

Performance Information

Summary of HUD's Performance Activities

The following is a summary of the core aspects of each Strategic Goal and *highlights* of the performance activities under each goal 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 Section 2 which follows.

Goal A: Increase Homeownership Opportunities

Public Benefit

Opening doors and strengthening homeownership is a core aspect of HUD's mission. HUD's homeownership programs also focused on stabilizing the home mortgage markets, national economy and overall housing market. 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. This goal also recognizes the significant (25.1 percent) homeownership gap between minority and non-minority households.

Resource Investment

Although the portion of HUD's budget authority for this Goal (i.e., \$2.5 billion) represents only 4.5 percent of the Department's total of \$55.7 billion in discretionary budget authority, and represents 4.7 percent of obligations and 5.4 percent of outlays, there also are very large mortgage guarantee amounts that provide a significant contribution to the National homeownership rate. The FHA single family program had an overall commitment ceiling of \$400 billion, and actual commitments were approximately \$360 billion.

Highlights of Results

Overall, HUD programs assisted 822,488 families with homeownership opportunities through FHA and a variety of grant and loan programs. In FY 2009, FHA insured 667,098 first-time homebuyer mortgages out of a total of 1,947,158 mortgages insured. FHA stabilization efforts also helped avoid 500,000 foreclosures, and the increased importance of FHA can be seen in its increased market share from 4 percent in FY 2007 to 26 percent in the fourth quarter of FY 2009. FHA is insuring nearly a third of the home-purchase mortgage market.

In addition, the share of first-time minority FHA homebuyers was 32 percent. Through the third quarter for FY 2008, there has been a gross increase of 4.992 million minority homeowners representing 91 percent of the 5.5 million goal in 74 percent of the time. Approximately 1 million persons a year (an estimated 45.4 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. The HOME program assisted 23,711 new homebuyer units, of which 47 percent were minorities, and 9,737 existing homeowner rehabilitation units.

- The Community Development Block Grant Program assisted 2,441 homeownership units and 103,926 involving rehabilitation of owner-occupied units.
- Ginnie Mae securitized 99.1 percent of FHA single family loans; 97.2 percent of single family fixed rate VA loans; and, 26 percent of all single family pools were in Targeted Lending Initiative neighborhoods.

Goal B: Promote Decent Affordable Housing

Public Benefit

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.

For calendar year 2005, the latest data available, 2.32 million families with children, 1.29 million elderly households, and 694 thousand households with disabilities had worst cases housing needs. Worst case housing needs reflect rents that are more than 50 percent of available income or housing of poor physical quality. The Department estimates that, absent our large rental assistance programs servicing 4.7 million families and clients in FY 2009, 52 percent as a low bound estimate, or almost 2.5 million would be added to the worst case housing need numbers. 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.

Resource Investment

- This Strategic Goal reflects the largest budget authority, at \$38.1 billion, which represents 68.4 percent of the total \$55.7 billion discretionary Departmental total budget authority, and represents 65.7 percent of obligations and 65.7 percent of outlays. The voucher program budget authority resources total \$21.9 billion. An additional \$6.6 billion is for public housing programs.

Highlights of Results

- HUD's budget continues to support 4.7 million families and clients in highly targeted affordable housing.
- 122,889 income targeted households received affordable housing assistance from the Community Development Block Grant, HOME Program, Housing Opportunities for Persons With AIDS, Section 202 Elderly and Section 811 Persons with Disabilities programs, and the Indian Housing Block Grant.
- FHA endorsed 713 risk sharing multi-family loans.
- Ginnie Mae securitized 97.5 percent of eligible FHA multifamily mortgages and hospital loans.
- HUD completed 76.5 percent of mark-to-market mortgages restructurings in order to preserve existing affordable housing.

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- ✦ The availability of affordable housing for the elderly and persons with disabilities was increased by bringing 208 projects to initial closing.
- ✦ Public Housing physical standards were met in 84.5 percent of units and Multifamily was met with 93.3 percent.

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 with local solutions for local problems.

In FY 2008, the Congress enacted new funding for the Neighborhood Stabilization Program to assist communities with the foreclosure and abandonment crisis and in FY 2009 funded additional CDBG and Neighborhood Stabilization Program resources under the Recovery Act.

Highlights of Results

- ✦ The Community Development Block Grant program (CDBG) is the federal government's largest most flexible block grant and formula funding programs is provided to over 1,154 entitlement communities and to all 50 states Puerto Rico and the insular areas. The Department is pursuing a major proposal to improve CDBG through a formula change to better target funds on a needs basis and stronger focus on both need and performance. The CDBG program results were as follows:
 - ✦ The share of CDBG entitlement and state funds that benefited low-and moderate-income persons averaged 94.6 percent, exceeding the target of 90 percent and the statutory requirement of 70 percent.
 - ✦ Since FY 2006, the Congress has provided \$6.5 billion of supplemental CDBG funding for disaster assistance. Through FY 2009, 150,122 recovery homeowner compensation payments have been made to homeowners on the gulf coast and \$1.55 billion was obligated by states for recovery infrastructure project.
 - ✦ CDBG funds created or retained 21,309 jobs and the related Section 108 Loan program which aided in creating 8,089 jobs.
 - ✦ The Department exceeded the CDBG goal of 66 percent with 87.5 percent of entitlement communities with unemployment rates above the national average utilizing CDBG funds for economic development.
 - ✦ CDBG funds were used to eliminate 7,450 blighted structures, approximately 50 percent above the goal of 5,000 properties.
- ✦ The share of FHA multifamily properties in underserved communities was 58.6 percent exceeding the goal of 40 percent; and 35.5 percent of single-family mortgages were in underserved communities exceeding the goal of 35 percent.
- ✦ Homeless funding of \$1.7 billion is largely directed toward housing homeless persons in HUD-supported permanent housing, and moving homeless from HUD-supported

transitional to permanent housing. Both these housing targets were exceeded (82.2 percent vs. 77 percent and 67.7 percent vs. 65 percent respectively).

- Overcrowding in Indian Country was significantly reduced by 1,938 units versus a target of 1,400.
- Housing conditions that affect health were vastly improved with targets exceeded for lead abatement with 13,873 units completed versus a target of 11,800 units. The program is continuing progress in meeting the top priority goal of elimination of lead hazards for children.

Resource Investment

Approximately 17.6 percent of total discretionary budget authority is for this goal, or \$9.8 billion compared to the total of \$55.7 billion. This amount represents 18.2 percent of obligations and 16.7 percent of outlays.

Goal D: Ensure Equal Opportunity in Housing

Public Benefit

The Department enforces a number of civil rights and fair housing laws that protect all of our citizens. Fair Housing 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 fiscal year 2009 funding for the Fair Housing Equal Opportunity program comprised of the Fair Housing Assistance Program and Fair Housing Initiatives Programs is \$53.0 million. The Fair Housing Assistance Program was funded at \$25.5 million and the Fair Housing Initiatives Program was funded at \$27.5 million including \$2 million to fight mortgage fraud and scams. FHEO activities included \$59.2 million in obligations and \$46.1 million in outlays.

Highlights of Results

- Education and outreach was accomplished by FHIP grantees which held 933 public events that reached 1,060,320 people including those involved in grassroots and Faith-Based efforts, as well as public service outreach that informed over a million people of their rights and responsibilities under the Fair Housing laws.
- In the enforcement arena, HUD completed 60 percent of its new cases within 100 days exceeding the target of 55 percent. The state and local agencies in the FHAP closed 53 percent of their cases within 100 days exceeding the 50 percent target. At the same time, HUD closed 72 percent of its aged cases exceeding the goal of 60 percent, and FHAP agencies closed 97 percent of the aged cases in their inventory exceeding the goal of 95 percent by two percentage points.

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

Public Benefit

The Department is the public steward of \$55.7 billion in total discretionary budget authority. 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.

Highlights of Results

- Receipt of an unqualified financial audit opinion for the tenth consecutive year.
- 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 2015.
- HUD maintained the rate of improper rental program payments at 3.5 percent during FY 2009, missing its goal by 0.1 percent.
- The goal of increasing HUD employee satisfaction and thereby improving the work environment and work results was fully met. 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 92 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 \$5.2 billion, or 9.4 percent of the \$55.7 billion, in total gross discretionary budget authority, and represents 11.2 percent of total obligations and 12.1 percent of outlays. The larger investments include administrative costs for most HUD programs.

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. Activities supporting this goal permeate the funding and operation issues involving all of HUD's programs.

The 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.

Highlights of Results

- The Center for Faith-Based and Neighborhood Partnerships conducted 40 grant writing sessions and eight "Unlocking Doors" events and worked in partnership with the HUD program offices to advance faith based and community activities.

Resource Investment

- This is not an appropriated program account.

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.

	2008 Approp.	2009 Approp.	2010 Request
Strategic Goal A: Increase Homeownership Opportunities			
Discretionary BA	\$2,843,715	\$2,490,839	\$3,081,587
FTE	1,222	1,235	1,249
S&E Cost	\$135,035	\$144,048	\$157,061
Obligations	\$2,829,875	\$2,162,984	\$3,363,932
Outlays	\$3,765,005	\$2,434,527	\$3,791,555
Strategic Goal B: Promote Decent Affordable Housing			
Discretionary BA	\$24,959,061	\$38,084,409	\$31,811,732
FTE	2,794	3,046	3,094
S&E Cost	\$326,503	\$385,638	\$393,440
Obligations	\$26,176,570	\$30,054,258	\$32,402,414
Outlays	\$30,201,590	\$29,829,415	\$35,084,063
Strategic Goal C: Strengthen Communities			
Discretionary BA	\$18,315,939	\$9,802,993	\$5,702,620
FTE	963	971	1,017
S&E Cost	\$112,584	\$119,477	\$128,765
Obligations	\$6,013,941	\$8,309,132	\$6,562,255
Outlays	\$8,274,518	\$7,570,547	\$9,293,812
Strategic Goal D: Ensure Equal Opportunity in Housing			
Discretionary BA	\$50,000	\$54,000	\$72,000
FTE	588	655	671
S&E Cost	\$67,100	\$80,327	\$84,024
Obligations	\$27,713	\$59,171	\$72,000
Outlays	\$54,377	\$46,148	\$52,481

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.

	2008	2009	2010
	Approp.	Approp.	Request
Strategic Goal E: Embrace High Standards of Ethics, Management, and Accountability			
Discretionary BA	\$6,489,771	\$5,238,649	\$5,667,721
FTE	3,131	2,910	2,927
S&E Cost	\$597,910	\$599,886	\$612,629
Obligations	\$6,500,571	\$5,126,872	\$5,945,618
Outlays	\$6,413,510	\$5,512,826	\$4,483,684
Strategic Goal F: Promote Participation of Faith-Based and Community Organizations			
Discretionary BA	\$0	\$0	\$0
FTE	80	64	66
S&E Cost	\$10,668	\$9,698	\$10,124
Obligations	\$0	\$0	\$0
Outlays	\$0	\$0	\$0
Total Resources			
Total BA	\$52,658,486	\$55,670,890	\$46,335,660
FTE	8,778	8,881	9,024
S&E Cost	\$1,249,800	\$1,339,074	\$1,386,043
Obligations	\$41,548,670	\$45,712,417	\$48,346,219
Outlays	\$48,709,000	\$45,393,463	\$52,705,595

Fiscal Year 2008 BA includes supplemental disaster funding totaling \$17,063,300. Fiscal Year 2009 BA includes supplemental American Recovery and Reinvestment Act funding totaling \$13,625,000 and \$30,000,000 for P.L 111-32.. 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 (FY 2008 only) because each has independent budget presentations. The FY 2008, 2009, and 2010 Discretionary BA, obligations and outlays are net of S&E and do not reflect accruals.

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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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
OFFICE OF PUBLIC AND INDIAN HOUSING				
Housing Certificate Fund				
Discretionary BA	(\$28,176)	\$0	\$0	\$0
Obligations	\$46,758	\$5,877	\$0	(\$5,877)
Outlays	\$229,954	\$151,774	\$122,000	(\$29,774)
Tenant-Based Rental Assistance				
Discretionary BA	\$1,544,752	\$840,850	\$891,800	\$50,950
FTE	46	23	22	(1)
S&E Cost	\$5,660	\$3,064	\$2,956	(\$108)
Obligations	\$1,492,382	\$814,427	\$891,800	\$77,373
Outlays	\$1,574,111	\$807,600	\$888,200	\$80,600
Project-Based Rental Assistance				
Discretionary BA	\$18,192	\$8,887	\$8,950	\$63
Obligations	\$18,947	\$7,146	\$8,950	\$1,804
Outlays	\$17,499	\$6,088	\$9,007	\$2,919
Indian Housing Loan Guarantee Fund				
Discretionary BA	\$7,450	\$9,000	\$7,000	(\$2,000)
FTE	27	28	28	0
S&E Cost	\$3,483	\$3,796	\$3,883	\$87
Obligations	\$7,440	\$13,039	\$7,000	(\$6,039)
Outlays	\$6,430	\$10,279	\$9,000	(\$1,279)
HOPE VI/Choice Neighborhoods				
Discretionary BA	\$29,805	\$36,000	\$75,000	\$39,000
FTE	25	25	20	(5)
S&E Cost	\$3,035	\$3,291	\$2,692	(\$599)
Obligations	\$59,152	\$892	\$0	(\$892)
Outlays	\$157,860	\$94,985	\$83,400	(\$11,585)
Native Hawaiian Loan Guarantee Fund				
Discretionary BA	(\$1,909)	\$1,044	\$1,044	\$0
FTE	2	1	1	0
S&E Cost	\$75	\$84	\$82	(\$2)
Obligations	\$105	\$356	\$679	\$323
Outlays	\$101	\$87	\$688	\$601
Native American Housing Block Grants				
Discretionary BA	\$280,636	\$519,750	\$290,250	(\$229,500)
FTE	70	70	71	1
S&E Cost	\$8,642	\$9,440	\$9,768	\$328
Obligations	\$250,392	\$267,294	\$283,225	\$15,931
Outlays	\$257,463	\$248,164	\$350,119	\$101,955

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Strategic Goal A: Increase Homeownership Opportunities				
<i>Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.</i>				
	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
PIH TOTAL				
Discretionary BA	\$1,850,750	\$1,415,531	\$1,274,044	(\$141,487)
FTE	170	147	142	(5)
S&E Cost	\$20,895	\$19,675	\$19,381	(\$294)
Obligations	\$1,875,176	\$1,109,031	\$1,191,654	\$82,623
Outlays	\$2,243,418	\$1,318,977	\$1,462,414	\$143,437
COMMUNITY PLANNING AND DEVELOPMENT				
Community Development Block Grants				
Discretionary BA	\$387,830	\$391,261	\$439,941	\$48,680
FTE	28	27	28	1
S&E Cost	\$3,587	\$3,746	\$3,943	\$197
Obligations	\$378,258	\$391,769	\$827,533	\$435,764
Outlays	\$896,393	\$410,085	\$748,011	\$337,926
HOME Investment Partnership Program				
Discretionary BA	\$428,705	\$477,513	\$477,513	\$0
FTE	36	35	36	1
S&E Cost	\$4,449	\$4,647	\$4,891	\$244
Obligations	\$431,929	\$500,094	\$527,226	\$27,132
Outlays	\$515,304	\$500,624	\$766,114	\$265,490
Self Help Homeownership Opportunity Program				
Discretionary BA	\$26,500	\$30,000	\$27,000	(\$3,000)
FTE	5	5	5	0
S&E Cost	\$327	\$342	\$359	\$17
Obligations	\$18,677	\$27,814	\$27,000	(\$814)
Outlays	\$12,870	\$13,803	\$25,000	\$11,197
CPD TOTAL				
Discretionary BA	\$843,035	\$898,774	\$944,454	\$45,680
FTE	69	67	69	2
S&E Cost	\$8,363	\$8,735	\$9,193	\$458
Obligations	\$828,864	\$919,677	\$1,381,759	\$462,082
Outlays	\$1,424,567	\$924,512	\$1,539,125	\$614,613
OFFICE OF HOUSING				
FHA-GI/SRI				
Discretionary BA	\$6,125	\$2,970	\$956	(\$2,014)
FTE	74	79	78	(1)
S&E Cost	\$8,198	\$9,188	\$9,303	\$115
Obligations	\$5,329	\$2,868	\$506	(\$2,362)
Outlays	\$4,635	\$515	\$2,940	\$2,425
FHA-MMI/CHMI				
Discretionary BA	\$54,507	\$102,200	\$741,718	\$639,518
FTE	650	705	706	1
S&E Cost	\$71,879	\$82,529	\$84,558	\$2,029
Obligations	\$35,463	\$61,255	\$688,490	\$627,235
Outlays	\$28,807	\$97,042	\$685,671	\$588,629

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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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
HOPE for Homeowners				
Discretionary BA	\$29,535	\$0	\$0	\$0
Obligations	\$20,000	\$9,535	\$0	(\$9,535)
Outlays	\$0	\$29,535	\$0	(\$29,535)
Interstate Land Sales (and RESPA)				
FTE	17	17	18	1
S&E Cost	\$2,790	\$3,018	\$3,011	(\$7)
Housing Counseling Assistance				
Discretionary BA	\$39,474	\$49,670	\$76,415	\$26,745
FTE	90	81	81	0
S&E Cost	\$9,840	\$9,222	\$9,450	\$228
Obligations	\$44,007	\$38,373	\$55,783	\$17,410
Outlays	\$44,000	\$38,373	\$45,085	\$6,712
HOUSING TOTAL				
Discretionary BA	\$129,641	\$154,840	\$819,089	\$664,249
FTE	831	882	883	1
S&E Cost	\$92,707	\$103,957	\$106,322	\$2,365
Obligations	\$104,799	\$112,031	\$744,779	\$632,748
Outlays	\$77,442	\$165,465	\$733,696	\$568,231
GNMA				
Mortgage-Backed Securities				
FTE	52	54	59	5
S&E Cost	\$6,537	\$7,915	\$8,666	\$751
OFFICE OF POLICY DEVELOPMENT AND RESEARCH				
Discretionary BA	\$20,289	\$21,694	\$44,000	\$22,306
FTE	30	29	31	2
S&E Cost	\$4,272	\$4,173	\$4,634	\$461
Obligations	\$21,036	\$22,245	\$45,740	\$23,495
Outlays	\$19,578	\$25,573	\$56,320	\$30,747
OFFICE OF FIELD POLICY AND MANAGEMENT				
FTE	70	56	57	1
S&E Cost	\$8,798	\$7,508	\$7,881	\$373
OFFICE OF STRATEGIC PLANNING AND MANAGEMENT				
FTE	NA	NA	4	4
S&E Cost	NA	NA	\$504	\$504
OFFICE OF SUSTAINABILITY				
FTE	NA	NA	4	4
S&E Cost	NA	NA	\$480	\$480
Total for Strategic Goal A				
Discretionary BA	\$2,843,715	\$2,490,839	\$3,081,587	\$590,748
FTE	1,222	1,235	1,249	14
S&E Cost	\$135,035	\$144,048	\$157,061	\$13,013
Obligations	\$2,829,875	\$2,162,984	\$3,363,932	\$1,200,948
Outlays	\$3,765,005	\$2,434,527	\$3,791,555	\$1,357,028

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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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
OFFICE OF PUBLIC AND INDIAN HOUSING				
Housing Certificate Fund				
Discretionary BA	(\$225,408)	\$0	\$0	\$0
Obligations	\$378,314	\$47,013	\$0	(\$47,013)
Outlays	\$2,329,686	\$1,214,190	\$976,000	(\$238,190)
Tenant-Based Rental Assistance				
Discretionary BA	\$12,358,017	\$13,702,450	\$15,160,600	\$1,458,150
FTE	369	388	366	(22)
S&E Cost	\$45,276	\$52,082	\$50,255	(\$1,827)
Obligations	\$12,446,496	\$13,849,333	\$15,160,600	\$1,311,267
Outlays	\$12,592,886	\$13,558,140	\$15,099,400	\$1,541,260
Project-Based Rental Assistance				
Discretionary BA	\$145,532	\$178,075	\$152,150	(\$25,925)
Obligations	\$151,574	\$143,183	\$152,150	\$8,967
Outlays	\$139,988	\$121,994	\$153,127	\$31,133
Native American Housing Block Grants				
Discretionary BA	\$280,636	\$519,750	\$290,250	(\$229,500)
FTE	69	70	71	1
S&E Cost	\$8,642	\$9,640	\$9,768	\$128
Obligations	\$250,392	\$267,294	\$283,225	\$15,931
Outlays	\$257,463	\$248,165	\$350,119	\$101,954
Public Housing Operating Fund				
Discretionary BA	\$1,679,977	\$3,565,000	\$3,680,000	\$115,000
FTE	220	454	454	0
S&E Cost	\$31,727	\$61,887	\$62,359	\$472
Obligations	\$1,679,905	\$3,559,031	\$3,680,000	\$120,969
Outlays	\$1,645,103	\$3,549,172	\$3,647,200	\$98,028
Public Housing Capital Fund				
Discretionary BA	\$2,425,130	\$6,450,000	\$2,244,000	(\$4,206,000)
FTE	233	243	301	58
S&E Cost	\$28,555	\$37,106	\$41,286	\$4,180
Obligations	\$2,497,090	\$2,412,091	\$2,244,000	(\$168,091)
Outlays	\$2,895,004	\$3,012,079	\$4,251,000	\$1,238,921
Revitalization of Severely Distressed Public Housing				
Discretionary BA	\$69,546	\$84,000	\$175,000	\$91,000
FTE	58	57	46	(11)
S&E Cost	\$7,801	\$7,679	\$6,281	(\$1,398)
Obligations	\$138,021	\$2,080	\$0	(\$2,080)
Outlays	\$372,340	\$221,631	\$194,600	(\$27,031)
Drug Elimination Grants				
Discretionary BA	(\$1,081)	\$0	\$0	\$0

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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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
Native Hawaiian Housing Block Grant				
Discretionary BA	\$9,000	\$10,000	\$10,000	\$0
FTE	1	1	1	0
S&E Cost	\$38	\$47	\$41	(\$6)
Obligations	\$17,078	\$10,268	\$10,000	(\$268)
Outlays	\$8,378	\$4,022	\$7,000	\$2,978
PIH TOTAL				
Discretionary BA	\$16,741,349	\$24,509,275	\$21,712,000	(\$2,797,275)
FTE	950	1,213	1,239	26
S&E Cost	\$122,039	\$168,441	\$169,990	\$1,549
Obligations	\$17,558,870	\$20,290,293	\$21,529,975	\$1,239,682
Outlays	\$20,240,848	\$21,929,393	\$24,678,446	\$2,749,053
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT				
Community Development Block Grants				
Discretionary BA	\$571,425	\$576,299	\$647,950	\$71,651
FTE	44	43	44	1
S&E Cost	\$5,097	\$5,324	\$5,603	\$279
Obligations	\$557,147	\$577,048	\$1,218,895	\$641,847
Outlays	\$1,320,320	\$604,025	\$1,101,765	\$497,740
HOME Investment Partnership Program				
Discretionary BA	\$1,055,049	\$3,417,911	\$1,167,911	(\$2,250,000)
FTE	93	91	93	2
S&E Cost	\$10,613	\$11,085	\$11,667	\$582
Obligations	\$1,056,421	\$1,223,141	\$1,289,502	\$66,361
Outlays	\$1,260,342	\$188,567	\$288,109	\$99,542
Housing Opportunities for Persons with AIDS				
Discretionary BA	\$242,468	\$266,750	\$266,750	\$0
FTE	37	36	37	1
S&E Cost	\$4,388	\$4,583	\$4,824	\$241
Obligations	\$268,061	\$274,013	\$283,959	\$9,946
Outlays	\$270,047	\$272,881	\$257,284	(\$15,597)
CPD TOTAL				
Discretionary BA	\$1,868,942	\$4,260,960	\$2,082,611	(\$2,178,349)
FTE	174	170	174	4
S&E Cost	\$20,098	\$20,992	\$22,094	\$1,102
Obligations	\$1,881,629	\$2,074,202	\$2,792,356	\$718,154
Outlays	\$2,850,709	\$1,065,473	\$1,647,158	\$581,685
OFFICE OF HOUSING				
Section 202, Housing for the Elderly				
Discretionary BA	\$656,905	\$697,658	\$718,887	\$21,229
FTE	272	259	258	(1)
S&E Cost	\$29,406	\$29,402	\$30,008	\$606
Obligations	\$709,097	\$731,843	\$706,671	(\$25,172)
Outlays	\$918,346	\$893,701	\$774,099	(\$119,602)

Strategic Goal B: Promote Decent Affordable Housing				
<i>Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.</i>				
	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
Section 811, Housing for the Disabled				
Discretionary BA	\$218,632	\$235,185	\$243,244	\$8,059
FTE	134	127	127	0
S&E Cost	\$14,508	\$14,458	\$14,827	\$369
Obligations	\$242,417	\$266,903	\$236,433	(\$30,470)
Outlays	\$304,161	\$319,223	\$267,568	(\$51,655)
FHA-GI/SRI				
Discretionary BA	\$55,457	\$31,681	\$4,778	(\$26,903)
FTE	676	747	745	(2)
S&E Cost	\$74,299	\$89,560	\$89,211	(\$349)
Obligations	\$51,772	\$30,596	\$2,531	(\$28,065)
Outlays	\$47,173	\$5,496	\$28,082	\$22,586
Rent Supplement Program				
Discretionary BA	\$0	\$0	\$0	\$0
FTE	5	5	5	0
S&E Cost	\$547	\$574	\$590	\$16
Obligations	\$11,488	\$4,868	\$0	(\$4,868)
Outlays	\$50,579	\$52,053	\$0	(\$52,053)
Rental Housing Assistance Program (Section 236)				
Discretionary BA	(\$52,581)	(\$10,000)	\$12,400	\$22,400
FTE	26	25	25	0
S&E Cost	\$2,793	\$2,814	\$2,881	\$67
Obligations	\$34,758	\$3,853	\$31,000	\$27,147
Outlays	\$534,465	\$3,853	\$537,281	\$533,428
Project-Based Rental Assistance				
Discretionary BA	\$5,458,764	\$8,091,146	\$6,914,127	(\$1,177,019)
FTE	394	351	350	(1)
S&E Cost	\$43,173	\$40,151	\$41,060	\$909
Obligations	\$5,685,399	\$6,505,779	\$6,894,127	\$388,348
Outlays	\$5,250,805	\$5,542,998	\$6,938,386	\$1,395,388
Energy Innovation				
Discretionary BA	NA	NA	\$100,000	\$100,000
Obligations	NA	NA	\$75,000	\$75,000
Outlays	NA	NA	\$75,000	\$75,000
Green Retrofit				
Discretionary BA	NA	\$250,000	\$0	(\$250,000)
Obligations	NA	\$133,000	\$117,000	(\$16,000)
Outlays	NA	\$3,000	\$124,000	\$121,000
Housing Counseling Assistance				
Discretionary BA	\$10,526	\$15,330	\$23,585	\$8,255
FTE	24	25	25	0
S&E Cost	\$2,608	\$2,845	\$2,914	\$69
Obligations	\$0	\$11,843	\$17,217	\$5,374
Outlays	\$0	\$11,843	\$13,915	\$2,072

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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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
HOUSING TOTAL				
Discretionary BA	\$6,347,703	\$9,311,000	\$8,017,021	(\$1,293,979)
FTE	1,531	1,539	1,535	(4)
S&E Cost	\$167,334	\$179,804	\$181,491	\$1,687
Obligations	\$6,734,931	\$7,688,685	\$8,079,979	\$391,294
Outlays	\$7,105,529	\$6,832,167	\$8,758,331	\$1,926,164
OFFICE OF FIELD POLICY AND MANAGEMENT				
FTE	70	56	57	1
S&E Cost	\$8,798	\$7,508	\$7,881	\$373
OFFICE OF STRATEGIC PLANNING AND MANAGEMENT				
FTE	NA	NA	4	4
S&E Cost	NA	NA	\$504	\$504
OFFICE OF SUSTAINABILITY				
FTE	NA	NA	4	4
S&E Cost	NA	NA	\$480	\$480
GINNIE MAE				
Mortgage Backed Securities				
FTE	17	18	20	2
S&E Cost	\$2,179	\$2,638	\$2,889	\$251
OFFICE OF POLICY DEVELOPMENT AND RESEARCH				
Research and Technology				
Discretionary BA	\$1,067	\$3,174	\$100	(\$3,074)
FTE	52	50	61	11
S&E Cost	\$6,055	\$6,255	\$8,111	\$1,856
Obligations	\$1,140	\$1,078	\$104	(\$974)
Outlays	\$4,504	\$2,382	\$128	(\$2,254)
Total Strategic Goal B				
Discretionary BA	\$24,959,061	\$38,084,409	\$31,811,732	(\$6,272,677)
FTE	2,794	3,046	3,094	48
S&E Cost	\$326,503	\$385,638	\$393,440	\$7,802
Obligations	\$26,176,570	\$30,054,258	\$32,402,414	\$2,348,156
Outlays	\$30,201,590	\$29,829,415	\$35,084,063	\$5,254,648

