in 2008 and whose Annual Progress Reports were entered in HUD's database by September 30, 2008. Due to the varied operation dates for projects, the data for all Annual Progress Report-based indicators represent at least 39 percent of all projects operating in 2008. An independent assessment in 2004 showed that CPD-Annual Progress Report performance indicator data passed quality tests for validity, completeness, and consistency.

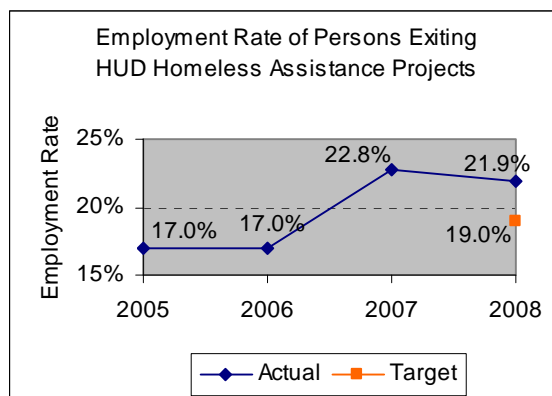
C.12: The employment rate of persons exiting HUD homeless assistance projects will be 19 percent.

Public Benefit. Stable employment is a critical step for homeless persons in achieving the outcome of greater self-sufficiency and obtaining and remaining in permanent housing. This indicator tracks the number of adult clients who are employed upon exit from HUD-funded homeless assistance projects.

Background. Housing and employment are linked in helping homeless individuals and families obtain and remain in permanent housing: when people have stable housing, it is often easier for them to maintain employment, and vice versa. HUD encourages communities to provide comprehensive housing and services to homeless individuals and families, which can include employment training and job search assistance. Homeless programs generally serve people with mental and physical disabilities or other challenges that make it difficult to obtain and retain employment. Only a portion of the population served by HUD's homeless programs have a goal of employment as a source of income. For this reason, HUD encourages linking many clients to mainstream income benefits; as people become stabilized, their barriers to employment can be addressed. This measure helps HUD gauge progress toward the goal of improved employment for homeless persons.

Program Website. <http://www.hud.gov/offices/cpd/homeless/index.cfm>

Results and Analysis. In FY 2008, HUD exceeded this goal, as the number of homeless persons receiving employment income upon exit was 21.9 percent. This represents a difference of 2.9 percentage points between the target of 19 percent and the achievement, and a slight decrease from the result reported in FY 2007 of 22.8 percent. The reporting period is from January 1, 2008, to September 30, 2008.



Under the Supportive Housing Program, employment assistance combined with case management and housing has enabled many communities to achieve improved employment outcomes. Since 2006, HUD has published this goal in its annual Homeless Assistance Grant application and required communities to report on the steps they are taking to achieve this goal at the local level. This emphasis on performance has pushed communities to focus on these goals and use all available mainstream resources to aid in service provision, which in turn has led to visible successes. HUD will continue to monitor the employment rate in its Annual Progress Report and through the Continuum of Care application. Past years showed strong increases, but the result for FY 2008 demonstrated that these increases could be leveling off. In FY 2009 HUD anticipates an achievement consistent with that of FY 2008.

Resources and Performance Link. Historically, Homeless Assistance Grants appropriation levels have increased steadily, which has contributed significantly to HUD’s ability to achieve this goal. The appropriation in 2007 was \$1.441 billion, and the appropriation in 2008 increased to \$1.586 billion. The increases in funding ensure that existing programs that provide homeless persons with employment training and increased skills for self-sufficiency will be able to continue offering quality services, while new programs can be added to help more homeless persons gain skills to become employed. In this way, increases in funding enable more communities, and HUD, to achieve this goal.

Data Discussion. Data for this indicator are collected from HUD’s Annual Progress Report, which each homeless assistance project submits at the end of the operating year. This report represents a means of reporting on the outcomes of HUD-funded homeless assistance projects. Field staff monitor grantees on a sample basis to assess quality of data in grantee reports. HUD intends to improve reliability of this measure by developing an electronic Annual Progress Report, which can be generated by the local Homeless Management Information System. This will eliminate transaction lag of the paper-based reporting system and increase response rates. Because projects begin annual operations at different times, the data reflect projects that ended their operational year in 2008 and whose Annual Progress Reports were entered in HUD’s database by September 30, 2008. Due to the varied operation dates for projects, the data for all Annual Progress Report-based indicators represent at least 39 percent of all projects operating in 2008. An independent assessment in 2004 showed that CPD-Annual Progress Report performance indicator data passed quality tests for validity, completeness, and consistency.

C.13: The percentage of Housing Opportunities for Persons With AIDS program clients who maintain housing stability, avoid homelessness, and access care will reach 80 percent by 2008.

Public Benefit. Housing Opportunities for Persons With Aids-supported stable housing serves as a base from which program beneficiaries may participate in an effective comprehensive care program that enables this special needs population, who face other life challenges such as mental illness, substance abuse, and alcoholism to access required HIV care and treatment. In providing supportive housing to this special needs population of low-income persons living with HIV/AIDS and their families, Housing Opportunities for Persons With AIDS grant recipients must report on their client outcomes. This goal was further refined to show achievement based on the focus of their project activities, either in providing permanent housing or in using other short-term and transitional program efforts.

The revised performance goals for these objectives are that by 2012, grantees in housing stability for clients in permanent housing will reach 90 percent, and reduced risks of homelessness for clients in short-term or transitional housing will reach 70 percent. These long-term measures involve interim annual goals, targeting results to 80 percent for permanent housing projects in 2008 and in establishing a meaningful target for short-term efforts along with achieving 60 percent in 2009. The activities of the Housing Opportunities for Persons With AIDS program support HUD's 2006-2011 Strategic Plan goals to: promote decent affordable housing and strengthen communities under the objectives to expand access to affordable rental housing, end chronic homelessness, and move homeless families and individuals to permanent housing.

Background. The Housing Opportunities for Persons With AIDS program was rated "Effective" under the 2008 Performance Assessment Rating Tool assessment. The Department has successfully established client outcome goals in using these targeted federal resources. These goals were implemented with the use of data collection tools and related training on evaluating client outcomes based on assessing the status of their housing situations in quantifying the benefits received through the program's assistance. This outcome indicator reflects the Department's priority for providing stable and permanent housing assistance to one of our country's most vulnerable populations – very low-income persons who are living with HIV or AIDS and face risks of homelessness and other challenges. The housing assistance also serves as a base to access other care and support. Housing Opportunities for Persons With AIDS programs provide housing resources and related support through 121 formula and 102 competitive grants with assistance provided through partnerships with over 850 nonprofits and local housing agencies.

In completing the program's Performance Assessment Rating Tool review with OMB in 2008, HUD evaluated outcome data. Consistent with the Performance Assessment Rating Tool assessment, HUD refined the Housing Opportunities for Persons With AIDS outcome measure, to show outcome results relative for two distinct service delivery areas of the program: 1) housing stability in permanent housing and 2) reduced risks of homelessness in short-term and transitional housing. Permanent housing is provided through programs offering tenant-based rental assistance and shown in beneficiaries having housing arrangements and related support that is on-going. Within the next year, data used for this measure will also include client outcomes from households in permanent housing facilities, once a full year of this data is available. For the related outcome measure, the short-term and transitional housing efforts are

designed to help households with severe risks of homelessness avoid displacement from current housing or address needs through transitional support, such as addiction counseling and treatments. The results of short-term efforts are also assessed under the new focus on Housing Opportunities for Persons With AIDS outcomes, in these efforts as beneficiaries are out-placed into other permanent housing support, are restored to more independent living or temporarily reduce their risk of homelessness through the short-term support. The updated 2008 PART assessment is found at: <http://www.whitehouse.gov/omb/expectmore/rating/effective.html>

Program Website. <http://www.hud.gov/offices/cpd/aidshousing/index.cfm>

Results and Analysis. The Housing Opportunities for Persons With AIDS program has demonstrated success in achieving its performance goals and grantee performance reports received in program year 2007-2008 indicate that 92 percent of households receiving tenant-based rental assistance achieved housing stability (compared to the 80 percent goal for this year). Initial data on permanent housing facilities report that 88 percent of residents have obtained stable housing arrangements. These results approach HUD's long-term 2012 performance targets of achieving 90 percent housing stability for this permanent housing component.

Program year 2007-2008 data from the short-term/transitional projects show that 62 percent of households receiving short-term rent, mortgage, and/or utility payments have stable outcomes or reduced risk of homelessness, as well as 64 percent of households participating in transitional housing programs (as reported in initial data), exceeding the goal established for 2009 at 60 percent. These results approach HUD's long-term 2012 performance targets of achieving 70 percent reduced risks of homelessness for this component of Housing Opportunities for Persons With AIDS housing efforts by 2012. In 2009, the program annual goals are set to achieving stable results for 85 percent of beneficiaries of permanent housing projects and 60 percent of short-term or transitional projects.

Resources and Performance Link. In FY 2008, \$300.1 million was appropriated to carryout the Housing Opportunities for Persons With AIDS mission. Grantees reported partnerships with 845 project sponsors, including 599 nonprofit organizations and 127 identified faith-based organizations, along with 119 government agencies. These new resources to be used over the next three years become available to communities through the Consolidated Planning process and through competitive grant selection and award procedures. The recent record of outlays by grantees in FY 2008 is \$313.8 million, operatively above the level of appropriations from FY 2007 (\$286.1 million), and the amount newly allocated under the FY 2008 appropriation (\$300.1 million).

HUD has worked in partnership with the Centers for Disease Control and Prevention (CDC) to conduct a Housing and Health (H&H) study on the benefits of Housing Opportunities for Persons With AIDS rental housing assistance to persons living with HIV/AIDS who were homeless or at severe risk of homelessness in order to advance the body of knowledge on the relationship between housing and HIV care. Initial publications are found in the November 2007 supplement to *AIDS and Behavior*, see <http://www.nationalaidshousing.org/PurchaseAIDSandBehavior.htm>. The study has revealed that the use of supportive housing as an intervention for special needs households who are homeless would help reduce use and related costs for emergency services, hospitalization, and nursing care, once beneficiaries were stabilized in housing and with adequate health care

arrangements. Preliminary data showed that for clients who were homeless, daily support in supportive housing efforts averages \$34 per day, compared to hospitalization costs of \$2,168 per day, and nursing care at \$84 to \$132 per day.

Currently, HUD has been measuring efficiency for the Housing Opportunities for Persons With AIDS program by comparing Housing Opportunities for Persons With AIDS housing subsidy costs combining data on rental assistance costs and short-term rent payments. These costs on average of households assisted were compared to average per unit costs for the Housing Choice Voucher program. Data for program year 2007-2008 indicates an average Housing Opportunities for Persons With AIDS program cost of \$3,964 per household assisted in annual rental assistance programs (\$330 per month), compared to the HUD Housing Choice Voucher Program which operates at approximately \$6,984 per household assisted (\$582 per month). The data show that the Housing Opportunities for Persons With AIDS program is cost effective. Five-year trends also show strong performance and consistently high levels of outlays (\$287 million average per year, over five years), while the levels of appropriations have remained relatively stable. The FY 2004 appropriation was \$294.8 million compared to FY 2008 at \$300.1 million.

Data Discussion. Assessment of performance is required for both types of formula and competitive Housing Opportunities for Persons With AIDS grants, as implemented in standard program reporting forms, the Consolidated Annual Performance and Evaluation Report for formula grants along with related data elements in Integrated Disbursement and Information System (IDIS) and in the Annual Progress Report for competitive grants (updated 1/2008). In addition to documents and guidance available on the website, technical assistance is provided to grantees to implement reporting requirements, including data collection and verifications efforts, evaluation of results and posting of profiles. As a result, the Department has been able to collect a significant new level of information on outcomes for beneficiaries. A substantial new level of information is now available on program achievements in reporting on outcomes, as presented in the 2008 Performance Assessment Rating Tool assessment, resulting in the program's "Effective" rating. In addition, as part of collaborations during this second implementation year under the outcome focus; grantees were provided a revised reporting form that clarified nine issues and participated in additional program training that enhanced the effectiveness of the reporting. The program is also supported in undertaking quality assessment of the data collection efforts.

FHA/Housing

C.14: At least 35 percent of single family mortgages endorsed for insurance by FHA are in underserved communities.

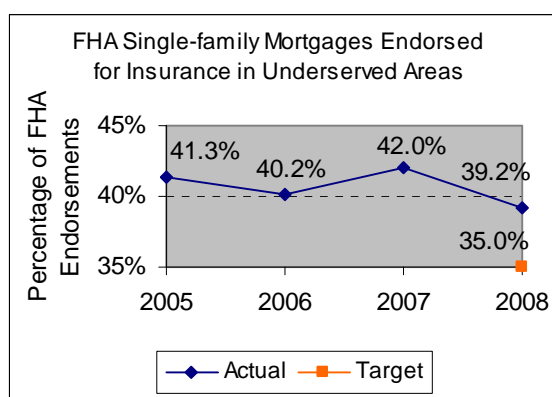
Public Benefit. FHA's role in the mortgage market is to extend homeownership opportunities to families that otherwise might not achieve homeownership. There is substantial evidence that the conventional mortgage market does not serve lower income and minority neighborhoods as well as more affluent and non-minority neighborhoods. FHA lending in disadvantaged neighborhoods increases the homeownership rate. To strengthen this indicator's focus on outcomes despite variations in the volume of single family endorsements, it was revised to ensure that at least 35 percent of all single family mortgages endorsed for insurance by FHA are in underserved areas.

Background. Underserved neighborhoods in metropolitan areas are defined as census tracts either with a minority population of 30 percent or more and median family income does not exceed 120 percent of the area median income, or with median family income no more than 90 percent of area median income (irrespective of minority population percentage). Rural underserved areas apply to non-metropolitan communities with a minority population of 30 percent or more based on census tracts data and median family income does not exceed 120 percent of the area median income, or with median family income no more than 95 percent of the greater of the state or national non-metropolitan median income (irrespective of minority population percentage).

Historically, the non-FHA mortgage market, as demonstrated by high mortgage denial rates and low mortgage origination rates, has underserved these neighborhoods.

Program Website. <http://www.hud.gov/offices/hsg/sfh/hsgsingle.cfm>

Results and Analysis. During FY 2008, 39.2 percent (455,523 out of 1,160,956) of single family mortgages endorsed for insurance by FHA were in underserved communities, thus meeting the goal. This result greatly exceeds the target of 35 percent and illustrates FHA's continued success in expanding homeownership opportunities, including in historically underserved communities. The high degree of success in providing service to underserved areas continues to show strong improvement, as evidenced by the increase from 34.7 percent in



FY 2003 to the achievement of 39.2 percent in FY 2008. This continued success is attributable to marketing and outreach activities in underserved communities. FHA will continue its efforts to provide safe and affordable home financing options in underserved communities through participation in conferences, seminars, and other outreach events.

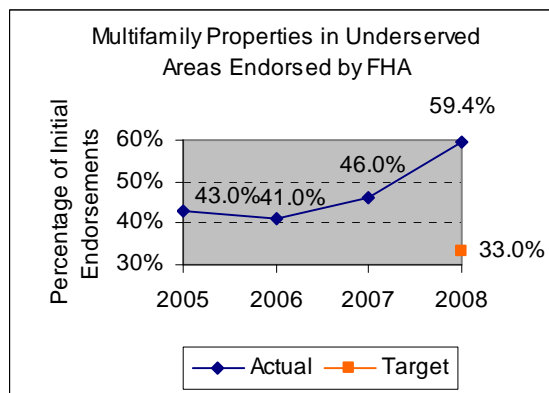
Resources and Performance Link. FHA and the Office of Single Family Housing administer the 203(b), 234(c), and Home Equity Conversion Mortgage loan products. These programs are self-sustaining and generated sufficient income through operations without requiring any funding through Congressional appropriations for FY 2008. In FY 2008, the Office of Single Family endorsed a record percentage of endorsements in underserved areas. In FY 2008, the Mutual Mortgage Insurance Fund endorsed approximately \$171.8 billion of mortgages. A trend of increasing endorsements in underserved areas has emerged over the past few years. HUD's commitment to promoting endorsements in underserved communities results in not only homeownership but also can promote neighborhood stability and revitalization.

Data Discussion. This measure uses data from FHA's Consolidated Single Family Statistical System (F42). This measure may fluctuate when the census tracts constituting underserved areas are redefined using the latest census data. The fluctuations are not expected to substantially reduce the reliability of this national summary measure. An independent assessment completed in 2004 showed that Consolidated Single Family Statistical System performance indicator data passed six-sigma quality tests for validity, completeness, and consistency. HUD verifies FHA data for underserved communities by comparison with Home Mortgage Disclosure Act data.

C.15: The share of multifamily properties insured by FHA in underserved areas is maintained at 33 percent of initial endorsements.

Public Benefit. This indicator measures the number of FHA and Risk Sharing initial endorsements (loan closings) held in FY 2008 on properties located in underserved areas (census tracts with concentrations of low- and moderate-income and/or minority families). Housing is more difficult to finance in these areas because family incomes limit rents, and some lenders perceive these areas to be more risky. Because FHA insurance and Risk Sharing guarantees protect lenders if borrowers default, these tools make lenders more willing to finance housing and contribute directly to HUD’s strategic goal of providing decent and affordable housing in underserved areas.

Background. Basically, “underserved areas” are census tracts that have either: 1) median income at or below 120 percent of the median income *and* a minority population of 30 percent or greater; or 2) median income at or below 90 or 95 percent of the median income (regardless of minority percentage). A more detailed, formal definition is provided at the website noted below. By providing FHA insurance and risk sharing guarantees, HUD facilitates refinancing, repair and construction of rental housing the low- and moderate-income residents of these areas need. FHA insurance and Risk Sharing supported 404 loans (with 41,221 units/beds) in FY 2007 and 384 loans (with 43,147 units/beds) in FY 2008.



Program Website. <http://hudatwork.hud.gov/po/h/hm/fog/dev/underservedgeocodesrv.cfm>

Results and Analysis. The target was exceeded. During FY 2008, Multifamily Development initially endorsed 647 FHA and Risk Sharing loans and 384 (59.4 percent) of those loans were for properties located in underserved areas. While Multifamily exceeded the goal, FY 2008’s 384 loan count was just slightly less than the 404 and 420 loans endorsed in underserved areas in FY 2007 and 2006, respectively. The underserved area loan count was down because FY 2008’s total production (647 loans) was less than the 881 and 1016 endorsements for FY 2007 and FY 2006, respectively.

The 384 properties provided 43,147 units/beds in 44 states, Puerto Rico, and the District of Columbia. These properties supported a variety of shelter options: 291 apartments; 68 nursing homes; 22 assisted living facilities; two co-ops; and one mobile home park. Of the 384 properties, 84 involved new construction or substantial rehabilitation. The remaining 300 involved refinancings or repairs that improved the affordability and physical conditions of housing units.

In total, 176 (46 percent) of the 384 loans were made under special initiatives that make the units affordable specifically to low- and moderate-income families. Of the 176 loans, 103 loans refinanced Section 202 Elderly Housing projects, 16 loans decoupled Section 236 Interest Reduction Payment (IRP) contracts, and 57 projects received Low-Income Housing Tax Credits (LIHTC) in conjunction with these loan transactions.

While the Department has consistently met or exceeded a 33 percent underserved areas goal, achieving a 33 percent goal in FY 2009 will be more difficult. Of the 384 underserved area cases insured by FHA in FY 2008, 290 (76 percent) were refinancings and 103 (27 percent) were refinancings of 202 elderly housing loans. Since nearly all Section 202 Housing for the Elderly projects and a high percentage of non-elderly properties needing refinancings already refinanced, FHA refinancing activity in underserved areas will likely decline in FY 2009. To revive overall loan production and keep production in underserved areas at or above 33 percent of total endorsements, Multifamily will work with the industry and field staff to identify ways in which FHA and risk sharing programs can be streamlined and made even more attractive than they already are. Multifamily will also encourage its risk sharing partners (state housing agencies, Fannie Mae, and Freddie Mac) to make loans in underserved areas.

Resources and Performance Link. Loan authority and credit subsidy were more than adequate to cover the FY 2008 production level and neither is expected to constrain future production. Production levels will be driven more by economic factors such as interest rates; housing demand and supply; availability of credit and equity; and confidence in the economy. Regardless of the production level, Multifamily will require systems development funding and adequate staffing in both Headquarters and Multifamily's field offices. While current staff levels are handling current workload, spot shortages of technical skills (e.g., appraisal, mortgage credit, etc.) essential to efficient underwriting are appearing as Development staff retire and these shortages could cause processing delays and discourage borrowers from choosing FHA. To avoid such delays, Development is exploring work sharing across offices, centralizing some programs (e.g., health care loans) within selected offices, and filling critical vacancies.

Data Discussion. Initial endorsements are the loan closings recorded in the Development Application Processing system (DAP) and the F47 Multifamily Insurance System, as described in detail in Indicator B.4. Underserved area is derived using the procedures posted at the website noted above. Briefly, the Office of Policy Development and Research determines which census tracts meet the definition of underserved and annually posts a database listing each tract as served or underserved. To do so for FY 2008, Policy Development and Research used the 2000 Census' census tract boundaries, tract numbering system, and median income and minority percentage data and OMB's June 2003 Metropolitan Statistical Area specifications updated through October 2007. HUD's contractor (the Geocode Service Center) reads and standardizes property addresses HUD staff have entered in Integrated Real Estate Management System (iREMS), derives the geocodes (census tract, state, etc.) associated with each address, and looks up each census tract in Policy Development and Research's table. The Geocode Service Center's conclusion on served/underserved status is read into Integrated Real Estate Management System (iREMS) which contains reports that list the served status of each endorsement. Multifamily's conclusions on served status should be very accurate as Policy Development and Research, the Census Bureau, and OMB have rigorous data quality standards and all geocoding and status look-ups are done electronically using well-respected geocoding software.

C.16: HUD will continue to monitor and enforce Fannie Mae's and Freddie Mac's performance in meeting or surpassing HUD-defined geographic targets for mortgage purchases in underserved areas. (HUD responsibility ended during FY 2008.)

The Department will no longer be reporting on Fannie Mae's and Freddie Mac's performance. Pursuant to the Housing and Economic Recovery Act of 2008, which became law on July 30, 2008, HUD's regulatory responsibilities over Fannie Mae and Freddie Mac (government sponsored enterprises) have transferred to a new regulator, the Federal Housing Finance Agency, effective immediately. This means, among other things, that the Federal Housing Finance Agency assumed responsibility for the affordable housing goals.

Prior to the Housing and Economic Recovery Act of 2008, the Secretary of HUD was the mission regulator for the government sponsored enterprises, with oversight authority to ensure that both government sponsored enterprises complied with the public purposes set forth in their charters. HUD had general regulatory authority for oversight responsibilities, which included establishing housing goals; monitoring and enforcing compliance with housing goals; new program approval; collecting loan-level data from the government sponsored enterprises on their mortgage purchase activities; making available to the public a database on non-proprietary government sponsored enterprise loan purchase data; and ensuring government sponsored enterprises compliance with fair lending requirements. An independent office of HUD, the Office of Federal Housing Enterprise Oversight, regulated the government sponsored enterprises for safety and soundness by ensuring that they were adequately capitalized and operating their businesses in a financially sound manner.

With the exception of fair lending oversight, which remains at HUD, HUD's mission oversight responsibilities, as well as the Office of Federal Housing Enterprise Oversight's safety and soundness responsibilities, have been transferred to the Federal Housing Finance Agency.

Additional information regarding the role and function of the Federal Housing Finance Agency will be available on its website, currently in development.

C.17: FHA mortgage insurance enables at least seven hospitals to obtain affordable financing for construction or modernization projects.

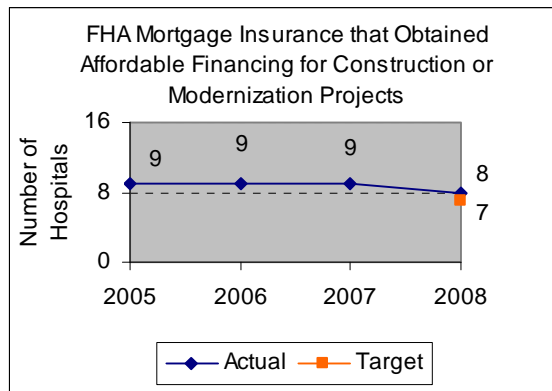
Public Benefit. This indicator measures the number of hospital mortgage insurance commitments issued through Section 242 and 241 of the National Housing Act. Hospitals and their construction projects help strengthen communities by contributing to local economies and the quality of life of community members. The number of employees, the total dollar amount of payroll, and the high average wage rate paid by hospitals represent a very positive, direct economic affect on the hospital's service area and community. An FHA study completed in October 2008, using the widely-respected Impact Planning and Analysis (IMPLAN) economic model, estimates that an investment in a hospital construction project creates a large number of construction and permanent jobs and generates an economic ripple effect that greatly benefits the hospital's community.

Background. FHA Section 242 mortgage insurance enables hospitals to access the capital they need in order to renovate, expand, or replace facilities to better serve their communities. FHA mortgage insurance enables hospitals to obtain a credit rating of AA for their projects. This credit enhancement significantly reduces borrowing costs for hospitals, making critical construction projects possible.

Program Website. <http://www.fha.gov/healthcare/index.cfm>

Results and Analysis. The target was exceeded. Eight commitments for hospital mortgage insurance were issued during FY 2008, compared to a goal of seven. FHA's commitments totaled \$712 million.

According to the results of the Impact Planning and Analysis (IMPLAN) economic model, FHA's FY 2008 hospital projects will generate an economic impact of \$1.65 billion and create over 5,000 jobs during the construction period alone. Once completed, these projects will create and sustain over 3,000 additional jobs and generate an annual economic benefit to their communities of \$526 million.



FHA's commitments also result in significantly reduced borrowing costs for hospitals. Mortgage bankers representing the eight hospitals that received commitments in FY 2008 estimate that FHA insurance will save these facilities approximately \$129.3 million in interest expenses over the lives of these loans, with a net present value of \$56.8 million.

Resources and Performance Link. FHA and the Office of Insured Health Care Facilities direct the Section 242 Program, a loan guarantee program with a negative-credit subsidy receiving no appropriation from Congress. In FY 2008, the Program office issued eight commitments for rural, suburban, and urban hospitals ranging from a tiny critical access hospital in South Dakota to a major medical center outside Los Angeles, California.

Data Discussion. There are no complex data requirements to measure this result. The period of the data (number of commitments issued) is FY 2008. The data are complete, valid, and reliable.

C.18: The share of units that have functioning smoke detectors and are in buildings with functioning smoke detectors will be 92.8 percent or greater for multifamily housing.

Public Benefit. This indicator helps measure the overall physical condition, health, and safety, as well as corrective actions taken on deficiencies, for Multifamily privately owned properties. This measure contributes to HUD's strategic goal of providing decent, safe, and affordable housing.

The goal was accomplished with the percentage accomplishment remaining essentially unchanged from the previous year.

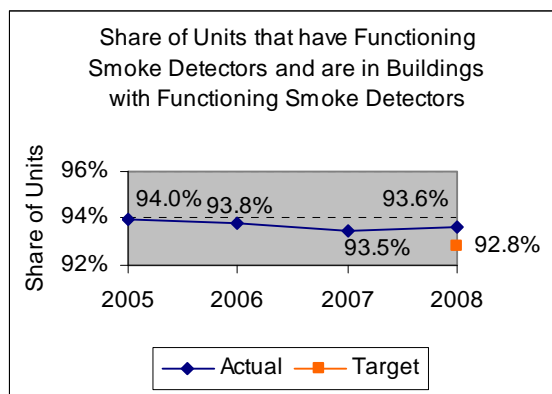
Background. This indicator measures the share of units that are protected by a fully functional smoke detection system, defined as smoke detectors that are observed to be both present in the unit as well as the building in which the unit is located. Functional smoke detection systems in common areas of a building are critical to overall fire safety. The National Fire Protection Association reports that although smoke alarms cut the chances of dying in a fire by 40 to 50 percent, about one-quarter of U.S. households lack working smoke alarms. HUD's Real Estate Assessment Center's physical inspections of public and assisted housing include checks of fire safety features including the presence of operational smoke detectors in housing units, common areas, and utility areas of buildings.

Program Website. <http://www.hud.gov/offices/hsg/hsgmulti.cfm>

Results and Analysis. The target was exceeded.

As of the end of FY 2007, 93.6 percent of HUD-involved assisted multifamily units (2,550,722 of 2,724,110) are projected to have working smoke detectors based upon statistical sampling. This exceeds the goal of 92.8 percent by 0.8 percent.

These results show that the share of HUD-assisted households that are adequately protected with smoke detectors significantly exceeds the three-quarter share of all U.S. households who are protected. The Department's attention to physical conditions in the housing stock is believed to have motivated improvements in management by housing providers.



Resources and Performance Link. Funding for multifamily properties is provided through the Project-Based Rental Assistance Account, unlike the Office of Public and Indian Housing which uses the Capital Fund Program for maintenance of public housing properties, including maintenance of smoke detectors. Funding for multifamily properties has been on a current services basis in recent years.

Data Discussion. Data for this indicator are from the Real Estate Assessment Center's Physical Assessment Subsystem, based on a sample of units from each project, and weighted to represent the entire stock. For private multifamily properties, results for FY 2008 reflect the most recent inspections available as of September 30, 2008.

C.19: By September 30, 2008, HUD will establish fully operational dispute resolution and installation programs in HUD-administered states.

Public Benefit. This indicator helps to improve the safety and quality of manufactured homes through the full and complete establishment of dispute resolution and installation programs in HUD-administered states.

Background. The Manufactured Housing Improvement Act of 2000 (the Act) establishes new responsibilities and procedures for the Department with respect to its role in regulating Manufactured Housing. The Department was to establish installation and dispute resolution programs for manufactured homes within five years of the date of the Act. This will help accomplish the ultimate outcomes of improving the safety and quality of manufactured homes.

Program Website: <http://www.hud.gov/offices/hsg/sfh/mhs/mhshome.cfm>

Results and Analysis. In FY 2008, the Department fully established these programs. HUD's FY 2008 performance goal is to ensure that the two new programs are fully established in the HUD-administered states. In order to meet the Act's milestones, HUD's own internal actions for the installation and dispute resolution programs were essential. The Dispute Resolution Program became fully effective on February 8, 2008. The Final Rule for the Installation Standards established the program and was published on October 19, 2007, and the program will become

operational on October 20, 2008. The Final Rule for the Installation Program Regulations was published on June 20, 2008, and will be effective the same date as the Standards.

Resources and Performance Link. The Manufactured Housing Program is funded solely from the income of manufactured housing fees collected on each transportable unit produced during the fiscal year. With production levels at their lowest point in over twenty years, the program collected only \$6 million in FY 2008, although Congress authorized an appropriation of \$16 million. This fee pays for staff salaries, in addition to payments to states and contracting costs. An operational budget of 50 percent of its appropriated amount reduced program capacity significantly, delaying work on all program activity, including establishment and administration of programs.

Data Discussion. Accomplishments are assessed through weekly reports submitted to the Assistant Secretary for Housing-Federal Housing Commissioner and are verifiable by consulting HUD's website.

Healthy Homes and Lead Hazard Control

C.20: The number of children under the age of 6 who have elevated blood lead levels will be less than 220,000 in 2008.

Public Benefit. Lead poisoning is the number one environmental disease impacting children. Consequences for the community include higher health care costs, lower academic performance, special education costs, higher delinquency, and lower earning capacity in adulthood. A child under age six is said to have an elevated blood lead level (i.e., be lead poisoned) if the child's blood is confirmed as having at least 10 micrograms of lead per deciliter¹. These children, especially those less than 3 years old, are vulnerable to permanent developmental problems because of the well-documented effect of lead on developing nervous systems.

Background. This outcome indicator responds to the President's and the Secretary's priority effort to eliminate lead poisoning in children as a major public health problem by 2010; confirmatory data are expected from the Centers for Disease Control and Prevention by 2013. The number of children under the age of six who have elevated blood lead levels was less than 220,000 in 2008; the number is projected to be less than 200,000 in 2009. Childhood lead poisoning is more common among low-income children, urban children, and those living in older housing. The most significant cause of childhood lead poisoning is exposure to lead in dust generated from paint in and around the child's home. HUD has conducted the Nation's most extensive evaluation and control programs for lead hazards in housing, using grants supplemented by focused contracts and interagency agreements.

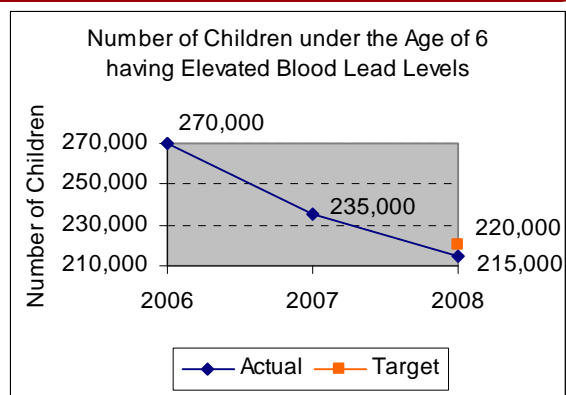
Program Website. www.hud.gov/offices/lead

Results and Analysis. The outcome target was met. Data from the Centers for Disease Control and Prevention's National Health and Nutrition Examination Survey indicate that fewer than 220,000 children had elevated blood lead levels for 2008. This meets the target and continues the downward trend of previous years.

¹ www.cdc.gov/mmwr/preview/mmwrhtml/mm5420a5.htm.

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At the baseline period of 1991-1994, the Survey indicated that there were 890,000 children with elevated blood lead levels. HUD has undertaken to control lead hazards in housing through grants and enforcement of HUD's lead regulations, has conducted outreach on this issue, and has expanded the public/private infrastructure needed to implement the program. In addition to the grant programs, HUD enforces two housing-related lead safety regulations and partners with the Centers for Disease Control and Prevention, the Environmental Protection Agency, other federal, state, and local agencies, and with the private sector, to implement its lead hazard control effort. As a result, the number of children with elevated blood lead levels has dropped to fewer than 220,000. Continuation of this trend would put a stop to the totally avoidable epidemic of lead poisoning caused by housing. At that point, a national effort that ensures the integrity of lead-based paint in homes will avoid the potential for a rebound (as happened with tuberculosis) and keep our children lead safe. The number of children under the age of six who have elevated blood lead levels is projected to be less than 200,000 in 2009.



Resources and Performance Link. Funding for the lead hazard grant programs and the accompanying lead technical contracts program has been decreasing by about four percent per year since FY 2003, when Congress expanded the budget to include the Lead Hazard Demonstration Grant Program. In FY 2008, Lead Hazard reduction and technical studies funding was \$130.4 million, down from \$138.2 million in FY 2007. The number of housing units that can be made lead safe through both the grant and enforcement programs is a direct function of the funding level. The results are directly linked to the accomplishments of HUD grantees under its lead grant programs and of HUD's regulatory enforcement program. The grants provide communities with the funding resources and technical information to reach out to property owners and the lead hazard evaluation and control industries to establish and implement programs that make homes lead safe. The regulatory enforcement program targets violators and reaches agreements with them to control lead hazards in housing in addition to paying fines.

Data Discussion. The National Health and Nutrition Examination Survey, conducted by the Centers for Disease Control and Prevention, uses actual physical examinations of a large, nationally representative sample of children to determine blood-lead levels, among other things. This survey, the only national survey of children's blood lead levels, is regarded as providing the best national estimate of a number of health outcomes and incorporates a variety of quality control and verification procedures that make it reliable. The Centers for Disease Control and Prevention's long-term quality control data for blood lead tests validate the survey results. The Childhood Blood Lead Surveillance program, which supports state blood lead surveillance efforts, also includes a validation component². HUD does not verify the survey results independently because doing so would unnecessarily duplicate the Centers for Disease Control and Prevention's verification procedures. The survey cannot identify the source of elevated blood lead levels.

² See www.cdc.gov/nceh/lead/surv/surv.htm.

C.21: As part of a 10-year effort to eradicate lead hazards, the Lead Hazard Control Grant programs will make 11,500 units lead safe in FY 2008.