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Strategic Goal C: Strengthen Communities				
<i>Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.</i>				
	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT				
Community Development Block Grants				
Discretionary BA	\$15,889,841	\$5,669,500	\$3,059,727	(\$2,609,773)
FTE	198	194	199	5
S&E Cost	\$22,220	\$23,208	\$24,427	\$1,219
Obligations	\$3,660,519	\$6,162,780	\$3,833,754	(\$2,329,026)
Outlays	\$6,108,173	\$5,756,030	\$5,943,067	\$187,037
Homeless Assistance Grants				
Discretionary BA	\$1,488,535	\$3,002,592	\$1,612,836	(\$1,389,756)
FTE	254	239	244	5
S&E Cost	\$30,035	\$30,115	\$31,698	\$1,583
Obligations	\$1,432,748	\$1,231,495	\$1,613,368	\$381,873
Outlays	\$1,295,206	\$997,542	\$2,177,764	\$1,180,222
Housing Opportunities for Persons with AIDS				
Discretionary BA	\$39,313	\$43,250	\$43,250	\$0
FTE	6	6	6	0
S&E Cost	\$684	\$714	\$752	\$38
Obligations	\$43,463	\$44,428	\$46,041	\$1,613
Outlays	\$43,785	\$44,244	\$41,716	(\$2,528)
Project Based Rental Assistance				
Discretionary BA	\$55,935	\$61,654	\$76,844	\$15,190
FTE	10	10	10	0
S&E Cost	\$1,121	\$1,255	\$1,321	\$66
Obligations	\$58,257	\$49,574	\$76,844	\$27,270
Outlays	\$53,804	\$42,237	\$77,337	\$35,100
Brownfields Redevelopment Program				
Discretionary BA	(\$1,374)	\$10,000	\$0	(\$10,000)
FTE	8	8	8	0
S&E Cost	\$787	\$824	\$865	\$41
Obligations	\$23,040	\$11,849	\$9,500	(\$2,349)
Outlays	\$18,847	\$22,101	\$32,000	\$9,899
Urban Development Action Grants				
Discretionary BA	(\$1,424)	\$0	\$0	\$0
Section 4				
Discretionary BA	\$30,050	\$34,000	\$50,000	\$16,000
FTE	3	3	3	0
S&E Cost	\$196	\$205	\$215	\$10
Obligations	\$26,140	\$35,686	\$50,000	\$14,314
Outlays	\$12,634	\$17,710	\$30,000	\$12,290

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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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
Community Renewals				
Discretionary BA	(\$110)	\$0	\$0	\$0
FTE	19	19	19	0
S&E Cost	\$2,194	\$2,292	\$2,412	\$120
Rural Housing and Economic Development				
Discretionary BA	\$12,913	\$26,000	\$0	(\$26,000)
FTE	15	15	15	0
S&E Cost	\$1,872	\$1,955	\$2,058	\$103
Obligations	\$17,103	\$16,890	\$26,000	\$9,110
Outlays	\$16,678	\$14,558	\$26,000	\$11,442
CPD TOTAL				
Discretionary BA	\$17,513,679	\$8,846,996	\$4,842,657	(\$4,004,339)
FTE	513	494	504	10
S&E Cost	\$59,109	\$60,568	\$63,748	\$3,180
Obligations	\$5,261,270	\$7,552,702	\$5,655,507	(\$1,897,195)
Outlays	\$7,549,127	\$6,894,422	\$8,327,884	\$1,433,462
OFFICE OF PUBLIC AND INDIAN HOUSING				
Native American Housing Block Grants				
Discretionary BA	\$125,000	\$115,500	\$64,500	(\$51,000)
FTE	16	16	16	0
S&E Cost	\$1,920	\$2,098	\$2,171	\$73
Obligations	\$55,643	\$114,919	\$78,550	(\$36,369)
Outlays	\$57,214	\$64,301	\$84,830	\$20,529
OFFICE OF HOUSING				
Section 202, Housing for the Elderly				
Discretionary BA	\$65,207	\$67,342	\$46,113	(\$21,229)
FTE	27	25	25	0
S&E Cost	\$2,913	\$2,827	\$2,895	\$68
Obligations	\$69,247	\$70,642	\$45,329	(\$25,313)
Outlays	\$89,682	\$85,664	\$65,901	(\$19,763)
Section 811, Housing for the Disabled				
Discretionary BA	\$13,053	\$14,815	\$6,756	(\$8,059)
FTE	8	8	8	0
S&E Cost	\$866	\$910	\$933	\$23
Obligations	\$13,362	\$16,813	\$6,567	(\$10,246)
Outlays	\$16,765	\$17,330	\$7,432	(\$9,898)
FHA-GI/SRI				
Discretionary BA	\$15,644	\$9,900	\$1,911	(\$7,989)
FTE	189	232	261	29
S&E Cost	\$20,858	\$27,838	\$31,929	\$4,091
Obligations	\$12,182	\$9,561	\$1,012	(\$8,549)
Outlays	\$11,238	\$1,717	\$9,687	\$7,970

Strategic Goal C: Strengthen Communities				
<i>Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.</i>				
	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
FHA-MMI/CHMI				
Discretionary BA	\$503	\$1,460	\$5,702	\$4,242
FTE	6	6	6	0
S&E Cost	\$696	\$718	\$741	\$23
Obligations	\$274	\$875	\$5,293	\$4,418
Outlays	\$223	\$1,386	\$5,271	\$3,885
Manufactured Home Inspection and Monitor Program				
Discretionary BA	\$16,000	\$16,000	\$16,000	\$0
FTE	11	12	12	0
S&E Cost	\$1,301	\$1,499	\$1,544	\$45
Obligations	\$6,564	\$5,400	\$16,000	\$10,600
Outlays	\$6,671	\$6,351	\$16,000	\$9,649
Project-Based Rental Assistance				
Discretionary BA	\$401,787	\$467,780	\$578,581	\$110,801
FTE	29	27	27	0
S&E Cost	\$3,138	\$3,065	\$3,143	\$78
Obligations	\$418,468	\$376,124	\$578,581	\$202,457
Outlays	\$386,480	\$320,462	\$582,295	\$261,833
HOUSING TOTAL				
Discretionary BA	\$512,194	\$577,297	\$655,063	\$77,766
FTE	270	310	339	29
S&E Cost	\$29,772	\$36,857	\$41,185	\$4,328
Obligations	\$520,097	\$479,415	\$652,782	\$173,367
Outlays	\$511,059	\$432,910	\$686,586	\$253,676
OFFICE OF POLICY DEVELOPMENT AND RESEARCH				
Research and Technology				
Discretionary BA	\$22,830	\$23,200	\$400	(\$22,800)
FTE	20	22	25	3
S&E Cost	\$2,849	\$3,017	\$3,717	\$700
Obligations	\$23,836	\$22,126	\$416	(\$21,710)
Outlays	\$8,154	\$14,029	\$512	(\$13,517)
LEAD HAZARD CONTROL				
Discretionary BA	\$142,236	\$240,000	\$140,000	(\$100,000)
FTE	50	54	56	2
S&E Cost	\$7,203	\$6,926	\$7,436	\$510
Obligations	\$153,095	\$139,970	\$175,000	\$35,030
Outlays	\$148,964	\$164,885	\$194,000	\$29,115
OFFICE OF FIELD POLICY AND MANAGEMENT				
FTE	94	75	77	2
S&E Cost	\$11,731	\$10,011	\$10,508	\$497
OFFICE OF STRATEGIC PLANNING AND MANAGEMENT				
FTE	NA	NA	5	5
S&E Cost	NA	NA	\$504	\$504

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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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
OFFICE OF SUSTAINABILITY				
FTE	NA	NA	4	4
S&E Cost	NA	NA	\$480	\$480
Total Strategic Goal C				
Discretionary BA	\$18,315,939	\$9,802,993	\$5,702,620	(\$4,100,373)
FTE	963	971	1,017	46
S&E Cost	\$112,584	\$119,477	\$128,765	\$9,288
Obligations	\$6,013,941	\$8,309,132	\$6,562,255	(\$1,746,877)
Outlays	\$8,274,518	\$7,570,547	\$9,293,812	\$1,723,265

Strategic Goal D: Ensure Equal Opportunity in Housing				
<i>Budget Authority (BA) and Salaries and Expenses (S&E) are in thousands of dollars. Full Time Equivalents (FTE) represent the number of paid positions.</i>				
	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
OFFICE OF POLICY DEVELOPMENT AND RESEARCH				
Research and Technology				
Discretionary BA	\$0	\$500	\$0	(\$500)
FTE	0	2	3	1
S&E Cost	\$0	\$274	\$446	\$172
Obligations	\$500	\$500	\$0	(\$500)
Outlays	\$380	\$220	\$0	(\$220)
OFFICE OF FIELD POLICY AND MANAGEMENT				
FTE	0	56	57	1
S&E Cost	\$0	\$7,508	\$7,881	\$373
OFFICE OF STRATEGIC PLANNING AND MANAGEMENT				
FTE	0	0	4	4
S&E Cost	\$0	\$0	\$504	\$504
FAIR HOUSING AND EQUAL OPPORTUNITY				
Fair Housing Initiatives Program				
Discretionary BA	\$24,000	\$27,500	\$42,500	\$15,000
FTE	23	23	29	6
S&E Cost	\$2,590	\$2,687	\$3,472	\$785
Obligations	\$1,510	\$32,732	\$44,500	\$11,768
Outlays	\$21,152	\$23,571	\$28,194	\$4,623
Fair Housing Assistance Program				
Discretionary BA	\$25,620	\$25,500	\$29,500	\$4,000
FTE	25	27	27	0
S&E Cost	\$2,815	\$3,154	\$3,238	\$84
Obligations	\$25,323	\$25,439	\$27,500	\$2,061
Outlays	\$32,465	\$21,857	\$24,287	\$2,430
Other FHEO Programs				
Discretionary BA	\$380	\$500	\$0	(\$500)
FTE	540	547	551	4
S&E Cost	\$61,695	\$66,704	\$68,483	\$1,779
Obligations	\$380	\$500	\$0	(\$500)
Outlays	\$380	\$500	\$0	(\$500)
FHEO TOTAL				
Discretionary BA	\$50,000	\$53,500	\$72,000	\$18,500
FTE	588	597	607	10
S&E Cost	\$67,100	\$72,545	\$75,193	\$2,648
Obligations	\$27,213	\$58,671	\$72,000	\$13,329
Outlays	\$53,997	\$45,928	\$52,481	\$6,553
Total Strategic Goal D				
Discretionary BA	\$50,000	\$54,000	\$72,000	\$18,000
FTE	588	655	671	16
S&E Cost	\$67,100	\$80,327	\$84,024	\$3,697
Obligations	\$27,713	\$59,171	\$72,000	\$12,829
Outlays	\$54,377	\$46,148	\$52,481	\$6,333

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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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
OFFICE OF PUBLIC AND INDIAN HOUSING				
Housing Certificate Fund				
Discretionary BA	(\$28,176)	\$0	\$0	\$0
Obligations	\$0	\$5,877	\$0	(\$5,877)
Outlays	\$0	\$151,774	\$122,000	(\$29,774)
Tenant-Based Rental Assistance				
Discretionary BA	\$1,544,752	\$1,681,700	\$1,783,600	\$101,900
FTE	46	46	43	(3)
S&E Cost	\$5,660	\$6,127	\$5,912	(\$215)
Obligations	\$1,555,812	\$1,628,853	\$1,783,600	\$154,747
Outlays	\$1,574,111	\$1,615,200	\$1,776,400	\$161,200
Project-Based Rental Assistance				
Discretionary BA	\$18,192	\$20,774	\$17,900	(\$2,874)
Obligations	\$18,947	\$16,704	\$17,900	\$1,196
Outlays	\$17,499	\$14,232	\$18,015	\$3,783
Public Housing Operating Fund				
Discretionary BA	\$2,522,536	\$890,000	\$920,000	\$30,000
FTE	330	114	119	5
S&E Cost	\$40,547	\$15,222	\$15,590	\$368
Obligations	\$2,519,858	\$889,758	\$920,000	\$30,242
Outlays	\$2,467,655	\$889,793	\$911,800	\$22,007
PIH TOTAL				
Discretionary BA	\$4,057,304	\$2,592,474	\$2,721,500	\$129,026
FTE	376	160	162	2
S&E Cost	\$46,207	\$21,349	\$21,502	\$153
Obligations	\$4,094,617	\$2,541,192	\$2,721,500	\$180,308
Outlays	\$4,059,265	\$2,670,999	\$2,828,215	\$157,216
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT				
Community Development Block Grants				
Discretionary BA	\$278,125	\$268,940	\$302,382	\$33,442
FTE	23	20	21	1
S&E Cost	\$2,495	\$2,409	\$2,541	\$132
Obligations	\$260,002	\$269,289	\$568,818	\$299,529
Outlays	\$616,150	\$281,879	\$514,157	\$232,278
HOME Investment Partnership Program				
Discretionary BA	\$164,886	\$179,576	\$179,576	\$0
FTE	15	15	15	0
S&E Cost	\$1,693	\$1,768	\$1,861	\$93
Obligations	\$162,434	\$188,068	\$198,272	\$10,204
Outlays	\$193,788	\$188,567	\$288,109	\$99,542

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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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
Homeless Assistance Grants				
Discretionary BA	\$164,974	\$174,408	\$180,879	\$6,471
FTE	29	27	28	1
S&E Cost	\$3,500	\$3,510	\$3,694	\$184
Obligations	\$160,682	\$143,847	\$180,939	\$37,092
Outlays	\$145,257	\$207,927	\$244,236	\$36,309
Project Based Rental Assistance				
Discretionary BA	\$6,493	\$7,156	\$7,156	\$0
FTE	1	1	1	0
S&E Cost	\$138	\$146	\$154	\$8
Obligations	\$6,763	\$5,754	\$7,156	\$1,402
Outlays	\$6,246	\$4,902	\$7,202	\$2,300
CPD TOTAL				
Discretionary BA	\$614,478	\$630,080	\$669,993	\$39,913
FTE	68	63	65	2
S&E Cost	\$7,826	\$7,833	\$8,250	\$417
Obligations	\$589,881	\$606,958	\$955,185	\$348,227
Outlays	\$961,441	\$683,275	\$1,053,704	\$370,429
OFFICE OF HOUSING				
Interstate Land Sales				
FTE	17	18	18	0
S&E Cost	\$2,029	\$2,266	\$2,350	\$84
FHA-GI/SRI				
Discretionary BA	\$14,485	\$7,920	\$956	(\$6,964)
FTE	175	179	183	4
S&E Cost	\$19,876	\$21,403	\$21,931	\$528
Obligations	\$12,182	\$7,649	\$506	(\$7,143)
Outlays	\$11,301	\$1,374	\$6,710	\$5,336
FHA-MMI/CHMI				
Discretionary BA	\$22,390	\$42,340	\$239,480	\$197,140
FTE	267	255	262	7
S&E Cost	\$31,917	\$31,803	\$32,579	\$776
Obligations	\$12,431	\$25,377	\$222,294	\$196,917
Outlays	\$10,864	\$40,203	\$221,384	\$181,181
Project-Based Rental Assistance				
Discretionary BA	\$235,530	\$294,528	\$364,292	\$69,764
FTE	17	17	17	0
S&E Cost	\$1,912	\$2,108	\$2,160	\$52
Obligations	\$224,478	\$236,819	\$364,292	\$127,473
Outlays	\$231,319	\$201,772	\$366,631	\$164,859

HUD FY 2009 Performance and Accountability Report

Section 2: Performance Information

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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
HOUSING TOTAL				
Discretionary BA	\$272,405	\$344,788	\$604,728	\$259,940
FTE	476	469	480	11
S&E Cost	\$55,734	\$57,580	\$59,020	\$1,440
Obligations	\$249,091	\$269,845	\$587,092	\$317,247
Outlays	\$253,484	\$243,349	\$594,725	\$351,376
OFFICE OF POLICY DEVELOPMENT AND RESEARCH				
Research and Technology				
Discretionary BA	\$6,584	\$9,432	\$5,500	(\$3,932)
FTE	39	39	40	1
S&E Cost	\$7,932	\$7,845	\$8,011	\$166
Obligations	\$5,771	\$8,412	\$5,717	(\$2,695)
Outlays	\$7,106	\$7,203	\$7,040	(\$163)
MANAGEMENT AND ADMINISTRATION				
Discretionary BA	\$1,539,000	\$1,661,875	\$1,666,000	\$4,125
Obligations	\$1,561,211	\$1,700,465	\$1,676,124	(\$24,341)
Outlays	\$1,132,214	\$1,908,000	\$1,782,000	(\$126,000)
DEPARTMENTAL EQUAL EMPLOYMENT OPPORTUNITY				
FTE	26	25	26	1
S&E Cost	\$3,268	\$3,613	\$3,780	\$167
DEPARTMENTAL MANAGEMENT				
FTE	80	79	81	2
S&E Cost	\$12,676	\$11,346	\$13,122	\$1,776
CHIEF FINANCIAL OFFICER				
FTE	211	209	213	4
S&E Cost	\$45,698	\$51,684	\$48,607	(\$3,077)
GENERAL COUNSEL				
FTE	661	649	664	15
S&E Cost	\$87,463	\$92,416	\$99,438	\$7,022
ADMINISTRATION AND STAFF SERVICES				
FTE	704	747	712	(35)
S&E Cost	\$267,458	\$285,286	\$283,428	(\$1,858)
FIELD POLICY AND MANAGEMENT				
FTE	94	75	77	2
S&E Cost	\$11,731	\$10,011	\$10,508	\$497
CHIEF PROCUREMENT OFFICER				
FTE	116	110	117	7
S&E Cost	\$14,117	\$14,724	\$15,936	\$1,212
OFFICE OF STRATEGIC PLANNING AND MANAGEMENT				
FTE	NA	NA	4	4
S&E Cost	NA	NA	\$504	\$504

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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
OFFICE OF SUSTAINABILITY				
FTE	NA	NA	4	4
S&E Cost	NA	NA	\$480	\$480
WORKING CAPITAL FUND				
FTE	280	285	290	\$5
S&E Cost	\$37,800	\$36,199	\$40,043	\$3,844
Total Strategic Goal E				
Discretionary BA	\$6,489,771	\$5,238,649	\$5,667,721	\$429,072
FTE	3,131	2,910	2,927	17
S&E Cost	\$597,910	\$599,886	\$612,629	\$12,743
Obligations	\$6,500,571	\$5,126,872	\$5,945,618	\$818,746
Outlays	\$6,413,510	\$5,512,826	\$4,483,684	(\$1,029,142)
OFFICE OF INSPECTOR GENERAL				
FTE	650	650	650	0
S&E Cost	\$116,000	\$120,000	\$120,000	\$0

Offices of Strategic Planning and Management and Sustainability are new FY 2010 initiatives.

Offices in general do not have program funding and reflect S&E and FTEs only.

**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.

	2008 Approp.	2009 Approp.	2010 Request	2009 vs. 2010
FIELD POLICY AND MANAGEMENT				
FTE	70	56	57	1
S&E Cost	\$8,798	\$7,508	\$7,881	\$373
CENTER FOR FAITH-BASED AND COMMUNITY INITIATIVES				
FTE	10	8	9	1
S&E Cost	\$1,870	\$2,190	\$2,243	\$53
Total Strategic Goal F				
FTE	80	64	66	2
S&E Cost	\$10,668	\$9,698	\$10,124	\$426

Program Evaluations and Research

Program Evaluations and Research Informing Strategic Goal A

Rates of Foreclosure in HOME and ADDI Programs

In response to a request made by the 2006 U.S. Senate Report on the Transportation, Treasury and HUD Appropriations Bill, this independent evaluation examined the foreclosure rates of program participants in the American Dream Downpayment Initiative, established in 2003, and the HOME Investment Partnerships program, established in 1990. Both programs help low-income families secure downpayments for the purchase of new homes. Mortgage performance data was collected regarding 6,000 low-income homebuyers from participating jurisdictions for a statistically significant sample of the population of program participants.

The report found that there was no statistically significant correlation between high foreclosure rates and participation in HOME and American Dream Downpayment Initiative programs. For five years, foreclosure rates of HOME/American Dream Downpayment Initiative mortgages averaged 1.2 percentage points lower than comparable FHA loans during 2001-2005. Thus, the reports conclude that the programs were “successful at managing risk and sustaining homeownership for eligible families.” The evaluation found that participating jurisdictions that experienced declining house values and higher shares of high cost loans had higher foreclosure rates. Jurisdictions that use credit scores to determine eligibility experienced lower foreclosure rates.

Conforming Loan Limits – Policy Brief

This policy brief summarizes the temporary and permanent increases of the Conforming Loan Limit which occurred on February 13, 2008 and July 30, 2008, respectively. The Conforming Loan Limit determines the maximum principal balance of a mortgage that qualifies as a more affordable “conforming” loan, which can be securitized by two government-sponsored enterprises, Fannie Mae and Freddie Mac. Loans above the Conforming Loan Limit are considered “jumbo” loans and cannot be securitized by these entities. The policy of raising the Conforming Loan Limit is intended to increase the availability of credit for higher-priced homes by means of classifying the lower tier jumbo loans as “conforming,” thus allowing the government to securitize them. The brief evaluates the short term effects these changes have had on borrowing costs for “jumbo” loans. The study finds that in the short term, raising the Conforming Loan Limit has lowered borrowing costs for jumbo loans. However, the study can only conjecture about the long term pros and cons of raising the conforming loan limit, and call for future evaluations when more data become available.

The Impact of Mortgage Disclosure Reform under RESPA

HUD’s final rule on the Real Estate Settlement Procedures Act (RESPA) is aimed at reducing closing costs for homebuyers by mandating a new document prior to closing called the “Good

Faith Estimate.” This document is a one-page summary of mortgage costs and terms, which HUD hopes will eliminate barriers to information for borrowers in the mortgage loan and settlement process. This regulatory impact analysis concludes that the new rule under RESPA will accrue one-time costs to the mortgage industry totaling \$571 million and annual compliance costs of \$405 million to \$693 million.

After evaluating the benefits of this program, the report projects that consumers will save \$8.35 billion annually. These savings are considered a transfer from higher-than-market equilibrium prices of mortgage transactions to the better informed consumer. The program is also expected to accrue non-monetary benefits related to economic efficiencies.

The Impact of the HOPE for Homeowners Program Rule

This regulatory impact analysis evaluates the costs and benefits of the temporary HOPE for Homeowners Program established by the Housing and Economic Recovery Act (HERA) of 2008. The purpose of HOPE for Homeowners (effective from October 1, 2008 to September 30, 2011) is to help homeowners with troubled mortgages avoid foreclosures by allowing them to “refinance into FHA-insured mortgages.” In general, this analysis concludes that the program will yield a net benefit of \$62 million to \$355 million under the current rate of 10,000 program participants. The study also finds that the program benefits can be ten times higher if participation reaches its full potential of 100,000. These net benefits will go towards paying down the national debt.

The analysis predicts that the overall cost accrued to the taxpayers can be up to \$300 billion, which takes the form of a subsidy “paid to the FHA to cover the cost of the credit guarantee not covered by program revenue.” Program benefits are found to result from avoiding foreclosures that would occur without program participation. The benefits will outweigh the costs only if the program foreclosure rate remains below 34 percent. If the participant foreclosure rate rises above 34 percent, the program will not generate net benefits to society.

Interim Report to Congress on the Root Causes of the Foreclosure Crisis

Mandated by Section 1517 of the Housing and Economic Recovery Act (HERA) of 2008, this PD&R Report to Congress comprehensively analyzes the different factors that contributed to the current foreclosure crisis and provides suggestions on policy improvements for moving forward. The authors evaluate claims that specific HUD and other federal policies may have contributed to the crisis. They find it unlikely that Government Sponsored Enterprise purchases of subprime securitizations played a significant role in the crisis, since the majority of these securities were purchased before the popular surge in subprime lending. Citing independent empirical studies, the authors also find it unlikely that the Community Reinvestment Act played a role in the rise of risky lending. The study indicates that the federal government’s largest contributing factor to the crisis is not current housing policies, but rather the lack of sufficient regulatory tools that govern the financial mortgage industry. The largest factors contributing to the crisis were market driven, including the slowdown in house price growth, increase of subprime mortgage lending, popular

private-market securitization of loans, predatory lending practices, and soft underwriting standards.

The study also evaluates the effectiveness of current policy responses to the crisis. The most successful policy has been the Hope Now Alliance, which is a foreclosure and mortgage counseling program established in 2007 and twice subsequently appropriated by the Congress. From July 2007 through December 2008, this program has assisted in 3.2 million loan workouts. However, other programs such as the FHA Secure program, HOPE for Homeowners, and the Homeowner Affordability and Stability Plan have not produced substantial results in either reducing principal balances or interest payments for troubled homeowners. The report cites that 37 percent of modified mortgages were 60 days late on payments, and the vast majority of modifications have not reduced monthly payments for homeowners.

Program Evaluations and Research Informing Strategic Goal B

Updating the Low-Income Tax Credit (LIHTC) Database: Projects Placed in Service Through 2006

Expanding on previous data collection and analyses, this report evaluates the outcomes of the Low Income Housing Tax Credit (LIHTC) program, specifically from 2003 to 2006. The paper reports on data collected through a national database of LIHTC properties, which was established in 2000. In addition to the regular reporting indicators, this report specifically highlights two new survey instruments that HUD implemented in 2003. The first instrument determines how much funding new LIHTC properties were receiving from other HUD programs like the HOME, CDBG, HOPE VI, and FHA multifamily loan insurance programs. The second instrument evaluates how well the LIHTC program targets “specific tenant groups such as families, elderly persons, persons with disabilities, or the formerly homeless.” The report finds that during the 2003-2006 period, 58.8 percent of new LIHTC projects also used some other form of federally subsidized financing. Also, the new survey instruments find that 54.5 percent of the LIHTC projects were targeted towards families, 27.5 percent were targeted to the elderly, 12.5 percent to the disabled, 4.5 percent to the homeless, and 6.3 percent to other populations.

American Housing Survey Components of Inventory Change (CINCH): 2005 - 2007

American Housing Survey Rental Market Dynamics: 2005 - 2007

Every two years, PD&R publishes two independent studies of the American Housing Survey, which is a database of the nation’s housing financed by HUD and administered by the Census Bureau. The results of the Component of Inventory Change (CINCH) helps HUD evaluate the changes in the nation’s housing stock, including new construction, losses, and the householder that are serviced by these units. This report finds that the nation’s housing stock grew by 3 percent from 2005-2007.

The Rental Market Dynamic report focuses in on the nation's rental housing market and helps HUD evaluate the ongoing rental affordability crisis. This report finds that the amount of rental units that are considered affordable to families with incomes at or below 60 percent of the local area median income declined by 1.526 million units from 2005-2007. Meanwhile, units considered affordable to households with incomes exceeding 80 percent of area median income increased by 1.248 million units during the same period. These changes in the supply of affordable housing directly affect changes in worst case housing needs, tracked by HUD performance indicators, as well as the success rate of voucher recipients.

Implementing HUD's Energy Strategy

This publication is the second progress report on HUD's ongoing strategy to reduce its energy consumption, as required by Section 154 of the Energy Policy Act of 2005, and addressing a key component of physical quality and cost effectiveness of HUD-supported housing. Building on the 25 key actions to reduce energy consumption identified in the 2006 report, HUD estimates \$33 million in energy savings in 2007 in just four program areas: the Community Development Block Grant program, the HOME Investment Partnerships program, energy performance contracting in public housing, and the FHA-insured Energy Efficiency Mortgage program. Because of the size and diversity of HUD's inventory of over 4.7 million units of assisted and public housing, the Department lacks a systematic method of estimating total energy savings. However, the report describes that HUD's Energy Task Force developed a new benchmarking system that would track energy costs and savings in many of its public and assisted housing programs when implemented.

Program Evaluations and Research Informing Strategic Goal C

Minority-Serving Institutions of Higher Education

This report evaluates the accomplishments of four grant programs administered by HUD's Office of University Partnerships to minority serving institutions: the Historically Black Colleges and Universities program, the Hispanic-Serving Institutions Assisting Communities program, the Tribal Colleges and Universities Program, and the Alaska Native/Native Hawaiian Institutions Assisting Communities program. The case studies show that grant recipients successfully met the requirement of satisfying at least one objective of the Community Development Block Grant, and shed light on the contributions of minority-serving institutions to their communities.

Historically Black Colleges and Universities: Three Case Studies in Community Development

This independent study uses a qualitative case study method to evaluate HUD's Historically Black Colleges and Universities (HBCUs) grant program, which is intended to promote development of the communities surrounding participating institutions. Using interviews, site visits, and file reviews, the study examines three universities that received HBCU grants from 1999 to 2005 and analyzes the effectiveness of their implementation strategies. Overall, the case

studies reveal that there are multiple methods of effectively executing community development programs with the HBCU grant, as well as various means of measuring their success. The report identified seven key factors that future HBCU grant recipients should consider when implementing their programs. The main challenges facing the HBCU program include securing funding, combating inexperience, and maintaining sufficient organizational capacity.