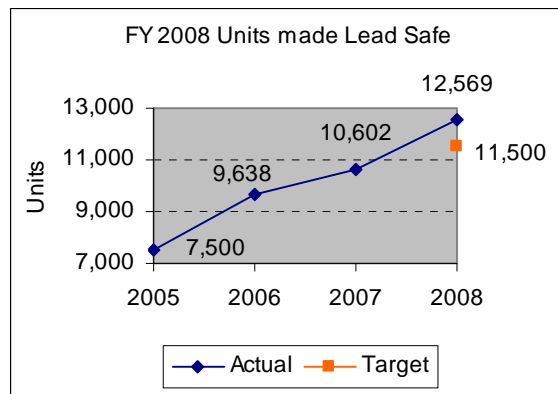
Public Benefit. Lead poisoning is the number one environmental disease impacting children. Consequences for the community include higher health care costs, lower academic performance, special education costs, higher delinquency, and lower earning capacity in adulthood. A child under age six is said to have an elevated blood lead level (i.e., be lead poisoned) if the child’s blood is confirmed as having at least 10 micrograms of lead per deciliter³. These children, especially those less than 3 years old, are vulnerable to permanent developmental problems because of the well-documented effect of lead on developing nervous systems.

Background. The Lead Hazard Control Grant program goal for FY 2008 was to make 11,500 housing units lead safe as a result of lead hazard control work as verified by independent clearance examination. Because the most significant cause of childhood lead poisoning is exposure to lead in dust generated from paint in and around the child’s home, a substantial lead hazard control effort is essential to the President and the Secretary’s priority effort to eliminate lead poisoning in children as a major public health problem by 2010.

The Office of Healthy Homes and Lead Hazard Control provides grants to state and local government agencies, and to private sector organizations, to control lead and housing-related hazards in privately owned, low-income housing. The successful completion of lead hazard control work in a home is the independent determination that the work has been completed and that the lead dust levels are below the federal health-based standards (known as passing the clearance examination). The primary output measure of the program is the number of homes made lead-safe by the grantee.

Program Website. www.hud.gov/offices/lead

Results and Analysis. The target was exceeded. In FY 2008, the program exceeded its goal of making 11,500 housing units lead-safe by making 12,569 housing units lead-safe, which exceeds the goal by over nine percent. The performance continues a trend since FY 2005 of increased annual output.



As in previous years, the FY 2008 data were for housing units that passed clearance during the fiscal year after lead hazard work had been performed in them under the Office of Healthy Homes and Lead Hazard Control’s lead hazard control grants. HUD’s grants have achieved their success by providing communities with the funding resources and technical information to implement lead hazard control programs. The program has made a significant contribution toward the Presidential goal to eliminate lead poisoning in children as a major public health problem by 2010; external factors in the housing market (e.g., normal rates of renovation) appear to have also had a major impact. A rigorous, peer-reviewed scientific evaluation of the program found that the grant program hazard control methods reduce the blood lead levels of children

³ www.cdc.gov/mmwr/preview/mmwrhtml/mm5420a5.htm.

occupying treated units and also significantly reduce lead dust in treated homes⁴. HUD expects grantees to continue to exceed the goal in FY 2009 by clearing 11,800 units as a result of increasing contractor and local government experience and technical advances.

Resources and Performance Link. Funding for the lead hazard grant programs and the accompanying lead technical contracts program has been decreasing by about 4 percent per year since FY 2003, when Congress expanded the budget to include the Lead Hazard Demonstration Grant Program. In FY 2008, Lead Hazard reduction and technical studies funding was \$130.4 million, down from \$138.2 million in FY 2007. The number of housing units that can be made lead-safe through both the grant and enforcement programs is a direct function of the funding level. The results are directly linked to the accomplishments of HUD grantees under the lead hazard control grant programs. The grants provide communities with the funding resources and technical information to reach out to the community and the lead hazard evaluation and control industries so they can establish and implement programs that make homes lead safe.

Data Discussion. This measure uses the Office of Healthy Homes and Lead Hazard Control administrative data derived from grant agreements, quarterly and final reports collected from grantees by its web-based Quarterly Progress Reporting System, as well as from monitoring. Reports provide detailed quantitative and qualitative information regarding progress, achievements, and barriers to performance, and are used to help grantees to maximize their performance, thereby protect the largest number of children possible from lead poisoning. The reporting system is supplemented by telephone and written communication, as well as on-site monitoring by HUD field and Headquarters staff, and quality assurance checks, including reviewing post-hazard control clearance reports for all units, and reviewing invoice documentation in detail for each grantee at least annually and as needed. The data are considered fully reliable and complete. Since the inception of the formalized Quarterly Performance Reporting System, data reporting errors have been negligible. The data are appropriately conservative in that they underreport the number of housing units made lead-safe as a result of public outreach/education programs; leveraging of other funds; federal, state, and local enforcement efforts; technical studies; and other HUD rehabilitation housing assistance covered by the HUD Lead Safe Housing Rule for assisted housing.

Public and Indian Housing

C.22: Overcrowded households in Indian Country shall be reduced by an additional three percent.

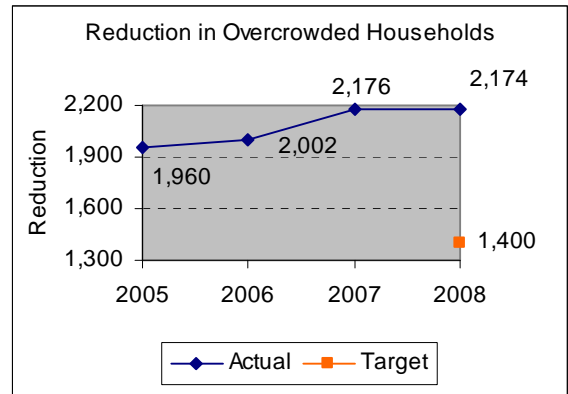
Public Benefit. The Department has identified overcrowding in Indian Country as a national concern. This indicator measures the reduction in the number of overcrowded households in Indian Country. Overcrowding in Indian Country is generally caused by a lack of available affordable housing and can lead to a range of health and social problems. The Indian Housing Block Grant program is designed to provide more housing and thus relieve overcrowding. This supports the Department's strategic goals of providing permanent housing to homeless families and mitigating housing conditions that threaten health.

⁴ Dixon, S. et al., "Effectiveness of lead-hazard control interventions on dust lead loadings: findings from the evaluation of the HUD Lead-Based Paint Hazard Control Grant Program," *Environmental Research* 98 (303-314), 2005.

Background. During FY 2003, the Office of Native American Programs and several participating tribes developed an estimate of the extent of overcrowding in Indian Country, based partly on Census data. They concluded that an estimated 47,169 households were overcrowded in 2003. The Department’s goal for the past several years had been to reduce the number of overcrowded households by one percent of that baseline, each year. Because of better than expected performance, the target was raised to three percent in FY 2008 and onward.

Program Website. <http://www.hud.gov/offices/pih/ih/grants/ihbg.cfm>

Results and Analysis. In FY 2008, the target was met. The Indian Housing Block Grant program funded the construction of 2,174 new affordable housing units, which significantly exceeds the target of three percent (1,400 units) of the 2003 baseline. Since HUD’s Performance and Accountability Reports were published in FY 2006 and FY 2007, updated information has been aggregated in HUD’s database. As of October 2008, the revised accomplishment for FY 2005 is 1,960; for FY 2006, 2,002; and for FY 2007, 2,176. Since FY 2003, the original baseline of 47,169 overcrowded households has been reduced by 13,749 households (29 percent) to 33,420 overcrowded households.



With increasing construction costs and the level of program funding remaining relatively flat for the last three years, HUD does not anticipate increased annual unit production for this indicator.

Resources and Performance Link. Over the last 5 years, the average appropriation for this program has been \$629 million. For most of its grantees, the Indian Housing Block Grant is the sole source or the main source of funding for affordable housing. However, affordable housing projects in Indian Country tend to be long-term, and HUD has not observed performance levels immediately corresponding to changes in funding levels. Nevertheless, such corresponding changes would be inevitable over a course of several years. Also, performance levels for this indicator may not closely correspond to funding levels because grantees may choose to spend grant funds on other eligible activities other than new construction.

Data Discussion. Data on overcrowding come from the decennial United States Census. Data on the number of new housing units built are collected from more than 500 grantees’ Annual Performance Reports, captured in the Performance Tracking Databases of each of the six Area Office of Native American Programs, and then aggregated into a national database at Headquarters. Grantees must report annually, no later than 90 days after their program year ends. The results reported herein include the most recent grantee fiscal year report received.

Accomplishments reported in this document will likely require annual revision as grantees continue reporting and submitting updates to their Annual Performance Reports. Indian Housing Block Grant recipients have 90 days after their fiscal year ends to report. Recipients whose fiscal year ends on September 30 report in the next fiscal year.

The current measurement method assumes that each new housing unit constructed relieves overcrowding by one household. HUD recognizes this is an imperfect method to measure

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overcrowding, but a more precise, cost effective, and feasible measurement tool has not yet been identified. It would be cost prohibitive to conduct an annual census, and so the exact number of the new units that specifically go toward the reduction of the overcrowding cannot be determined. A study was conducted to examine the feasibility of alternative measurement methods, and several are being considered. HUD has worked with tribal housing representatives to revise the planning and reporting forms that grantees are required to submit annually. The improved forms will be designed to collect more information relevant to overcrowding and other housing conditions, while simplifying the overall planning and reporting processes.

Goal D: Ensure Equal Opportunity in Housing

PERFORMANCE REPORT CARD - GOAL D

Performance Indicators	2005	2006	2007	2008	2008					
	Actual	Actual	Actual	Actual	Target	Met	Notes			
Fair Housing and Equal Opportunity										
D.1	Increase the impact of Fair Housing Act enforcement by increasing the efficiency of fair housing complaint processing.									
	HUD will close or charge 55 percent of its Fair Housing Act complaints filed during the fiscal year within 100 days.				N/A	N/A	N/A	60.0%	55.0%	
	Fair Housing Assistance Program agencies will close 53 percent of fair housing complaints referred by HUD in 100 days, excluding recommended cause and systemic complaints.				48.0%	51.0%	46.0%	50.0%	53.0%	
	HUD will close or charge 60 percent of its aged Fair Housing Act complaints within the fiscal year.				N/A	N/A	63.0%	73.0%	60.0%	
	Fair Housing Assistance Program agencies will close or charge 95 percent of its aged Fair Housing complaints within the fiscal year.				N/A	N/A	N/A	97.0%	95.0%	
D.2	Recipients of Fair Housing Initiatives Program education and outreach grants will hold at least 300 public events, to include outreach to faith-based and grassroots organizations, reaching at least 180,000 people.									
	Public events held				405	697	1,486	1,783	300	
	People reached at public events				519,000	250,799	247,201	296,641	180,000	
D.3	Increase the number of HUD-assisted units made accessible as a result of Voluntary Compliance Agreements.				N/A	N/A	Develop	Goal Met	Develop	

N/A: Not available

D.1: Increase the impact of Fair Housing Act enforcement by increasing the efficiency of fair housing complaint processing.

1. HUD will close or charge 55 percent of its Fair Housing Act complaints filed during the fiscal year within 100 days.

Public Benefit. Enforcement of fair housing laws is crucial to enhancing housing opportunities for all people of the United States. The percentage of cases completed within 100 days is a key indicator for HUD because it affects the public's confidence in the Department's efforts to ensure equal opportunity in housing. Victims of housing discrimination need to know that they will receive timely relief from discriminatory housing practices in order to file complaints with the Department.

Background. The Fair Housing Act ensures everyone the right to seek, purchase, rent, and occupy housing free from discrimination. The Fair Housing Act charges HUD with being the principal enforcer of those rights, allowing the Department to receive and investigate complaints of housing discrimination. The Fair Housing Act prescribes that HUD complete investigations of housing discrimination complaints within 100 days, unless it is impracticable to do so. The Department's goal is to provide effective, quality investigations within 100 days, with an understanding that, as implied in the Act, some percentage of cases will require a longer investigation period.

The FY 2008 target represents a change in how HUD examines its efficiency in case processing. In previous years, HUD excluded a subset of complex cases from the measure in an attempt to recognize that some types of cases require more than 100 days. The revised measure includes all cases that could pass 100 days in FY 2008 and is therefore a more accurate reflection of HUD's efficiency in case processing.

Program Website. <http://www.hud.gov/fairhousing>

Results and Analysis. HUD completed 60 percent of its new cases in FY 2008 in 100 days. This exceeded the target of closing 55 percent within 100 days by five percentage points, or nine percent.

This increase is attributable to a number of factors. First and foremost, HUD investigators were more efficient in their handling of fair housing investigations. In addition, in FY 2008, the Office of Fair Housing and Equal Opportunity began tracking its performance on this indicator on a monthly basis. This allowed Fair Housing and Equal Opportunity to allocate resources to offices to ensure an even distribution of the workload. This resulted in more efficient case processing.

Resources and Performance Link. One of the most crucial resources when investigating fair housing cases is staffing. Sufficient staffing allows the Department to ensure that each investigator is carrying a workload that allows him or her to conduct a timely and quality investigation of a fair housing complaint.

Over the past five years, staffing in Fair Housing and Equal Opportunity has decreased, from 710 in FY 2004, to 582 in FY 2008. The number of cases investigated by HUD has decreased as well, from 2,884 in FY 2004, to 2,513 in FY 2008. However, this represents only a portion of fair housing case investigations overall. In addition to cases directly investigated by HUD, fair

housing agencies also investigate fair housing cases and together total investigations have increased in recent years.

Data Discussion. The Department records and maintains case data in the Office of Fair Housing and Equal Opportunity's Title VIII Automated Paperless Office and Tracking System. Data entries are verified through random checks of physical case files and documented case closures.

2. Fair Housing Assistance Program agencies will close 53 percent of fair housing complaints referred by HUD in 100 days, excluding recommended cause and systemic complaints.

Public Benefit. Enforcement of fair housing laws is crucial to enhancing housing opportunities for all people of the United States. The percentage of cases completed within 100 days by agencies in the Fair Housing Assistance Program is a key indicator for HUD because it has a profound impact on public confidence in the Department's efforts to ensure equal opportunity in housing. The 108 agencies in the Fair Housing Assistance Program provide the majority of fair housing enforcement in the country. In FY 2008, the Department and Fair Housing Assistance Program agencies across the country completed more than 10,000 investigations. Fair Housing Assistance Program agencies investigated more than 75 percent of those cases. Therefore the efficiency and quality of case processing by Fair Housing Assistance Program agencies has a significant impact on fair housing enforcement in the country.

Background. The Fair Housing Act provides everyone the right to seek, purchase, rent, and occupy housing free from discrimination. The Fair Housing Act also authorizes HUD to establish the Fair Housing Assistance Program. Under this program, the Department certifies that state and local fair housing laws are substantially equivalent to the Fair Housing Act and authorizes the agencies administering those laws to investigate housing discrimination complaints. If the Department receives a complaint within the jurisdiction of the Fair Housing Assistance Program agency, it will refer the complaint to that agency for investigation.

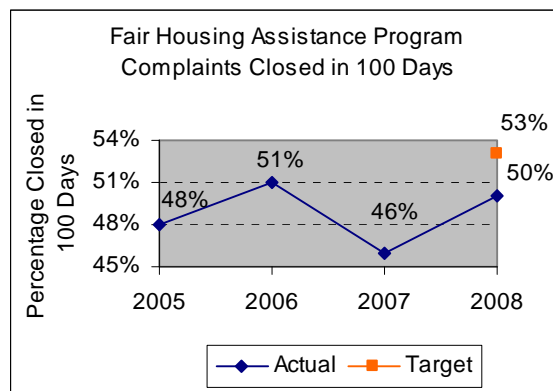
The Fair Housing Act and state and local laws that HUD has certified as substantially equivalent prescribe that investigations of complaints of housing discrimination be completed within 100 days, unless it is impracticable to do so. Fair Housing Assistance Program agencies provide effective quality investigations within 100 days, with an understanding that, as implied in the Act, some percentage of cases will require more time. Case processing efficiency is calculated by dividing the number of cases closed within 100 days by the number of defined cases closed during the fiscal year.

In FY 2009, the Department is revising this goal to mirror the efficiency goal for HUD. The former goal excluded a subset of complex cases from the measure in an attempt to recognize that some types of cases require more than 100 days. The revised measure will include all cases and is therefore a more accurate reflection of HUD's efficiency in case processing.

Program Website. <http://www.hud.gov/offices/fheo/partners/FHAP/>

Results and Analysis. HUD did not meet the case processing efficiency goal for Fair Housing Assistance Program agencies in FY 2008. Fair Housing Assistance Program agencies closed 50 percent of their cases within 100 days, three percentage points less than the goal of closing 53 percent within 100 days.

Resources and Performance Link. The Fair Housing Assistance Program received \$25.62 million in funding for FY 2008 down from \$26 million in FY 2007. There are currently 108 state and local agencies in the Fair Housing Assistance Program. HUD reimbursed Fair Housing Assistance Program agencies for each fair housing investigation completed. In FY 2008, the maximum reimbursement amount was \$2,400 for each case with an additional \$500 possible for complex or resource intensive cases. The standard reimbursement amount has remained constant since FY 2003.



Reasons for Shortfall / Plans and Schedule to Meet the Goal. There are two principal reasons that HUD fell short of meeting this goal. First, some jurisdictions have overriding concerns that require them to focus on goals other than completing cases within 100 days. For example, the California Department of Fair Employment and Housing is required under California Fair Employment and Housing Act to complete its investigations within 365 days, or it loses jurisdiction over the case and can no longer investigate it. This statutory requirement forces California Department of Fair Employment and Housing to focus on completing all of its cases within 365 days, rather than most of its cases within 100 days. This has a significant impact on the overall performance of the program because California Department of Fair Employment and Housing is the largest agency in the Fair Housing Assistance Program, responsible for processing approximately 15 percent of all Fair Housing Assistance Program cases in FY 2008.

Second, the Department pays agencies on a per case basis based on the Standards for Timeliness and Quality (the Standards). In FY 2008, the Standards authorized full payment of non-complex cases even if they were processed in over 100 days.

In an effort to meet the Fair Housing Assistance Program efficiency goal and create additional incentives to close non-complex cases within the statutory timeframe, the Department revised the Standards for FY 2009 to authorize full payment only for non-complex cases processed within 100 days.

Data Discussion. Fair Housing Assistance Program agencies record and maintain case data in the Office of Fair Housing and Equal Opportunity's Title VIII Automated Paperless Office and Tracking System. The data system entries are verified through random checks of physical case files and documentation of case closures.

3. HUD will close or charge 60 percent of its aged Fair Housing Act complaints within the fiscal year.

Public Benefit. The percentage of aged cases closed out by HUD is a key indicator for the Department because it reflects the Department's commitment to getting justice for victims of discrimination. This shows that, in addition to focusing on completing new cases in a timely manner, the Department is committed to completing a quality investigation on previously filed cases. It is critical that HUD complete the investigation of "aged" cases, those that have been open for more than 100 days, in order to instill public confidence and to preserve evidence.