Program Evaluations and Research Informing Strategic Goal D

The State of the Housing Counseling Industry Study

This independent study evaluates the characteristics of the nation's housing counseling agencies that HUD either approves and/or funds through various programs such as Housing Counseling program, the Community Development Block Grant program, and the HOME program. Through interviews, surveys, analysis of HUD data, and extraction of data from grant applications, the report catalogs the wide variety of agency services, describes the demographics and characteristics of counselors and their clients, analyzes agencies' finances, reports on common client outcomes, investigates the major challenges to the industry, and suggests ways that HUD can overcome these challenges.

The report finds that there exists a tremendous variation in the size, operation, and focus of the counseling services. There is a paucity of data needed to efficiently evaluate the effectiveness of these programs. Key findings from the numerous conclusions drawn from existing data are these:

- ✦ HUD funds at least one quarter of the nation's housing counseling agencies through various grants and programs.
- ✦ HUD-approved agencies constitute most of the counseling services that exist today. Many agencies are underfunded and struggle to amass sufficient funding through federal, state, and local grants as well as private donations.
- ✦ There is a real need for the development of industry standards.

Program Evaluations and Research Informing Strategic Goal E

Quality Control for Rental Assistance Subsidy Determinations

This independent study reflects HUD's ongoing effort to minimize errors in determining the accurate rental assistance subsidy for HUD's entire current rental housing assistance outlays. The study shows that HUD has exceeded its performance goal of "reducing the 2000 benchmark rental housing assistance error levels by 50 percent." This reduction occurred from FY 2000 to FY 2004, and the dollar amount of errors has been on a steady, albeit slower, rate of decline ever since. The report based on the independent study recommends various actions (some of which are currently being implemented) that HUD can employ to further reduce the error rate. These include, but are not limited to, simplifying the regulatory framework of HUD programs, collecting detailed information about housing provider practices of calculating tenant rents,

expanding contractor access to federal databases to improve independent verification of tenant income and expenses, and improving computer-based data collection technologies.

Streamlining the American Housing Survey

This independent study evaluates the usefulness of various indicators within the Housing Vacancy Survey, a key component of the nation's housing data infrastructure that is financed by HUD and administered by the Census Bureau. The report suggests eliminating the "X" and "testing" variables, improving the mortgage and assisted housing variables, and further investigating the usefulness of the variables dealing with utilities. By eliminating and expanding these variables, the report expects improvements in future evaluations and implementation of HUD services.

Multifamily Property Managers' Satisfaction with Service Coordination

This PD&R evaluation investigates customer satisfaction with the HUD Service Coordination Program, which was established in 1990 to connect "low-income elderly and nonelderly people with disabilities living in HUD assisted housing with necessary services." Researchers administered an extensive survey to managers of HUD-assisted properties across the nation and found that the program is highly popular and successful. Among properties with HUD-funded service coordinators, 94.7 percent of property managers believed that service coordination improves residents' quality of life. In comparison, among properties with non-HUD-funded service coordinators, 89.7 percent of managers agreed.

The authors also find that at least half of property owners include the service provider costs in their operating budget, as preferred by HUD. Additionally, properties with service coordination have higher occupancy rates than those without coordination and tend to serve a higher proportion of elderly residents than those without HUD-funded coordination.

HUD FY 2009 Performance and Accountability Report
Section 2: Performance Information

Goal A: Increase Homeownership Opportunities

PERFORMANCE REPORT CARD – GOAL A							
Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	Notes
Cross-Departmental							
A.1 HUD's major programs will promote affordable homeownership opportunities for individuals and families. The Office of Community Planning and Development will promote affordable housing opportunities to 156,488 low- and moderate-income households by providing homeownership assistance. The Office of Public and Indian Housing will assist 8,917 families by building, acquiring, or rehabilitating homeownership units or assisting their families in their purchase.	213,477	172,842	169,452	143,786	156,488	✗	a
	10,733	11,349	9,952	11,604	8,917	✓	
A.2 Improve national homeownership opportunities in support of first-time homebuyers.	69.00%	68.20%	67.90%	67.60%	N/A	Track	b
The share of all homebuyers who are first-time homebuyers.	N/A	34.80%	N/A	N/A	N/A	Track	c, d
A.3 The homeownership rate among targeted households.							
Homeownership among minority households.	51.70%	51.00%	51.00%	49.90%	N/A	Track	b
Households with income less than median family income.	53.00%	53.00%	52.00%	51.70%	N/A	Track	b
Homeownership among central city households.	54.60%	53.50%	53.60%	52.90%	N/A	Track	b
A.4 Add 5.5 million minority homeowners between 2002 and 2010.	3.48	3.19	4.99	N/A	N/A	Track	b, e
The gap in homeownership rates of minority and non-minority households.	24.60%	24.30%	24.10%	25.10%	N/A	Track	b
FHA/Housing							
A.5 The number of FHA single family mortgage endorsements nationwide.	502	532	1,200	1,947	N/A	Track	f
A.6 The share of first-time homebuyers among FHA home purchase endorsements is 73 percent.	79.30%	79.50%	77.90%	79.00%	73.00%	✓	
A.7 The share of first-time minority homebuyers among FHA first-time home purchase endorsements is 33 percent.	31.70%	33.00%	31.20%	32.00%	33.00%	✗	
A.8 At least 30 percent of clients receiving pre-purchase counseling will purchase a home or become mortgage-ready within 90 days.	42.70%	50.90%	45.50%	42.20%	30.00%	✓	
A.9 Minority clients are at least 45 percent of total clients receiving housing counseling in FY 2009.	47.30%	46.10%	45.70%	45.40%	45.00%	✓	
A.10 More than 80 percent of total mortgagors that complete counseling for resolving or preventing mortgage delinquency will successfully avoid foreclosure.	92.50%	96.50%	96.60%	96.80%	80.00%	✓	
A.11 The share of FHA-insurable real estate owned properties that are sold to owner-occupants is 90 percent.	89.90%	92.50%	50.10%	98.47%	90.00%	✓	g

Performance Information
Goal A: Increase Homeownership Opportunities

PERFORMANCE REPORT CARD – GOAL A								
Performance Indicator		2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	Notes
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	55.10%	56.90%	N/A	N/A	N/A	N/A	h
	Freddie Mac	54.00%	55.90%	N/A	N/A	N/A	N/A	h
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	26.30%	27.80%	N/A	N/A	N/A	N/A	h
	Freddie Mac	24.30%	26.40%	N/A	N/A	N/A	N/A	h
A.14	Respond to 3,000 inquiries and complaints from consumers and industry regarding the Real Estate Settlement Procedures Act and the homebuying and mortgage loan process.	1,355	6,622	5,578	6,658	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.	95.00%	96.80%	97.30%	97.46%	85.00%	✓	
A.16	Loss mitigation claims are 55 percent of the total claims on FHA-insured single family mortgages.	61.00%	64.90%	64.50%	66.20%	55.00%	✓	
Ginnie Mae								
A.17	Ginnie Mae securitizes at least 94 percent of eligible single family, fixed-rate FHA loans.	91.40%	93.00%	96.90%	99.10%	94.00%	✓	
A.18	Ginnie Mae securitizes at least 85 percent of Veterans Affairs single family, fixed-rate loans.	N/A	92.00%	91.60%	97.20%	85.00%	✓	
A.19	At least 20 percent of all Ginnie Mae single family pools issued are Targeted Lending Initiative Pools.	26.30%	26.00%	27.80%	26.00%	20.00%	✓	

N/A: not available

a - due to timing of data collection issues, HUD is using estimates

b - third quarter of the calendar year (last quarter of fiscal year; not the entire fiscal year)

c - calendar year beginning during the fiscal year shown

d - 2009 data not available until early 2010

e - number reported in millions

f - number reported in thousands

g - 2008 data uses a different method for calculation

h - HUD no longer tracks this indicator

Cross Departmental

A.1: HUD's major programs will promote affordable homeownership opportunities for individuals and families.

Public Benefit and Program Accomplishments

Public Benefit: Suitable homeownership historically has been a long-term potential source of wealth creation for millions of American families, stabilizing neighborhoods and stimulating economic growth. This indicator measures the contributions of a variety of HUD housing, loan guarantee, and community development programs in providing homeownership opportunities, particularly for populations with more limited incomes and other special characteristics. The Federal Housing Administration's (FHA) single family mortgage insurance program provides the largest contribution, while other program help ensure that low- and moderate-income households have access to both housing rehabilitation assistance – which, in many situations allows households to remain in their homes - and methods to assist with obtaining homeownership, such as down payment assistance. 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	2009 Actual	2009 Target
TOTAL FHA Single Family¹	280,188	248,953	224,084	492,369	667,098	N/A
CDBG (homeownership assistance)	7,530	7,628	6,919	4,521	2,441	3,290
CDBG (owner-occupied rehabilitation)	124,544	131,508	117,830	121,158	103,926	117,553
HOME (new homebuyer assistance) ²	23,413	46,556	28,891	26,790	23,711	23,730
HOME (existing-homeowner rehabilitation) ²	14,832	16,821	11,221	10,847	9,737	8,415
ADDI (American Dream Downpayment Initiative)	8,894	9,096	6,094	4,209	2,162	2,000
SHOP (homeowners assistance)	<u>2,277</u>	<u>1,868</u>	<u>1,887</u>	<u>1,927</u>	<u>1,809</u>	<u>1,500</u>
TOTAL Community Planning and Development	181,490	213,477	172,842	169,452	143,786	156,488
Indian Housing Block Grant (homeownership assistance and owner-occupied rehabilitation)	7,648 ³	6,445 ³	5,202 ³	4,830	5,936	4,415
Native Hawaiian Housing Block Grant (homeownership assistance and owner-occupied rehabilitation)	72	23	65	95	49	65
HOPE VI	1,284	718	1,841	2,234	928	720
Section 184 home loan guarantees	634	1,139	1,340	1,576	2,401	1,700
Section 184A home loan guarantees	10	1	0	17	16	17
Homeownership Vouchers	<u>3,069</u>	<u>2,407</u>	<u>2,901</u>	<u>1,200</u>	<u>2,274</u>	<u>2,000</u>
TOTAL Public and Indian Housing	<u>12,717</u>	<u>10,733</u>	<u>11,349</u>	<u>9,952</u>	<u>11,604</u>	<u>8,917</u>
TOTAL	474,395	473,163	408,275	671,773	822,488	165,405⁴

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 without a numerical goal.

Results and Analysis: In FY 2009, HUD programs supported approximately 822,488 homeownership opportunities, including FHA and non-FHA programs, a significant increase from the 671,773 homeowners assisted in FY 2008. No target was established as FHA results are very significantly impacted by the economy.

In addition to FHA's contribution of 667,098 homeowners, the Offices of Community Planning and Development (CPD) and Public and Indian Housing (PIH) results are as follows:

CPD: Reported results of 143,786 indicate that CPD did not meet its overall goal to promote affordable housing opportunities to 156,488 low- and moderate-income households by providing homeownership assistance and housing rehabilitation assistance from the Community Development Block Grant (CDBG), HOME Investment Partnerships, and Self-help Homeownership Opportunity program.

With respect to individual program contributions, CPD experienced mixed results.

- The overall CDBG target of 120,843 (3,290 of homeownership assistance and 117,553 of owner-occupied rehabilitation) was not met. CDBG achieved an estimated 106,367 assisted household, of which 2,441 households received homeownership assistance and 103,926 units of owner-occupied rehabilitation were completed.
- The HOME Investment Partnerships program exceeded its FY 2009 target of 34,145 (23,730 of new homebuyer assistance, 2,000 ADDI, and 8,415 existing-homeowner rehabilitation). The program achieved 35,610 (23,711 new homebuyer assistance, 2,162 ADDI, and 9,737 existing-homeowner rehabilitation).
- For the year ended June 30, 2009, the Self-help Homeownership Opportunity Program provided homeowner's assistance to 1,809 households, surpassing the program goal of 1,500 units by 309, or 20.6 percent.

PIH: In FY 2009, PIH programs provided homeownership opportunities to 11,604 households exceeding the collective goal of 8,917 by more than 30 percent.

- The Indian and Native Hawaiian Housing Block Grant programs helped 5,985 households (which exceeded the goal by 34 percent), 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 928 households which exceeded the goal of 720 households by 29 percent.
- The Indian and Native Hawaiian home loan guarantee programs (Sections 184 and 184A) helped 2,417 households. The loan guarantee program provides up to a 100 percent guarantee of mortgages in Indian Country or the Hawaiian Home Lands where there is an

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acute lack of affordable homeownership opportunities. The performance for FY 2009 exceeded the goal by 41 percent.

Supplemental Performance and Resources Information.

CPD: 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 overall goal, which combines owner-occupied rehabilitation and homeownership assistance, was met. Although the dollars allocated by grantees to this activity were reduced, less substantial rehabilitation activities were undertaken which assisted the CDBG program in meeting the owner-occupied housing rehabilitation goal. The shortfall occurred in the homeownership assistance sub-category. The market conditions evident in most of 2009 resulted in fewer persons purchasing homes and having access to credit, thus the need for homeownership assistance was reduced. In addition, the CDBG program is still working with grantees in efforts to improve data quality. In FY 2010, HUD will be undertaking an extensive training effort on use of the revised IDIS to ensure that grantees properly account for all CDBG accomplishments.

- ✦ The HOME Investment Partnerships Program was appropriated \$1.825 billion in FY 2009, a seven percent increase from \$1.704 billion in FY 2008. The HOME program exceeded its overall homeownership assistance goal in FY 2009. The goal was lowered for FY 2009 due to the elimination of the American Dream Downpayment Initiative Program, and the estimated total fell below the FY 2008 result. This is due in part to inflation in construction and material costs and the tightening of credit availability. The HOME per-unit cost of assistance increased 2.7 percent in FY 2009 from FY 2008.
- ✦ The American Dream Downpayment Initiative Program was not funded in FY 2009, however, from FY 2003 through FY 2008 it was a part of the HOME Investment Partnership program and its budget was a part of that appropriation. Since the program was eliminated in FY 2009, this program was limited to utilizing prior year unexpended funds, and assisted 2,162 new homebuyers, exceeding its goal by 162 homebuyers.
- ✦ The Self-help Homeownership Opportunity Program was appropriated \$26.5 million in FY 2009, equal to the appropriation in FY 2008. Consequently the FY 2009 assistance goal is maintained at 1,500 households. The 30 percent program funding increase 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 FY 2009.

PIH: Manages the following programs in support of providing homeownership opportunities: the Indian Housing Block Grant, HOPE VI 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.
- Homeownership Vouchers is an eligible public housing activity in designed to provide homeownership opportunities for tenants.

Data Discussion. CPD: CDBG and HOME values in this table are based on accomplishments reported by grantees in the Integrated Disbursement and Information System (IDIS). The Department has estimated the number of owner-occupied rehabilitation units assisted in FY 2009 based upon expenditures for such activities divided by the FY 2008 efficiency measure for CDBG single family rehabilitation. This approach is necessitated by data concerns arising from the recent platform conversion of the Department's Integrated Disbursement and Information System.

- 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.
- CPD has pursued a variety of enhancements to the Integrated Disbursement and Information, and is working with grantees in efforts to improve data quality. CPD staff also verifies data when monitoring grantees. In FY 2010, HUD will be undertaking an extensive training effort on use of the revised IDIS to ensure that grantees properly account for all accomplishments.

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 Offices 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, 2008, through June 30, 2009.
- 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.

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- ✦ 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.

Program Website.

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

PIH: <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>

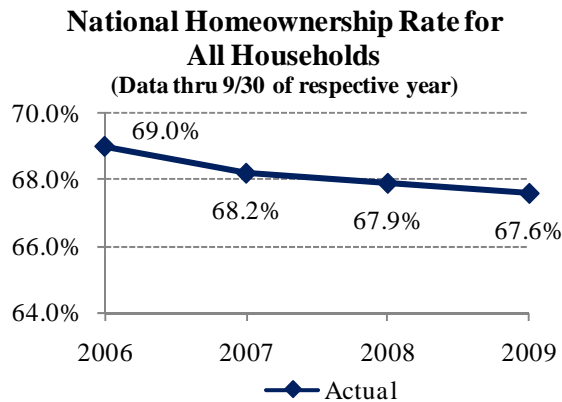
A.2: Improve national homeownership opportunities in support of first-time homebuyers.

Public Benefit and Program Accomplishments

Public Benefit: Providing expanded and strengthened opportunities for homeownership to Americans is a key component of HUD's mission. Two key indicators of national progress toward homeownership are the overall homeownership rate and the proportion of homebuyers who are first-time purchasers. The homeownership opportunities created by HUD help create stronger neighborhoods, provide better opportunities for child development, and encourage good citizenship. A significant number of HUD's programs support increases in the homeownership rate. For a number of years, HUD has placed emphasis on expanding homeownership in particular for minority families and other disadvantaged groups with large unmet needs. These two indicators were consolidated under a single heading as noted in the FY 2009 Annual Performance Plan.

HUD does not establish performance targets for these tracking indicators because of the Department's limited span of control relative to economic factors.

Results and Analysis: The national homeownership rate for all households in the third quarter of calendar year 2009 was 67.6 percent, not significantly different from 67.9 percent in the third quarter of 2008. The number of homeowners increased to 75.3 million in the third quarter of 2009, up 0.2 percent from the third quarter of 2008. It is probable that the homeownership rate will decrease in the future. Mortgage defaults increased during FY 2009



due to declines of property value and resetting of many adjustable rate mortgages to higher interest rates. HUD estimates that 2.0 million homes have been lost to foreclosure since the mortgage crisis began in early 2007 through the third quarter of 2009, producing a net reduction of 536,000 homeowners over this period.

The first-time homebuyer indicator relies on biennial survey data, and the latest results for calendar year 2009 will not be available for

several months. 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 buyers who reported during 2005. Despite the decline among 2006 purchasers, partial data indicate that the first-time homebuyers may have constituted a higher proportion of purchasers during early 2007. Even if verified, it is not clear that this would have been a positive trend, because the subprime lending activity that was common during that period may have contributed more to default rates than to sustainable homeownership.

Supplemental Performance and Resources Information. 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.

HUD programs continue to play an important role in mitigating the difficulties of purchasing a first home. FHA insured over 1,947,000 single family mortgages in FY 2009, of which 78.5 percent were to first-time homebuyers. FHA's mortgage refinance activity also played a critical role in sustaining homeownership among distressed mortgagors during FY 2009. More than 500,000 families were assisted through forbearance, partial claim, loan modification, pre foreclosure sale, and deed-in-lieu of foreclosure among others. The FHA insurance programs are measured in terms of insurance in force rather than program budget authority. In FY 2009, the Mutual Mortgage Insurance Fund endorsed approximately \$360 billion of mortgages.

At the center of the Administration's response to the housing crisis is the Making Home Affordable Program, a comprehensive program to stabilize the housing markets by providing affordable refinance and modification opportunities for at-risk borrowers. The initiative includes: The Home Affordable Modification Program (HAMP) which is providing up to \$75 billion to encourage modifications that will provide sustainable, affordable mortgage payments for borrowers; and the Home Affordable Refinance Program (HARP) which expands access to refinancing for families whose homes have lost value and whose mortgage payments can be reduced at today's low interest rates.

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. 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 AHS estimates and found the data generally reliable.

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

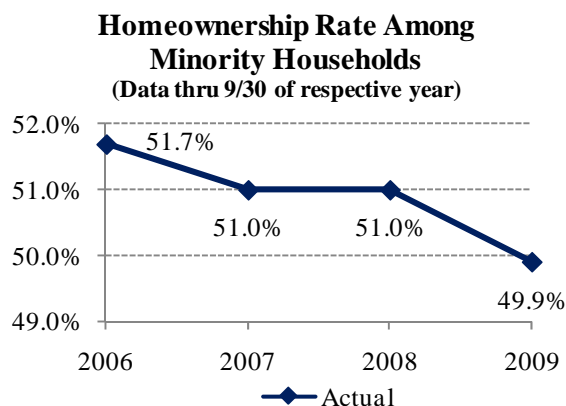
A.3: The homeownership rate among targeted households.

Public Benefit and Program Accomplishments

Public Benefit: Expanding the benefits of homeownership to households who may have greater disadvantages can produce many spillover benefits related to wealth, health, and investments in housing, neighborhoods, and schools. Three tracking indicators help HUD assess progress in promoting homeownership among underserved populations. These are the homeownership rates of racial and ethnic minority households, of households with incomes below the area median income, and of households in central cities. FY 2009 targets were not established for these indicators because of the current dominant impact of the macro-economy.

Promoting homeownership has long been a national goal, such as the strengthening of home financing when Congress established the Federal Home Loan Bank and the Home Owner's Loan

Corporation in the 1930s. Recently, HUD has been engaged in a Minority Homeownership Initiative, which established a goal to add 5.5 million minority homeowners by the end of the decade.

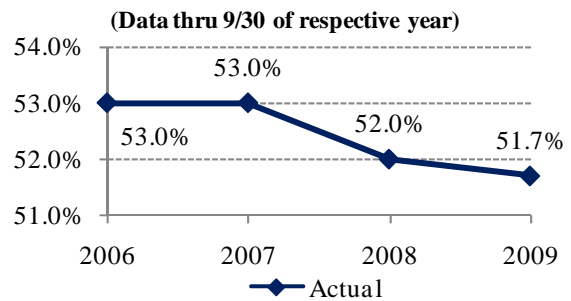


Results and Analysis: The homeownership rate for all minorities combined was 49.9 percent in the third quarter of 2009, a significant decrease from 51.0 percent in the third quarter of 2008. There were 16.5 million minority homeowners in the third quarter of

2009, an increase of 0.2 percent from a year earlier. HUD estimates that since the beginning of the mortgage crisis in early 2007 through the third quarter of 2009, the number of minority homeowners has declined by 486,000.

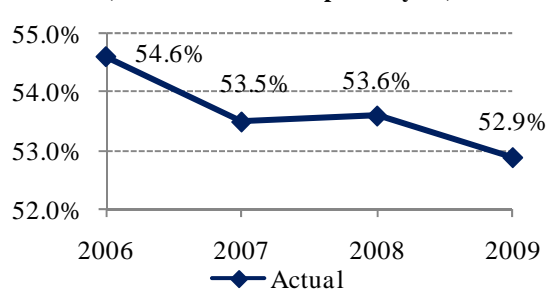
Another indicator tracking homeownership among HUD's target populations is for households with incomes below the national median income. Homeownership among these households had declined to 51.7 percent in the third quarter of 2009, compared with 52.0 percent in the third quarter of 2008.

Homeownership Rate Among Households with Income less than Median



The homeownership rate in central cities was 52.9 percent in the third quarter of 2009, down from 53.6 percent in the third quarter of 2008. Central city households thus represent the homeownership target group that has suffered most from the mortgage crisis.

Homeownership Rate Among Central City Households



Supplemental Performance and Resources

Information. Declines in homeownership rates during FY 2009 reflect increases in financial stress of homeowners, as 90-day delinquency rates increased during every quarter of 2008 and reached 3.58 percent in the first quarter of FY 2009. Homeownership rates had previously increased 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 32 percent of FHA-insured first-time homebuyers in FY 2009 and FHA had 667,098 first time homeowner insured mortgages. 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 HOME, each have a sizable homeownership component. The HOME program, for example, assisted over 33,000 homeowners during FY 2009. During FY 2009, sustaining homeownership among distressed homeowners continued to be a major priority for the Department. HUD's housing counseling program has protected thousands of households by warning them of predatory lending and lax underwriting practices, and helped homeowners sustain their tenure by meeting the ongoing responsibilities of homeownership.

Data Discussion. 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

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statistically significant with 90 percent confidence when they exceed 1.2 percentage points for minority homeownership and 0.9 points for households with incomes below the 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.

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

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

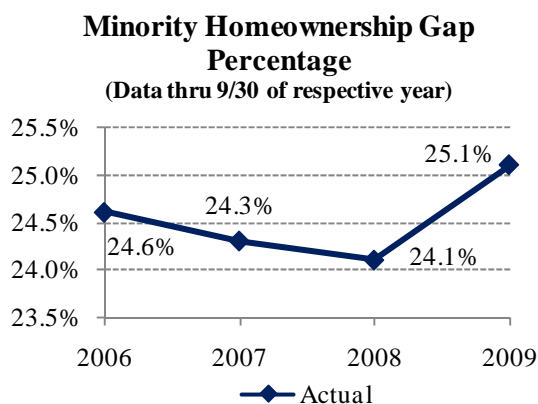
Public Benefit and Program Accomplishments

Public Benefit: This indicator addresses the previous Administration's goal 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). The presidential priority addressed the Department's long-term strategic objectives of expanding 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.

The long-term performance goal is supported by two additional 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 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.

Results and Analysis: Between the beginning of the minority homeownership initiative in June 2002 and the third quarter of 2009, an estimated 5.237 million minority homeowners have been added. This result represents 95.2 percent of the goal of 5.5 million, while

85.3 percent of the time has elapsed. This is a gross measure that is not influenced by households that leave homeownership each year as part of the typical course of life, or more recently, from financial distress. Declining home values and a reduced supply of mortgage capital held back progress toward the goal in FY 2009. Losses of minority homeowners during the first two quarters contributed to a net loss of 226,000 minority homeowners during the fiscal year. Using a net measure that captures both gains and



losses, 3.399 million minority homeowners have been added during the initiative, equaling 61.8 percent of the goal.

During the third quarter of calendar year 2009, the minority homeownership gap was 25.1 percentage points, a statistically insignificant increase from the 24.1 point gap observed in the third quarter of 2008. The minority homeownership rate of 49.9 percent decreased by 1.1 percentage points over a 12-month period.

The most recent data for mortgage denial rates cover calendar year 2008, and therefore overlap only with the first quarter of FY 2009. The data in the table below show that the rate at which mortgage applications were denied to minorities declined from 24.1 percent in 2007 to 21.6 percent in 2008. The denial rate for all minorities remains substantially above the 11.3 percent rate for white alone households. During 2008, minority mortgage applicants experienced denial rates ranging from 15.8 percent to 24.3 percent. All minority groups except “Asian alone” experienced significant improvements in mortgage denials.

Denial Rates* for Mortgage Applications by Race and Ethnicity				
Race/Ethnicity of Primary Borrower	2005	2006	2007	2008
Hispanic/Latino	18.0%	21.9%	24.9%	22.9%
Native American/Alaska Native alone	16.9%	19.3%	19.5%	18.5%
Asian alone	13.7%	14.7%	14.7%	15.8%
Black/African American alone	21.4%	25.3%	27.5%	24.3%
Native Hawaiian/Pacific Islander alone	15.2%	18.4%	20.5%	18.5%
White alone	10.5%	11.2%	11.1%	11.3%
Two or more races	14.7%	14.7%	17.8%	17.9%
Other/Unknown/Missing	16.9%	18.2%	18.3%	16.7%
Total	13.8%	15.9%	15.9%	14.7%
All minority**	18.4%	22.0%	24.1%	21.6%
Total Applications (1,000)***	7,453	7,242	4,939	3,398

* Excludes denials at the preapproval stage.

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

*** As reported by lenders under the Home Mortgage Disclosure Act.

Supplemental Performance and Resources Information. The volume of mortgage applications was 3.4 million in 2008, down 31 percent from the 2007 volume, and down over half, 53 percent, from 2006 levels. As a result, the improved rate of success does not translate to a larger number of approved mortgages. Rather, the number of successful mortgage applications declined by 30 percent from 2007 to 2008, led by reductions of 44 percent for black alone and by 41 percent for Hispanic households. FHA played a critical backup role as the private mortgage sector shrank rapidly during the 2007 - 2008 period. FHA’s home purchase mortgage insurance business represented 23.1 percent of single family mortgage dollar volume in the first three quarter of FY 2009, up from 3.9 percent in 2007. Including refinanced homes, FHA assisted nearly 1.95 million household in FY 2009.

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Changes in macro-economic conditions as well as turmoil in the sub-prime mortgage market have made homeownership less affordable and stable for new purchasers and have forced 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.

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 American Housing Survey data with updates from Current Population Survey.

The denial rate indicator uses Home Mortgage Disclosure Act data, which are collected from lenders on a calendar year basis. Data for calendar year 2009 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 16.7 percent denial rate shown for borrowers with missing race or ethnicity data suggests that such borrowers disproportionately are minority households.

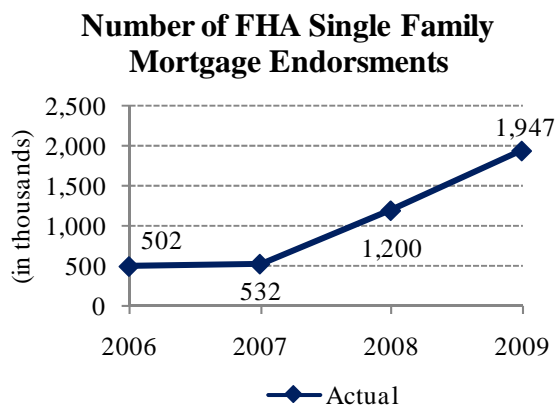
Program Website. <http://www.huduser.org/periodicals/ushmc.html>

FHA/Housing

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

Public Benefit and Program Accomplishments

Public Benefit: This item tracks FHA's contribution to homeownership preservation, as well as increasing homeownership rates through the annual volume of FHA-insured loans endorsed. FHA insures mortgages issued by private lenders, which increases access to mortgage capital, overall homeownership preservation and opportunities for new homeownership. This has important implications for first-time and minority homeownership rates because a significant proportion of FHA participants are first-time, minority homeowners. The FHA programs are key to stabilizing the national mortgage market and national economy as evidenced in part by increases in its market participation from single digits to the mid-20s.



Results and Analysis: This is a tracking indicator because HUD has little control over program demand. FHA endorsed 1,947,158 mortgages in FY 2009, which is a 62 percent increase (and which represents nearly a third of the total mortgage market) compared to 1,200,111 in FY 2008 and a more than 265 percent increase compared to 532,494 in FY 2007. The Department sought legislation to modernize FHA single family mortgage insurance activities to help achieve its mission of reducing barriers to sustained homeownership, and also to

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provide opportunities for new homeownership. FHA modernization efforts are assisting FHA to expand its ability to meet the needs of the marketplace. By providing a safe alternative to sub-prime and exotic loan products, FHA modernization has allowed the Department to reach both existing and prospective homeowners who might otherwise be vulnerable to such loans.

Supplemental Performance and Resources Information: The increase in single family endorsement levels from FY 2008 to FY 2009 was largely attributable to the collapse of the sub-prime lending market. Other contributing factors to the increase in FHA endorsement levels include a rise in the number of mortgage refinance transactions, contraction of available credit, continued significant volume of reverse mortgage endorsements, and an overall strong homebuyer acceptance of FHA products.

FHA's Single Family Mortgage and Home Equity Conversion Mortgage programs are self-sustaining, generating sufficient income through fees and operations, and did not require an appropriation from Congress in FY 2009.

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

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

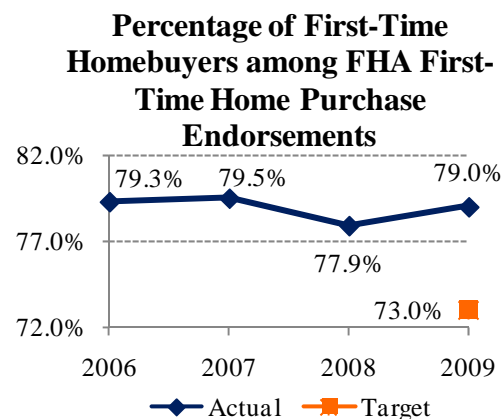
A.6: The share of first-time homebuyers among FHA home purchase endorsements is 73 percent.

Public Benefit and Program Accomplishments

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 in excess of 12 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.

Results and Analysis. In FY 2009, 79.0 percent of FHA-insured single family home purchase mortgages were to first-time homebuyers, exceeding the target of 73 percent, as well as the 77.9 percent achieved in FY 2008.

In FY 2010, FHA will concentrate its business efforts towards providing good stable housing opportunities for existing homeowners, and will also help first-time



homebuyers, as FHA continues to transform itself into a modern entity that increasingly helps stabilize the American housing market and economic system.

Supplemental Performance and Resources Information. FHA has become a major source of mortgage financing for both existing and 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 clearly shows HUD's commitment to assist people to achieve the dream of appropriate homeownership. The FHA insurance programs are measured in terms of insurance-in-force rather than program budget authority. In FY 2009, the Mutual Mortgage Insurance Fund endorsed approximately \$330 billion of mortgages, compared to \$171.9 billion in FY 2008 and \$56.5 billion in FY 2007.

In FY 2008, the Congress enacted the Housing and Economic Recovery Act of 2008 that included the FHA Modernization Act of 2008, which made affordable financing available to more households. Key provisions of the FHA Modernization Act of 2008 included increases in FHA loan limits, elimination of seller-funded downpayment assistance, revision in the amount of required downpayment for borrowers getting FHA loans, simplified requirements for condominium loans, expanded use of reverse mortgages for senior homeowners, and increased access to pre-purchase and post-purchase counseling for low- and moderate-income homeowners. The legislation reduced statutory barriers and increased FHA's flexibility to respond to changes in the marketplace. As a result, FHA reached more current homeowners by providing an alternative to sub-prime loans with high interest rates and closing costs, as well as expensive repayment penalties.

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.

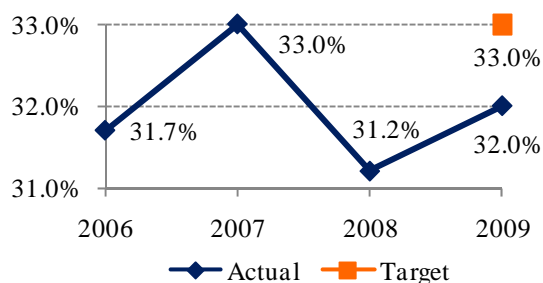
Program Website. <http://www.hud.gov/offices/hsg/sfh/hsgsingle.cfm>

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

Public Benefit and Program Accomplishments

Public Benefit: FHA-insured mortgages are a major source of mortgage financing for minority as well as lower-income buyers. Increasing the number of FHA endorsements for first time minority homebuyers helped fulfill previous goals of adding 5.5 million new minority homeowners by 2010 and reducing the homeownership gap between whites and minorities as well as increasing the overall homeownership rate. During FY 2007, the minority homeownership gap reached a record low of 25 percentage points.

Percentage of First-Time Homebuyers Among FHA First-Time Purchase Endorsements



Results and Analysis. In FY 2009, first time minority homebuyers represented 32 percent of first time home purchase mortgages endorsed for insurance by FHA, narrowly missing the goal of 33 percent, but improving on last fiscal year's performance of 31.2 percent. Performance in this area was significantly constrained by the housing market and economic conditions.

Supplemental Performance and Resources Information.

FHA recaptured a portion of the market share that was lost to sub-prime lenders in recent years. Many first time minority homebuyers acquired sub-prime loans to finance their homes. Passage of the FHA modernization legislation in FY 2008 reduced statutory barriers and increased FHA's flexibility to respond to changes in the marketplace. As a result, FHA reached more prospective homebuyers and provided an alternative to sub-prime loans with high interest rates and closing costs, as well as expensive prepayment penalties.

Data Discussion. Direct-endorsement lenders enter FHA data, with monitoring by FHA. The data reside in the Computerized Homes Underwriting Management System, and are reported from FHA's Single Family Housing Enterprise Data Warehouse. The data have no deficiencies affecting this measure. 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 6-sigma quality tests (reflecting fewer than 3.4 errors per million) for validity, completeness, and consistency.

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

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 and Program Accomplishments

Public Benefit: Counseling has a critical role in the home-buying process because it teaches homebuyers to make smart choices about the myriad mortgage financing options available. Helping homebuyers avoid unnecessarily high interest rates and predatory practices is also a cost-effective way to improve housing market stability by reducing the likelihood of future delinquency and foreclosure. Clients tracked through this indicator included those individuals receiving housing counseling for pre-purchase reasons, such as preparing to purchase a home or working to become mortgage ready.

Results and Analysis. The FY 2009 performance goal to ensure that at least 30 percent of clients receiving pre-purchase counseling attain the outcome of purchasing a home or becoming mortgage-ready within 90 days was significantly exceeded at 42.2 percent. The level

achieved reflects the results through the third quarter of FY 2009, which is the most recent available data because, by regulation, counseling agencies have 90 days after the end of the fiscal year to fulfill reporting requirements. By comparison, the level achieved in FY 2008 was 45.5 percent.

Supplemental Performance and Resources

Information. Economic conditions and housing market homeownership rates vary and so the demand for specific types of counseling may vary for reasons outside of HUD's control. The Department, however, through its monitoring and training efforts, is confident that HUD-approved agencies are providing quality counseling services that will help prepare clients for homeownership. Reported results from the first three quarters of calendar year 2009 indicate 64,429 clients out of 151,706 receiving pre-purchase counseling from HUD approved agencies, and for whom an outcome is known, purchased a home or became mortgage-ready within 90 days.

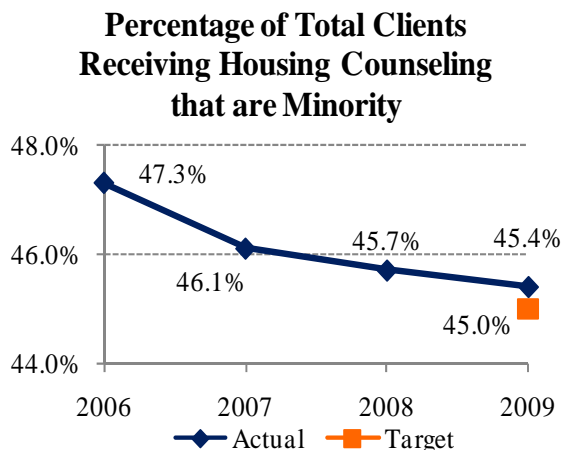
Data Discussion. The data are electronically submitted to HUD's Housing Counseling System through the Housing Counseling Agency Fiscal Year Activity Reports (Form HUD-9902).

Program Website. http://www.hud.gov/offices/hsg/sfh/hcc/hcc_home.cfm

A.9: Minority clients are at least 45 percent of total clients receiving housing counseling in FY 2009.

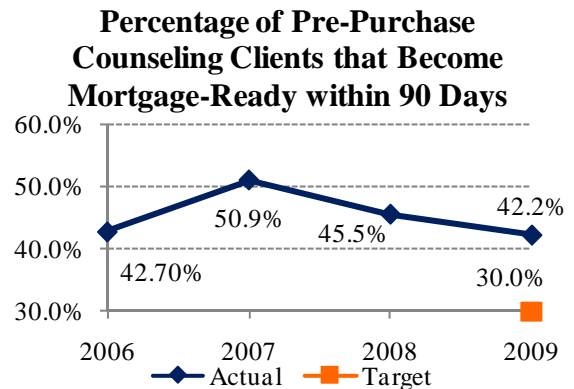
Public Benefit and Program Accomplishments

Public Benefit: Historically, there has been a significant homeownership gap between whites and minorities. During FY 2007, the minority homeownership gap reached a record low of 25 points. The Housing Counseling Assistance program is integral in helping to increase the



minority homeownership rate. More than 5.5 million minority households have benefited from housing counseling activities provided by HUD-approved agencies since FY 2001.

Results and Analysis. The FY 2009 performance goal to ensure that minority clients are at least 45 percent of total clients receiving housing counseling services from HUD-approved housing counseling agencies was met. Reported results from the first three quarters of calendar year 2009 indicate that minorities represent



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45 percent of the total clients receiving housing counseling and education. The data is only available through the third quarter of FY 2009 because, by regulation, counseling agencies have 90 days after the end of the fiscal year to fulfill reporting requirements. The level achieved in FY 2008 was 45.7 percent.

Supplemental Performance and Resources Information. More than 720,000 minority households have benefited from HUD-funded housing counseling activities through three quarters of 2009. By comparison, over 760,000 minority households were served in FY 2008, so that number will be significantly exceeded for the full year FY 2009. Clients tracked by 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. General market conditions were a major cause of the inability to reach the targeted level. In FY 2009, foreclosure prevention counseling represented a large percentage of the demand for counseling services. The foreclosure crisis affected all races, ethnicities and even income levels.

Data Discussion. The data are electronically submitted to HUD's Housing Counseling System through the Housing Counseling Agency Fiscal Year Activity Reports (Form HUD-9902). The data include the total number of clients, the type of counseling they received, and the results of the counseling.

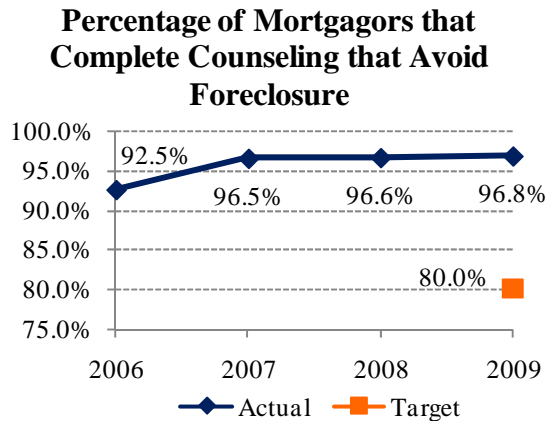
Program Website. http://www.hud.gov/offices/hsg/sfh/hcc/hcc_home.cfm

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

Public Benefit and Program Accomplishments

Public Benefit: Default and foreclosure is occurring nationwide at record rates. Default counseling is one of the most cost-effective ways to address the rising number of families nationwide at risk of foreclosure, while contributing to economic growth and stability of individuals, families, and communities across the country. 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.

Results and Analysis. The FY 2009 performance goal was to ensure that more than 80 percent of mortgagors that complete counseling for resolving or preventing mortgage delinquency successfully avoid foreclosure. HUD significantly exceeded the target of 80 percent with a result of 96.8 percent. Results reflect performance as of the third quarter of FY 2009, which is the most recently available data because, by regulation, counseling agencies have



90 days after the end of the fiscal year to fulfill reporting requirements. The level achieved in FY 2008 was 96.6 percent.

Supplemental Performance and Resources Information. This indicator measures the outcome of housing counseling by HUD-approved housing counseling agencies in preventing foreclosure for homeowners who are at risk of default or have already defaulted, and are seeking help to remain in their homes and meet the responsibilities of homeownership.

Reporting from the first three quarters of calendar year 2009 indicate that 96.8 percent or 385,310 out of 398,087 mortgagors seeking help with resolving or preventing mortgage delinquency, had successfully avoided foreclosure. Notably, these figures are nearly double the previous year totals for the same time period, illustrating the high demand for these services as a result of the foreclosure crisis. The average cost of default counseling is approximately \$550 per household.

Data Discussion. The data are electronically submitted to the Housing Counseling System through the Housing Counseling Agency Fiscal Year Activity Reports (Form HUD-9902).

Program Website. http://www.hud.gov/offices/hsg/sfh/hcc/hcc_home.cfm

A.11: The share of FHA-insurable real estate owned properties that are sold to owner-occupants is 90 percent.

Public Benefit and Program Accomplishments

Public Benefit: This indicator is a measure of the Department's success achieved in expanding homeownership opportunities and helping stabilize neighborhoods. FHA acquires real estate owned properties when owners default on FHA-insured mortgages. These properties become departmental assets and are a resource for increasing the availability of affordable homes to potential homebuyers.

Results and Analysis. The Department exceeded the goal of 90 percent with a 98.47 percent result.

Supplemental Performance and Resources Information. During FY 2008, a different method was used to calculate performance for this indicator and results are not comparable. However, the FY 2009 result of 98.47 percent returns to and compares to and improves on the FY 2007 result of 92.5 percent and the FY 2006 result of 89.9 percent.

Data Discussion. The Asset Management Information System is the primary data source for the Department's real estate owned properties. The Asset Management Information System is a web-based, user friendly system.

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

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.

This indicator was deleted. HUD 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 immediately transferred to a new regulator, the Federal Housing Finance Agency.

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.

This indicator was deleted. HUD 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 immediately transferred to a new regulator, the Federal Housing Finance Agency.

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 and Program Accomplishments

Public Benefit: The Real Estate Settlement Procedures Act is a consumer protection statute administered by HUD. This Act protect consumers in the home buying and mortgage loan process by requiring that they receive disclosures at various times in the transaction. Practices, which increase the cost of settlement services, such as paying kickbacks, are prohibited. The Act also provides consumers with protections relating to the servicing of their loans, including property escrow account management.

A new rule – to be effective January 2010 – was published: “Real Estate Settlement Procedures Act: Rule to Simplify and Improve the Process of Obtaining Mortgages and Reduce Consumer Settlement Costs.” This rule amends HUD's regulations to further the Act's purposes by requiring more timely and effective disclosures related to mortgage settlement costs for federally related mortgage loans to consumers. The changes made by this new rule are designed to protect consumers from unnecessarily high settlement costs by taking steps to improve and standardize the Good Faith Estimate form to make it easier to use for shopping among settlement service providers; ensure that the Good Faith Estimate form provides a clear summary of the loan terms

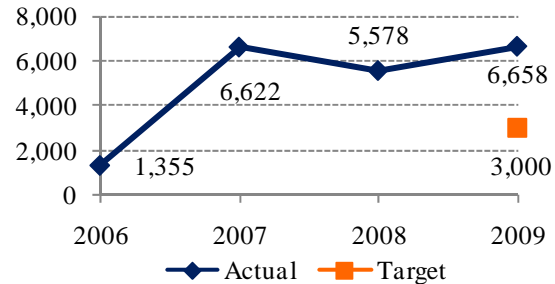
and total settlement charges so that borrowers will be able to use the Good Faith Estimate form to identify a particular loan product and comparison shop among loan originators; provide more accurate estimates of costs of settlement services shown on the Good Faith Estimate; improve disclosures of yield spread premiums to help borrowers understand how yield spread premiums can affect borrowers' settlement charges and their interest rates; facilitate comparison of the Good Faith Estimate and the HUD Settlement Statements; ensure that at settlement borrowers are aware of the final costs as they relate to their mortgage loans and settlement transactions; clarify HUD Settlement Statement instructions; expressly state that the Act permits the listing of an average charge on the HUD Settlement Statement; and strengthen the prohibition against requiring the use of affiliated businesses.

Results and Analysis. At

6,658 inquiries and complaints processed in FY 2009, the Department exceeded its target for this goal of 3,000. Additionally, the Department provided final Real Estate Settlement Procedures Act rule implementation guidance, an effort that included the publication of 230 Frequently Asked Questions, discussion in over 50 speaking engagements, conference calls and meetings with over 5,000 participants.

The speaking engagements and meetings included the Mortgage Bankers Association, American Bar Association, American Escrow Association, and the National Association of Federal Credit Unions.

**Responses to Inquiries
Regarding RESPA and
Homebuying Process**



Supplemental Performance and Resources Information. The Department's responses to the inquiries and complaints received are a measure of its public assistance and enforcement activities. HUD's Office of Real Estate Settlement Procedures Act and Interstate Land Sales tracks inquiries and responses regarding the home buying and mortgage process, as well as questions and complaints from industry, consumers, and state and federal regulators regarding practices that may violate the Real Estate Settlement Procedures Act. Recent efforts to increase public awareness of its enforcement of the Act have helped bring additional violations to HUD's attention, and have enabled the Department to provide greater assistance to the public, particularly consumers.

Data Discussion. Real Estate Settlement Procedures Act complaint and response data are compiled from the PO 30 Case Tracking System and website e-mail box.

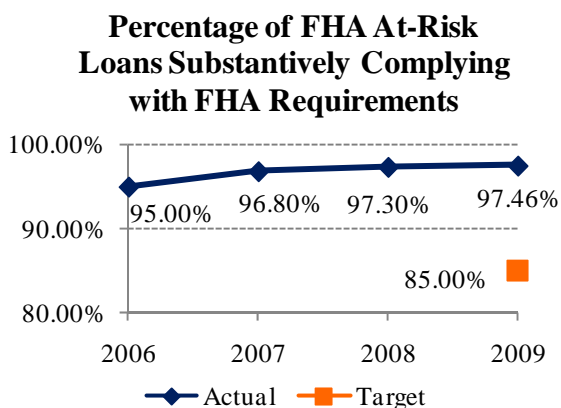
Program Website. <http://www.hud.gov/respa>

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 and Program Accomplishments

Public Benefit: This indicator monitors efforts to reduce fraud and compliance problems in FHA relative to the number of “at risk” single family loans reviewed that do not contain substantive findings. A substantive finding is defined as a failure to adhere to FHA program requirements (pertaining to the origination and/or servicing of mortgage loans) such that it materially affects the insurability of the loan. FHA’s Quality Assurance Division reviews lenders on the basis of a methodology that focuses on high early default and claim rates in addition to other risk factors that represent “at risk” loans. Samples of defaulted loans (90 days or more delinquent) that are originated by the targeted lenders are then evaluated for findings. The higher the percentage of loans without findings, the less risk to FHA and its business, which then allows FHA to continue to help low and moderate families obtain financing for their home purchase and refinancing needs.

Results and Analysis. Of the 15,647 at-risk loans reviewed in FY 2009, 15,250, or 97.46 percent, were determined to have no material findings, exceeding the FY 2009 goal of



85 percent, with a slight increase from the FY 2008 result of 97.3 percent. The increased number of at-risk loans in FY 2009 was attributed to the enhanced risk-based targeting methodology

Supplemental Performance and Resources Information. This indicator represents the number of loans without material findings divided by the number of loans reviewed. HUD established the initial target on the basis of the three-year average for FY 2002–FY 2004, which is 85 percent.

Data Discussion. Loan review and findings data are drawn from the Approval Recertification Review Tracking System. 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 the data for this performance indicator passed four-sigma quality tests for validity, completeness, and consistency.

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

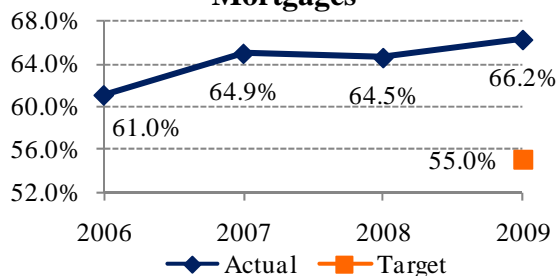
A.16: Loss mitigation claims are 55 percent of total claims on FHA-insured single family mortgages.

Public Benefit and Program Accomplishments

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. Improved loss-mitigation efforts, such as enhanced borrower counseling, help borrowers keep their current homes or permit them to buy another home sooner. Avoidance of foreclosure also reduces FHA's insurance losses, keeps FHA financially sound, and enables it to help more borrowers.

During the fiscal year that ended September 30, 2009, approximately 450,000 loss mitigation transactions were processed for FHA borrowers. These transactions consisted of 322,000 forbearances, 21,000 special forbearances, 84,000 loan modifications, and 23,000 partial claims. During this same period, 388,000 FHA homeowners avoided foreclosure through the loan modification and partial claim loss mitigation retention options.

Percentage of Loss Mitigation Claims of Total Claims on FHA-Insured Single Family Mortgages



Results and Analysis. The FY 2009 level was determined to be 66.2 percent, which exceeded the targeted level of 55 percent.

The use of loss mitigation as a share of total claims increased from 46.1 percent in FY 2001 to 64.9 percent in FY 2007, and dropped slightly to 64.51 percent in FY 2008. The FY 2009 goal was to ensure that 55 percent of the total number of claims is resolved through loss mitigation techniques. HUD's 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.

Supplemental Performance and Resources Information. While loss mitigation actions do not permanently stabilize many borrowers' financial status, approximately 60 percent of borrowers who receive the benefits of loss mitigation remain current on their mortgage for at least a 12-month period.

Data Discussion. The data originate in the Single Family Insurance System – Claims Subsystem, and for convenience are reported from FHA Single-Family Housing Enterprise Data Warehouse, Loss Mitigation Table. The resolutions that are counted as loss mitigation are forbearance agreements, loan modifications, partial claims, pre-foreclosure sales, and deeds-in-lieu of foreclosure. A small and decreasing number of “other” resolutions that were previously

counted, along with supplemental claims, are now excluded. Total claims comprise loss mitigation claims plus conveyance claims.

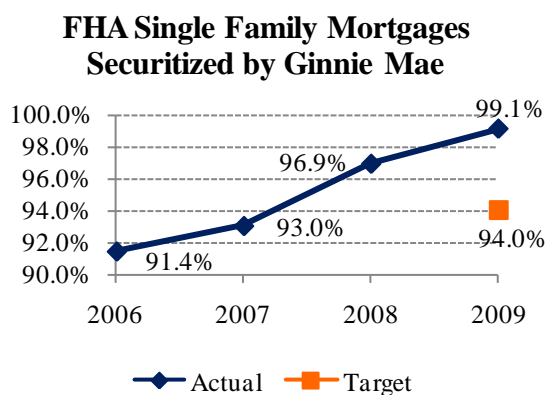
Program Website. www.hud.gov/offices/hsg/sfh/hsgsingle.cfm

Ginnie Mae

A.17: Ginnie Mae securitizes at least 94 percent of eligible single family fixed rate FHA loans.

Public Benefit and Program Accomplishments

Public Benefit: This indicator measures Ginnie Mae's share of the residential mortgage loans insured or guaranteed by the 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.



Results and Analysis: The target of 94 percent was exceeded. As of the end of FY 2009, Ginnie Mae securitized 99.1 percent of eligible single family, fixed-rate FHA loans. This result is an increase of 5.1 percentage points over this year's goal and 2.2 percentage points over last year's result of 96.9 percent. Single family securities outstanding increased from \$536.2 billion in FY 2008 to \$777.9 billion in FY 2009. Ginnie Mae's share of the Mortgage-Backed Securities Market reflecting the financial crisis was 25.9 percent in FY 2009.

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, helping more American families own a home costs and improving security disclosures.

Supplemental Performance and Resources Information. 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 2008 to approximate \$50 billion a month. At the end of FY 2009, the amount of Ginnie Mae securities outstanding was approximately \$826 billion, of which single family program securities were

\$777.9 billion, \$6.1 billion were Home Equity Conversion Mortgages, and \$41.8 billion of the total are multifamily securities. Since 1970, when it pioneered the mortgage-backed pass-through security, Ginnie Mae has guaranteed over approximately \$3.3 trillion in securities.

Commitment Authority is used by Ginnie Mae to guarantee securities backed by government-guaranteed or insured loans. In FY 2009, Ginnie Mae commitment authority was \$400 billion in new commitment authority and \$141.7 billion commitment authority carried forward from FY 2008, for a total of \$541.7 billion. In FY 2009, Ginnie Mae approved a total of \$446.6 billion in commitment authority and issued a total of \$418.9 billion in securities. Of the \$446.6 billion approved commitment authority \$438.7 billion was single family, and of the \$418.9 billion issued in securities, \$413.8 billion was issued for 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 2009 audit.

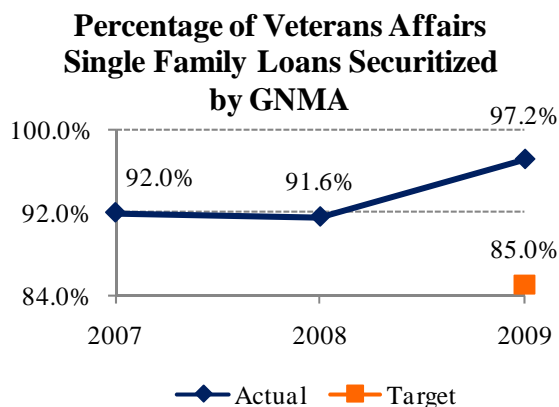
Program Website. <http://www.ginniemae.gov>

A.18: Ginnie Mae securitizes at least 85 percent of VA single family fixed-rate loans.

Public Benefit and Program Accomplishments

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.



Results and Analysis: The target goal of 85 percent was exceeded. As of the end of FY 2009, Ginnie Mae securitized 97.2 percent of eligible single family, fixed-rate Veterans Affairs loans. This result is 12.2 percentage points above the target of 85 percent and 5.6 percentage points above FY 2008. Ginnie Mae was able to meet its goal by guaranteeing securities that provide the

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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.

Supplemental Performance and Resources Information. This goal was initiated in FY 2007 and it accounts for approximately 17 percent of Ginnie Mae's portfolio. Funding was provided through Commitment Authority guaranteed government loans. The indicator measures Ginnie Mae's share of the residential mortgage loans guaranteed by the Department of Veterans Affairs (VA).

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" audit opinion in prior fiscal years, and again received a "clean" opinion for the FY 2009 audit.

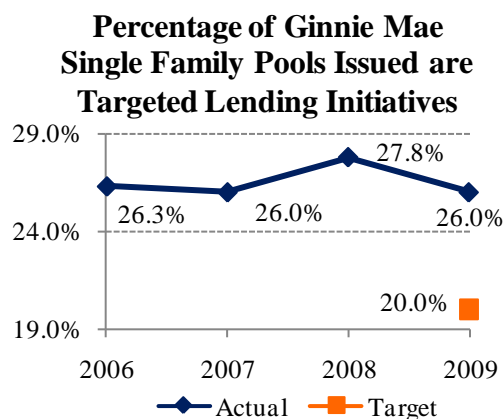
Program Website. <http://www.ginniemae.gov>

A.19: At least 20 percent of all Ginnie Mae single family pools issued are Targeted Lending pools.

Public Benefit and Program Accomplishments

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). Ginnie Mae expanded the program to include those census tracts that were declared disaster areas as a result of Hurricane

Katrina.



Results and Analysis: The target of 20 percent was met. As of the end of FY 2009, 26 percent of all single family pools issued received Targeted Lending Initiative credit. This result is an increase of 6 percentage points over this year's goal of 20 percent. This target was modified from 30 percent because performance was significantly constrained by the housing market and economic conditions.

Supplemental Performance and Resources Information. This goal was initiated in FY 2007. Funding provided through Commitment Authority insured or guaranteed government loans was included in approximately 41 cumulative pools.

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.

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.