SECTION 2: PERFORMANCE SECTION
GOAL D: ENSURE EQUAL OPPORTUNITY IN HOUSING

Background. The Fair Housing Act directs HUD to complete its housing discrimination investigations within 100 days, unless it is impracticable to do so. The Department strives to complete most investigations within the prescribed period of 100 days, with an understanding that, as provided in the Fair Housing Act, some cases will require a longer investigation.

This indicator measures HUD's efficiency at closing cases that had been open for more than 100 days prior to the start of FY 2008. The Department added this indicator in FY 2008 in order to take a more comprehensive approach to its case processing. Previously, there was one indicator that measured the percentage of all cases that the Department closed within 100 days whether aged or not. Thus, any case that was open for more than 100 days would "count against" the previous Annual Performance Plan goal. The addition of this goal created an incentive to close those cases that exceeded 100 days and isolates the Department's performance on this subset of cases. Thus at the end of FY 2008, the Department had only 265 cases still open that had aged prior to FY 2008 though it started the year with an inventory of 979 cases that exceeded 100 days.

Program Website. <http://www.hud.gov/fairhousing>

Results and Analysis. The Department significantly exceeded this goal. In FY 2008, the Department closed 73 percent of its aged inventory by the end of the fiscal year. This was 13 percentage points, or a 22 percent increase, over the goal of closing 60 percent of the aged case inventory. It is a 10 percentage points, or 16 percent increase, from FY 2007, when the Department closed 63 percent of its aged cases.

Resources and Performance Link. The Fair Housing Assistance Program received \$25.62 million in funding for FY 2008, down from \$26 million in FY 2007. One of the most crucial resources when investigating fair housing cases is staffing. Sufficient staffing allows the Department to ensure that each investigator is carrying a workload that allows him or her to conduct a timely and quality investigation of the fair housing complaint.

Over the past five years, staffing in the Office of Fair Housing and Equal Opportunity has decreased, from 710 in FY 2004, to 582 in FY 2008. The number of cases investigated by HUD has decreased as well, from 2,884 in FY 2004, to 2,513 in FY 2008. However, this represents only a portion of fair housing case investigations overall. In addition to cases directly investigated by HUD, fair housing agencies also investigate fair housing cases and together total investigations have increased in recent years.

Data Discussion. The Department records and maintains case data in the Office of Fair Housing and Equal Opportunity's Title VIII Automated Paperless Office and Tracking System. Data entries are verified through random checks of physical case files and documented case closures.

4. Fair Housing Assistance Program agencies will close or charge 95 percent of its aged Fair Housing complaints within the fiscal year.

Public Benefit. The percentage of aged cases closed out by agencies in the Fair Housing Assistance Program is a key indicator for HUD because it reflects the Department's commitment to getting justice for victims of discrimination. Fair Housing Assistance Program agencies are responsible for the investigation of more than 75 percent of the fair housing complaints in this country. It is critical that the Department ensure that Fair Housing Assistance Program agencies

complete the investigation of “aged” cases, those that have been open for more than 100 days, in order to instill public confidence and to preserve evidence.

Background. The Fair Housing Act and state and local laws HUD certifies as substantially equivalent prescribe that investigations of complaints of housing discrimination be completed within 100 days, unless it is impracticable to do so. The Department strives to complete most investigations within the prescribed period of 100 days, with an understanding that, as provided in the Fair Housing Act, some cases will require a longer investigation.

This indicator measures efficiency of Fair Housing Assistance Program agencies at closing cases that had been open for more than 100 days prior to the start of FY 2008. The Department added this indicator in FY 2008 in order to take a more comprehensive approach to its case processing.

Program Website. <http://www.hud.gov/offices/fheo/partners/FHAP/>

Results and Analysis. The Department exceeded this goal. Agencies in the Fair Housing Assistance Program closed 97 percent of the “aged” cases in their inventory in FY 2008. This was two percent more than the Department’s goal of 95 percent. The agencies were just 38 cases away from closing out the entire aged case inventory for FY 2008.

One factor in the Fair Housing Assistance Program agencies’ success in closing out their aged case inventory is the Fair Housing Assistance Program payment standards. HUD decreases the amount that it reimburses Fair Housing Assistance Program agencies based on the age of a case. The older a case is the less that the Department will reimburse the Fair Housing Assistance Program agency for its investigation. If a case is open for an excessive period of time, the Department can withhold payment entirely. As a result, Fair Housing Assistance Program agencies strive to maintain as few aged cases as possible from year to year in order to ensure their reimbursement.

Another contributing factor to the efficient handling of Fair Housing Assistance Program investigations is the training provided at HUD’s National Fair Housing Training Academy. The Training Academy, established in 2004, provides comprehensive training for fair housing professionals. Since its inception, more than 2,647 fair housing professionals have attended classes there. This comprehensive program provides classes on intake, jurisdiction, investigation techniques, and conciliation strategies. These courses allow Fair Housing Assistance Program investigators to most efficiently provide a quality fair housing investigation.

Resources and Performance Link. The Fair Housing Assistance Program received \$25.62 million in funding in FY 2008 down from \$26 million in FY 2007. There are currently 108 state and local agencies in the Fair Housing Assistance Program. The Department reimbursed Fair Housing Assistance Program agencies for each fair housing investigation completed. In FY 2008, the maximum reimbursement amount was \$2,400 for each case with an additional \$500 for complex or resource intensive cases. The standard reimbursement amount has remained constant since FY 2003.

Data Discussion. Fair Housing Assistance Program agencies record and maintain case data in the Office of Fair Housing and Equal Opportunity’s Title VIII Automated Paperless Office and Tracking System. The data system entries are verified through random checks of physical case files and documentation of case closures.

D.2: Recipients of Fair Housing Initiatives Program education and outreach grants will hold at least 300 public events, to include outreach to faith-based and grassroots organizations, reaching at least 180,000 people.

Public Benefit. Tracking outreach events by Fair Housing Initiatives Program grantees is an important indicator for HUD because it impacts the public’s understanding of their fair housing rights. The Fair Housing Act’s principal enforcement mechanism is the filing of individual complaints. It is therefore critical to fair housing enforcement that the public understand their rights and know how to file a complaint if those rights are violated.

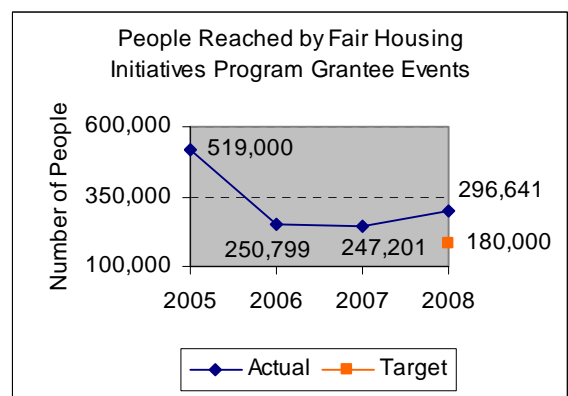
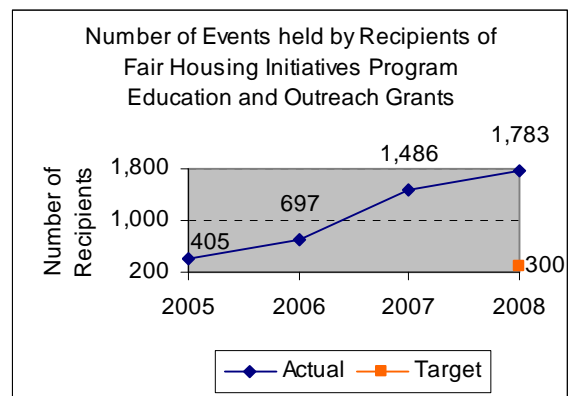
Background. Created under the Housing and Community Development Act of 1987, the Fair Housing Initiatives Program provides funding to public and private organizations that develop programs that are designed to prevent or eliminate discriminatory housing practices. Through the Education and Outreach Initiative, the Fair Housing Initiatives Program provides grants to state and local government agencies and nonprofit organizations for initiatives that explain to the general public and housing providers what equal opportunity in housing means and what housing providers need to do to comply with the Fair Housing Act. To further these efforts these groups hold housing fairs, fair housing conferences, educational seminars, and outreach at community events.

Program Website. <http://www.hud.gov/offices/fheo/partners/FHIP/fhip.cfm>

Results and Analysis. HUD vastly exceeded this goal. Fair Housing Initiatives Program grantees held 1,783 education and outreach events and activities in FY 2008, exceeding by almost 500 percent, the initial goal of 300 events. These events reached 296,641 people during FY 2008, which is 65 percent greater than the initial goal of 180,000 people.

As a result of the housing market downturn and a rise in foreclosures in FY 2008, Fair Housing Initiatives Program grantees significantly increased the number of outreach events in order to assist those in need. These outreach sessions informed consumers about housing discrimination, lending discrimination, and what they can do if they believe that they are a victim.

Resources and Performance Link. The amount of fair housing education and outreach in the country is directly related to the amount of funding awarded through the Education and Outreach Initiative in the Fair Housing Initiatives Program. In FY 2008, the Department provided \$3,100,000 in Education and Outreach Initiative funding to 32 groups who held education and outreach events. Although funding for the Education and Outreach Initiative decreased from FY 2007 when the Department funding was \$4,200,000 for 43 groups, a requirement was added



that Private Enforcement Initiative grantees commit 10 percent of their \$14,000,000 in funding to education and outreach efforts. Consequently, the net total funding for FY 2008 was \$4,500,000.

Data Discussion. HUD requires Fair Housing Initiatives Program grantees to report their education and outreach activities. HUD tracks the total number of events held and persons reached based on data derived from the quarterly and final reports submitted by the grantees. HUD also requires that Fair Housing Initiatives Program grantees submit copies of items, such as the programs and attendance sheets from education and outreach activities, to verify their activities. The data are reported in HUD's Integrated Performance Reporting System.

D.3: Increase the number of HUD-assisted units made accessible as a result of Voluntary Compliance Agreements.

Public Benefit. The number of accessible units created as the result of Voluntary Compliance Agreements is an important indicator of HUD's efforts to ensure that recipients of HUD funding provide equal access to persons with disabilities.

Background. Section 504 of the Rehabilitation Act of 1973 requires that a public housing authority make units accessible for individuals with disabilities, including mobility disabilities. HUD requires that five percent of the units in a multifamily housing project (including public housing) be accessible to individuals with mobility impairments, and that an additional two percent of the units are accessible for individuals with hearing or vision impairments. Section 504 regulations allow HUD to prescribe a higher percentage of accessible units based on census data or other available current data or in response to evidence of a need.

HUD conducts compliance reviews of housing authorities in every region of the country in order to ensure that they comply with the requirements of Section 504. If the Department finds that a Housing Authority is not in compliance it will issue a Letter of Findings and attempt to resolve the findings through a Voluntary Compliance Agreement between the Department and the Housing Authority. This indicator tracks the number of accessible units created as a result of those agreements.

In FY 2008, the Department's goal was to establish for the first time a database to track the Department's Voluntary Compliance Agreements with Public Housing Authorities and to assess the number of accessible units created as a result of those agreements.

Program Website. <http://www.hud.gov/offices/fheo/disabilities/index.cfm>

Results and Analysis. The Department met this goal. The database was developed and the information is being evaluated to establish a framework for future reporting. The Department expects to compile baseline data during FY 2009 and establish targets and performance measures the following fiscal year.

Resources and Performance Link. The Office of Information Services and Communications is working on developing criteria for field offices to report and manage the data in the database to establish a baseline for the purpose of setting a target for this measure. The Office of Fair Housing and Equal Opportunity will continue to work collaboratively with HUD's Office of the Chief Information Officer in further developing the system.

Data Discussion. Managers will provide quality assurance by reviewing the results of fair housing enforcement efforts. Accessible housing units will also be verified through on-site

SECTION 2: PERFORMANCE SECTION
GOAL D: ENSURE EQUAL OPPORTUNITY IN HOUSING

inspections conducted by field staff to ensure compliance with applicable fair housing laws and other regulations. The Office of Fair Housing and Equal Opportunity's Office of Information Services and Communications and Office of Policy, Legislative Initiatives and Outreach worked together to develop a Voluntary Compliance Agreements database and to determine data requirements for the database system. Data has been compiled in the database and will be periodically updated which will allow the Department to monitor the effectiveness of the Voluntary Compliance Agreements in increasing the number of accessible units made available by recipients of HUD federal financial assistance.

Goal E: Embrace High Standards of Ethics, Management, and Accountability

PERFORMANCE REPORT CARD - GOAL E

Performance Indicators	2005	2006	2007	2008	2008 Target	Met	Notes
	Actual	Actual	Actual	Actual			
Cross-Departmental							
E.1	HUD will reduce mission critical skill gaps by reducing targeted competency gaps by 50 percent in its four core business program offices: Public and Indian Housing; Housing; Community Planning and Development; and Fair Housing and Equal Opportunity.				50.0%		a
E.2	By the end of FY 2013, HUD will have an enterprise-wide financial management system that is compliant with all laws and regulations.		Progress toward completion		Evaluate contract proposals		b
E.3	The rate of program errors and improper payments in HUD's rental housing assistance programs will continue to be reduced.				4.6%		b
E.4	HUD employees continue to become increasingly satisfied with the Department's performance and work environment.				90.0%		c
CPD							
E.5	Financial management and targeting of CPD program resources to meet the needs of underserved populations are maximized through the monitoring of 20 percent of grantees for compliance with program requirements.				20.0%		
FHA/Housing							
E.6	The Accelerated Claim and Asset Disposition demonstration program (Section 601) will exceed the rate of net recovery received through the conveyance program on the sale of Single Family assets.				53.40%		d
E.7	Respond to 2,000 inquiries, complaints, and subdivision registrations related to the Interstate Land Sales Full Disclosure Act.				2,000		
E.8	The FHA Mutual Mortgage Insurance fund meets congressionally mandated capital reserve targets.				2.00%		



SECTION 2: PERFORMANCE SECTION
GOAL E: EMBRACE HIGH STANDARDS OF ETHICS, MANAGEMENT, AND ACCOUNTABILITY

PERFORMANCE REPORT CARD - GOAL E

Performance Indicators	2005	2006	2007	2008	2008 Target	Met	Notes				
	Actual	Actual	Actual	Actual							
Support Offices											
E.9	HUD will reduce mission critical skill gaps by 25 percent in the identified leadership and management competency of the Management Competency plan.				N/A	N/A	100.0%	29.0%	25.0%		a
E.10	Eighty percent of HUD fellows and interns are retained and targeted for mission-critical positions in HUD offices.				84.0%	Recruit	98.0%	93.0%	80.0%		
E.11	HUD financial statements receive an unqualified audit opinion.				Yes	Yes	Yes	Yes	Yes		
E.12	HUD will conduct training and exercise the Continuity of Operations Plan.				N/A	Yes	Yes	Yes	Yes		
E.13	Use the structure established by Vision 2010 and the Department's Enterprise Architecture transition strategy to modernize HUD's business and information management environment, maintain well-managed information technology investments, and promote collaboration between mission areas.										
	Progress in business system modernization.				N/A	N/A	Yes	Yes	Yes		
	Initiate segment architecture development and maintenance for priority modernization initiatives.				N/A	N/A	80.0%	80.0%	80.0%		
	Provide portfolio-level and initiated-level enterprise architecture guidance and recommendations for all modernization efforts.				N/A	N/A	100.0%	100.0%	100.0%		
	Evaluation of information technology investments against HUD investment performance indicators.				N/A	N/A	100.0%	100.0%	90.0%		
E.14	HUD will meet specified information technology-related security requirements.										
	Continue the Certification and Accreditation effort to ensure that 100 percent of major applications documented in the Inventory of Automated Systems have been certified and accredited.				N/A	N/A	N/A	100.0%	100.0%		
	Prioritize and remedy high priority risks.				N/A	N/A	N/A	100.0%	100.0%		
	Ensure 90 percent of HUD employees and contractors will have completed IT Security and Awareness Training.				N/A	N/A	N/A	96.0%	90.0%		c

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT**

PERFORMANCE REPORT CARD - GOAL E

Performance Indicators	2005	2006	2007	2008	2008 Target	Met	Notes
	Actual	Actual	Actual	Actual			
E.15 The Office of the Chief Information Officer will perform Data Management Maturity assessments of four major HUD information systems and report on their level of maturity.	N/A	N/A	N/A	4	4		
E.16 HUD partners become more satisfied with the Department's performance, operations, and programs.	N/A	N/A	N/A	N/A	N/A	N/A	
E.17 Policy Development and Research work products will be high quality and useful to customers.							
Percent of key users who are satisfied.	87.0%	94.0%	N/A	N/A	85.0%	N/A	e
Files downloaded from the HUD USER research clearinghouse.	5.90	8.30	7.41	7.18	6.20		f

N/A: not available

a – lowest percent used as actual

b – one-year lag in data

c – rounded number

d – data through 8/31/2008

e – data not available

f – number reported in millions

Cross-Departmental

E.1: HUD will reduce mission critical skill gaps by reducing targeted competency gaps by 50 percent in its four core business program offices: Public and Indian Housing; Housing; Community Planning and Development; and Fair Housing and Equal Opportunity.

Public Benefit. The mission critical competencies were identified for their direct link to organizational goals and priorities, as well as for their impact on mission accomplishments. The expectation was that success in closing these skill gaps would help ensure qualified staff to continue HUD's principal mission and program operations, into the future, in a highly effective and efficient manner, for the highest quality of service to HUD customers.

Background. As part of HUD's Strategic Plan, the Strategic Human Capital Management Plan, and the Office of Administration Management Plan, HUD program offices were tasked to develop and implement workforce planning strategies to identify and develop the workforce needed to address future challenges. Particular attention was vested in the Department's core business functions and under the guidance of the President's Management Agenda (PMA) for talent management, the four core business program offices were required to identify targeted mission critical competency gaps and initiate actions to address closing those skill gaps by at least 50 percent.

Program Website. <http://www.hud.gov/offices/adm>

Results and Analysis. Each core business office met and exceeded the established goal of a 50 percent reduction in the targeted mission critical competencies. All four offices assessed their current inventory for the identified mission critical competencies based on "Competency Demand" versus "Competency Supply." This approach yielded the dual benefit of strengthening the skills of existing staff in mission critical positions for improved performance and adding value to outreach and recruitment by helping to identify necessary technical skills among job applicants and prospective hires.