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

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Goal B: Promote Decent Affordable Housing

PERFORMANCE REPORT CARD – GOAL B							
Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	Notes
Cross-Departmental							
B.1 Rental households and rental units will be assisted through major HUD programs.							
CDBG (rental units rehabilitated)	38,178	26,358	21,418	20,097	20,781	✗	a
HOME (tenant-based assistance)	23,325	18,172	25,381	18,763	9,201	✓	
HOME (rental units completed)	47,598	28,039	23,170	19,098	19,475	✓	
Housing Opportunities for Persons With AIDS	67,000	67,850	62,210	58,367	58,000	✓	
Section 202 Elderly	6,375	5,673	4,560	4,162	3,600	✓	
Section 811 Persons With Disabilities	1,652	1,062	1,137	1,035	950	✓	
Indian Housing Block Grant	1,781	1,569	1,841	1,410	1,380	✓	a
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	N/A	2,187	N/A	N/A	N/A	Track	b
Elderly households	N/A	N/A	N/A	N/A	N/A	Track	
Households with disabilities	N/A	N/A	N/A	N/A	N/A	Track	
B.3 Energy savings achieved through HUD programs	N/A	\$33.70	\$37.00	N/A	N/A	N/A	b
Sustain 95 percent of key Energy Action Plan functions	N/A	N/A	N/A	N/A	95.00%	N/A	
Conduct portfolio-wide energy savings survey	N/A	N/A	N/A	N/A	Conduct	N/A	
FHA/Housing							
B.4 FHA endorses at least 626 multifamily mortgages, of which 526 are multifamily and 100 are hospital loans.							
Multifamily Loans	N/A	N/A	N/A	625	526	✓	c
Hospital Loans	N/A	N/A	N/A	88	100	✗	c
B.5 HUD will complete 70 percent of the initial FY 2009 Mark-to-Market pipeline during the fiscal year, reducing rents and restructuring mortgages where appropriate.	86.00%	92.00%	62.00%	76.50%	70.00%	✓	
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.	71.50%	68.00%	71.40%	80.40%	70.00%	✓	d
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	\$10.39	\$13.31	N/A	N/A	N/A	N/A	e
Freddie Mac	\$12.35	\$13.58	N/A	N/A	N/A	N/A	e
B.8 Reduce the average number of observed exigent deficiencies per property for substandard multifamily housing properties by five percent.	7.6	3.2	4.48	2.73	4.26	✓	

Performance Information
Goal B: Promote Decent Affordable Housings

PERFORMANCE REPORT CARD – GOAL B							
Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	Notes
B.9 The share of assisted and insured privately owned multifamily properties that meet HUD-established physical standards are maintained at no less than 92 percent.	95.00%	93.80%	93.00%	93.30%	92.00%	✓	
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.	98.00%	99.00%	100.00%	98.60%	98.00%	✓	
B.11 Increase the availability of affordable housing for the elderly and persons with disabilities by bringing 3,600 Section 202 units (90 projects) and 950 Section 811 units (90 projects) to initial closing.	315	245	224	208	180	✓	f
B.12 The number of elderly households living in private assisted housing developments served by a service coordinator is maintained at the FY 2008 level.	N/A	353.8	347.9	361.5	347	✓	g
B.13 For both Section 202 and Section 811, at least 70 percent of projects that are initially closed in FY 2009 will have completed the process within 24 months; and, of these, 25 percent will have completed the process within 18 months.							
Percent completed in 24 months	N/A	N/A	69.00%	65.00%	70.00%	✗	
Of these, percent completed in 18 months	N/A	N/A	26.00%	45.00%	25.00%	✓	
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 2008 level, excluding new units added to inventory.	N/A	N/A	99.10%	99.96%	98.00%	✓	
Ginnie Mae							
B.15 Ginnie Mae securitizes at least 95 percent of eligible FHA multifamily mortgages.	96.90%	98.00%	96.40%	97.50%	95.00%	✓	
PIH							
B.16 Improve the utilization rate of Housing Choice Voucher funding to 97 percent by Calendar Year 2011.	90.00%	91.70%	99.00%	102.00%	N/A	Track	h, i
B.17 The share of public housing units that meet HUD established physical inspection standards will be 85 percent.	85.80%	85.70%	84.50%	84.50%	N/A	Track	j
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.	85.00%	85.20%	85.20%	85.00%	N/A	Track	
Reduction in observed exigent deficiencies per property for substandard properties.	54.00%	58.00%	44.00%	50.00%	N/A	Track	k
Share of units with functioning smoke detectors.	93.60%	93.40%	93.20%	93.20%	N/A	Track	
B.19 The percent of public housing units under management of troubled housing agencies.	31.00%	43.00%	23.00%	8.00%	N/A	Track	l
B.20 The proportion of the Housing Choice Voucher Program funding administered by troubled housing agencies.	4.50%	4.80%	4.10%	N/A	N/A	Track	m

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PERFORMANCE REPORT CARD – GOAL B							
Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	Notes
B.21 The HOPE VI Revitalization program demolishes 882 units and completes 4,481 new and rehabilitated units.							
Units demolished.	5,034	6,601	4,374	3,403	2,500	✓	n
Units constructed or rehabilitated.	9,389	8,436	9,978	8,257	6,000	✓	n
B.22 Ensure that unit production is completed for 103 HOPE IV grants awarded from FY 1993 through FY 2004.	N/A	76	92	109	103	✓	
B.23 The Department will approve and facilitate \$635 million of activity using alternative financing methods (e.g., the HOPE VI program, bonds through the Capital Funding Financing Program, energy performance contracts, etc.).	\$1,244	\$860	\$1,453	\$1,432	\$635	✓	b
B.24 The Department will develop baseline data and future years' targets for the Housing Choice Voucher program assessment tool.	N/A	Complete	Complete	N/A	N/A	N/A	e
B.25 The conversion to asset management will be certified for 50 percent of PHAs with 250 or more units who applied for assessment.	N/A	N/A	N/A	75.00%	50.00%	✓	

N/A: not available

a - due to timing of data collection issues, HUD is using estimates (updated with actuals when available)

b - number reported in millions

c - In FY 2009, HUD began tracking this indicator in two component parts (Prior year totals - FY 2006: 1,016; FY 2007 - 811; FY 2008: 647)

d - FY 2009 reporting results thru 6/30/2009

e - HUD no longer tracks this indicator

f - Section 202 - 111 projects; Section 811 - 97 projects

g - number reported in thousands

h - 2009 data through first half of calendar year

i - calendar year data

j - FY 2009 data thru 6/30/2009; all other figures on a CY basis

k - measured in terms of percentage reduction from prior year

l - tracks the percent of "troubled" agencies that successfully return to "standard"

m - data reported on a CY basis

n - all figures for 12 months ended June 30

Cross Departmental

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

Public Benefit and Program Accomplishments

Public Benefit: The number of rental households and rental housing units receiving HUD assistance has a significant impact on the goal of ensuring that low-income households have access to decent and affordable rental housing opportunities. The CDBG, HOME Investment Partnerships, Housing Opportunities for Persons With AIDS, Section 202 Supportive Housing for the Elderly, Section 811 Supportive Housing for Persons With Disabilities, and Indian Housing Block Grant programs all provide rental assistance. By providing decent, affordable rental housing to low-income households, these programs help reduce the number of households with worst-case housing needs. Worst-case housing needs is defined as very low-income households that pay more than half of their incomes for housing, or live in substandard housing. As part of its effort to address a national shortage of affordable rental housing, HUD programs produce new affordable rental units and maintain existing affordable housing units. The number of rental households receiving HUD assistance depends on the level of appropriations these programs receive as well as overall economic conditions and local prioritization of housing needs.

The CDBG program's block grant structure provides annual funding to state and local governments to carry out a variety of activities including rental housing assistance. The flexibility of the CDBG program allows localities to use their funding to meet their most pressing housing needs. CDBG grantees conduct housing rehabilitation and production projects of all sizes and types from small weatherization improvements and emergency repairs to the rehabilitation of major household systems, such as roofing, heating, and siding.

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

The Housing Opportunities for Persons With AIDS program provides rental assistance to very low-income and low-income persons living with HIV/AIDS. Low-income people with HIV/AIDS are at high risk of homelessness and can face other challenges such as mental illness and substance abuse. The stable and affordable housing provided through this program helps lead to more favorable health outcomes for participants.

The Section 202 Supportive Housing for the Elderly program provides capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for very low-income elderly persons, including the frail elderly, and provides rent subsidies for the projects to help make them affordable.

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The *Section 811 Supportive Housing for Persons with Disabilities program* provides capital advances to nonprofit sponsors to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for very low-income adults with disabilities and provides rent subsidies for the projects to help make them affordable.

The *Indian Housing Block Grant program* provides funding to Indian tribes to undertake a variety of housing activities including rental assistance and rental housing services, production, and maintenance.

Results and Analysis: Together, the CDBG, HOME Investment Partnerships, Housing Opportunities for Persons With AIDS, Section 202 Supportive Housing for the Elderly, Section 811 Supportive Housing for Persons With Disabilities, and Indian Housing Block Grant programs provided assistance to 122,889 households in FY 2009. This amount exceeded HUD's FY 2009 goal of assisting 113,387 households by 9,502 or eight percent.

Rental Households/Rental Units Receiving Assistance	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target
CDBG (rental units rehabilitated)	38,178	26,358	21,418	20,097	20,781
HOME (tenant-based assistance)	23,325	18,172	25,381	18,763	9,201
HOME (rental units completed)	47,598	28,039	23,170	19,098	19,475
Housing Opportunities for Persons With AIDS	67,000	67,850	62,210	58,367	58,000
Subtotal Community Planning and Development	176,101	140,419	132,197	116,282	107,457
Section 202 Elderly	6,375	5,673	4,560	4,162	3,600
Section 811 Persons with Disabilities	1,652	1,062	1,137	1,035	950
Subtotal Housing	8,027	6,735	5,697	5,197	4,550
Indian Housing Block Grant	1,781*	1,569*	1,841	1,410	1,380
Subtotal Public and Indian Housing	<u>1,781</u>	<u>1,569</u>	<u>1,841</u>	<u>1,410</u>	<u>1,380</u>
TOTAL	185,909	148,723	139,717	122,889	113,387

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

- ✦ The fiscal year 2009 goal for *CDBG* was 20,781 units of renter-occupied housing while the estimated number of units assisted was 20,097. The shortfall was 684 units or three percent. Economic conditions during the fiscal year were exceptionally challenging and grant recipients targeted less funding to rental assistance than anticipated.

- The HOME program exceeded its goal for tenant-based rental assistance in FY 2009. The HOME-funded tenant-based rental assistance supported 18,763 households exceeding the goal of 9,201 by 9,562 households. The increase in households assisted with HOME-funded tenant-based rental assistance is attributable primarily to rapidly deteriorating housing market conditions during the period, which caused many jurisdictions to make assistance to low-income tenants a higher priority than assistance to homebuyers. The FY 2009 actual is 6,618 units or 26 percent lower than the FY 2008 actual of 25,381 units. [See Indicator A.1 for data on HOME assistance to homebuyers and existing homeowner.]
- The HOME program completed 19,098 rental housing units in FY 2009, reaching 98 percent of its goal (19,475 units). The FY 2009 result is a decrease of 4,072 units, however, from the 23,170 units completed in FY 2008. The decline in the number of units produced in FY 2009 is partly attributable to a significant increase in the costs of construction and building materials during the period. Based on completions, the average per-unit HOME cost of producing a rental unit in FY 2009 increased by \$844 to \$25,408, or 3.4 percent compared to FY 2008. The annual cost of providing tenant-based rental assistance to a household increased to \$2,889 in FY 2009, an increase of \$42 or 1.5 percent compared to fiscal year 2008.
- The Housing Opportunities for Persons With AIDS program provided assistance for 58,367 units of housing, exceeding its overall goal of 58,000 by 367 units or half of one percent. The program supported 23,862 *permanent* housing units, exceeded the permanent housing target by 3,862 units or 19 percent. In comparison, 34,505 short term housing assistance units were provided, falling short of the *short term* housing assistance goal by 3,538 units or 9 percent. The focus on expanding permanent housing programs is consistent with HUD's current policy of demonstrating stable housing outcomes for beneficiaries.
- The Office of Housing brought 4,162 Section 202 Elderly and 1,035 Section 811 Disabled units to initial closing in FY 2009 exceeding the target of 3,600 for Section 202 Elderly by 562 units or 16 percent, and exceeding the target of 950 for Section 811 Disabled by 85 units or nine percent. [See Indicator B.11 for further detail on these programs.]
- The Indian Housing Block Grant program funded the construction, acquisition, or rehabilitation of 1,410 affordable rental housing units, exceeding its target of 1,380 by 30 units or two percent. Since FY 2003, recipients have built, acquired, or rehabilitated 12,640 affordable rental units. Spending over the last five fiscal years for this activity has ranged from a high of about 12 percent of total grant funds or \$75 million in FY 2006, to a low of about 9 percent of total grant funds or \$49 million in FY 2007. The number of units assisted each year depends on appropriations and the share of total grant funding dedicated to this purpose.

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Supplemental Performance and Resources Information. 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. The total CDBG *formula* appropriation in FY 2009 was \$3.6 billion, an increase of \$34 million or one percent over the FY 2008 appropriation excluding supplemental appropriations for disasters. The shortfall in the number of CDBG-assisted rental units in FY 2009 could be attributed to the lack of primary financing for housing rehabilitation due to significant dislocations in credit markets and a general lack of commercial financing available for housing-related projects during the period.

In FY 2009, the HOME Investment Partnerships program expended an estimated \$763 million on completed rental projects and committed an additional \$62 million to tenant-based rental assistance. Through FY 2009, rental units and direct rental assistance accounted for 53 percent of overall HOME funding. The total HOME appropriation in FY 2009 was \$1.825 billion, a seven percent increase over FY 2008. Since FY 2005, however, HOME appropriations have declined 11 percent from \$1.915 billion.

The Housing Opportunities for Persons With AIDS program provides 133 local and state governments (administered by 122 grantee), 105 competitive/renewal projects, and over 850 nonprofit organizations and housing agencies with resources to help address the supportive housing needs of a vulnerable special needs population. The total appropriation in FY 2009 was \$310 million, the same as in FY 2008. The program indicates that about 29 percent of the identified housing need of this population is being addressed directly with program resources. This indicator is used to track the number of households receiving permanent housing assistance under tenant-based rental assistance and permanent housing facility assistance, and the number of households with reduced risks of homelessness who received short-term housing assistance and support in transitional facilities. [See indicator B. 11 for supplemental resources and performance information for Section 202 Elderly and Section 811 Disabled.]

Recipients of Indian Housing Block Grants set their own goals based on local needs and have the flexibility to choose to spend grant funds on any eligible housing activities. The total appropriation for Indian Housing Block Grants in FY 2009 was \$645 million, an increase of \$15 million or two percent over the FY 2008 appropriation. The Indian Housing Block Grants program also received \$497 million in additional funding in FY 2009 from the American Recovery and Reinvestment Act. This will help to increase the number of rental units constructed and rehabilitated over the next several years.

Data Discussion. Data for this indicator are based on the accomplishments reported by grantees in HUD's Integrated Disbursement and Information System. CDBG, HOME Investment Partnerships, and Housing Opportunities for Persons With AIDS data come from grantees through this system. The Department has estimated the number of rental units rehabilitated in FY 2009 based upon expenditures for such activities divided by the fiscal year 2008 efficiency

measure for CDBG multi-unit rehabilitation. This approach is necessitated by data concerns arising from the recent platform conversion of the Department's IDIS system.

HOPWA accomplishments are based on grantee annual performance reports (forms HUD 40110 -C and D), as well as financial transaction data obtained through HUD's Integrated Disbursement and Information System.

The data for Section 202 Elderly and Section 811 Disabled are captured in the Office of Housing Development Application Processing System and the Housing Enterprise Real Estate Management System. 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.

Data for the Indian Housing Block Grants program are compiled from over 500 grantees' Annual Performance Reports and captured in the Performance Tracking Databases in each of the six Area Offices of Native American Programs. Grant recipients have 90 days after their fiscal year ends to report their results. Recipients whose fiscal year ends on September 30 report in the next fiscal year.

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. For example, in addition to the reengineering of the Integrated Disbursement and Information System, HUD is currently working with tribal housing representatives to revise the planning and reporting forms that grantees are required to submit annually. Improved forms will collect more information on tribal housing conditions while simplifying the reporting process for grantees.

Program Websites.

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

HOME Investment Partnerships Program: <http://www.hud.gov/homeprogram/>

Housing Opportunities for Persons With AIDS Program:

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

<http://www.hudhre.info/hopwa>

Section 202 Elderly: <http://www.hud.gov/offices/hsg/mfh/progdesc/eld202.cfm>

Section 811 Disabled: <http://www.hud.gov/offices/hsg/mfh/progdesc/disab811.cfm>

Indian Housing Block Grants: <http://www.hud.gov/offices/pih/ih/grants/ihbg.cfm>

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 and Program Accomplishments

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. 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. 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 2009, 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.

Results and Analysis: The most recent available data show that in calendar year 2007, 2.19 million families with children had worst case housing needs and 1.21 million elderly households had worst case needs. These estimates reflect statistically insignificant declines from 2005 levels. Among households containing adults with disabilities, an estimated 602,000 households had worst case needs, also below but not significantly different from 2005 levels.

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. The number of very low-income renters has increased over the long term. The 15.9 million very low-income renters in 2007 is 7.0 percent greater than the 14.9 million such households in 2001. 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 2007, there were only 74 rental units that were affordable and available. When physical quality of the unit is also considered, then only 67 units were adequate, affordable, and available per 100 very low-income renter households.

Supplemental Performance and Resources Information. 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. Collectively, these programs 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 2007, 4.4 million very low-income renters who were at risk or might otherwise have has worst case needs received housing assistance, according to American Housing Survey data. Among those without housing assistance, 58 percent of elderly very low-income renters, 48 percent of very low-income renters with children, 66 percent of disabled very low-income renters, and 73 percent of extremely low-income renters had worst case housing needs in 2007. 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. The worst case needs actually prevented by HUD assistance probably exceed these incidence estimates because assisted households are more likely than the general population to have extremely low incomes and to live in areas with shortages of affordable Housing.

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. Calendar year 2009 data will become available during FY 2010. 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.

HUD collaborates with the Census Bureau on a continuous basis to strengthen the American Housing Survey. The identification of households containing non-elderly persons with disabilities has been improved by using a new question about disability income beginning in 2005. An extensive HUD study and testing enabled improvements of questions about rental assistance in the 2007 survey, producing estimates of assisted households that correspond closely with HUD’s administrative data. Through these data improvement efforts, the problem of misreported assistance has been largely eliminated as a substantive data weakness for measuring worst case housing needs.

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

B.3: Reduce energy costs in HUD-financed, assisted, or insured housing.

Public Benefit and Program Accomplishments

Public Benefit: This performance measure reports estimated energy savings achieved in HUD's portfolio of public and assisted housing in FY 2009, as well as in housing financed through HUD's competitive and formula grant programs. 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.

Results and Analysis: Incremental savings of \$18.7 million in documented or estimated energy savings in FY 2009 were reported in four program areas:

- ✦ **Public Housing – Energy Performance Contracts.** A total of 28 new performance contracts in public housing were reported, involving a capital investment of \$147.9 million and an estimated annual savings of \$15.4 million. The dollar investment is 49 percent higher than the investment reported in FY 2008 (\$99 million); the annual savings are 55 percent lower than the FY 2008 figure.
- ✦ **FHA - Energy Efficient Mortgages.** A total of 3,042 FHA-insured Energy Efficient Mortgages totaling an estimated \$590 million were reported (an average of \$190,000 per mortgage), for an estimated savings of \$646,906. This represents a 146 percent increase over FY 2008.¹
- ✦ **HOME Program.** A total of 4,652 units of new construction or substantial rehabilitation 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 \$1.9 million. This represents a percent over estimated savings achieved in FY 2008.
- ✦ **CDBG.** A total of 376 units of CDBG-funded projects were reported as having achieved the Energy Star label, for an estimated savings of \$110,920. This is 30 percent more than the estimated savings reported in FY 2008.

The \$18.7 million in annual energy savings reported above for FY 2009 were achieved as a result of an investment of an estimated \$165.8 million (for a simple payback of 8.9 years) as follows:

- ✦ \$10.3 million for HOME and CDBG, assuming \$1,500 invested for each new Energy Star unit;
- ✦ \$7.3 million invested in energy efficiency through Energy Efficient Mortgages, assuming that \$3,500 is spent on average for energy efficiency; and

¹ 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.

- \$147.8 million invested in Energy Performance Contracts in public housing in 35,529 units of public housing, for an average investment of \$4,161 per unit, and an annual estimated savings of \$439 per unit.

Cumulative totals for Energy Performance Contracts in public housing since inception are as follows: 213 contracts, with a capital investment of \$729.5 million, and guaranteed savings of \$118.4 million annually.

Supplemental Performance and Resource Information

The statutory framework for this effort is Section 154 of the Energy Policy Act of 2005 (P.L. 109-58), which requires HUD to prepare an integrated energy strategy and to report on progress every two years. HUD submitted a comprehensive Energy Plan in August 2006. A detailed two-year progress report submitted to Congress in November 2008 describes key results.² 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. 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.”

Recovery Act. In addition to these efforts, HUD initiated new energy efficiency programs through the American Recovery and Reinvestment Act of 2009 (ARRA). These included: a \$250 million Green Retrofit Program for assisted multifamily buildings; \$600 million for high performing energy retrofit and green projects in public housing; and additional formula and competitive programs that either contained incentives for energy efficiency and green, or could be utilized for that purpose. Energy savings results from these programs are expected to be reported in FY 2010. HUD estimates that up to 88,000 units may be retrofitted through these programs, for an estimated energy savings of \$21 million.

Data Discussion. This is the third year that HUD has reported energy savings projects from four sources: energy performance contracts in public housing, HOME, CDBG, and Energy Efficient Mortgages. This year, for the first time, results from the Mark to Market Green Remodeling Initiative are being reported.

HUD is still not in a position to report energy savings for the larger portfolio of public and assisted housing. While housing authorities have begun to report utility consumption for asset management projects, data is not yet available from this source. 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.

² U.S. Department of Housing and Urban Development, *Implementing HUD’s Energy Strategy: Progress Report*, November 2008. See www.huduser.org.

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 2010.

Program web site: <http://www.hud.gov/offices/pih/programs/ph/phecc/>

FHA/Housing

B.4: FHA endorses at least 626 mortgages, of which 526 are multifamily and 100 are hospital loans.

Public Benefit and Program Accomplishments

Public Benefit: FHA brings stability to the mortgage market for multifamily housing and is especially important for a number of crucial but higher-risk entities, including small builders, buyers or owners of aging inner-city properties, and nonprofit sponsors. FHA's unique and valuable products include insurance that covers both the construction financing and long-term permanent financing of modest-cost rental housing, insurance for assisted living facilities, and a vehicle to help lenders obtain the benefits of Ginnie Mae securitization

Results and Analysis: The FY 2009 level was determined to be 713 endorsements, which exceeded the targeted level of 626. However, this goal was to be accomplished by two independent areas of Housing as follows: 526 endorsements by the Office of Multifamily Housing, and 100 endorsements by the Office of Insured Health Care Facilities.

FHA promotes decent affordable housing through its Multifamily Insurance program and its goal to endorse at least 626 multifamily mortgages. In FY 2009, FHA endorsed 713 multifamily loans, which exceeded the target level of 626 by 14 percent. These loans provided the public a variety of housing options that included 449 rental projects, 179 nursing homes, 77 assisted living facilities, seven cooperatives, and one board and care facility. [For more detailed information, see Section 2, Indicator B.4.]

Supplemental Performance and Resources Information. Many conventional multifamily loans that otherwise would have gone into default as they reached maturity during the credit crunch of the early 1990s were successfully refinanced with FHA. FHA also retains a leadership position in the market for high loan-to-value and long-term fully amortizing multifamily loans, which can help in the provision of affordable rental housing.

During FY 2009, 661 multifamily mortgages were endorsed by FHA, including 52 risks-sharing loans. This current performance continues to reflect the increased use of FHA's Multifamily Accelerated Processing program by lenders gaining knowledge and capacity (i.e., having in-house staff that can analyze the third party reports as well as developing a good cadre of capable third parties) in the program and of the Development Applications Processing system for automated underwriting of multifamily mortgages. Nonetheless, because FHA responds to local

markets and national economic conditions, it remains conservative in estimating this goal in the interest of assuring sound underwriting.

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 Multifamily Insurance System. The Multifamily Insurance System staff manually enters the endorsement data into Multifamily Insurance System and it then electronically sends data to both Integrated Real Estate Management System 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 Multifamily Insurance System has manually entered data different than in the Development Application Processing system (DAP). Development and Multifamily Insurance System staff checks the loan closing files and make any necessary corrections so that the data in both systems agree.

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

B.5: HUD will complete 70 percent of the initial FY 2009 Mark-to-Market pipeline during the fiscal year, reducing rents and restructuring mortgages where appropriate.

Public Benefit and Program Accomplishments

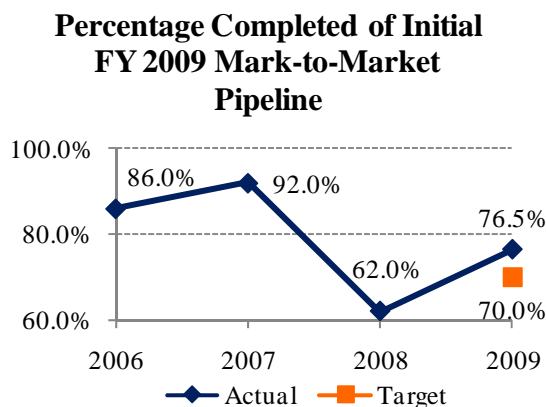
Public Benefit: The Mark-to-Market program preserves crucial, in short supply affordable housing stock by maintaining the long-term physical and financial integrity of such housing and reduces the Section 8 rental assistance costs and the costs of FHA insurance claims. Housing subsidy contracts are expiring on thousands of privately-owned multifamily properties with federally insured mortgages. Many of these contracts set rent at amounts higher than those at the local market.

Under the Mark-to-Market program, the Office of Affordable Housing Preservation analyzes the properties for which Section 8 rents exceed comparable market rents, and reduces the Section 8 rents to comparable market rents or levels that preserve financial viability. Properties also are eligible for debt restructuring, consisting of a write-down of the existing mortgage in conjunction

with the reduced rent levels. Rent adjustments and mortgage restructuring reduce the average cost of providing housing assistance and preserve good quality, affordable housing, a crucial outcome and major issue in housing policy.

Results and Analysis: The FY 2009 level was determined to be 76.5 percent, which exceeded the revised targeted level of 70 percent.

Supplemental Performance and Resources Information. Since FY 2000, nearly



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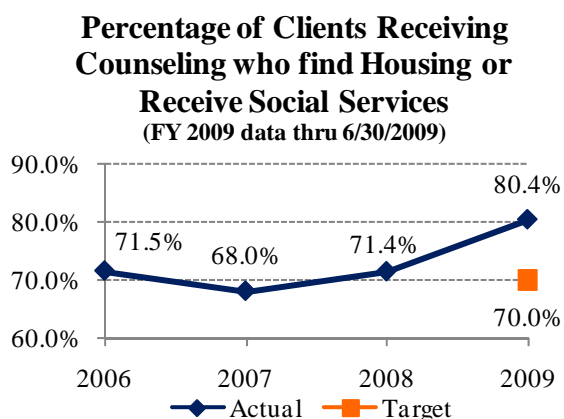
3,200 properties have been completed/closed under the Mark-to-Market program, resulting in Section 8 savings (non-incurrence of cost) of more than \$230 million and more than 267,000 units preserved. In FY 2009, the Office of Affordable Housing Preservation completed/closed 68 properties under the Mark-to-Market program, resulting in annual Section 8 savings (non-incurrence of cost) of over \$25 million. The Office of Affordable Housing Preservation's initial active pipeline on October 1, 2008 was 85 assets.

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. Various data quality checks 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. 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.

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

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 and Program Accomplishments



Public Benefit: In addition to supporting homeownership, the Department's Housing Counseling program supports efforts related to affordable rental housing and helping end chronic homelessness. This indicator focuses on housing counseling for homeless clients and families seeking affordable rental housing.

Results and Analysis: The FY 2009 performance goal was 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. Reporting results from the first three quarters of FY 2009 indicate that 80.4 percent, or 172,653 out of 214,712, of clients receiving rental or homeless counseling have either found suitable housing or received social service assistance to improve their housing situation. Results reflect performance as of the third quarter of FY 2009, which is the most recently available data. By regulation, counseling agencies have 90 days after the end of the fiscal year to fulfill reporting requirements. The level achieved in FY 2008 was 71.4 percent.

Supplemental Performance and Resources Information. Economic conditions and housing market homeownership rates vary and so the demand for specific types of counseling may vary for reasons outside of HUD's control. The Department, however, through its monitoring and training efforts, is confident that HUD-approved agencies are providing quality counseling services that will help clients successfully resolve their housing problems regardless of how many clients are served in a given year. As a result, this indicator focuses on the percentage of outcomes associated with clients receiving rental or homeless and rental counseling, rather than the number of clients served. The methodology employed by HUD to calculate this indicator changed slightly in FY 2009. Specifically, HUD recognized the outcome "decided to remain in current housing situation" as fulfilling the indicator criteria "find suitable housing." This change contributed to the significant increase over historic levels.

Data Discussion. The data are electronically submitted to the Housing Counseling System through the Housing Counseling Agency Fiscal Year Activity Reports (Form HUD-9902). The data include the total number of clients, the type of counseling received, and the results of the counseling.

Program Website. http://www.hud.gov/offices/hsg/sfh/hcc/hcc_home.cfm

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.

This indicator was deleted. HUD 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 were transferred immediately to a new regulator, the Federal Housing Finance Agency.

B.8: Reduce the average number of observed exigent deficiencies per property for substandard multifamily properties by 5 percent.

Public Benefit and Program Accomplishments

Public Benefit: 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, gas leaks; 2) electrical hazards, exposed wires/open panels; 3) water leaks on or near electrical equipment; 4) emergency/fire exits/blocked/unusable fire

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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.17.] A significant majority of the deficiencies for both public housing and multifamily housing are represented by three categories: locked emergency/fire exit egress, missing/broken electrical cover plates/switches/outlets, and exposed wires/missing covers.

Results and Analysis: The FY 2009 level was determined to be 39 percent, which exceeded the targeted level of 5 percent by a wide margin.

Supplemental Performance and Resources Information. 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 2006, the average number of exigent health and safety or fire safety deficiencies observed per property was reduced from 1.81 to 1.46 for multifamily housing. Due to scarce monitoring resources, however, the Department shifted and targeted its focus to the reduction of deficiencies at the worst properties in FY 2007. Nevertheless, the Department continues to track and report on the status of the average number of observed exigent deficiencies per property for all multifamily housing properties, as a means of determining the overall compliance of multifamily property owners and the need for any further corrective action.

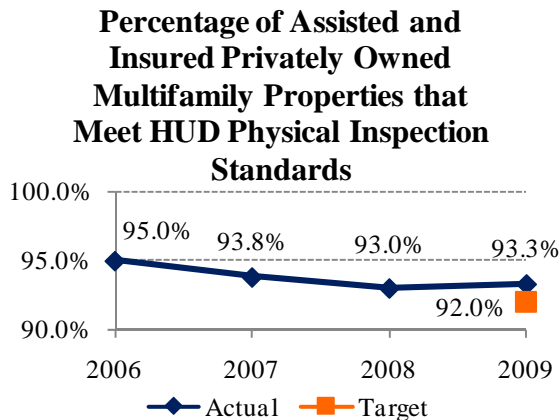
Data Discussion. The Real Estate Assessment Center's Physical Assessment Subsystem, consisting of electronically coded and transmitted results of independent physical inspections of units, buildings, and sites, is stored in the National Inspection Contract – Central Integrated Data Repository. Unit-level 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, is 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.

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

B.9: The share of assisted and insured privately owned multifamily properties that meet HUD-established physical standards are maintained at no less than 92 percent.

Public Benefit and Program Accomplishments

Public Benefit: 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.



Results and Analysis: The FY 2009 level was determined to be 93.3 percent, which exceeded the revised targeted level of 92 percent.

Supplemental Performance and Resources Information. This performance goal built on recent past successes, despite market and other forces that took resources from owners as well as HUD. However, the Department was still able to exceed the revised benchmark of 92 percent.

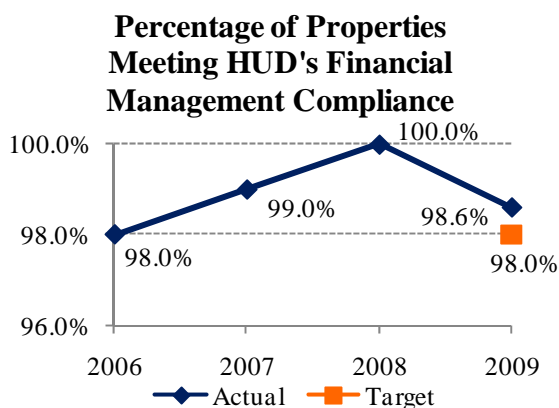
Data Discussion. The Real Estate Assessment Center's Physical Assessment Subsystem, consisting of electronically coded and transmitted results of independent physical inspections of units, buildings, and sites, is stored in the National Inspection Contract – Central Integrated Data Repository. Unit-level 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.

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

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 and Program Accomplishments

Public Benefit: The FY 2009 goal was 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. Financial reporting has the important outcome of protecting FHA funds and supports both the quantity and quality of the affordable housing inventory.



Results and Analysis: The goal was met. FY 2009 level was determined to be 98.6 percent.

Supplemental Performance and Resources

Information. 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 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. The Real Estate Assessment Center Financial Assessment Subsystem involves Internet-based submission of audited financial information in a standardized format. Data are validated, reviewed, and scored, resulting in standard and substandard designations. While PHA scores represent an aggregate of all properties owned or controlled by the agency, multifamily financial scores are determined at the project level for every multifamily development.

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

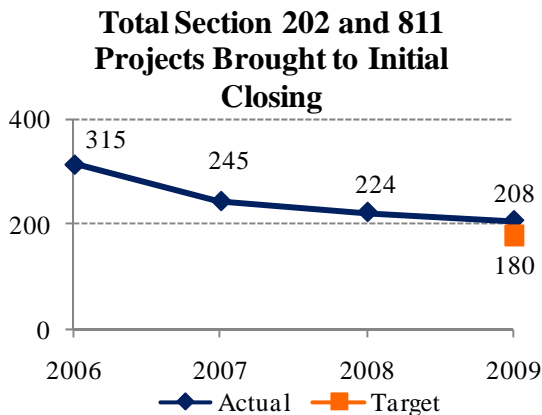
Real Estate Assessment Center performs quality assurance reviews of the audited financial statements of multifamily property owners submitted by independent public accountants. The quality assurance review provides assurance that the audited statements are accurate and reliable and that audits are conducted in accordance with government and professional standards. The Financial Assessment Subsystem incorporates extensive data checks and both targeted and random review by independent auditors.

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

B.11: Increase the availability of affordable housing for the elderly and persons with disabilities by bringing 3,600 Section 202 units (90 projects) and 950 Section 811 units (90 projects) to initial closing.

Public Benefit and Program Accomplishments

Public Benefit: 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 and the expansion of opportunities for independent living, particularly for frail elderly. Significant medical care-related savings are achieved, as well.



Results and Analysis. The FY 2009 level was determined to be at 4,162 units Section 202 (111 projects) and 1,035 Section 811 units (97 projects) respectively, thereby exceeding the unit and project goals.

Supplemental Performance and Resources Information.

Section 202 and Section 811 projects can be difficult 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 and Section 811 funds, and for project features that are not able to be funded by the programs. In addition, neighborhoods sometimes oppose the developments.

This indicator measures the number of units each year that reach the initial closing stage (when the project design has been approved and all of the local community requirements have been met).

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

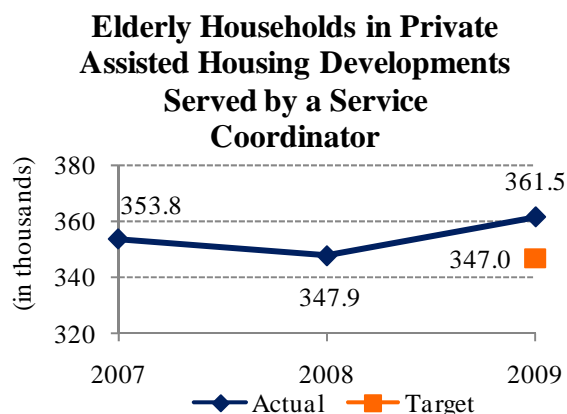
reviewed, verified, and approved by HUD field office staff. The Office of Housing receives copies of the closing documents that will be used to verify data system entries.

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

B.12: The number of elderly households living in private assisted housing developments served by a service coordinator is maintained at the FY 2008 level.

Public Benefit and Program Accomplishments

Public Benefit: This indicator tracks the number of Section 202 projects that receive funding for the employment of service coordinators. A service coordinator is a social service 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.



Results and Analysis. The FY 2009 level was determined to be at 361,546 units, thereby exceeding the updated level of 347,922 units.

Supplemental Performance and Resources Information. The baseline of 353,765 households was established in FY 2007.

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 were to be measured against the FY 2008 level of 347,922. However, the target was adjusted at mid-year.

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

B.13: For both Section 202 and Section 811, at least 70 percent of projects that are initially closed in FY 2009 will have completed the process within 24 months; and, of these, 25 percent will have completed the process within 18 months.

Public Benefit and Program Accomplishments

Public Benefit: The outcome of Section 202 and Section 811 capital advance funding is the expansion of quality and affordable housing for the elderly and persons with disabilities. This efficiency indicator is a measure of the Department's success in achieving the intended

outcome by minimizing the time needed for Section 202 and Section 811 projects to proceed from fund reservation to initial closing.

Results and Analysis. The FY 2009 level was determined to be 65 percent, thereby missing the target; however, of these, 45 percent completed the process within 18 months which exceeded that portion of the goal.

Supplemental Performance and Resources Information. The FY 2009 target was established on the premise that beginning in FY 2008 and by the end of FY 2010, the number of projects closed within 24 months will be at least 70 percent and the number closed within 18 months will be at least 25 percent.

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

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

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 2008 level, excluding new units that are added to the inventory.

Public Benefit and Program Accomplishments

Public Benefit: The Department is committed to preserving existing low-income rental housing for the elderly and persons with disabilities.

Results and Analysis. The FY 2009 level was determined to be at 99.96 percent, thereby exceeding the goal of 98 percent.

Supplemental Performance and Resources Information. This indicator reports on the number of Section 202 and Section 811 units in multifamily housing developments that serve the elderly and persons with disabilities, excluding new units added to the Department's inventory. The aggressive target established for FY 2009 built upon the prior year's performance and reflected the Department's commitment. The levels reported for FY 2009 were 323,744 units versus 323,863 units for FY 2008. The baseline was established in FY 2007.

Data Discussion. The data was captured in the Real Estate Management System during FY 2009.

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

Ginnie Mae

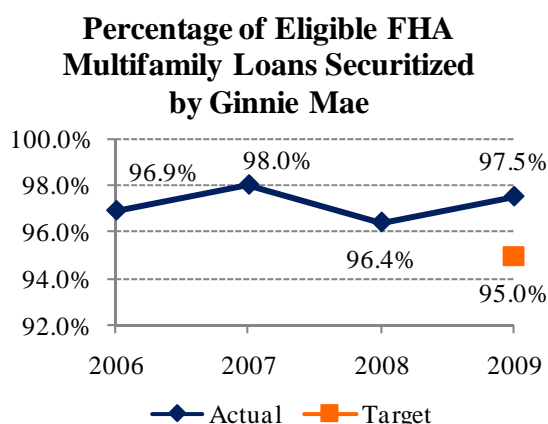
B.15: Ginnie Mae securitizes at least 95 percent of eligible FHA Multifamily mortgages.

Public Benefit and Program Accomplishments

Public Benefit: This indicator measures Ginnie Mae's share of the residential mortgage loans insured or guaranteed by the Federal Housing Administration (FHA). 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 2009; it increased by \$2.4 billion.

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.



Results and Analysis: The target was exceeded. As of the end of FY 2009, Ginnie Mae securitized 97.5 percent of eligible multifamily FHA loans. This result is a 2.5 percentage point increase over this year's goal of 95 percent.

Multifamily securities outstanding increased from

\$39.4 billion in FY 2008 to \$41.8 billion in FY 2009. 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.

Supplemental Performance and Resources Information. 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 2009, the amount of Ginnie Mae securities outstanding was approximately \$826 billion, of which multifamily program securities outstanding were \$41.8 billion.

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 2009 was \$446.6 billion and securities issued were \$418.9 billion. Of the \$446.6 billion of commitment authority approved, the Multifamily Program used \$8 billion in commitment authority and issued \$5.1 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 2009 audit.

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

Public and Indian Housing

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

Public Benefit and Program Accomplishments

Public Benefit: This indicator tracks the usage of the Housing Choice Voucher Program (HCVP) funding. The objective of this goal is to ensure that substantially all of the funding provided by Congress for HCVP is effectively used. HCVP 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 and thus it is important that all funding provided is used.

Results and Analysis: The Department is reporting the utilization of HCVP funding as a tracking indicator because it is in the process of replacing the Section 8 Management Assessment Program (SEMAP) assessment system.

For the six months ending June 30, 2009, PHAs had an average funding utilization rate of 102 percent. This is an increase from the CY 2008 rate of 99 percent. The rate of greater than 100 percent is due to some PHAs using net restricted assets to cover leasing shortfalls after a \$750 million appropriation offset. This offset was unanticipated at the beginning of CY 2009. The utilization rate in July 2009 decreased to 101 percent, indicating that PHAs are adjusting leasing rates in order to stay within their budget allocations. While the goal of improving the utilization rate of HCVP funding to 97 percent by CY 2011 is met, HUD plans to continue outreach to PHAs and to link future administrative fee payments to PHA leasing levels to ensure that maximum utilization occurs.

Supplemental Performance and Resources Information. The HCVP 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

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available jobs and other economic opportunities. Increasing PHAs use of voucher funds remains a key HUD priority, in order to assist the greatest number of low-income families.

Beginning in CY 2008, the Department began allocating administrative fee funding based on a formula tied to the number of assisted households. 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, which is supported by the data demonstrating a multi-year increase in funding utilization rates. Also, the Office of Housing Voucher Program is conducting an Administrative Cost Study that will determine a more effective formula to compensate the PHAs for administering the HCVP.

For 2009, Congress provided over \$15.2 billion for Housing Assistance Payment funding (Tenant-Based Rental Assistance – Contract Renewals). Renewal funding eligibility during each of the past five years was based on actual costs for a prior, mandated period, adjusted for new units and inflation each year.

Data Discussion. The Voucher Management System (VMS) which monitors and manages a PHA's use of vouchers will be the primary source for measuring utilization. The VMS collects data that enables the Department to budget, fund, and obligate voucher funding based on actual PHA activity. Quality Assurance Division (QAD) analysts conduct on-site reviews to verify the VMS reporting accuracy and data integrity. This verification is accomplished through the visual inspection of the PHAs' source documentation that was used to support VMS data entry. The QAD analyst also reviews a random sample of actual Housing Assistance Payment contracts and compares the data to the PHA's financial systems.

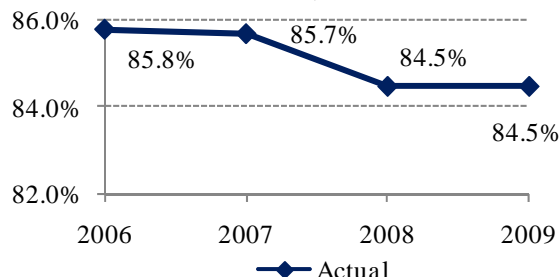
Program Website. <http://www.hud.gov/offices/pih/programs/hcv/>

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

Public Benefit and Program Accomplishments

Public Benefit: This indicator tracks the proportion of units in public housing facilities that meet HUD established physical standards, helping the Department monitor its success in

Percentage of Public Housing Units that Meet HUD Physical Inspection Standards
(FY 2009 thru 6/30/09; all other on CY)



improving the physical conditions in public housing. This indicator is important as expanding the access to decent, affordable housing is one of the Department's key strategic goals.

Results and Analysis: This indicator is a tracking indicator for FY 2009 since the Department is in the midst of a conversion to asset management. Over the past several years, as part of the move to asset management, PHAs have re-grouped their public housing inventory.

Altogether, the inventory has been reclassified from about 14,000 “developments” to 7,200 “projects.” An example, of this change would be a PHA combining many small scattered site “developments” into one “project.” When the conversion to asset management is completed, PIH intends to revise this goal to reporting on a project, and not unit, basis, in keeping with the goals of asset management. Overall, physical inspection scores were the same as FY 2009 (84.5 percent).

Supplemental Performance and Resources Information. 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 to steadily improve the physical quality of public housing.

The principle budgetary resources supporting this effort are the Operating and Capital Funds. For FY 2009, the appropriations for the Operating and Capital Funds were \$4.4 billion and \$2.44 billion, respectively. Over the past five years, resources were relatively flat. The Operating Fund ranged between \$3.6 billion and \$4.2 billion and the Capital Fund ranged between \$2.4 billion and \$2.7 billion. During FY 2009, the Department received \$4.0 billion in addition Capital Fund appropriations under ARRA. The projects under this funding commenced during FY 2009 and will be completed during the next two years. The improvement in the quality of the public housing stock measured through this performance indicator should be noticed in FY 2010 and onward.

Data Discussion. Data for this indicator are from the Real Estate Assessment Center’s (REAC) Physical Assessment Subsystem. Inspections at PHAs are conducted by contracted inspectors and are based on a statistically valid random sample of selected buildings and dwelling units within a property. Inspections are scored by the REAC system at the property level. The Assessment System Physical Indicator score is reported as one of four components of the Public Housing Assessment System rule scoring process. REAC performs quality control reviews over the inspectors to verify that the inspection data is valid.

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

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 and Program Accomplishments

Public Benefit: This tracking indicator reports three key metrics that measures the overall quality of the public housing stock. The unit-weighted average score is an overall indicator of the physical condition and effectiveness of the management of the nation’s public housing inventory. The share of units with functioning smoke detectors tracks one of the most serious health and safety

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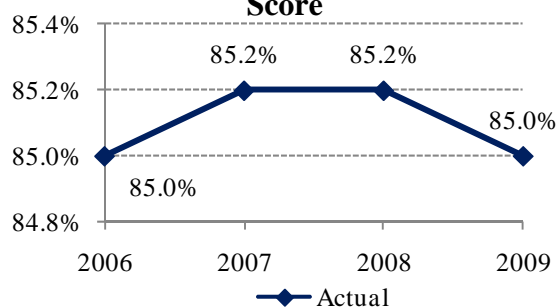
issues. The observed exigent health and safety metric highlights how well poorly performing PHAs are addressing these serious defects. By closely monitoring these indicators, HUD is working to steadily improve the quality of public housing and tracks HUD's progress toward increasing the capability and accountability of PHA partners and increasing the safety and satisfaction of residents.

The Public Housing Assessment System (PHAS) 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.

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 somewhat problematic. [See B.17 for a discussion on the issues affecting comparisons.] After the new assessment system is functional, the Department will develop new performance goals which will measure PHA operations under asset management. Until such time as asset management and the new assessment system are fully implemented, the Department will report this measure as a tracking indicator.

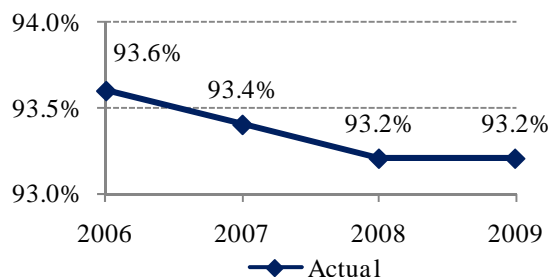
Results and Analysis: This is a tracking indicator due to the ongoing redesign of the measure. The unit-weighted average PHAS score was 85.0 percent which was a decrease of

**Public Housing Assessment
System Unit-Weighted Average
Score**



0.2 percent from the FY 2008 results of 85.2 percent. The average exigent health and safety defects per property assessed (for properties with a physical assessment score of less than 60) dropped from 8.2 defects noted in their previous inspection to 4.1 defects noted in their FY 2009 inspection; this was an improvement of 50 percent and this exceeded the results of a 44 percent reduction for FY 2008.

**Public Housing Assessment
System Share of Units with
Functioning Smoke Detectors**



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, i.e., unchanged from FY 2008.

Supplemental Performance and Resources Information. Adequate resources are required for good results under these indicators, particularly during the transition to asset management. The two main annual budgetary resources come from the Public Housing Operating Fund and Capital Fund programs. In

FY 2009, 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 2009, 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 \$39.2 billion in FY 2009 and reflected the priority and significant amount of resources allocated to this effort. In addition, during FY 2009 the Department received \$4.0 billion in additional Capital Fund appropriations under Recovery Act. The projects under this funding commenced during FY 2009 and will be completed during the next two years. The improvement in the public housing stock through this performance indicator should be noticed in FY 2010 and onward.

Data Discussion. The data sources are the Real Estate Assessment Center (REAC) – 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 PHAS are predicated on the timely release of scores by the REAC. In the event that the REAC experiences a significant delay in the issuance of PHAS scores in a particular year, it could affect the outcome and may represent a skewed assessment of the performance trends within a reporting period.

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

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

Public Benefit and Program Accomplishments

Public Benefit: This tracking indicator measures the portion of the public housing stock managed by PHAs that are or may be ineffective. 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. This goal will assist PIH in promoting more access to the number of affordable housing units offered by public housing agencies.

Results and Analysis: There were 169 troubled PHAs with 66,375 units at September 30, 2008. Of these PHAs, 150 with 61,140 units remained troubled as of September 30, 2009 (a reduction of 8 percent). This reduction compares to a 23 percent reduction in FY 2008 and 43 percent reduction for FY 2007. The reason for the dramatic drop of recovering agencies in FY 2009 is that during the transition to asset management, the Real Estate Assessment Center (REAC) is no longer issuing Public Housing Assessment System (PHAS) scores to agencies. This precludes any further reduction in the number of troubled agencies.

PIH and REAC use the PHAS 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

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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 non-troubled status by the end of the fiscal year due to intervention by the Department.

Supplemental Performance and Resources Information. The principal budgetary resources supporting this effort are the Operating and Capital Funds. For FY 2009, 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 \$3.6 billion and \$4.2 billion and the Capital Fund ranged between \$2.4 billion and \$2.7 billion.

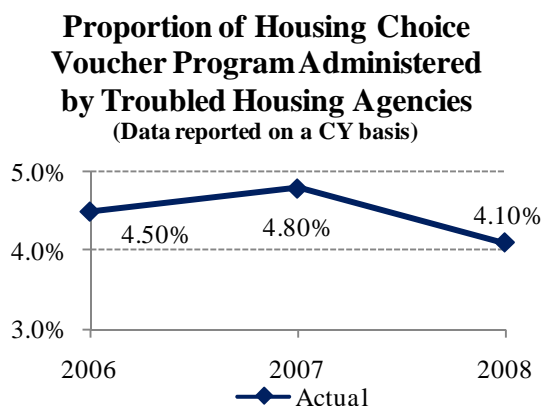
Data Discussion. The data used for this analysis is extracted from REAC where PHA performance scores are compiled and issued. The troubled PHA Monthly Report data extract is very reliable and has withstood many system and programmatic changes. Troubled PHA data is reviewed and verified monthly by a program analyst in the Recovery and Prevention Corps. Any data discrepancy or anomaly is mitigated immediately. Each month changes are verified and cross checked for validity. Data sampling is conducted for reports going back 90 days to ensure consistency and reliability. REAC is very responsive to mitigating issues and/or concerns regarding its data extract. The calculation matrix for this performance goal analyzes each of the twelve troubled PHA reports and independently verifies each PHA that rolled off the baseline troubled report throughout the fiscal year.

Program Website. <http://hudatwork.hud.gov/po/p/fo/>

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

Public Benefit and Program Accomplishments

Public Benefit: This goal measures the percentage of Housing Choice Voucher Program (HCVP) fund controlled by troubled PHAs. The purpose of this goal is to monitor how well the PHAs are administering the HCVP. 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.



Results and Analysis: The Department is reporting the utilization of HCVP funding as a tracking indicator because it is process of replacing the Section 8 Management Assessment Program (SEMAP) assessment system. During FY 2006 to FY 2008, HUD developed a new proposed regulation and proposed rule on the new SEMAP to OMB. Implementation of this new regulation was delayed while the new administration develops Departmental priorities. Once the new

performance assessment system is implemented, currently estimated at mid-year in FY 2010, the Department will determine the baseline percentage of HCVP funding that is administered by PHAs that are troubled and set Annual Performance Plan goals to manage PHA performance.

Although this is a tracking indicator until the new assessment system is established, there has been a substantial improvement in this indicator. For CY 2008, there were 96 troubled agencies with Housing Assistance Payment (HAP) funding of \$604 million (4.1 percent of the total HAP funding). For CY 2007, there were 143 troubled agencies, with HAP funding of \$642.1 million (4.8 percent the total HAP funding). This represents a decrease of 33 percent in the number of troubled PHAs and a 6 percent reduction in the funding that those agencies administered.

Supplemental Performance and Resources Information. The overall funding for the Housing Choice Voucher Program includes \$15 billion in Housing Assistance Payments and \$1.5 billion in Administrative Fees and represents approximately 43 percent of the Department budget of \$38.5 billion for FY 2009.

Data Discussion. In the future the data source for this goal will be the new performance assessment system for the HCVP 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.

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

B.21: The HOPE VI Revitalization program demolishes 2500 units and completes 6,000 new and rehabilitated units.

Public Benefit and Program Accomplishments

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 Department established annual indicators to track the number of severely distressed public housing units demolished and new and rehabilitated units completed. These two indicators best represent the program and the outcome of more affordable housing. The HOPE VI program supports the Department's strategic goals for creating decent, affordable housing and increasing homeownership opportunities, both of which help foster sustainable communities.

Results and Analysis: For FY 2009 grantees demolished 3,403 severely distressed public housing units, exceeding the goal of 2,500 units by approximately 36 percent. Completions of new or rehabilitated units totaled 8,257, surpassing the 6,000-unit goal by approximately 38 percent. The FY 2009 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.

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HOPE VI Achievements	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual	FY 2009 Target
Units demolished	5,034	6,601	4,374	3,403	2,500
Units constructed or rehabilitated	9,389	8,436	9,978	8,257	6,000

* All figures for the 12 months ended June 30.

Since program inception, a cumulative total of 93,295 units have been demolished and 78,692 new and rehabilitated physical housing units have been built to date. Of these units, 67,586 were newly developed units and 11,106 were rehabilitated units. With approximately \$716 million in HOPE VI funds awarded through June 30, 2009, but not yet expended, HUD continues to work closely with grantees to implement the grants in a timely manner and to positively affect the communities surrounding the HOPE VI developments.

Supplemental Performance and Resources Information. The overall impact of HOPE VI can be seen in the program's total planned affordable housing opportunities, which continue to be produced as the current HOPE VI grants proceed to completion. The HOPE VI program will produce a total of 153,804 housing opportunities, which include public housing units, other affordable housing units, market-rate units, and Housing Choice Vouchers opportunities that originated through HOPE VI. Of these, 131,035, or over 85 percent, will be affordable housing opportunities for public housing and low-income families compared to 96,694 public housing units planned to be demolished under the program. As of June 30, 2009, HOPE VI had already completed 108,970 of the planned 131,035 affordable housing opportunities.

This program is subject to the availability of appropriations by Congress. The Congress appropriated \$120 million for the HOPE VI program in FY 2009. The President's FY 2010 budget proposes no additional funds for HOPE VI and is instead proposing the Choice Neighborhoods Initiative. Though the Department is not requesting additional funds for HOPE VI, it is focused on continuing the progress of current projects and maximizing the effective use of available prior year funds.

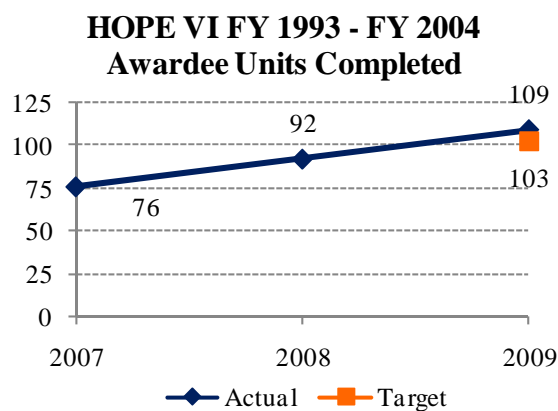
Data Discussion. The data are submitted quarterly to HUD by PHAs via PIH's HOPE VI quarterly progress reporting system. Data are judged to be reliable for this measure. Data provided for this goal is from July 1, 2008, through June 30, 2009. Submitted data are reviewed by HUD staff and are verified through 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.

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

B.22: Ensure that unit production is completed for 103 HOPE VI grants awarded from FY 1993 through FY 2004.

Public Benefit and Program Accomplishments

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 Department established this annual indicator to track the number of HOPE VI projects that have completed all unit production. Accordingly, the more projects that are completed, the more affordable housing opportunities that will be available to support the Department's strategic goals for creating decent, affordable housing, and increasing homeownership opportunities, both of which help foster sustainable communities. Because of the extensive planning and partnering involved, as well as extenuating circumstances, many grantees have been implementing their HOPE VI redevelopment plans more slowly than anticipated. 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.



Results and Analysis: For FY 2009, 17 grants completed all unit production, resulting in a cumulative total of 109 completed projects for the HOPE VI program, surpassing the goal of 103 by approximately six percent. The FY 2009 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. With approximately \$716 million in HOPE VI funds awarded through

June 30, 2009, 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.