Specific results from the core business offices were as follows:

- *PIH:* The comprehensive asset management training curriculum strengthened PIH employee skill sets in project-based management and budgeting, assisting PHAs with transitioning to property management, and monitoring property financial performance.
- *Fair Housing and Equal Opportunity (FHEO):* Fair Housing and Equal Opportunity staff exhibited substantial improvement in investigative techniques and more knowledgeable responses to lending complaints. These improvements led to better documentation and fewer requested rewrites of newly submitted Letters of Determination.
- *Housing:* Employees identified to serve as Government Technical Monitors/Government Technical Representatives within the Office of Housing received the necessary and required certification training.
- *CPD:* The training CPD employees received places them in a better position to meet revised regulatory requirements for performance reporting of competitive and formula grantees.

**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
FY 2008 PERFORMANCE AND ACCOUNTABILITY REPORT**

The following chart shows the competencies targeted and the percentage of the gap reduction:

Program Office	Competency	Baseline Skill Level (number of employees)			Current Skill Level (number of employees)			Percent of Gap Closed (Skill gap versus remaining gap)
		Competency Demand	Competency Supply	Skill Gap	Competency Demand	Competency Supply	Remaining Gap	
PIH	Asset Management	429	339	90	429	410	19	79%
FHEO	Mortgage Lending	75	37	38	75	64	11	71%
Housing	Acquisition/ Contract Management	294	240	54	294	278	16	70%
CPD	Issues & Programs Concerning Persons with HIV/AIDS and Homelessness	23	18	5	23	23	0	100%

Data Discussion. A skill gap is considered reduced either by completing the specified training or through recruitment. The Office of Training Services gathered skill gap closure data from each of the program offices. The baseline data represent managers’ perceptions of their staff and may be limited by subjectivity. Initially, the data was developed at a strategic level, based on managers’ knowledge of the capability of existing staff and subsequently augmented with employee input during the development of Individual Training Action Plans. The progress of the targeted competency gap closure was monitored quarterly with the Office of Personnel Management oversight partners under the PMA scorecard for human capital.

E.2: By the end of FY 2013, HUD will have an enterprise-wide financial management system that is compliant with all laws and regulations.

Public Benefit. This indicator measures the progress the Department has made in the modernization of its core financial system. For FY 2008, the goal is to “continue to evaluate contract proposals for a systems integrator/shared service provider.” In addition to being responsive to a primary President’s Management Agenda initiative, completion of this outcome measure will result in a reduction in the number of systems maintained, provide on-line, real-time information for management decision making, enable the Department to more fully participate in E-Government Initiatives, and align with HUD’s information technology modernization goals. Maintaining an integrated financial management system will ensure standardization of systems and processes, reduce costly and inefficient operations maintenance,

ensure ongoing compliance with federal financial and accounting requirements, and strengthen internal controls to ensure full compliance with all pertinent laws and regulations.

Background. A major initiative for the Department is the modernization of its core financial systems through the HUD Integrated Financial Management Improvement Project, which will ensure that all financial systems initiatives at HUD transition to a single integrated system to achieve consolidated financial management.

The Department currently maintains three financial systems that support core financial functions including a reporting system to prepare consolidated financial statements for internal and external reporting. The initiative will be to implement an enterprise financial system via a multi-year phased project plan that builds upon the successful financial systems modernization work completed by FHA, Ginnie Mae, and the Office of Federal Housing Enterprise Oversight. (Note: The Office of Federal Housing Enterprise Oversight core financial system was spun off from HUD as part of the Federal Housing Finance Regulatory Reform Act of 2008 that created a new regulatory agency.)

Contractor resources will be obtained through a fixed price performance based contract and service level agreement to ensure the contractor assumes a portion of the responsibility for timely completion of the project. The consolidated business case and project plan developed will include collaboration with the contractor project team that will participate in and share the goals and objectives established for the project.

Program Website. <http://www.hud.gov/offices/cfo/>

Results and Analysis. The performance measure was met. The evaluation of contract proposals continued with an expected award to be made in the first quarter of FY 2009. Following the award, HUD and the award winner will develop a plan and schedule for the next phase of the project. Due to the sensitivity of the procurement process, details can not be shared.

Resources and Performance Link. Currently, a contract is in the process of being awarded to a Systems Integrator/Shared Service Provider to assist in the project to consolidate old legacy systems into one core financial system. The resulting single integrated financial system will reduce internal and contractor resources required to support core financial system functions. It will also enable the Department to participate in E-Government Initiatives and align HUD's information technology modernization goals, which collectively will streamline resources (thereby decreasing costs) to enable improved management decision making.

Data Discussion. The source of this information is the President's Management Agenda FY 2008 Scorecards for the Improving Financial Performance Initiative and the Congressional Budget Justifications. Due to sensitivity of this document, information cannot be further detailed.

E.3: The rate of program errors and improper payments in HUD's rental housing assistance programs will continue to be reduced.

Public Benefit. By reducing erroneous payments, the integrity of programs involving \$28 billion in HUD resources is protected and the number of families that can be served through our assisted housing programs is maximized. Since the inception of this measurement, HUD has reduced the rate of erroneous payments (i.e., the percent of improper payments as a percent of total payments for HUD's three Rental Housing Assistance Programs) from 17.1 percent in

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FY 2000 to 3.5 percent in FY 2007, as measured and reported in the FY 2008 Performance and Accountability Report. This Performance Indicator measures the annual progress the Department has made in the reduction of these improper payments (both under and overpayments) as a percent of HUD’s total payments for these three high-risk programs. HUD has taken aggressive steps to address the root causes of improper rental assistance payments to better ensure that the right benefits go to the right people.

Background. The rental housing assistance programs (Public Housing, Housing Choice Vouchers, and Project-Based Assistance programs) constitute HUD’s largest appropriated activity, with over \$28 billion in annual outlays. In FY 2000, a HUD Quality Control Study estimated that approximately \$3.2 billion in gross improper payments were attributed to a combination of program administrator errors and tenant income reporting errors. A third type of error, billing errors, was later identified.

The three major sources of error that result in under or overpayments in these complex programs are defined as follows:

- Program administrator error: the program administrator’s failure to properly apply income exclusions and deductions and correctly determine income, rent, and subsidy levels;
- Tenant income reporting: the tenant beneficiary’s failure to properly disclose all income sources; and
- Billing: errors in the billing and payment of subsidies between third party program administrators and HUD.

To reduce these errors, HUD committed to specific, aggressive corrective actions and initiated the Rental Housing Integrity Improvement Project in the spring of 2001 to address this improper payment issue and the associated high program risks and material internal control weaknesses identified by the Government Accountability Office and the HUD Inspector General.

With enactment of the Improper Payments Information Act of 2002, and issuance of OMB’s implementation guidance for the Act, HUD is now required to annually set goals and report on its progress in reducing gross improper payment levels as a percentage of total program payments. HUD’s goals and results are reflected in the table below:

Rental Assistance Improper Payment Reduction History							
FY 2000 – FY 2007							
	FY 2000 Baseline Improper Payment Amount and Percentage	<u>FY 2005</u>		<u>FY 2006</u>		<u>FY 2007</u>	
		Goal	Actual	Goal	Actual	Goal	Actual
Rental Assistance	\$3.2B (17.1%)	5.6%	5.4%	5.0%	5.5%	4.6%	3.5%

Program Websites.

<http://www.hud.gov/offices/pih/>

<http://www.hud.gov/offices/hsg/>

Results and Analysis. HUD has surpassed its improper payment goal for the FY 2008 reporting period (based on FY 2007 data) by reducing improper payments to 3.5 percent, or 1.1 percentage point below the goal and an improvement of 2.0 percentage points from the previous year's result of 5.5 percent. The FY 2007 goal was originally set at 5.5 percent; during FY 2008, however, HUD's analysis of program changes made to HUD's Public Housing program during FY 2007 indicated that further reductions were possible and the goal should be further lowered. Accordingly, HUD revised its improper payment goal, and lowered the FY 2007 target to 4.6 percent.

The overall reduction in improper payments for HUD's three major types of Rental Housing Assistance Programs over the past eight years has been primarily attributed to HUD's efforts to work with its housing industry partners through enhanced program guidance, training, oversight, and enforcement. Collectively, these efforts have had a positive impact on the program administrators' ability to reduce their errors in the calculation of income, rent, and subsidies.

The Department also has found a direct correlation in the reduction of improper payments to the number of monitoring reviews of public housing agencies (PHAs) and the number of management and occupancy reviews at multifamily housing properties, as well as the increased availability and use of the Enterprise Income Verification system by PHAs, and by owners, management agents, and contract administrators for HUD's Project-Based Assistance programs.

More recently, program structure changes have reduced the opportunities for improper payments in two of HUD's Rental Assistance Programs. In HUD's Public Housing program, significant program structure changes were implemented to improve the efficient use of funding in the Public Housing Operating Fund. These structure changes effectively eliminated all three previously reported types of improper payments due to Administrator, Income Reporting, and Billing errors. It should be noted that PHAs could still make Administrator errors, and tenants could still under-report or not report their income. However, in the new structure, the effect of these errors would be borne by the PHA and HUD's subsidy payment would remain unchanged. Nonetheless, HUD retains program oversight responsibility to ensure the proper performance and benefits of the program, and will continue to focus on effective measures to reduce performance errors by PHAs. In addition, the establishment of a budget based funding methodology was implemented for the Housing Choice Voucher Program in FY 2005 to eliminate the opportunity for billing errors in that program.

Resources and Performance Link. The reduction of improper payments increases the number of households that will receive subsidies in conjunction with HUD's strategic goal to provide access to affordable housing. The Department has found a direct correlation in the reduction of improper payments to the number of monitoring reviews of public housing and the number of management and occupancy reviews of multifamily housing, as well as the expanded use of the Enterprise Income Verification system to owners, management agents, and contract administrators for HUD's Project-Based Assistance programs.

Data Discussion. Periodic error measurement studies overseen by the Office of Policy Development and Research are supported by the PIH and Housing program organizations.

The data are reliable for this measure, assuming availability of funding to cover the cost of the studies. The independent HUD Office of Inspector General reviews the error measurement methodology and support, as well as management controls over the related program activity, as part of its audit of HUD's annual financial statements. The Government Accountability Office also oversees HUD's progress in addressing this issue, which the Government Accountability Office had designated as a high-risk program area. (Due to HUD's progress in reducing improper payments in the rental housing assistance program, the Government Accountability Office's high-risk program designation was eliminated in 2007.)

E.4: HUD employees continue to become increasingly satisfied with the Department's performance and work environment.

Public Benefit. A satisfied workforce translates to a strong workforce and helps to support two of the Department's human capital goals, which are to become a mission-focused agency and to maintain a high-quality, effective, and efficient workforce. This indicator is directly linked to both the Department's Strategic Plan and its Strategic Human Capital Management Plan, and is tied to the President's Management Agenda.

Background. In August 2006, the Office of Personnel Management administered the Federal Human Capital Survey, of which 29 major federal agencies, including HUD, participated. The results indicated that an organization's cultural environment has a sufficient impact on how employees react or respond to surveys. Engaged employees are more likely to respond to survey questions based on actuality. Because of the results provided by the 2006 Federal Human Capital Survey, a working group developed recommendations in the format of a Federal Human Capital Survey action plan to improve employee satisfaction in the areas of leadership and communication. The action plan was approved by the Secretary in June 2007.

Program Website. <http://www.hud.gov/offices/adm>

Results and Analysis. The Department fully met its target in FY 2008. The action plan consists of nine developed recommendations to facilitate an increase in employee satisfaction. Out of the nine recommendations, eight (89 percent) have been fully implemented or are in the process of implementation. Examples of recommendations implemented include:

- Create and use peer work groups for managers. The Department has initiated the use of peer work groups for managers by giving an overview of the program at two of the new supervisors training sessions. All new supervisors were assigned a peer work group and invited to all the group's events.
- Use E-Performance SMART Plans. Measurable performance standards were written and put in place for 100 percent of the Department.
- Town Hall meetings with the Secretary or Deputy. Secretary Preston held a town hall meeting for all employees on July 17, 2008. The purpose of the town hall meeting was to discuss the Department's iMPACT 200 agenda for the next 200 days. A second town hall meeting was held on October 2, 2008, at which time the Secretary gave an update on the iMPACT 200 agenda.

- All-employee Awards Ceremony hosted by the Secretary or Deputy Secretary. Secretary Preston hosted a Departmental Awards ceremony recognizing singular employee accomplishments on September 17, 2008. The ceremony was webcast to all HUD offices.
- Use existing, multiple communication vehicles to illustrate employee value. Over 17 weekly web casts featuring employees sharing information that demonstrates employee value have been conducted. In addition, at least five HUD program offices have an electronic newsletter that highlights specific employee achievements.

Resources and Performance Link. The Federal Human Capital Survey is administered every two years by the Office of Personnel Management at no cost to HUD. The survey includes questions that satisfy the requirement by law to conduct an Annual Employee Survey. In years when the Federal Human Capital Survey is not administered by the Office of Personnel Management, HUD expects to complete the requirement through other resources which may include contract services. HUD will continue to conduct the Federal Human Capital Survey in lieu of the Organizational Assessment.

Data Discussion. The Office of Personnel Management completed the administration of the 2008 Federal Human Capital Survey at HUD on September 26, 2008. Survey results are scheduled to be provided to Federal agencies during January 2009. At that time, the results will be analyzed to support any modifications to the existing 2006 Federal Human Capital Survey Action Plan. The analyses will also serve to support any other actions required to enhance employee satisfaction.

CPD

E.5: Financial management and targeting of CPD program resources to meet the needs of underserved populations are maximized through the monitoring of 20 percent of grantees for compliance with program requirements.

Public Benefit. State and local governments, as well as non-profit organizations, are recipients of Community Planning and Development formula and competitive grants to assist in building viable neighborhoods, expanding homeownership and affordable opportunities, and providing economic opportunities. This indicator measures whether the grantee has adequate policies and procedures to ensure HUD funds are used in compliance with applicable statutory and regulatory provisions, and that funds are spent for eligible activities, produces measurable results, and meet financial and grants management requirements. In FY 2008, 20 percent of grantees (958) were scheduled for monitoring to ensure compliance with statutory and regulatory requirements.

Background. This indicator includes all CPD grantees. Annually, CPD field offices conduct risk assessments on all active formula and competitive grantees. Program requirements monitored are based on results of the annual risk assessment. Monitoring serves to promote improvement in grantee performance. Based on risk assessment results, CPD selects grantees for monitoring and technical assistance to improve performance of poor performing grantees, and/or to validate grantee accomplishments and compliance.

Program Website. Not available.

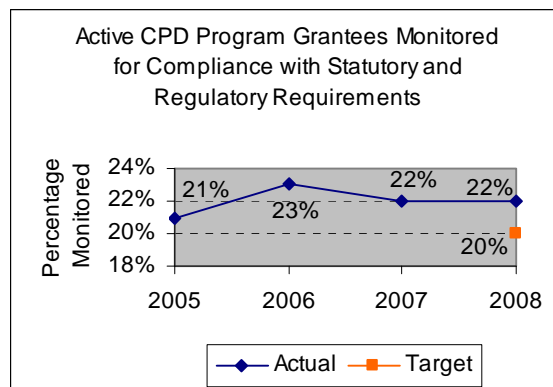
Results and Analysis. CPD field office staff monitored 1,076 grantees, or 22 percent, of 4,789 active competitive and formula grantees, thereby exceeding the goal of 20 percent.

Monitoring measures the effectiveness of grantees' financial management controls in reducing the number of erroneous payments for questionable and ineligible uses. It also identifies whether HUD resources are targeted to improve underserved communities. Monitoring supports the HUD strategic goal of embracing high

standards of ethics, management and accountability by ensuring that financial resources are properly used for eligible activities to meet underserved community needs of low- and moderate-income persons.

Resources and Performance Link. The number of on-site monitoring events is dictated by the amount of travel funds allocated to each field office. Monitoring events compete with other program priorities, technical assistance, and training needs.

Data Discussion. CPD field offices report how many grantees were monitored in the Department's internal tracking system, HUD Integrated Performance Reporting System. Monitoring activities are carried out in compliance with guidelines established in the HUD Monitoring Desk Guide (Training Edition) and CPD Monitoring Handbook. Field office supervisors review monitoring activity and reporting by field office staff.



FHA / Housing

E.6: The Accelerated Claim and Asset Disposition demonstration program (Section 601) will exceed the rate of net recovery received through the conveyance program on the sale of Single Family assets.

Public Benefit. There are several Public Benefits to FHA NOW Pilot (formerly known as Accelerated Claims Disposition Demonstration). In these auctions, the winning bidder formed a limited liability company (LLC) in which HUD retained a 30 percent or 40 percent equity share, to acquire loans in default. Because notes are assigned rather than properties conveyed, homeowners remained in their homes and the limited liability company's servicer succeeded in identifying options and strategies to allow a growing number of homeowners to keep their homes. The Department benefits by reducing its portfolio of foreclosed homes with the related costs and more importantly by providing homeowners who have defaulted on their mortgages with a greater range of options to remain in their homes. By being able to remain in their homes, the social impact and value of neighborhood stabilization is key and a large part of price stabilization. Abandoned properties used for criminal activity lead to destabilization of communities and neighborhoods and require additional police services.

In a devaluing market, foreclosed homes add to a growing inventory and exacerbate the downward trend in home values as supply exceeds demand. Empty and devaluing properties

reduce the property taxes available to units of local government and therefore the availability of community services.

Keeping borrowers in their homes has far-reaching public benefits.

Background. FHA implemented the FHA NOW Pilot with its first initiative (“SFJV-2002-1, LLC”). Under this pilot, four sealed bid auctions resulted in the sale of a majority membership interest in limited liability companies formed to acquire approximately 22,000 loans with an unpaid balance of \$2 billion. During monthly settlements, a pipeline of assets was sold to the winning bidder according to their winning pricing schedules.

A key element to FHA’s business is the payment of claims on defaulted insured loans. Title VI, Section 601 of the Veterans Administration, HUD, and Independent Agencies Appropriations Act (1999) reformed the single family claims and property disposition process. The legislation enables HUD/FHA to: (1) pay claims upon assignment of mortgages rather than upon conveyance of the properties; (2) take assignment of notes and transfer them to private parties for servicing, foreclosure avoidance, foreclosure, property management, and asset disposition; and (3) participate as an equity partner with private entities in asset disposition. The overall goal of the Accelerated Claim and Asset Disposition demonstration program is to ensure that FHA’s public policy issues are addressed while expediting the disposition of defaulted FHA single family assets and maximizing return to FHA Insurance Funds. The first demonstration initiative was a sealed bid auction held in October 2002. Claims were paid beginning October 31, 2002. Three subsequent auctions were held September 2003, June 2004, and May 2005. A fifth Joint Venture sale will be conducted on October 22, 2008.