Supplemental Performance and Resources Information. The overall impact of HOPE VI can be seen in the program's total planned affordable housing opportunities, which continue to be produced as the current HOPE VI grants proceed to completion. The HOPE VI program will produce a total of 153,804 housing opportunities, which include public housing units, other affordable housing units, market-rate units, and Housing Choice Vouchers opportunities that originated through HOPE VI. Of these, 131,035, or over 85 percent, will be affordable housing opportunities for public housing and low-income families compared to 96,694 public housing units planned to be demolished under the program. As of June 30, 2009, HOPE VI had already completed 108,970 of the planned 131,035 affordable housing opportunities.

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This program is subject to the availability of appropriations by Congress. The Congress appropriated \$120 million for the HOPE VI program in FY 2009. The President's FY 2010 budget proposes no additional funds for HOPE VI and is instead proposing the Choice Neighborhoods Initiative. Though the Department is not requesting additional funds for HOPE VI, it is focused on continuing the progress of current projects and maximizing the effective use of available prior year funds.

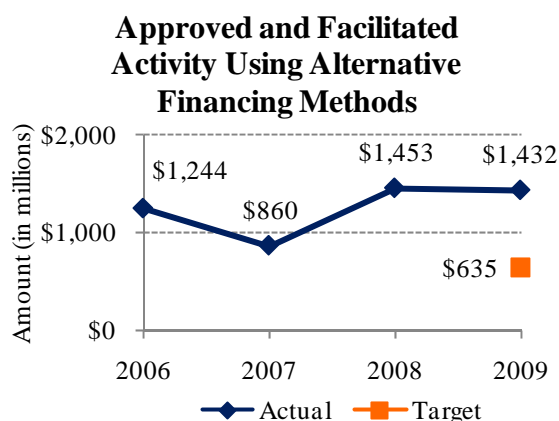
Data Discussion. The data are submitted quarterly to HUD by PHAs via the Public and Indian Housing's HOPE VI quarterly progress reporting system. Data are judged to be reliable for this measure. Data provided for this goal is from July 1, 2008, through June 30, 2009. Submitted data are reviewed by HUD 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.

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

B.23: The Department will approve and facilitate \$635 million of activity using alternative financing methods.

Public Benefit and Program Accomplishments

Public Benefit: The Department established this annual indicator to track the amount of other financing leveraged by its PIH 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, and increasing homeownership opportunities, both of which help foster sustainable communities.



Results and Analysis: For FY 2009, over \$1.4 billion of other financing was leveraged which was over two times the goal of \$635 million.

Supplemental Performance and Resources Information. 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 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. Through the Capital Funds Financing Program the agencies borrow funds from the private markets, pledge a portion of 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 to improve, modernize and/or development of public housing, thus protecting and enhancing the affordable housing stock.

The HOPE VI program is subject to the availability of appropriations by Congress. The Congress appropriated \$120 million for the HOPE VI program in FY 2009. The President's FY 2010 budget proposes no additional funds for HOPE VI and is instead proposing the Choice Neighborhoods Initiative. Though the Department is not requesting additional funds for HOPE VI, it is focused on continuing the progress of current projects and maximizing the effective use of 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, Standard and Poor's in a 2006 report 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, resurgence in the trend of declining Capital Fund 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. Though the Recovery Act has made additional grant funding available for capital investment for the next three years, this means that PHAs have less need of, and less time to pursue, the Capital Fund Financing Program. This could lead to a decrease in the level of interest in the Capital Fund Financing Program and other alternate financing programs and/or increase the cost of borrowing. Additionally, downturns in the economy, such as that experienced in the last year, can negatively impact the viability of leveraging funds through Capital Fund Financing Program transactions and other such alternate financing methods (including HOPE VI).

Data Discussion. For the HOPE VI program, the data are submitted to HUD by PHAs via PIH's HOPE VI Quarterly Progress Reporting system. Data are judged to be reliable for this measure. Data provided for this goal is for the year ending June 30, 2009. 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 and other types of alternate financing 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 that are reviewed by HUD during its approval process.

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

B.24: The Department will develop baseline data and future years' targets for the Housing Choice Voucher program assessment tool.

Reporting on this indicator has been postponed until HUD has an implementing rate on the new scoring system in place.

B.25: The conversion to asset management will be certified for 50 percent of PHAs with 250 or more units who applied for assessment.

Public Benefit and Program Accomplishments

Public Benefit: This indicator measures the portion of PHAs who successfully applied and transitioned to asset management. HUD published a final rule, Revisions to the Public Housing Operating Fund Program (79 FR 54983). In accordance with this rule, PHAs that experience a decline in operating subsidy can have their losses “stopped” by demonstrating successful conversion to asset management, also referred to as the “stop-loss” provision. This rule serves as an incentive for early adoption of asset management. The benefit for implementation of asset management will lead to better management and oversight of the PHAs.

Results and Analysis: For FY 2009, the Operating Fund Program had 123 “decliners” that applied of which 92 were certified as having successfully converted to asset management. This represented 75 percent of those that applied and surpassed the goal of 50 percent. HUD will continue to work closely with PHAs that want to apply for the Stop-Loss Program to convert to assessment management. The Operating Fund Program permits a PHA to resubmit based on failed criteria in order to have their losses stop and convert to asset management by 2011.

Supplemental Performance and Resources Information. The Department has secured the services of a contractor that will provide assistance to the Department in processing stop-loss submissions and review the progress of PHAs with 250 or less units, whose funding levels decline in meeting the criteria for successful conversion to asset management. The Department is implementing asset management to ensure efficiency in the management of PHAs for project

based funding, project based budgeting, project based accounting, and project based management.

Data Discussion. The financial and management source is derived from the data supplied by the PHAs. The data was reliable and complete to measure submissions. Submitted data was verified by an independent assessor through desk, Central Office Cost Center, and on-site reviews. The Stop-Loss Review Checklist Tool

<http://www.hud.gov/offices/pih/programs/ph/am/stoploss.cfm> illustrates steps to ensure data volatility for the Stop-Loss submission received from the PHAs.

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

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Goal C: Strengthen Communities

PERFORMANCE REPORT CARD – GOAL C							
Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	Notes
CPD							
C.1 At least 17,000 units of rental housing will be in development or in service by September 2009 in the areas most affected by the 2005 Gulf Coast hurricanes.	N/A	N/A	N/A	45,500	17,000	✓	
C.2 At least \$9 billion of CDBG disaster recovery funds will be disbursed for homeowner compensation payments to 145,000 households in Louisiana and Mississippi by September 2009.	N/A	N/A	N/A	150,122	145,000	✓	a
C.3 At least \$700 million will be obligated by states to the local projects for restoration and enhancement of infrastructure throughout the five Gulf Coast states receiving supplemental CDBG Disaster Recovery Funding by September 2009.	N/A	N/A	N/A	\$1,552	\$700	✓	b
C.4 Expand use of CDBG for economic opportunity by creating or retaining at least 36,779 jobs.	66,133	43,231	38,214	29,398	36,779	✗	c
C.5 Increase economic opportunity through the use of CDBG funds in 66 percent of entitlement grantees that have unemployment rates above the national unemployment rate.	N/A	87.00%	85.00%	87.50%	66.00%	✓	c
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	95.60%	94.63%	90.00%	✓	c
C.7 Sole proprietors will claim \$133 million in Empowerment Zone and Renewal Community wage credits.	\$128	\$155	\$121	\$178	\$133	✓	d
C.8 Eliminate the blighting influence of 5,000 vacant, boarded up, or abandoned properties by the end of FY 2009.	N/A	5,900	9,180	7,450	5,000	✓	
C.9 The percentage of formerly homeless individuals who remain housed in HUD permanent housing for at least six months will be at least 77 percent.	69.00%	74.90%	75.10%	82.20%	77.00%	✓	e
C.10 The percentage of homeless persons who have moved from HUD transitional housing into permanent housing will be at least 65 percent.	62.40%	68.90%	71.10%	67.70%	65.00%	✓	e
C.11 The employment rate of persons exiting HUD homeless assistance projects will be at least 20 percent.	17.00%	22.80%	21.90%	19.70%	20.00%	✗	e
C.12 The percentage of HOPWA clients in permanent housing who maintain housing stability will be 85 percent in 2009, 90 percent in 2012, and increase by one percentage point each year thereafter; the percentage of HOPWA clients receiving short-term housing assistance who experience reductions in their risks of homelessness will be 60 percent in 2009, 70 percent in 2012, and will increase by two percentage points each subsequent year.							
HOPWA clients maintaining housing stability.	N/A	93.00%	92.00%	94.00%	85.00%	✓	
HOPWA short-term clients risking homelessness.	N/A	N/A	N/A	92.00%	60.00%	✓	

Performance Information
Goal C: Strengthen Communities

PERFORMANCE REPORT CARD – GOAL C							
Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	Notes
FHA/Housing							
C.13 At least 35 percent of single family mortgages endorsed for insurance by FHA are in underserved communities.	40.20%	42.00%	39.20%	35.50%	35.00%	✓	
C.14 The share of multifamily properties insured by FHA in underserved areas is maintained at 40 percent of initial endorsements.	41.00%	46.00%	59.40%	58.60%	40.00%	✓	
C.15 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	41.40%	43.60%	N/A	N/A	N/A	N/A	f
Freddie Mac	42.30%	42.70%	N/A	N/A	N/A	N/A	f
C.16 FHA mortgage insurance enables at least seven hospitals to obtain affordable financing for construction or modernization projects.	9	9	8	10	7	✓	
C.17 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.	93.80%	93.50%	93.60%	93.80%	92.80%	✓	
PIH							
C.18 Overcrowded households in Indian country shall be reduced by three percent.	2,002	2,176	2,174	1,938	1,400	✓	g
Healthy Homes and Lead Hazard Control							
C.19 The number of children under the age of six who have elevated blood lead levels will be 210,000 or less in 2009.	270,000	235,000	215,000	209,000	210,000	✓	
C.20 As part of a 10-year effort to eradicate lead hazards, the Lead Hazard Control Grant programs will make 11,800 units lead safe in FY 2009.	9,638	10,602	12,569	13,873	11,800	✓	

N/A: not available

a - households

b - number reported in millions

c - due to timing of data collection issues, HUD is using estimates

d - uses Internal Revenue Service CY data that corresponds to two years before HUD FY (i.e. FY 2008 data has CY 2006 source year)

e - data through first three quarters of respective calendar year

f - HUD no longer tracks this indicator

g - New units created

Community Planning and Development

C.1: At least 17,000 units of rental housing will be in development or in service by September 2009 in the areas most affected by the 2005 Gulf Coast hurricanes.

Public Benefit and Program Accomplishments

Public Benefit: This indicator establishes a goal to develop and restore the rental housing stock in the Gulf Coast jurisdictions most affected by the hurricanes of 2005. HUD's Community Development Block Grant disaster recovery program creates the foundation for sustained long-term disaster recovery through restoration of rental housing stock and restoration of damaged infrastructure. A total of \$19.7 billion in supplemental CDBG disaster recovery funding has been appropriated for the Gulf Coast states, with the majority targeted to housing-oriented activities including rental housing programs. Some states have targeted resources for small rental units, multifamily units or a combination of these programs. Each state coordinates its own process for soliciting and/or developing projects within its impacted areas.

Results and Analysis: Through the end of FY 2009, Gulf Coast recovery grantees have at least 41,372 units of affordable rental housing in development and have completed 4,128 units, exceeding the target of 17,000 developmental units. Of those completed, 533 were in Florida, 1,179 were in Mississippi, and 2,416 were in Louisiana. Of those in development, 26,113 are in Louisiana, 8,279 are in Mississippi, 4,729 are in Florida, 2,199 are in Texas, and 52 are in Alabama. This represents approximately \$1.9 billion in funding budgeted for these developments.

Supplemental Performance and Resources Information. Timelines for environmental clearance, engineering and design, and bidding processes at the local level will have an impact on the pace of rental housing development activities. Further, progress on infrastructure activities such as those contemplated under indicator C.3 has a significant impact on the ability of rental programs to proceed. Development and/or rehabilitation of multifamily units depend on coordination of state and local funding sources. The effectiveness of small rental programs also depends upon the condition of existing stock and financing of new development. Rental housing activities have been slow to proceed given extended timelines in the development process as noted above.

Data Discussion. Grantees submit quarterly performance reports online in the Disaster Recovery Grant Reporting System. CPD staff in Headquarters and the Field 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.

Program Website. <http://www.dca.state.fl.us/fhcd/cdbg/disasterrecovery.cfm>
<http://doa.louisiana.gov/cdbg/DRHome.htm>
<http://www.msdisasterrecovery.com/>

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

<Http://www.tdhca.state.tx.us/cdbg/first-supplemental/index.htm>

<http://www.tdhca.state.tx.us/cdbg/second-supplemental/index.htm>

C.2: At least \$9 billion of CDBG disaster recovery funds will be disbursed for homeowner compensation payments to 145,000 households in Louisiana and Mississippi by September 2009.

Public Benefit and Program Accomplishments

Public Benefit: 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 establishing this measure – that at least \$9 billion of CDBG disaster recovery funds will be disbursed for homeowner compensation payments to 145,000 households in Louisiana and Mississippi by September 2009 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.

Results and Analysis: A cumulative total of 150,122 homeowner compensation payment grants have been distributed as of September 30, 2009, exceeding the goal of disbursement to 145,000 households. Of the grants distributed, 124,985 were in Louisiana, and 25,137 were in Mississippi, amounting to a total disbursement of \$9.8 billion (\$8 billion in Louisiana and \$1.8 billion in Mississippi), exceeding the target of \$9 billion.

Supplemental Performance and Resources Information. 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.

Program Website.

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

<http://www.dca.state.fl.us/fhcd/cdbg/disasterrecovery.cfm>

<http://doa.louisiana.gov/cdbg/DRHome.htm> <http://www.msdisasterrecovery.com/>

<http://www.tdhca.state.tx.us/cdbg/first-supplemental/index.htm>

<http://www.tdhca.state.tx.us/cdbg/second-supplemental/index.htm>

C.3: At least \$700 million will be obligated by states to the local projects for restoration and enhancement of infrastructure throughout the five Gulf Coast states receiving supplemental CDBG Disaster Recovery Funding by September 2009.

Public Benefit and Program Accomplishments

Public Benefit: This indicator establishes a goal to restore and improve infrastructure in the Gulf Coast jurisdictions most affected by the hurricanes of 2005. 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. 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. Each state coordinates its own process for soliciting and/or developing projects within its impacted areas.

Results and Analysis: Altogether, \$1.5 billion has been obligated for these activities more than double the goal. Each of the five states receiving Gulf Coast Recovery grants has allocated funds for local public facilities and infrastructure, and obligated more than twice the amount projected.

Supplemental Performance and Resources Information. Of funds obligated during FY 2009, \$581 million was for public facilities, \$637 million was for streets and water systems and \$333 million was for general rehabilitation and/or reconstruction of a public improvement. As of September 30, 2009, Louisiana (\$529 million) and Mississippi (\$883 million) obligated 91 percent of the funds in FY 2009 for public facility and infrastructure projects.

Data Discussion. Grantees submit quarterly performance reports online in the Disaster Recovery Grant Reporting System. CPD staff in Headquarters and the Field Office 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.

Program Website.

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

<http://www.dca.state.fl.us/fhcd/cdbg/disasterrecovery.cfm>

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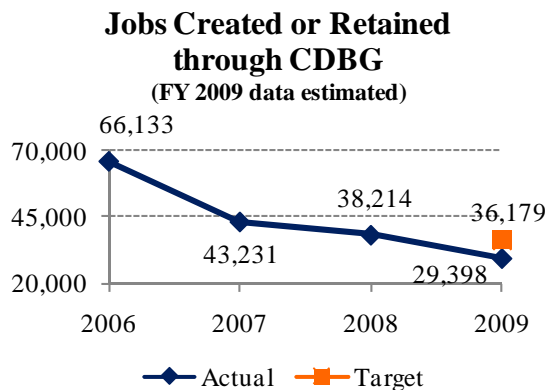
<http://www.tdhca.state.tx.us/cdbg/first-supplemental/index.htm>

<http://www.tdhca.state.tx.us/cdbg/second-supplemental/index.htm>

C.4: Expand use of CDBG for economic opportunity by creating or retaining at least 36,779 jobs.

Public Benefit and Program Accomplishments

Public Benefit: The number of jobs created and retained through the use of CDBG 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. In FY 2009, the total number of jobs to be created was increased from 36,090 jobs to 36,779 to reflect actual program outcomes in FY 2008 and FY 2009 appropriations, including continued Section 108 funding. Specifically, the job figure comprised 30,779 CDBG jobs, reduced from 36,090 and 6,000 Section 108 Loan Guarantee jobs, and increased from zero jobs as section 108 received a new appropriation of funding.



Results and Analysis: Although the CDBG portion of the goal was not met, the Section 108 program goal was exceeded by 35 percent. In FY 2009, grantees reported that CDBG assistance assisted in the creation or retention of 21,309 jobs, a shortfall of 9,470 jobs in comparison to the FY 2009 goal of 30,779 jobs. For the Section 108 loan guarantee program, application commitments reflect that 8,089 jobs will be created as a result of Section 108 loan guarantee assistance, an increase

of 2,089 jobs over the goal of 6,000. The total number of jobs created or retained as a result of assistance through these two programs is 29,398. Section 108 loan guarantee commitments in FY 2009 were \$230,000,000.

Supplemental Performance and Resources Information. 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. Again, projects are developed and implemented by grantees.

Data Discussion. Estimates for CDBG goals are based on historical accomplishments reported by grantees in the Integrated Disbursement and Information System on jobs created and/or

retained, the actual CDBG appropriation, and 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 the data system. Section 108 program data is derived from applications approved during FY 2009.

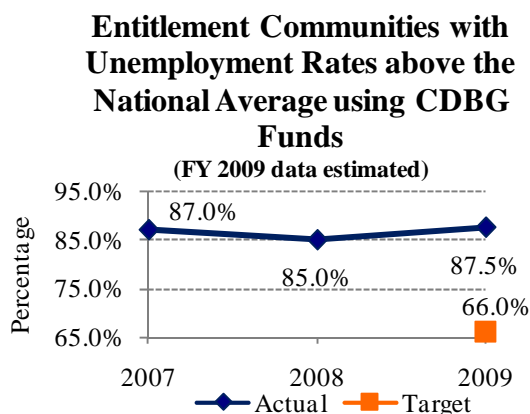
Program Website.

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/108/index.cfm>

C.5: Increase economic opportunity through the use of CDBG funds in 66 percent of entitlement grantees that have unemployment rates above the national unemployment rate.

Public Benefit and Program Accomplishments

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. For FY 2009, the goal was that at least 66 percent 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.



Results and Analysis: In FY 2009, 87.5 percent of CDBG entitlement grantees with unemployment rates higher than the national average used CDBG funds to address this issue, exceeding the goal of at least 66 percent, as well as the FY 2008 result of 85 percent. CPD's analysis of FY 2009 data indicates that 296 grantees had qualifying local employment rates (as measured by the Bureau of Labor Statistics) using October 2008 unemployment data. Of those 296 grantees, 259 of those

grantees were undertaking activities that increased economic opportunity during FY 2009.

Supplemental Performance and Resources Information. This indicator 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.

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 920 of the 1,154 entitlement communities in the CDBG program for FY 2009. HUD reviewed information reported by these grantees in the Integrated Disbursement and Information System 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.

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

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 and Program Accomplishments

Public Benefit: The percentage of 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, that funds principally benefit low- and moderate-income persons. Targeting low- and moderate-income persons is the core of the CDBG program.

Results and Analysis: CDBG grantees report that 94.63 percent of CDBG funds expended in FY 2009 were for activities that primarily benefit low- and moderate-income persons, thus exceeding the goal of 90 percent as well as the statutory requirement of 70 percent. For FY 2009, this indicator combined the separate indicators on low and moderate income benefit that existed for the entitlement and State CDBG programs. The revised FY 2009 goal called for grantees to spend at least 90 percent of state and entitlement CDBG funds on activities that benefit low- and moderate-income persons. Due to timing of data collection issues, HUD is using estimates.

Supplemental Performance and Resources Information. State and local governments received formula CDBG funds totaling \$3.635 billion in FY 2009. Grantees 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 in Integrated Disbursement and Information System is compiled 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 verifies program data when monitoring grantees.

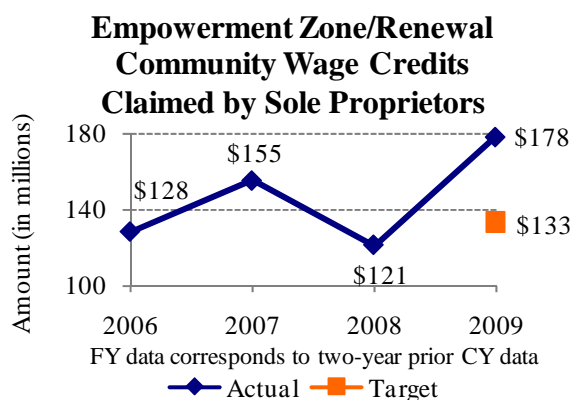
Program Website. <http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

C.7: Sole proprietors will claim \$133 million in Renewal Communities and Empowerment Zone wage credits.

Public Benefit and Program Accomplishments

Public Benefit: The economic foundations of Empowerment Zones and Renewal Communities grow stronger as more businesses claim Empowerment Zone and Renewal Community employment credits because the credits help the businesses save money and encourage the hiring of local residents. This stronger foundation helps businesses to stay viable and expand in distressed areas and to maintain and increase employment options for residents of these communities. As businesses claim these tax credits in increasing rates, communities get stronger, thereby strengthening communities.

For FY 2009, HUD established a target that sole proprietors would claim \$183 million in Renewal Community and Empowerment Zone wage credits. This target was reduced to \$133 million to reflect recent trends in the volume of employment credits. This performance measure is considered an intermediate outcome because implementation of the Renewal Community and Empowerment Zone programs focuses strongly on making economic development professionals, business owners, and tax preparers for small- and medium-sized businesses aware of the tax incentives.



Results and Analysis: In FY 2009, sole proprietors claimed approximately \$178 million in Renewal Community and Empowerment Zone employment credits, which is 34 percent more than the FY 2009 goal of \$133 million, and represents a 47 percent increase from the approximately \$121 million in credits claimed from the previous year. The \$178 million in credits was significantly higher than the goal because IRS became able to provide more updated performance data to HUD. Until

FY 2009, the most recently-available data that HUD could obtain from the IRS was applicable to tax incentives claimed two years in arrears. In addition, these IRS data were based on only a sample of tax returns that businesses filed. Beginning in FY 2009, HUD acquired data from

another division of IRS that was able to provide tax return data only one year in arrears and based on figures gathered from all tax returns.

Although the volume of employment credits claimed yearly for the most part has been increasing, HUD expects the FY 2010 credits claimed to be approximately 2 percent less than the FY 2009 figure, or approximately \$173 million, due to negative changes in nationwide employment.

Supplemental Performance and Resources Information. 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, in partnership with the Internal Revenue Service, provides information and technical assistance to tax practitioners, business owners, and administrators of the 70 HUD-designated Empowerment Zones and Renewal Communities so that the \$11 billion package of tax incentives will be claimed. The Office of Community Renewal believes that once a business owner learns about these valuable incentives the owner 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.

Data Discussion. The Office of Community Renewal obtains data on the volume of employment credits claimed from the Internal Revenue Service. HUD considers these data to be valid.

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

C.8: Eliminate the blighting influence of 5,000 vacant, boarded up, or abandoned properties by the end of FY 2009.

Public Benefit and Program Accomplishments

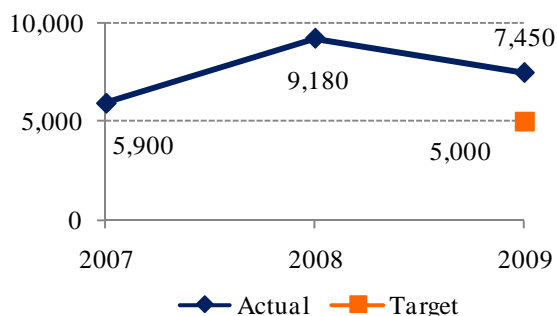
Public Benefit: This initiative is expected to make a measurable contribution to the priority outcome of restoring and strengthening neighborhood communities by improving the quality of residents' lives since vacant, abandoned, or boarded up properties are associated with neighborhood decline. The removal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

Results and Analysis: The goal was met with the clearance or demolition of at least 7,450 structures, 49 percent above the goal of 5,000 properties. While lower than last year's actual of 9,180 properties cleared, it is still significantly above the goal. CPD used the most recent data available from the IDIS to identify grantees that used CDBG funds for FY 2009 activities involving demolition or clearance.

Supplemental Performance and Resources

Information: Local governments receive formula CDBG funds either directly from HUD or through states. They 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 as HUD does not dictate the proportion which is dedicated to the elimination of blight.

Vacant, Boarded Up, or Abandoned Properties Removed



Data Discussion: Currently, the goal is measured using data as reported by CDBG grantees regarding their demolition activities. The Department also is exploring whether combining 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.

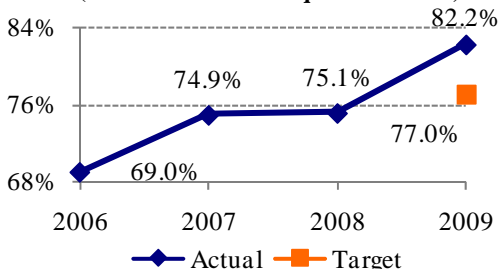
Program Website: <http://www.hud.gov/offices/cpd/communitydevelopment/programs/>

C.9: The percentage of formerly homeless individuals who remain housed in HUD permanent housing projects for at least 6 months will be at least 77 percent.

Public Benefit and Program Accomplishments

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.

Percentage of Formerly Homeless who remain in HUD Permanent Housing for at least Six Months
 (Data thru first three quarters of CY)



Results and Analysis: In FY 2009, HUD exceeded this goal, with an achievement of 82.2 percent of formerly homeless persons remaining in permanent housing for at least six months. This is a 7.1 percentage point increase from last year's achievement of 75.1 percent. HUD will strive to continue to exceed its statistical benchmarks for increasing permanent housing opportunities for formerly homeless individuals. The reporting period is from January 1, 2009, to September 30, 2009.

HUD's performance relative to retaining formerly homeless individuals in permanent housing can be attributed to a new emphasis on permanent housing retention. Along with other

measures, combining new permanent housing units with appropriate supportive services has mitigated the impact of recent national surges in unemployment and homelessness on the availability of homeless resources. Since 2006, HUD has communicated its new emphasis on permanent housing retention through 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 2010, this number will remain fairly constant.

Supplemental Performance and Resources Information. 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. 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 programs 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.

Historically, Homeless Assistance Grants appropriation levels have increased steadily, which has contributed significantly to HUD's ability to achieve this goal. The appropriation in FY 2008 was \$1.5 billion, and the appropriation in FY 2009 increased to \$1.6 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. 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 Office monitors 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

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their operational year in 2009 and whose Annual Progress Reports were entered in HUD's database by September 30, 2009. 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 2009. An independent assessment in 2004 showed CPD-Annual Progress Report performance indicator data passed quality tests for validity, completeness, and consistency.

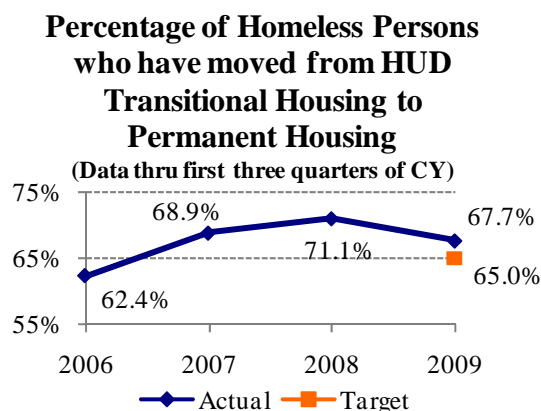
Program Website. <http://www.hud.gov/offices/cpd/homeless/programs/index.cfm>

C.10: The percentage of homeless persons who have moved from HUD transitional housing into permanent housing will be at least 65 percent.

Public Benefit and Program Accomplishments

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 who 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.

Results and Analysis. In FY 2009, the rate of homeless persons who have moved from HUD transitional housing into permanent housing was 67.7 percent, exceeding the goal of 65 percent. While HUD's performance relative to this indicator has decreased by 2.7 percentage points, HUD's achievement is very significant in light of the economic challenges facing many Americans to include increased incidents of unemployment and homelessness. The reporting period is from January 1, 2009 to September 30, 2009.



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 2010, HUD expects that communities will continue to strive toward exceeding their achievements from FY 2009. 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.