Program Website. <http://www.hud.gov/offices/hsg/comp/asset/sfam/sfls.cfm>

Results and Analysis. As the Accelerated Claim and Asset Disposition Demonstration mature and final disposition outcomes are made, the Department anticipates that recoveries from the program will continue to exceed Conveyance Recoveries of 53.4 percent. Section 601 recoveries as of August 31, 2008, for the four Single Family Sales Initiatives are as follows:

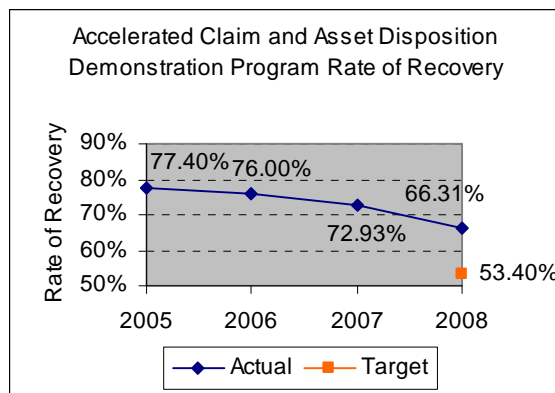
Section 601 Recoveries Table

Single Family Sales Initiatives	Recoveries Adjusted for Claim Cost as of August 31, 2008
Single Family - Sale I 2002 (assets sold in FY 2003)	71 percent
Single Family - Sale II 2003 (assets sold in FY 2003)	74 percent
Single Family - Sale III 2004 (assets sold in FY 2004)	78 percent
Single Family - Sale IV 2005 (assets sold in FY 2005)	76 percent

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The average net recovery rate on the 656 cases sold from the Joint Venture during FY 2008 to date is 66.31 percent of Unpaid Principal Balance. An average recovery of 74.46 percent of Unpaid Principal Balance on approximately 22,000 loans has been achieved across the life of the Demonstration.

Resources and Performance Link. The required resources for the 601 program are minimal, and the contract support needed to properly conduct sales and monitor outcomes is minimal as well. The Asset Sales Office served as the Transaction Specialist for the Single Family Joint Venture sales of 2004 and 2005, which eliminated a contract requirement from previous sales. The 601 program continues to meet the goals as established by the Department.



The Section 601 Recoveries Table (see above) indicated that the two most recent sales have maintained higher recoveries to the Government than the first two initiatives. This is happening in an environment where the Conveyance program recoveries continue to shrink and the 601 program has required less contract support.

Data Discussion. The data source is the Single Family Insurance System – Claims Subsystem, which provides the acquisition cost data for this indicator. FHA’s Single Family Acquired Asset Management System provides the expense detail for the conveyance program (Claims subsystem “type 1” transfer claims) rate of net recovery. FHA’s Subsidiary Ledger provides the Accelerated Claim and Asset Disposition recovery rate on sale of assets (Claims subsystem “type 2” claims) through its PeopleSoft financial program. For convenience, all data are reported from FHA’s Single Family Housing Enterprise Data Warehouse.

E.7: Respond to 2,000 inquiries, complaints, and subdivision registrations related to the Interstate Land Sales Full Disclosure Act.

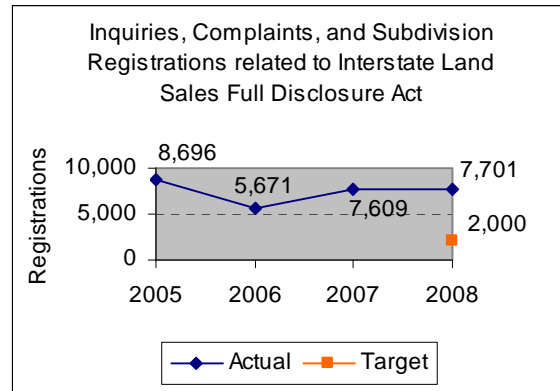
Public Benefit. The Interstate Land Sales program protects consumers from fraud and abuse in the sale or lease of land. Inquiries from the public are a sign that the Interstate Land Sales program requirements are being followed, and consumers are getting information about the subdivisions as envisioned by the law.

Background. In 1968 Congress enacted the Interstate Land Sales Full Disclosure Act, which is patterned after the Securities Law of 1933 and requires land developers to register subdivisions of 100 or more non-exempt lots with HUD and to provide each purchaser with a disclosure document called a Property Report. The Property Report contains relevant information about the subdivision and must be delivered to each purchaser before the signing of the contract or agreement.

Program Website. <http://www.hud.gov/offices/hsg/sfh/ils/ilshome.cfm>

Results and Analysis. The Office of Interstate Land Sales exceeded its targeted goal by 5,701, completing 6,141 registration filings and reviewing 1,560 complaints for a total of 7,701 complaints addressed. The 7,701 exceeds the target of 2,000 as well as the 7,609 done in FY 2007.

Resources and Performance Link. With 34 full-time equivalents in 2008, the Office of RESPA and Interstate Land Sales closed 204 Interstate Land Sales cases which included addressing consumers' complaints with the purchase of improved and unimproved land as well as issuing developers Exemption Orders, Advisory Opinions, and No Action Letters.



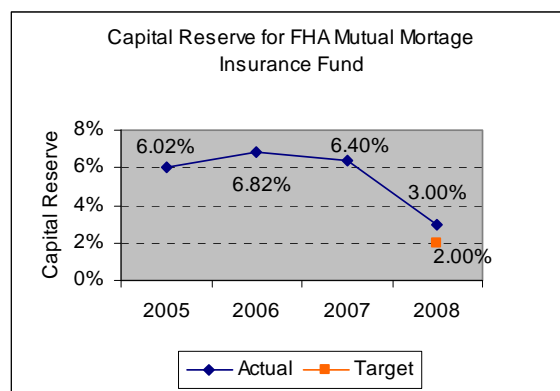
E.8: The FHA Mutual Mortgage Insurance Fund meets congressionally mandated capital reserve targets.

Public Benefit. FHA's Mutual Mortgage Insurance Fund (Fund) is expected to be entirely self-financing from up-front and annual insurance premiums paid by borrowers obtaining FHA mortgage loans, and from earnings on Fund assets. The Department is expected to operate the program in an actuarially sound way and the Fund is subject to an annual independent actuarial study. The results of that study are published in an Actuarial Review that is provided to the Congress. The Review assesses the Fund's current economic value, its capital ratio, and its ability to provide homeownership opportunities while remaining self-sustaining based on current and expected future cash flows.

Background. The capital ratio is an important indicator of the Fund's financial soundness and of its continuing ability to make homeownership affordable to renters even when economic downturns increase insurance claims. The economic value is defined as the sum of FHA's capital resources plus the net present value of expected future cash flows (resulting from premium collections, asset earnings, and insurance claim losses). The capital ratio is the current economic value divided by the unamortized insurance-in-force.

Program Website. <http://www.hud.gov/offices/hsg/hsgrrroom.cfm>

Results and Analysis. The FY 2008 Actuarial Review estimates the Fund capital ratio to be three percent, as of September 30, 2008. That ratio represents a 3.40 percentage point decline from the FY 2007 result of 6.40 percent. At the same time, the capital ratio remains above the congressionally mandated minimum of two percent. Roughly half of the decline during FY 2008 was caused by a drop in the estimated economic value of the Fund, and the other half was due to growth in the insured portfolio. Economic value is a measure of funds available



over-and-above what is required to pay for expected future claim expenses. Economic value declined by 39 percent, from \$21.27 billion in FY 2007 to \$12.9 billion during FY 2008, while insurance-in-force, the denominator of the capital ratio, rose 29 percent from \$332 billion to \$430 billion. HUD projects even more growth in the insured portfolio in FY 2009, due to recent tightening of mortgage credit availability in the conventional mortgage market and to the transfer of single family programs previously in the General and Special Insurance Fund into the Mutual Mortgage Insurance Fund.

Resources and Performance Link. HUD obligated \$821,688 in contract funds for the FY 2008 actuarial study and formal written Actuarial Review. The final capital ratio is scrutinized by the HUD OIG, the Government Accountability Office, and the Congress, as an indication of the ability of FHA single family insurance programs to remain self-supporting through an unexpected economic shock. Today, in the midst of the first national housing downturn of modern times, the capital ratio remains well above the minimum statutory requirement of two percent.

Data Discussion. The value of the capital ratio is determined through an annual independent actuarial study of the Mutual Mortgage Insurance Fund. Data on historical loan originations and performance are provided to the actuarial study contractor by HUD. The contractor then develops statistical and financial models to project future cash flows on outstanding business, and to measure the final capital ratio number. FHA loan-level data are entered into HUD information systems by direct-endorsement lenders and loan servicers, with monitoring by FHA. The methods and results of the independent actuarial study are validated through the audit process.

Support Offices

E.9: HUD will reduce mission critical skill gaps by 25 percent in the identified leadership and management competency of the Management Competency plan.

Public Benefit. As HUD continues to implement both the Department's Strategic Plan and its Strategic Human Capital Management Plan, HUD remains committed to having a high quality, results-oriented workforce. In response to the President's Management Agenda, HUD developed a Department-wide Management Competency Plan to ensure that HUD maintains a highly trained and effective corps of supervisors, managers, and executives to lead the Department in accomplishing its current and future mission, goals, and objectives. In FY 2008, HUD will identify a targeted competency from the Management Competency Plan and then implement an action plan for closing the identified leadership and management competency skill gap by at least 25 percent.

Background. In FY 2006, HUD trained all current supervisors, managers, and executives in the identified leadership and management competency on conflict management or alternative dispute resolution. In FY 2007, HUD implemented a supervisory training curriculum aimed at providing needed introductory and refresher supervisory training for HUD managers and supervisors, which includes mandatory supervisory training for all new managers and supervisors.

Program Website. <http://hudatwork.hud.gov/po/a/train.cfm>

SECTION 2: PERFORMANCE SECTION
GOAL E: EMBRACE HIGH STANDARDS OF ETHICS, MANAGEMENT, AND ACCOUNTABILITY

Results and Analysis. The Department exceeded this goal for all the identified competencies. In FY 2008, HUD’s top three management skill gaps were: (1) Human Resource Management, (2) Conflict Management, and (3) New Supervisor Training. The annual training need assessment showed that there were a total of 815 employees needing training in these three areas. In addition, all supervisors and managers were trained on the new time and attendance system called webTA which provides further efficiencies for the Department. The chart below shows the competencies targeted and the percentage of gap reduction:

Competency	Baseline Skill Level (number of non-Senior Executive Service (SES) supervisors)			Current Skill Level (number of non-Senior Executive Service (SES) supervisors)			Percent of Gap
	Total Number of Supervisors	Already Trained Supervisors	Skill Gap	Trained	Not Trained	Remaining Gap	
Human Resource Management	1500	1127	373	373	0	0	100%
Conflict Management	1500	1159	341	100	241	241	29%
New Supervisor’s Training	1500	1399	101	86	15	15	85%

Resources and Performance Link. Spending for leadership and management training during FY 2008 amounted to \$472,667.

Data Discussion. A skill gap is considered reduced either by completing the specified training or through recruitment. Skill gap closure data was gathered by the Office of Training Services from each of the Department’s program offices. As indicated above, a number of training sessions were conducted via HUD broadcasts/webcasts. While an actual number of supervisors and managers trained could not be captured using these mechanisms, it is probable that a high percentage did view from their desks, in light of the wide advertisement and promotion of the training sessions.

E.10: Eighty percent of HUD fellows and interns are retained and targeted for mission-critical positions in HUD offices.

Public Benefit. The HUD fellow and intern programs are used to recruit and develop highly qualified people for mission-critical positions and to meet future workforce needs. These programs offer individuals valuable work experiences and training opportunities and provide the training necessary to fill mission-critical skill gaps as employees retire. This indicator is a key component of an outcome measure of effective succession planning, which will ensure that the Department’s employees have the skills and knowledge they need to achieve HUD’s mission and that institutional knowledge is sustained.

Background. This indicator is directly linked to both the Department's Strategic Plan and its Strategic Human Capital Management Plan and is tied to the President's Management Agenda. Key programs used in the succession planning efforts include: a) the Presidential Management Fellows, b) the Federal Career Interns, c) the Legal Honors Interns, and d) the MBA Fellows. The FY 2008 goal was to retain 80 percent of the interns that were hired in 2007 and early 2008. The HUD fellow and intern programs are used to recruit and develop highly qualified people for mission-critical positions and to meet future workforce needs.

Program Website. <http://hudatwork.hud.gov/po/a/>

Results and Analysis. The "*HUD Fellows Program*" retained 93 percent of all interns, exceeding the 80 percent retention target. In accordance with program office needs, the Interns are being allocated to various offices and remain in training to fill mission critical positions upon conversion at the end of the two-year developmental period. HUD's Succession Management Plan outlined various strategies to be used to replenish anticipated losses of mission critical employees in the Department, chief among them being to centralize the Intern Program for FY 2007. Since that time the Program has grown from 47 Interns/Fellows to a total of 135 Interns/Fellows by the end FY 2008. A HUD Fellows Program Manager has been designated by the Office of Administration. A small HUD Fellows Program staff has also been formed.

The centralized program was recruited in two cycles this fiscal year and hosted several mini orientations during the first, second, and third quarters. The first class of Fellows has made a significant impact in a number of program offices during their initial year at HUD. A sizable number of Fellows have participated in vital projects within the Department and are the current recipients of various awards for their valuable contributions. This has not only increased program office support but has solidified management support from the Secretary on down in favor of the HUD Fellows Program as part of a viable strategy to replenish the workforce. The HUD Fellows Program was also applauded by way of an article in the well known publication, *Federal Times*, during Fiscal Year 2008.

Resources and Performance Link. The Department has dedicated \$1,500 as a training allowance for each HUD Fellow. All training is required to be essential to their development for the targeted occupation in the program office. Each HUD Fellow has a performance plan that is tailored to their specific program office. The Office of Administration reviews and monitors all Individual Development Plans to ensure that each Fellow receives the requisite training for their targeted position. The HUD Fellows Program expects to recruit additional participants during Fiscal Year 2009 as the budget allows.

Data Discussion. All performance reviews are jointly prepared by the program offices and the HUD Fellows Program Staff. The HUD Fellows Program Staff is responsible for the overall administration of the centralized program and promotions of participants upon the successful completion of yearly requirements during the course of the developmental program.

E.11: HUD financial statements receive an unqualified audit opinion.

Public Benefit. The success or failure of an organization's financial stewardship is measured in the annual audit of its financial statements. The receipt of an unqualified audit opinion is a strong indicator of HUD's accountability and the success of efforts to stabilize its financial management systems and operating environment.

Background. HUD's Office of the Inspector General conducts the consolidated financial statements audit annually. Financial statement audits review the accuracy of the financial statements, the adequacy of the underlying data systems and internal controls, and compliance with applicable laws and regulations. In addition to providing an opinion on the financial information presented in HUD's financial statements, the auditors also identify internal control weaknesses that could have a material impact on that presentation, with recommendations for needed improvements.

For eight consecutive fiscal years from 2000-2007, the Department has received an unqualified audit opinion. HUD consistently has met the prescribed timelines for the issuance of its quarterly and annual financial statements, 21 and 45 days respectively. HUD continues to provide timely information to program decision makers in Congress and the Executive Branch.

Program Website. <http://www.hud.gov/offices/cfo/>

Results and Analysis. This performance measure was met. In its FY 2008 consolidated financial statements, HUD received an unqualified (i.e., "clean") audit opinion for the ninth consecutive year. In addition, HUD's audit was completed within the 45 day time requirement. All existing material weaknesses were resolved. In FY 2008, the OIG reported no material weaknesses and seven significant deficiencies.

HUD provides fiscal effectiveness and efficiency of operations by continuing to produce its annual and quarterly financial statements within the required time frames. The Department will continue to take corrective actions to strengthen internal controls to eliminate identified significant deficiencies.

Resources and Performance Link. The financial statements report the cost associated with program delivery and cover all of HUD's operations and the entire FY 2008 gross discretionary budget authority of \$54.0 billion. The financial statements identify the major program areas and the budgetary and proprietary resources expended to ensure that HUD met its program goals.

Data Discussion. The Office of Inspector General audits are independent of HUD management, performed in accordance with the Government Accountability Office auditing standards, and adhere to the Office of Management and Budget and other guidelines and standards governing the preparation and audit of agency financial statements.

E.12: HUD will conduct training and exercise the Continuity of Operations Plan.

Public Benefit. The ability to continue government services in the event of a disaster will impact HUD's ability to provide housing assistance to the public. A Continuity of Operations plan ensures HUD is able to continue performing its essential functions under a broad range of emergency circumstances by defining roles and responsibilities and deploying personnel to emergency relocation sites.

Background. Federal policy requires federal agencies to maintain a comprehensive and effective continuity capability composed of Continuity of Operations and Continuity of Government programs in order to ensure the preservation of our form of government under the Constitution and the continuing performance of national essential functions under all conditions (see National Security Presidential Directive (NSPD)-51/Homeland Security Presidential Directive (HSPD)-20, *National Continuity Policy*, dated May 4, 2007). The Department's

FY 2008 goals were to perform quarterly testing of all Headquarters Program Office Continuity of Operations notification procedures at a 95 percent contact rate and conduct training of at least 80 percent of the Headquarters Continuity of Operations Program Office Coordinators.

Results and Analysis. In FY 2008, HUD successfully exceeded this goal. HUD achieved this goal by performing required quarterly testing of all Headquarters Program Office Continuity of Operations notification procedures at a 100 percent contact rate and conducting a Continuity of Operations training conference, which was attended by 81 percent of the Headquarters Program Office Coordinators and 93 percent of the HUD Office Coordinators nationwide. Additionally, HUD participated in National Level Exercise 2-08, which included the activation of the Headquarters continuity plan, relocation of Principal Staff and emergency relocation group personnel to the emergency relocation site, testing of systems and procedures, and performance of HUD's essential functions. In FY 2009, HUD will continue to perform quarterly testing of Continuity of Operations notification procedures and conduct annual training of Program Office Coordinators.

Resources and Performance Link. Spending for Continuity of Operations planning during FY 2008 amounted to \$2.9 million, which included salaries, alternate site support, contractor support services, and travel. This spending is comparable to previous years.

Data Discussion. The Office of Security and Emergency Planning maintains a database to document the mandatory reporting of the results of testing and training activities. These activities are conducted in accordance with the HUD Continuity of Operations Program Test, Training, and Exercise Plan. HUD maintains comprehensive information by office that quarterly notification tests, annual training sessions, as well as other indicators, have been completed. The information is self-reported by the offices and reviewed by the office heads to ensure accuracy. The Office of Security and Emergency Planning performs an initial evaluation of data quality and the Government Accountability Office/OIG may perform independent assessments and evaluations. The data are reliable for this measure.

E.13: Use the structure established by Vision 2010 and the Department's Enterprise Architecture (EA) transition strategy to modernize HUD's business and information management environment, maintain well-managed information technology investments, and promote collaboration between mission areas.

Public Benefit. Vision 2010 will increase access to relevant business information through simple, self-service utilities and improve the effectiveness of interactions between HUD employees, business partners, and citizens. This can result in the significant outcomes of improving data and performance. Modernization includes the introduction of shared tools to enhance HUD's current applications and the disposition of redundant or obsolete systems, which will decrease costs associated with these systems.

Background. Vision 2010 is a five-year plan to modernize HUD's business processes and information technology environment, and it represents a significant change in the way HUD designs, invests in, and implements information technology in support of its business. Better information technology can improve service delivery and more effectively carry out HUD's mission. This plan presents a methodology for designing and implementing its information

technology systems modernization by promoting collaboration of business functions, or “Segments,” and on “Core Information Technology Services.”

Not only does Vision 2010 guide the modernization process, this structure provides a blueprint for HUD to direct its Development, Modernization, and Enhancement investments so that no investment allocation is changed without first considering how it affects the whole system. Ultimately, a Department-wide system that encourages coordination in this way can provide cost savings for HUD. Redirected investment allocations will also result in a more optimized information technology portfolio.

Program Websites.

<http://www.hud.gov/offices/cio/ea/newea/index.cfm>

<http://hudatwork.hud.gov/po/i/cap/>

Results and Analysis.

Enterprise Architecture. The established goals were met. HUD’s Enterprise Architecture has met its target goal to continue significant progress in business system modernization in the areas of Single Family, Multifamily Housing, Rental Housing Assistance, Financial Management, and Grants Management by the following activities:

- Collaboration with business areas to enhance performance measures and milestones for major modernization initiatives and investments, and execution of regular data calls to track progress and measure performance for milestones in the Information Technology Master Schedule. In addition, Enterprise Architecture program staff worked directly with business areas in advance of the Annual Select process to prioritize projects and improve the quality and alignment of investment business cases with the agency Enterprise Architecture and Enterprise Modernization Plan/Transition Strategy.
- Execution of annual Strategic Portfolio Review, supporting the consolidation of the agency information technology investment portfolio and major modernization initiatives around core mission areas, business services, and enterprise services. The Enterprise Architecture Program Team presented Strategic Portfolio Review findings to the Technology Investment Board Working Group, and conducted one-on-one meetings with business areas to discuss initiative-level and portfolio-level recommendations in advance of the Annual Select.
- Facilitation of a Business Modernization Plan for Acquisition Management business services. The Enterprise Architecture Program Team supported the Acquisition Management Integrated Project Team during development of the modernization plan and approval by key Office of Chief Information Officer and Office of Chief Procurement Officer stakeholders.
- Development and implementation of an Enterprise Architecture value measurement framework to measure and monitor value across each phase of HUD’s Information Technology Lifecycle Framework. Enterprise Architecture value measures were applied to update HUD Enterprise Architecture Program and enhance Enterprise Architecture products and services.

Information Technology Investment Management. The established goals were met. HUD maintains well-managed information technology investments, and promotes collaboration between mission areas by the following activities:

- Strengthened the governance of the Information Technology Investment Management process by re-establishing the Senior Review Board, the working arm of the Technology Investment Board Executive Committee, which provides priorities and direction to the Technology Investment Board Working Group.
- Developed policy and guidelines for program areas and administrative offices to conduct an Operational Analysis of HUD's information technology systems. Collected and analyzed results of Operational Analysis for major and non-major information technology systems.
- Conducted and facilitated emergency sessions of the Technology Investment Board Working Group to prioritize the FY 2008 Operating Plan which was appropriated \$54 million less than the President's budget request of \$299 million. The Technology Investment Board Executive Committee approved the recommendations of the Technology Investment Board Working Group.
- Developed FY 2009 President's Information Technology Priorities for \$333 million request.
- Developed and prioritized the FY 2010 Information Technology Portfolio of \$388 million by collecting and scoring requirements from the program areas and administrative offices on alignment to Vision 2010, HUD's strategic goals, and enterprise architecture with further consideration to measurable results, information technology security and project management. Conducted and facilitated sessions of the Technology Investment Board Working Group to rank requests of more than \$520 million in information technology systems maintenance and development projects to improve the mission and business results of the Department. On July 24, the Technology Investment Board Executive Committee approved the FY 2010 information technology portfolio based upon recommendations of the Technology Investment Board Working Group. Working with project managers from the program areas and administrative offices to prepare and submit on-time ten Exhibit 300s and the Exhibit 53 to reflect the FY 2010 Technology Investment Board Executive Committee-approved information technology portfolio.
- Conducted six Portfolio Management Review Board meetings to determine the degree that major information technology initiatives were on-time and on-budget and to identify and resolve programmatic issues that may impact the delivery of system applications for the department.
- Conducted two Surveillance Reviews of information technology contractors to verify they were in compliance with HUD's Earned Value Management policy to properly manage information technology projects so that they are completed on-time and on-budget and meet technical requirements.

- 80 percent of Development, Modernization, and Enhancement (non-infrastructure) spending was coordinated through Segment Architectures and Core Information Technology Services.
- 100 percent of major information technology development investments were reviewed for progress in meeting cost, schedule, risk, and benefit expectations.
- 100 percent of information technology investments were evaluated against HUD's investment performance indicators.

Resources and Performance Link. The Enterprise Architecture Team spent approximately \$1.2 million in FY 2008 Enterprise Architecture efforts to ensure significant progress as business system modernization continues.

The Information Technology Investment Management Team spent approximately \$1.6 million in FY 2008 Investment Technology Investment Management efforts to select, control, and evaluate information technology investments in the Working Capital Fund Investment Technology portfolio.

The FY 2007 appropriation of \$249.5 million was \$39.5 million less than the requested amount of \$289.0 million. The FY 2008 appropriation of \$234.7 million was \$65.0 million less than the request of \$299.7 million, a 21 percent reduction. Without adequate funding the ability to meet activity goals and deadlines is seriously constrained.

Data Discussion. Enterprise Architecture activities are included in HUD's Information Technology Strategic Plan for FY 2007 – FY 2012. Status reports provide accurate tracking information on planned activities. Program Managers regularly review the status reports to ensure that planned actions occur. Additionally, these activities are reported in the President's Management Agenda. HUD's Chief Architect regularly reviews the President's Management Agenda status reports to ensure that planned actions occur and are reported in the President's Management Agenda process.

E.14: HUD will meet specified information technology-related security requirements.

Public Benefit. With a sound information technology security program in place HUD's Office of Information Technology Security has ensured the safety of the Department's valuable information assets with the selection and application of appropriate safeguards that protect the confidentiality, integrity, availability, intended use and value of electronically stored, and processed or transmitted information within the Department.

Background. The Federal Information Security Management Act of 2002 establishes security standards and requires federal agencies to take specific steps to ensure the security of federal information systems. HUD's Office of Information Technology Security provides protection for HUD's information systems and resources and has responsibility for implementing security controls in compliance with the Federal Information Security Management Act.

In FY 2008, HUD's Office of Information Technology Security continued to reduce risks and vulnerabilities and protect HUD's information systems and resources from unauthorized access, use, and modification. This included meeting the following three requirements:

Continue the Certification and Accreditation effort to ensuring that 100 percent of major applications documented in the Inventory of Automated Systems have been certified and accredited. This requirement included:

- Integrating information technology security tasks and milestones into HUD's software development lifecycle model to ensure that security controls requirements are identified and addressed in a timely and cost effective manner, and all information technology systems are certified and accredited prior to their operation.
- Monitoring the status and effectiveness of annual system-level contingency plan testing.
- Reviewing annually all system security plans for currency and completeness; include deficiencies on Plans of Action and Milestones.

Prioritize and remedy high priority risks. This requirement includes:

- Performing a review of 100 percent of Plans of Action and Milestones, with emphasis on remediation of all weaknesses categorized as high risk.
- Ensuring that independent penetration testing of HUD's information technology infrastructure is conducted annually.

Ensure that 90 percent of HUD employees and contractors will have completed information technology Security and Awareness Training. This requirement includes:

- Promoting enterprise-wide security awareness through provision of computer-based training for all HUD users, specialized information technology security training for personnel assigned significant security responsibilities, and training of personnel serving as primary or alternate Information Systems Security Officers in the roles and responsibilities of that position.

Program Website. <http://hudweb.hud.gov/po/i/it/security/secure.cfm>

Results and Analysis. The established goals were met. The following information highlights the results:

- As of the end of FY 2008, 100 percent of HUD's major applications and general support systems documented in the Inventory of Automated Systems had undergone Certification and Accreditation. The Information Technology Security staff has coordinated with program offices, system owners, and project leads to integrate information technology security tasks and milestones into project plans of systems in development and ensure that such systems are certified and accredited prior to their operation.
- During FY 2008, the Office of Information Technology Security coordinated with program offices, system owners, and project management staff to ensure that system level contingency plans were effectively tested and that lessons learned during such testing were integrated into the applicable system contingency plan.
- The Office of Information Technology Security continued its program for annual review of system security plans for all major applications and general support systems for currency and completeness and included shortfalls in documentation in the plan of action and milestones applicable to the system.

- During FY 2008, individual weaknesses in Information Technology security controls continued to be prioritized according to risk and were recorded in system plans of action and milestones. Corresponding remediation efforts of program offices were monitored for timeliness and completeness, resulting in a substantial reduction in their number.
- 100 percent of Plan of Action and Milestones report were reviewed during the year and priority of effort was directed toward mitigation of high impact weaknesses.
- Annual penetration testing of components of the HUD network was conducted by HUD's incident response team.
- Over 96 percent of HUD employees and contractors completed annual information technology security training that included enterprise-wide computer-based awareness training of all users; specialized information technology security training for personnel assigned significant security responsibilities; and provision of role-based training to personnel serving in key security responsibilities.

Resources and Performance Link. In FY 2008, \$1,631,456 was allocated to support the Information Technology Security Program at HUD. There are currently 13 full-time equivalent resources allocated to support a sound information technology security program ensuring the safety of the Department's information assets.

Data Discussion. The source of this information is the Office of Information Technology Security. Files and records are maintained by HUD's Office of Information Technology Security to substantiate the information provided above. The Chief Information Security Officer has reviewed the information provided in this section and vouches for its reliability and completeness. The data provided addresses progress made during Fiscal Year 2008 as of September 30, 2008. The validity of the data presented herein can be validated through coordination with the Compliance Division of the Office of Information Technology Security to obtain source documentation related to the submission.

E.15: The Office of the Chief Information Officer will perform Data Management Maturity assessments of four major HUD information systems and report on their level of maturity.

Public Benefit. Ensuring the quality of data systems and reported data allows the Department to accurately report and assess our operations, results, and effectiveness. Over the years, HUD's program offices have developed a large number of data systems for a variety of business purposes such as controlling financial resources, tracking administrative procedures, and recording program impacts. Program offices are ultimately responsible for the management and the quality of their data, including data provided by business partners. The Office of the Chief Information Officer oversees information technology investments and ensures that information systems support core business processes and achieve mission-critical goals.

Background. The Office of the Chief Information Officer has initiated an enterprise-wide effort to ensure that HUD is aligning its data management priorities with the Department's mission and program office objectives, which has resulted in improved data management functions across the enterprise. This initiative is enabling the Department, in program areas and in Lines of Business areas, to evaluate the data management practices used in these areas and to provide guidance on improving the management of the information used within these areas. The goal of this effort is

to decrease costs and increase the quality, standardization, reuse, and sharing of the information necessary for HUD to conduct its mission. To meet these goals the Office of the Chief Information Officer will conduct four Data Management Maturity assessments and provide reports to the system stakeholders by the end of FY 2008.

Program Website. <http://hudatwork.hud.gov/po/i/edm/index.cfm>

Results and Analysis. The established goal was met for all systems. The Enterprise Information Management Group assessed the following mission critical systems:

- The Title Eight Automated Paperless Office Tracking System Data Management Maturity Assessments were completed on June 14, 2007. The tracking system data management artifacts met or exceeded all of HUD current data management requirements.
- The HUD Procurement System Data Management Maturity Assessments were completed on December 14, 2007. The HUD Procurement System data management artifacts met most HUD Data Management requirements. However, there was no Data Requirements Document provided, which is a HUD System Development Methodology requirement.
- The Real Estate Management System Data Management Maturity Assessments were completed on January 14, 2008. The Real Estate Management System Data Management artifacts met or exceeded all of HUD current Data Management requirements.
- The Voucher Management System Data Management Maturity Assessments were completed on May 16, 2008. The Voucher Management System Database Specifications Document, Data Requirements Document, and Functional Requirements Document were found to be of good quality and compliant with the HUD System Development Methodology. The Enterprise Information Management Group made five recommendations for improving Voucher Management System Data Management practices.

All four Data Management Maturity Assessments were completed ahead of schedule.

Resources and Performance Link. The Enterprise Information Management Group spent \$26,577 in FY 2008 to ensure the Data Management Maturity Assessments of HUD information systems.

Data Discussion. During FY 2008, the Enterprise Information Management Group transitioned from a strictly oversight role to a management support role providing value to HUD business areas including:

- Reconciliation of different interpretations of data
- Accessibility to the uses of data across the enterprise, their composition and source
- Streamlining data management functions
- Promoting data sharing and reuse
- Establishing data standards and governance models

The data are from the following mission critical systems: Title Eight Automated Paperless Office Tracking System (assessed June 14, 2007), HUD Procurement System (assessed

December 14, 2007), Real Estate Management System (assessed January 14, 2008), and Voucher Management System (assessed May 16, 2008). Recommendations for improvement were identified to the program areas in the Data Management Maturity Assessments Report.

E.16: HUD partners become more satisfied with the Department's performance, operations, and programs.

Public Benefit. HUD partners are critical to the Department's overall performance. These partners include government, nonprofit, and for-profit entities, deliver services for a majority of HUD programs. Addressing issues to increase their satisfaction with HUD's programs and operations makes them more willing and able to support HUD in achieving common objectives.

Background. During FY 2001, the Office of Policy Development and Research surveyed eight partner groups to assess partner satisfaction with the Department and perceptions of management changes at HUD and conducted a second stakeholder survey during FY 2005. The Department's goal has been to observe an increase in satisfaction among partner groups. A third partner survey is underway, with results to be available for the next performance report. The latest survey effort has larger samples in order to be useful for assessing and improving HUD's field office operations but does not include the multifamily partner groups that previously participated. If resources are available, an enhanced survey effort of FHA's multifamily as well as single family partner organizations will be conducted during the 2009–2010 period.

Program Website. The 2006 report, "Partner Satisfaction with HUD's Performance," as well as the report for the baseline survey, is available at www.huduser.org.

Results and Analysis. Compared with FY 2001 respondents, one of eight partner groups, Mayoral partners, expressed significantly greater satisfaction with HUD's programs in FY 2005. Increases in satisfaction reported by four other groups were not significantly different.

Of the eight partner groups, three expressed significantly different levels of satisfaction in connection with HUD's operation of those programs. The change was a statistically significant improvement for two groups, Community Development agencies and Public Housing Agency partners, and a statistically significant decrease for one group, Section 202/811 Multifamily Housing partners.

E.17: Policy Development and Research work products will be high quality and useful to customers.

Public Benefit. The Office of Policy Development and Research is charged with providing data on housing and urban conditions to support program operations and external research, evaluating HUD programs, and preparing studies on housing conditions, policy, and technology. Performance is assessed with an outcome indicator and an output indicator. The outcome indicator is customers' overall assessment of whether research products are useful. The output indicator is the volume of work products downloaded from Policy Development and Research's website during the fiscal year, reflecting both the value of the research and the success of outreach and dissemination activities. The FY 2008 goal was to achieve 6.2 million downloads. The two indicators were consolidated under a single heading as noted in the FY 2009 Annual Performance Plan.

Background. A FY 2001 baseline set of discussions with key stakeholders and selected research users found that 81 percent rated the Office's research products as "valuable." The

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stakeholders and users interviewed during the baseline research included academics, nonprofit researchers, building professionals, trade and manufacturing associations, financial institutions, and housing advocacy groups. During FY 2005, follow-up surveys focused on customers of the Office of Policy Development and Research's online distribution center, HUD USER. The survey respondents represented three groups of customers: visitors to the website, subscribers to HUD USER's News and American Housing Survey listservs, and users of the Regulatory Barriers Clearinghouse listserv and website. Listserv customers generally may be considered key users.

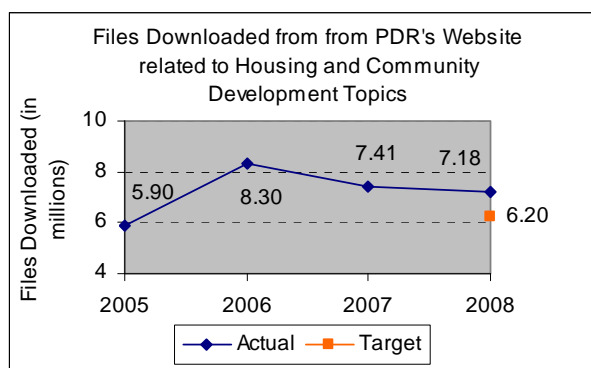
In 1978, the Office of Policy Development and Research established HUD USER, an information resource for housing and community development researchers and policymakers. HUD USER, providing over 1,000 publications and datasets, is one of the principal sources for federal government reports and information on housing policy and programs, building technology, economic development, urban planning, and other housing-related topics. HUD USER also creates and distributes a wide variety of useful information products and services and provides research support in the form of an email- and phone-based Help Desk.

Program Website. www.huduser.org

Results and Analysis. The customer satisfaction survey used to measure usefulness of Policy Development and Research products was placed under contract at the end of FY 2008; the usefulness measure can be updated after FY 2009. Among the FY 2005 survey respondents, 87 percent of all users were highly satisfied or moderately satisfied with the quality of the information available on HUD USER. Satisfaction with the quality of information was even higher among the key users of the listserv groups, reaching 94 percent. Regarding the HUD USER website itself, 84 percent of respondents expressed satisfaction. The final report, "Assessment of the Office of Policy Development and Research Website," is available at the link above.

At the end of FY 2008 the National Research Council, part of the National Academy of Sciences, completed a research report about the Office of Policy Development and Research's research agenda and operations, entitled "Rebuilding the Research Capacity at HUD." The Office is using the report's recommendations to inform the current survey effort and other initiatives to make research products more useful and serve a broader audience. The Office already is implementing key recommendations of the report, such as employing more systematic planning for the in-house research portfolio, beginning with the FY 2009 research agenda.

During FY 2008, users of the HUD USER research clearinghouse downloaded nearly 7.18 million electronic files, surpassing the goal of 6.2 million downloads. The volume is 3 percent less than the FY 2007 tally of 7.41 million downloads. The downloads were accomplished during 4.3 million visits to the HUD USER website. The number of downloads varies from month to month, reflecting the timing and popularity of new reports and information.



Resources and Performance Link. The level of research funding under the Research and Technology account was \$28.4 million in FY 2008. The level of funding is a major factor affecting this indicator. The FY 2008 research funding was substantially below the \$38.1 million as recently as FY 2005, when an additional \$6.9 million was available for housing technology research. About 92 percent of the FY 2008 appropriation was allocated to mandatory data collection efforts, such as the American Housing Survey, and other fixed costs. Very few resources remained for discretionary research efforts needed to evaluate and strengthen national housing and community development programs and policy.

Lower appropriations have reduced the pipeline of major research efforts. As a result, fewer highly-demanded products are likely to be published in the next few years, and downloads of research products are expected to decrease accordingly. In addition, informational marketing efforts for HUD USER, which are funded from the same source, have been curtailed, with the effect that fewer state and local practitioners who need research products can be informed that they exist.

To sustain policy-relevant research, the Office of Policy Development and Research is seeking resources from program offices for priority research efforts and is also conducting more studies in-house. The Office is substantively addressing the recommendations provided by the National Research Council in their report discussed above.

Data Discussion. Users' judgments of the usefulness of research products are measured using periodic customer surveys. The FY 2005 data consist of 10,795 valid responses to the website survey and 1,832 valid responses to the listserv surveys (995 for News and American Housing Survey listservs and 837 for the Regulatory Barriers Clearinghouse listserv). All users between October 7, 2004, and December 10, 2004, were asked to participate. An analysis conducted to validate the sample revealed no significant differences between respondents and non-respondents, nor between visitors during the survey period and the rest of the year.

Data on files downloaded from HUD USER are gathered in monthly reports from Sage Computing, HUD's web hosting and content management provider for HUD USER, and provide a reliable portrayal of usage trends. Beginning in mid-2003, the counts have been generated with WebTrends software, a standard analytical application in the web hosting industry. Although no counting errors are likely, users may download multiple files while obtaining the information they were seeking, and a single user may download the same product more than once. An effort has been made to exclude partial downloads, but a small proportion of partial downloads are known to remain in the total. The FY 2005 customer survey provided independent qualitative and quantitative information for validating usage patterns from automated data.

Goal F: Promote Participation of Faith-Based and Community Organizations.

PERFORMANCE REPORT CARD - GOAL F

Performance Indicators	2005	2006	2007	2008	2008						
	Actual	Actual	Actual	Actual	Target	Met	Notes				
Center for Faith-Based and Community Initiatives											
F.1	The Center for Faith-Based and Community Initiatives will measure the participation of faith-based and community organizations, through new and past relationships with public-private partners and through the Department's Super Notice of Funding Availability process.				N/A	\$512	\$513	N/A	N/A	N/A	a, b
F.2	Increase partnerships and provide information on HUD programs and resources through comprehensive outreach conducted for faith-based and community organizations throughout the nation by facilitating 30 grant writing training sessions and seven "Unlocking Doors Initiatives" forums.										
	Grant Writing Sessions	N/A	N/A	52	68	30					
	Seven "Unlocking Doors Initiatives" forums	N/A	N/A	N/A	7	7					
F.3	The Center for Faith-Based and Community Initiatives will work with HUD program offices to implement/evaluate pilot projects (i.e., HOPE VI, Doors of Hope, and the Housing Counseling Toolkit) to strengthen partnerships between faith-based and community organizations, HUD program offices, and traditional grantees.				1	1	1	3	3		

N/A: Nota available
 a – number reported in millions
 b – one-year lag in data

Center for Faith-Based and Community Initiatives

F.1: The Center for Faith-Based and Community Initiatives will measure the participation of faith-based and community organizations, through new and past relationships with public-private partners and through the Department's Super Notice of Funding Availability process.

Public Benefit. Faith-based and community organizations, because of their proximity to the people and communities they serve, offer unique advantages to the Department and the general public in HUD-funded activities. This indicator measures the participation of faith-based and community organizations in select HUD competitively funded programs. It also gives the White House Office of Faith-Based and Community Initiatives, the Department, and the general public a sense of the extent to which regulatory reform and agency outreach efforts, conducted by the Center and by other HUD offices, have been successful in inviting previously non-participating grassroots organizations to compete for HUD funding. It is measured in fulfillment of a White House mandate to give the White House Office an understanding of the extent to which faith-based and community organizations participate in select competitive funding streams in a given year and over time.

Background. The Center for Faith-Based and Community Initiatives compares grant award data from the last complete fiscal year against grant data from past fiscal years to check for growth, measure outcomes, and look for long-term trends.

The Center has no involvement in grant decisions and management, nor does it have authority to make or manage grants. Neither does it have numerical targets, either as to the number of organizations receiving funding or as a percentage of the total recipient pool. It does, however, conduct extensive outreach to equip faith-based and community organizations for more effective participation in, among others, Super Notice of Funding Availability competitions. While no direct links between this training outreach and the increase in faith-based and community organization participation in HUD funding streams can be rigorously established, the Center believes that this measurement suggests the extent to which the outreach, among other factors, has been successful.

Program Website. <http://www.hud.gov/offices/fbci/>

Results and Analysis. Data for the FY 2008 grant awards are unavailable at this time. This indicator compares data from the previous, complete fiscal year to data from previous years. In FY 2007, faith-based organizations secured approximately \$513 million in HUD select program grants, of approximately \$2.1 billion awarded, or 24.1 percent, and secular organizations secured approximately \$1.3 billion, or 60.7 percent (educational institutions, state and local governments, and others received the remaining funds). This compares to approximately \$512 million, of approximately \$2 billion awarded in FY 2006, or 24.9 percent, to faith-based organizations and \$1.2 billion, or 60 percent, to secular organizations (educational institutions, state and local governments, and others received the remaining funds).

Resources and Performance Link. The data collection is conducted by Center staff with active participation by HUD's program offices. The Center surveys ten programs across four program offices and is assisted by data professionals in each of the four program offices whose programs

the Center surveys. In addition, program and Office leadership provide whatever other assistance may be necessary; Field Policy and Management's Faith-Based and Community Liaisons frequently provide information as well. In all, the Center leads a team of approximately 25 to 35 professionals.

Data Discussion. Data were collected through the program offices using a variety of methods to best collect the most accurate information. Each year the Center Director distributes a memo to principal staff outlining the schedule and any changes in requirements from past years. Center staff leading the project also schedules a meeting with program data collectors to review the schedule and changes. Data are provided by the program offices and checked by Center staff. In the case of any ambiguity, the Center employs a variety of methods ranging from web searching to interviewing grantees and sponsors in order to resolve the discrepancy. The Center is confident that the collection process has become more refined and accurate each year; program offices are thoroughly familiar with the reporting requirements; the Center has been able to provide longer lead-time for data collection and assembly; and a more complete understanding of how the faith-based and community organizations themselves wish to be characterized has been obtained. As the methodology is employed in conjunction with data collection efforts across the eleven Executive branch agencies with Faith-Based and Community Initiatives, and many faith-based and community organizations win grants in multiple federal agencies, the Center has external checks against its data set as well.

F.2: Increase partnerships and provide information on HUD programs and resources through comprehensive outreach conducted for faith-based and community organizations throughout the nation by facilitating 30 grant writing training sessions and 7 "Unlocking Doors Initiatives" forums.

Public Benefit. Faith-based and community organizations, because of their proximity to the people and communities they serve, offer unique advantages to the Department and the general public in HUD-funded activities. However, they may miss opportunities for leveraging their resources through effective grant competitions and through networking because they are generally small and focus on urgent community needs. The Center's outreach helps these organizations to compete more effectively for public and private funding and to develop networks and relationships that enhance their effectiveness, expand their reach, and offer their expertise to other organizations that may benefit from it.

Background. This indicator measures the extent to which the Center provided technical assistance, disseminated information, and assisted faith-based and community organizations in meeting and developing relationships with potential public and/or private partners, so that they may more effectively conduct their work. The Center delivers comprehensive outreach electronically and through participatory events. The Center facilitates or oversees the participation of HUD Faith-Based and Community Initiatives liaisons in Field Policy and Management and other program offices in national, regional, and state conferences across the country, resulting in outreach to many of the nation's grassroots and large faith-based and community social service providers. It also participates in White House national and regional interagency conferences.

The *Art & Science of Grant Writing* training is the Center's signature event for information on competitive grants, and is highly regarded throughout the Nation and by the White House Office of Faith-Based and Community Initiatives. Established in 2004, the Training has been delivered

to approximately 40,000 people since its inception, addressing the misconceptions surrounding partnerships between faith-based organizations and the government, equipping non-profit groups with practical information as they strive to achieve economic empowerment and wealth creation for their communities, and educating faith-based and community organizations about opportunities for funding available through HUD programs and throughout the federal government.

The *Unlocking Doors Initiative* is one of the Center's signature efforts for creating local networking opportunities, building relationships with local governments, and for receiving information on how to work effectively with faith-based and community organizations. Established in 2005, the Unlocking Doors Initiative is designed to bring together state, local, and federal community partners within the participating area to build bridges and form partnerships with faith-based and community organizations. Strategically placed at the Unlocking Doors roundtable are local and national financial institutions, Local Initiatives Support Corporations, universities, and Community Development Corporations who are developing affordable housing projects and offering homeownership opportunities. Through this discussion, consortia and partnerships are formed to remove the barriers these organizations face that impede the progress and completion of their affordable housing projects and solve their communities' problems.

Electronic outreach programs are conducted through the Center's website and through email, teleconferences, web-casts and mass mailings, all of which are utilized in order to inform faith-based and community organizations about HUD programs. Information is provided through communication with more than 17,000 faith-based and community organizations in the Center's database. Technical assistance and training programs have reached over 400,000 constituents through strategic coordination of activities organized through HUD's 81 field offices, state and local governments, university partnerships, one-on-one meetings with faith-based and community leaders, and public speaking engagements.

Program Website. <http://www.hud.gov/offices/fbci/>

Results and Analysis. All targets were met or exceeded.

The Center provided 68 Grant Writing Training sessions in FY 2008, more than double its goal of 30. The Center conducted 16 more sessions this year than last and exceeded its own expectations, due to effective outreach and advertising by the Center and by the Center's regional and field liaisons, which generated demand for additional workshops. The Center was successful in meeting public demand for grant writing trainings, uncovering additional demand, and being able to fill the demand. Trained organizations are able to write more competitive grant applications, not only to HUD and other federal agencies, but to state and local agencies and private entities as well. Further, the Center conducted the sessions in a wider array of areas, increasing the potential diversity of HUD grant applicants and, through the Department's awardees, extending the scope of the Department's service.

The Center continues to meet community demand for grant writing training by expanding and diversifying its training delivery. The Center is planning to hold an additional 30 grant writing trainings through a new pilot program. The *One-Day Art and Science of Grant Writing* workshops will run from October through December 2008 (first quarter FY 2009). The purpose of the three-month pilot is to evaluate the feasibility of conducting a more focused workshop on grant writing techniques to a targeted audience of intermediate and advanced faith-based and

community organizations. With the additional pilot workshops, the Center will have conducted 98 trainings for the 2008 calendar year, an all-time high. An intense evaluation of these one-day trainings will help the Center decide if there is a need for one-day trainings.

The Center held seven *Unlocking Doors Initiative* forums, meeting the targeted number. The Center reached approximately 750 faith-based and community organizations as a result of this initiative, helping them identify the methods and practices used to make cities successful in their affordable community housing efforts. The forums also provided technical support to selected cities to enable them to reach more people, expand their successful partnerships, and provide them with resources to further their efforts in affordable housing and home ownership. The outcomes the initiative has produced are impressive. Partial results in FY 2008 alone include the rehabilitation of vacant properties for affordable housing initiatives, assistance to families in foreclosure, and municipality-requested extension of services provided by housing assistance organizations.

The Center targeted and participated in four White House interagency conferences designed to provide technical assistance and networking opportunities to faith-based and community organizations. Its participation in multiple conferences and panels and dissemination of information for coalition- and capacity-building through meetings, website, listserv, and publications reached 12,000 individuals. The Center consistently sent out its monthly “Portals to Success” newsletters to members of its listserv and internally within HUD. These letters provide information on upcoming events and training opportunities, messages from the Director, and news on the Center’s day-to-day activities.

Resources and Performance Link. The Center has designated three of its eight staff and two to three summer interns to full-time outreach and technical assistance efforts. Every member of the staff has participated in outreach efforts including teleconferences, webcasts, and White House national and regional conferences.

Data Discussion. Data for this indicator are taken from documentation maintained by the Center, and are reliable and complete for this fiscal year, consonant with past fiscal years. Staff members collect attendance, contact, and other data gained in their outreach efforts and record them in print and electronic media. Grant Writing Trainers from Field Policy and Management and other offices likewise maintain lists of invitees and attendees at the sessions they lead.

F.3: The Center for Faith-Based and Community Initiatives will work with HUD program offices to implement/evaluate pilot projects (i.e., HOPE VI, Doors of Hope, and the Housing Counseling Toolkit) to strengthen partnerships between faith-based and community organizations, HUD program offices, and traditional grantees.

Public Benefit. Faith-based and community organizations, because of their proximity to the people and communities they serve, offer unique advantages to the Department and the general public in HUD-funded activities. This indicator measures the Center’s success at devising and implementing innovative pilot projects that advance the Department’s mission by engaging faith-based and community organizations as new partners in its work. Innovative partnerships between the Department or its grantees and faith-based and community organizations currently not participating in HUD’s funding streams has the effect of unleashing creativity latent in all the organizations involved, which has the further effect of unleashing the creativity latent in service

beneficiaries, helping them attain personal goals that have the effect of strengthening their communities and the Nation.

Background. Three projects are measured by this indicator: the HOPE VI Mentoring Pilot Project, the Doors of Hope project, and the Hurricane Toolkit (the Center wishes to note that the report on the Housing Counseling Toolkit was intended to be on the Hurricane Toolkit).

The Center established the *HOPE VI Mentoring Pilot Project* in collaboration with the Office of Public and Indian Housing. The project aims to encourage PHAs to enlist area faith-based and community organizations to supply mentors for public housing residents in order to increase the residents' FICO scores, attain GEDs, and meet other benchmarks as they move to self-sufficiency. The project allows PHAs to compensate faith-based and community organizations on a per capita, fee-for-service basis each time a faith-based or community organization mentor successfully leads a public housing resident toward an agreed-upon benchmark. These funds were made available to determine if a mentoring demonstration program assistance model improves the results of self-sufficiency-type programs for participating residents.

The Center established the *Doors of Hope* project in FY 2007. Doors of Hope is designed to assist faith-based and community organizations in securing HUD's Section 202 funding. Section 202 grants help expand the supply of affordable housing with supportive services for low-income senior citizens. Through a selected intermediary, direct support is given to faith-based and community organizations, providing for the cost of renderings/plans and/or environmental studies for the proposed housing project. Many faith-based and community organizations in search of funding for elderly care housing do not have the assets available up-front to have the required studies and renderings/plans prepared; but with the assistance provided through Doors of Hope these organizations will have the materials needed to compete for Section 202 funding.

In consultation with the Multifamily Housing Division Director at HUD, the Center selected six faith-based and community organizations to participate in the Doors of Hope program. The organizations are the United Church of Jesus Christ, Dependable Community Development Corporation (CDC), Bronx, NY; Faith Chapel CDC and CHDO, Philadelphia, PA; Utopia Emporium Senior Village, Emporium, PA; Notre Dame Catholic Church, Dade County, FL; Calvary Baptist CDC, Durham, NC; and the Regional Neighborhood Development Corporation, New Orleans, LA.

The Center first developed its *Hurricane Toolkit* as a resource and aid to faith-based and community organizations seeking to assist those affected by Katrina and the other hurricanes of Fall 2005. Since then, the Toolkit has been revised and expanded for use any time faith-based and community organizations serve as first responders. The Hurricane Toolkit supplies information and resources for faith-based and community service providers to assist their constituents in being prepared for crisis situations now and in the future. It also helps to overcome barriers that prevent survivors from gaining access to a wide array of pre- and post-disaster services. This kit provides information about what HUD is doing to assist faith-based and community organizations involved in coordinating relief activities, as well as other useful contact information for those directly assisting the public. With the many disasters this country has recently experienced, the Hurricane Toolkit has been in very high demand and has been widely disseminated.

Program Website. <http://www.hud.gov/offices/fbci/>

Results and Analysis. In the *HOPE VI Mentoring Project*, the Danville, VA; Chicago, IL; and Philadelphia, PA PHAs received awards to fund faith-based and community organization that provided mentoring and fully met the goal.

The Center fully met the goal of performing *Doors of Hope* program outreach during Unlocking Doors presentations, and has had direct communication with Faith-Based and Community Organizations that have expressed interest to HUD's Multifamily Housing division in competing for Section 202 funding.

The *Hurricane Toolkit* has been revised and expanded since its first appearance in 2005 and thus fully met the goal. An electronic copy is always available on the Center's website.

Data Discussion. As benchmarks are reported from *HOPE VI Mentoring Project* award winners, the PHA partners and their case management staff, final results will be collected and a final analysis will be performed.

The Center tracks the results of the *Doors of Hope* project through ongoing communication with faith-based and community organizations and other community groups that participate in the forums. Feedback indicates where and when projects were started and brought to completion due to the open communication the Center facilitates between faith-based and community organizations and local authorities.

To date, 87,000 hard copies of the *Hurricane Toolkit* have been disseminated and the Center tracks activity through headquarters records.