Supplemental Performance and Resources Information: 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. Historically, Homeless Assistance Grants appropriation levels have increased steadily, which has contributed significantly to HUD's ability to achieve this goal. The appropriation in FY 2008 was \$1.5 billion, and the appropriation in FY 2009 increased to \$1.6 billion. The increases in funding ensures 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 monitors 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 2009 and whose Annual Progress Reports were entered in HUD's database by September 30, 2009. 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 2009. An independent assessment in 2004 showed that CPD-Annual Progress Report performance indicator data passed quality tests for validity, completeness, and consistency.

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

C.11: The employment rate of persons exiting HUD homeless assistance projects will be 20 percent.

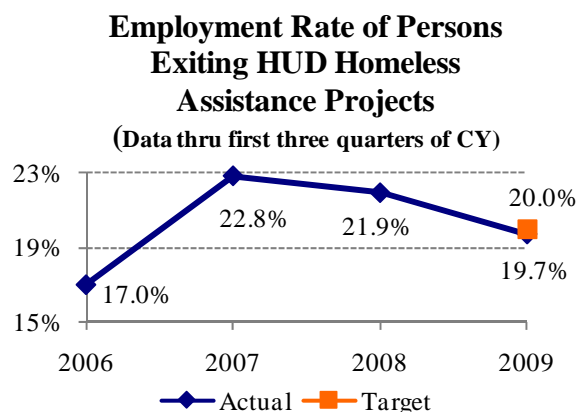
Public Benefit and Program Accomplishments

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

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indicator tracks the number of adult clients who are employed upon exit from HUD-funded homeless assistance projects.



Results and Analysis: In FY 2009, the employment rate of persons exiting HUD funded homeless assistance projects was 19.7 percent, close to the goal. While the employment rate of persons exiting HUD homeless assistance projects decreased by 2.2 percent from FY 2008, there was a 66 percent increase in the number of individuals receiving employment income for participants in HUD funded projects in FY 2009. These achievements demonstrate that HUD funded

homelessness programs are responsive to changing economic trends and continue to provide critical resources and services while meeting or exceeding statistical benchmarks. The reporting period is from January 1, 2009, to September 30, 2009.

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 2009 demonstrated that these increases could be leveling off. In FY 2010 HUD anticipates an achievement consistent with that of FY 2009.

Supplemental Performance and Resources Information. 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. Historically, Homeless Assistance Grants appropriation levels have increased steadily, which has contributed significantly to HUD's ability to achieve this goal. The appropriation in FY 2008

was \$1.5 billion, and the appropriation in 2009 increased to \$1.6 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 monitors 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 2009 and whose Annual Progress Reports were entered in HUD's database by September 30, 2009. 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 2009. An independent assessment in 2004 showed that CPD-Annual Progress Report performance indicator data passed quality tests for validity, completeness, and consistency.

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

C.12: The percentage of Housing Opportunities for Persons with AIDS program clients who maintain housing stability, avoid homelessness, and access care will be maintained at 85 percent for permanent housing in 2009 and 60 percent for short term/transitional housing

Public Benefit and Program Accomplishments

Public Benefit: HOPWA serves as a supportive housing intervention to help reduce the risks of homelessness for the special needs population of persons living with HIV/AIDS and their families who have affordable housing needs. HOPWA support that achieves stable housing serves as a base from which program beneficiaries may participate in an effective comprehensive care program for this special needs population, who face other life challenges such as mental illness, substance abuse, and sobriety issues, and thereby improve their access to required HIV care and treatment. Permanent supportive housing is a critical component of promoting the housing stability of persons and their families living with HIV/AIDS. In addition to on-going rental assistance and other permanent housing support, HOPWA short-term and transitional housing is designed to assist households who are at severe risk of homelessness avoid displacement from current housing. These short-term efforts also help address needs through transitional supportive housing, such as residential addiction counseling and treatments. Program beneficiary data reports that 83 percent of households are classified as extremely low income (less than 30 percent of median income), another 12 percent as having very low incomes

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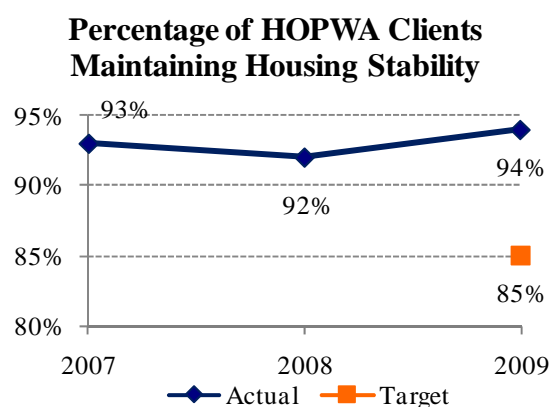
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(below 50 percent of median income), and 5 percent being low income (below 80 percent of median income). The HOPWA performance goals for these two objectives are designed to demonstrate that by FY 2012, 90 percent of beneficiaries in permanent housing will achieve housing stability and that those receiving short-term or transitional housing will reach 70 percent housing stability. These long-term measures involve interim annual goals, targeting results to 85 percent for permanent housing projects in 2009 and for 60 percent for short-term efforts in 2009.

Results and Analysis: The HOPWA program exceeded its FY 2009 performance goals. The HOPWA program has demonstrated effective results in promoting stability in housing arrangements consistent with HUD's overall mission for decent, safe, and affordable housing.

- The goal of 85 percent for those receiving permanent housing assistance will achieve housing stability has been exceeded. Of those receiving permanent housing assistance, ninety-four percent achieved housing stability and six percent were reported as unstably housed.

- The goal of 60 percent for those receiving short-term and transitional housing will result in reduced risk of homelessness has been exceeded. Of those receiving short term and transitional housing assistance, 92 percent achieved housing stability with reduced risks of homelessness.



Supplemental Performance and Resources Information: In FY 2009, \$310 million was appropriated for HOPWA program activities. These resources are administered by 122 formula grantees (on behalf of 131 states and qualifying cities that are eligible for HOPWA formula funding) and 105 competitive grantees who partner with over 850 area housing agencies and nonprofit organizations to provide direct assistance for beneficiaries. These federal housing resources are made available to communities through HUD's Consolidated Planning process and through competitive/renewal grants that serve as model efforts and undertake programs in non-formula areas. In FY 2009, HOPWA recorded a record level of program outlays by grantees with \$317.1 million expended. There is also related research on HIV and homeless populations that involved the use of supportive housing as an intervention for special needs households. This effort in a Chicago study involved HOPWA and homeless assistance funding to reduce use and related costs for emergency services, hospitalization and nursing care, once beneficiaries were stabilized in housing and adequate health care arrangements. Preliminary data reported for clients who were homeless indicates that 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. HUD continues to work in partnership with the Centers for Disease Control and Prevention on the pending results from a Housing and Health study on the connections of stable housing to prevention and care outcomes. The study involved the use of HOPWA rental housing assistance for persons living with HIV/AIDS who were homeless or at severe risk of homelessness and will help advance the body of knowledge on the relationship between housing and HIV care. The final paper and study results are pending publication.

Data Discussion: The HOPWA program conducts an ongoing evaluation and analysis of grantee performance reporting outcome data supported through technical assistance and training efforts. The program has a comprehensive data set that enables the assessment of beneficiary outcomes that are divided into two separate measures: (1) housing stability in permanent housing; and (2) reduced risks of homelessness in short-term and transitional housing.

In FY 2009, this data also includes client outcomes from households in permanent housing facilities, as projects were asked to track results separately from other short-term and transitional facility results. For short term housing assistance, program activities support beneficiaries who are later out placed into other permanent housing support, restored to more independent living or temporarily assisted in reducing their presenting risks of homelessness through the short-term support. To help guide grantees' performance reporting efforts and evaluation of results, the program has continued to conduct training targeted to project sponsors on program oversight and reporting, and through the publication of quarterly grantee performance profiles that are posted on the program websites.

Program Website. <http://www.hud.gov/offices/cpd/aidshousing/index.cfm> HOPWA resources are also included in the Homelessness Resource Exchange site and accessed at www.HUDHRE.info/HOPWA.

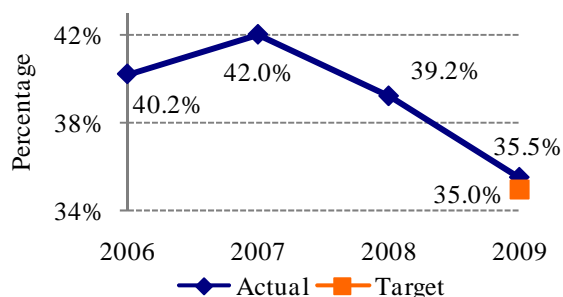
FHA/Housing

C.13: At least 35 percent of single family mortgages endorsed for insurance by FHA are in underserved communities.

Public Benefit and Program Accomplishments

Public Benefit: FHA's role in the mortgage market is to extend homeownership opportunities to families that otherwise might not achieve homeownership. Specifically, FHA-insured lending in traditionally underserved neighborhoods helps achieve the important outcome of stabilizing communities by increasing homeownership rates, and providing solid secure financing options. There is substantial evidence that lower-income and minority neighborhoods are less well-served by the conventional mortgage market than are more affluent and non-minority neighborhoods. Having FHA serve these markets helps provide stability and a safe alternative for those who cannot qualify for a traditional conventional loan.

**FHA Single Family Mortgages
Endorsed for Insurance in
Underserved Communities**



Results and Analysis. The FY 2009 level was determined to be 35.5 percent, which exceeded the targeted level of 35 percent.

Supplemental Performance and Resources Information. In FY 2008, 39.2 percent of single family mortgages endorsed for insurance by FHA were in underserved communities. The revised FY 2009 goal was to ensure that at least 35 percent of all single family mortgages endorsed for insurance by FHA is in underserved areas. FHA serves as a source for affordable, safe

and secure financing in underserved markets. While FHA contributes to the stabilization of these markets, it should not be the sole source of housing financing opportunities for individuals in these communities.

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

Data Discussion. This measure uses data from FHA's Consolidated Single Family Statistical System. 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.

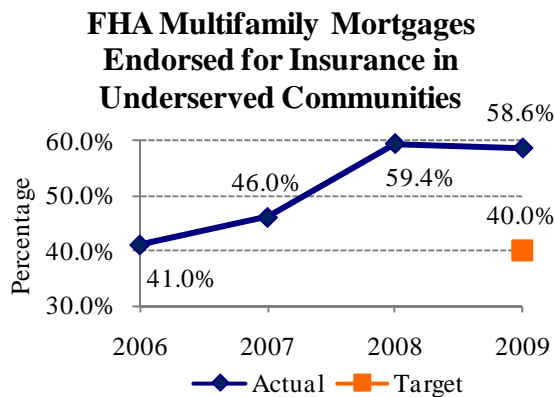
Program Website. <http://www.hud.gov/offices/hsg/sfh/hsgsingle.cfm>

C.14: The share of multifamily properties insured by FHA in underserved areas is maintained at 40 percent of initial endorsements.

Public Benefit and Program Accomplishments

Public Benefit: FHA multifamily insurance is an important contributor to strengthening the social and economic fabric in underserved communities by providing affordable housing, which is in critical short supply. FHA programs include those that insure loans for new construction and substantial rehabilitation of multifamily rental units (Sections 221(d)(3), 221(d)(4), and 220, and risk-sharing under 542(b) and (c)), as well as Section 223(f), which insures mortgages for existing multifamily properties, either to refinance an existing mortgage or to facilitate the purchase of a property. A moderate amount of repairs may be included in the

mortgage. These programs improve the quality and affordability of rental housing, increase their availability in underserved neighborhoods, and promote revitalization of those neighborhoods.



Results and Analysis. The FY 2009 level was determined to be 58.6 percent, which significantly exceeded the revised targeted level of 40 percent.

Supplemental Performance and Resources Information. This indicator measures the proportion of multifamily properties in “underserved” neighborhoods, as a percentage of all multifamily properties that receive FHA mortgage endorsements. Underserved neighborhoods are defined in metropolitan areas

as census tracts either with a minority population of 30 percent and median family income below 120 percent of the metropolitan area median, or with median family income at or below 90 percent of area median (irrespective of minority population percentage). A similar definition of underserved applies to non-metropolitan areas, using counties rather than tracts.

The revised FY 2009 goal, which was influenced by national economic conditions, was increased from the original 33 percent to 40 percent of all multifamily properties during the year.

Data Discussion. The data for this indicator are from FHA’s Real Estate Management System and Census data. Initial endorsements are the loan closings recorded in the Development Application Processing system (DAP) and the Multifamily Insurance System, as described in detail in Indicator B.4. Underserved area is derived using the procedures posted on the Program Website noted below. 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, the Office of 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.

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.

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

C.15: 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.

This indicator was deleted. HUD 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 immediately transferred to a new regulator, the Federal Housing Finance Agency.

C.16: FHA mortgage insurance enables at least seven hospitals to obtain affordable financing for construction or modernization projects.

Public Benefit and Program Accomplishments

Public Benefit: Modern hospital facilities are necessary to help strengthen and sustain communities across the country. Section 242 mortgage insurance allows hospitals to lock in low interest rates and reduce borrowing costs for major renovation, expansion, and replacement projects that help improve healthcare access and quality. FHA will continue successful efforts to geographically diversify its hospital portfolio, branching out to serve hospitals in regions that historically have made little use of the program.

Results and Analysis. In FY 2009, FHA mortgage insurance enabled ten hospitals to obtain affordable financing for construction or modernization projects, exceeding the FY 2009 goal of 7 hospitals, as well as the FY 2008 result of 8. As of September 30, 2009, HUD has insured cumulatively 376 hospital loans totaling \$15.3 billion since its inception in 1969. Of those, 90 hospital loans are currently active.

Supplemental Performance and Resources Information. Hospitals are vital contributors to the economic strength and growth of local and regional communities. Hospitals are typically among the largest employers in their service areas, providing jobs and job growth even in times of economic recession and stimulating demand for local businesses. Using the widely respected IMPLAN economic model, HUD estimated the economic impact of the 10 projects approved in FY 2009. The model estimates that during the construction period alone, these projects will support over 8,800 jobs and generate \$2.6 billion in economic development in these communities. After construction of the projects is complete, the new service lines and expanded capacity created by these projects will generate an annual economic impact of \$1.1 billion and support over 6,000 jobs in these communities.

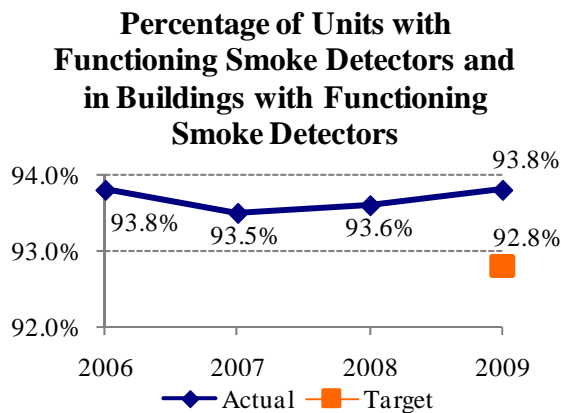
Data Discussion. The data source is the Multifamily Insurance System. There are no complex data requirements to measure this result. The period of the data (number of commitments issued) is FY 2009. The data are complete, valid, and reliable.

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

C.17: 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 and Program Accomplishments

Public Benefit: This indicator measures the estimated share of units that are protected by a fully functional smoke detection system, defined as smoke detectors that are observed to be both present and operative in the unit as well as the building in which the unit is located. The National Fire Protection Association reports that although smoke alarms cut the chances of dying in a house fire by 40 to 50 percent, about one-quarter of U.S. households lack working smoke alarms.



Results and Analysis: The FY 2009 level was determined to be 93.8 percent, exceeding the targeted level of 92.8 percent.

Supplemental Performance and Resources Information. The Real Estate Assessment Center's physical inspections of 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. A significant majority of deficiencies for multifamily housing include

apartment units with smoke detectors that need batteries.

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, 2009.

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

C.18: Overcrowded households in Indian Country shall be reduced by 1,400.

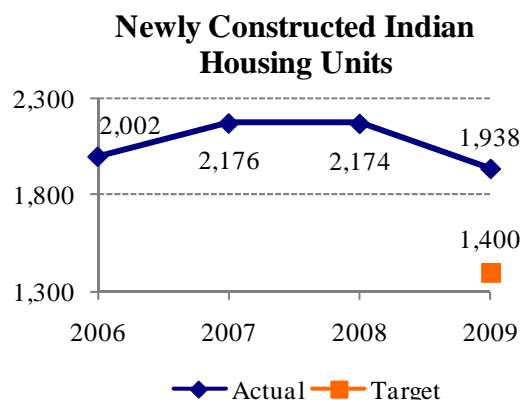
Public Benefit and Program Accomplishments

Public Benefit: This indicator measures the reduction in the number of overcrowded households in Indian Country. Recent studies confirm U.S. Census data indicating that overcrowding in Indian Country is especially acute. The lack of available affordable housing and can lead to a range of health and social problems. The Indian Housing Block Grant program provides more housing units that relieves overcrowding and thus supports the Department's goals of providing permanent housing to homeless families and mitigating housing conditions that threaten health.

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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 U.S. Census data. They concluded that an estimated 47,169 households were overcrowded in 2003. The Department's goal was to reduce the number of overcrowded households by 3 percent (1,400 units) of the 2003 baseline.



Results and Analysis: In FY 2009, the Department reduced overcrowding in Indian Country by 4.1 percent (1,938 units), exceeding the goal of a three percent (1,400 units) reduction from the FY 2003 baseline. Since FY 2003, overcrowding in Indian Country has been reduced by 32.1 percent (15,150 households). Recipients of the program have built an average of 1,960 new units for each of the last 5 fiscal years.

Supplemental Performance and Resources Information.

HUD sets targets for this indicator based on past performance because recipients of Indian Housing Block Grant funds are permitted to set their own goals based on changing local needs. Trend data suggest that building new units continues to be a priority for recipients; however, spending for this activity has decreased slightly each year for the last 4 years, from almost 25 percent of total funding in FY 2006, to 17 percent in FY 2009.

Since FY 2005, the annual appropriation for this program has increased slightly from \$622 million to \$645 million in FY 2009. For most of its grantees, the Indian Housing Block Grant is the main or sole source of funding for affordable housing. Affordable housing projects in Indian Country tend to be long-term, and thus performance levels may not occur in the same fiscal year with changes in funding levels. Additionally, during FY 2009 recipients received \$497 million under the Recovery Act. This funding will equate to approximately 160 new rental units being constructed and 66 rental units begin rehabilitated over the next three years.

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 Offices of Native American Programs. Grantees report annually, no later than 90 days after their year ends. The results reported herein include the most recent grantee fiscal year reports received. Accomplishments reported in this document will require annual revision as grantees continue reporting and submitting updates to their Annual Performance Reports. Recipients whose fiscal year ends on September 30 are reported 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 overcrowding, but a more precise, cost effective, and feasible measurement tool has not yet been

identified. 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.

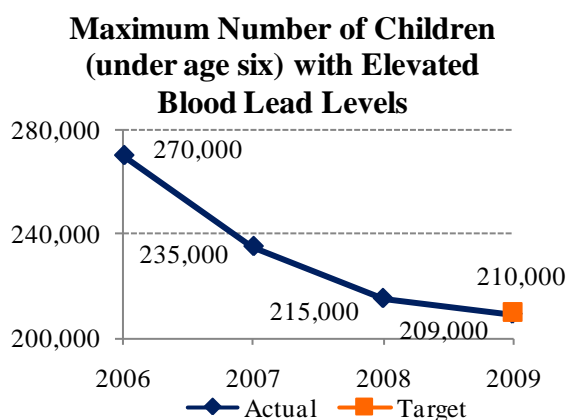
Program Website. <http://www.hud.gov/offices/pih/ih/grants/ihbg.cfm>

Healthy Homes and Lead Hazard Control

C.19: The number of children under the age of six who have elevated blood lead levels will be 210,000 or less in 2009.

Public Benefit and Program Accomplishments

Public Benefit: Lead poisoning is the number one environmental disease impacting children. A child under age 6 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 deciliter. These children, especially those less than three years old, are vulnerable to permanent developmental problems because of the well-documented effect of lead on developing nervous systems. Consequences for the community include higher health care costs, lower academic performance, special education costs, higher delinquency, and lower earning capacity in adulthood.



Results and Analysis: The outcome target was met. Data from the Center for Disease Control and Prevention's National Health and Nutrition Examination Survey indicate that fewer than 209,000 children had elevated blood lead levels for 2009; the Center estimate of the number of children with elevated blood lead levels is 185,000.

At the baseline period of 1991-1994, the Survey indicated that there were 890,000 children with elevated blood lead levels; for 1999-2002, this had dropped to 310,000. HUD's major effort in this area has been to control lead hazards in housing through grants and enforcement of HUD's lead regulations, thereby developing local infrastructure. In support of these efforts, HUD 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.

Supplemental Performance and Resources Information. 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. Funding for the lead grant programs and the accompanying lead technical contracts has been relatively stable over the past several years, at approximately \$140 million to \$145 million.

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. HUD does not verify the survey results independently; 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.

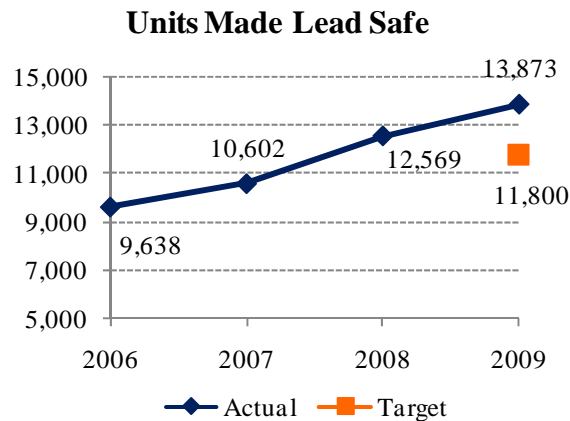
Program Website. www.hud.gov/offices/lead

C.20: As part of a 10-year effort to eradicate lead hazards, the Lead Hazard Control Grant programs will make 11,800 units lead safe in FY 2009.

Public Benefit and Program Accomplishments

Public Benefit: The mission of the Office of Healthy Homes and Lead Hazard Control (OHHLHC) is to reduce health and safety hazards in housing in a comprehensive and cost effective manner, with a particular focus on protecting the health of children and other sensitive populations in low income households. These efforts serve to reduce housing related health hazards in support of HUD's Strategic Goal to Strengthen Communities, in particular HUD's strategic objective to "Address housing conditions that threaten health."

The Office provides grants to state and local governments to develop cost-effective ways to reduce lead-based paint hazards. In addition, the office enforces HUD's lead-based paint regulations, provides public outreach and technical assistance, and conducts technical studies to help protect children and their families from health and safety hazards in the home. The Office of Healthy Homes and Lead Hazard Control's Lead-Based Paint Hazard Control and Lead Hazard Reduction Demonstration Programs provide state and local government grantees with funds to perform lead hazard control in privately owned rental and owner-occupied housing targeted to low-income households with young children, those who are most harmed by lead. Started in 1992, this program has demonstrated replicable results and has been recognized as one of most successful programs in HUD.



Results and Analysis: During FY 2009, the lead hazard control grant programs awarded and monitored by the Office made over 13,873 housing units lead-safe, 18 percent more than the goal, and, as a result, significantly reduced the potential for the children living in these homes to become lead poisoned. As of September 2009, the Lead Hazard Control Grant program has made 124,617 units lead-safe nationwide since its inception. The program has dramatically increased the number of lead-safe

homes nationwide and contributed to reducing both the average blood lead levels and incidence of lead-poisoned children.

Supplemental Performance and Resources Information. Each dollar invested in lead paint hazard control results in a return of at least \$17, and much as \$221, so the lead hazard control grant programs' FY 2009 total budget of \$125.2 million will yield a net savings in the range of \$2.0 billion to \$27.5 billion.

Data Discussion. Data on the number of housing units made lead safe is provided by the grantees through the Office of Healthy Homes and Lead Hazard Control's on-line Quarterly Progress Reporting System, and is verified by the Office of Healthy Homes and Lead Hazard Control's staff through ongoing monitoring, including review of project descriptions, clearance examination reports, invoices, and the narrative elements of the quarterly reports, as well as by on-site monitoring of selected grantees.

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

Goal D: Ensure Equal Opportunity in Housing

PERFORMANCE REPORT CARD – Goal D							
Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	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	60.00%	60.00%	55.00%	✓	
Fair Housing Assistance Program agencies will close or charge 50 percent of its Fair Housing complaints filed during the fiscal year within 100 days.	51.00%	46.00%	50.00%	53.00%	50.00%	✓	
HUD will close or charge 60 percent of its aged Fair Housing Act complaints within the fiscal year.	N/A	63.00%	73.00%	72.00%	60.00%	✓	
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	97.00%	97.00%	95.00%	✓	
D.2 Recipients of Fair Housing Initiatives Program education and outreach grants will hold at least 450 activities, to include outreach to faith-based and grassroots organizations, reaching at least 270,000 people.							
Public events held.	697	1,486	1,783	933	450	✓	
People reached at public events.	250,799	247,201	296,641	1,060,320	270,000	✓	
D.3 Increase the number of HUD-assisted units made accessible as a result of Voluntary Compliance Agreements.	N/A	Develop	Goal Met	857	600	✓	

N/A: Not available

D.1: Increase the impact of Fair Housing Act enforcement by increasing the efficiency of fair housing complaint processing.

Public Benefits and Program Accomplishments

Public Benefit: Enforcement of fair housing laws is crucial to enhancing housing opportunities for all people of the United States and ensuring that enforcement is completed in a timely manner is key to the public's confidence in the efforts of the Department and its Fair Housing Assistance Program partners to ensure equal opportunity in housing. The Department's goal is to provide effective, quality investigations within 100 days, with an understanding that some cases will require an extended investigation period. If a case is not closed within 100 days, it is considered "aged."

This indicator includes four subparts that are intended to reflect HUD's and its fair housing partners' efficiency in closing the inventory of fair housing complaints. This indicator examines the percentage of newly filed cases that HUD and Fair Housing Assistance Program agencies each complete within 100 days either by closing the investigation or issuing a charge or cause determination. To ensure a quality investigation of previously filed cases, HUD also looks at any case that had been open more than 100 days, "aged," before the start of the fiscal year. This indicator examines the percentage of these cases closed by HUD or a Fair Housing Assistance Program agency during the fiscal year.

- HUD will close or charge 55 percent of its Fair Housing Act complaints filed during the fiscal year within 100 days.
- Fair Housing Assistance Program agencies will close or charge 50 percent of its Fair Housing complaints filed during the fiscal year within 100 days.
- HUD will close or charge 60 percent of its aged Fair Housing Act complaints within the fiscal year.
- Fair Housing Assistance Program agencies will close or charge 95 percent of its aged Fair Housing complaints within the fiscal year.

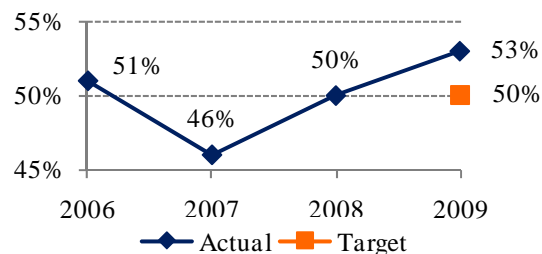
Results and Analysis: The Department exceeded the four subparts of this goal. Specifically:

- HUD completed 60 percent of its new cases in FY 2009 within 100 days. This exceeded the target of closing 55 percent within 100 days by five percentage points, or nine percent, and equals the 2008 results. This performance is attributable to a number of factors. First and foremost, HUD investigators were efficient in their handling of fair housing investigations. In addition, in FY 2008, the Office of Fair Housing and Equal Opportunity began tracking performance on this indicator on a monthly basis, which helped ensure cases were processed more efficiently.

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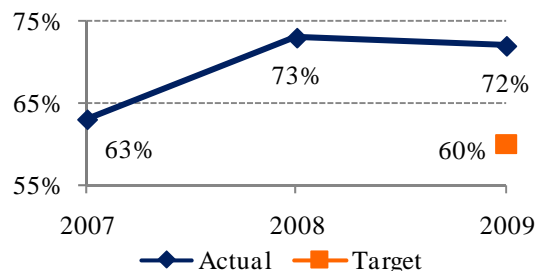
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Percentage of New Complaints Closed or Charged in 100 Days by Fair Housing Assistance Program Agencies



✦ This year Fair Housing Assistance Program agencies closed 53 percent of their new cases within 100 days. The result exceeded the target of 50 percent by three percentage points, or six percent. This result is an improvement over FY 2008 performance, when Fair Housing Assistance Program agencies closed 50 percent of new cases within 100 days, missing the target of 53 percent.

Percentage of Complaints Closed or Charged by HUD (FY 2009)



✦ In FY 2009, the Department closed 72 percent of its “aged” inventory by the end of the fiscal year. This exceeded the goal of closing 60 percent of the “aged” cases inventory by 12 percentage points, or 20 percent. It is virtually unchanged from FY 2008, when the Department closed 73 percent of its “aged” cases.

✦ Agencies in the Fair Housing Assistance Program closed 97 percent of the “aged” cases in their inventory in FY 2009, consistent with results from FY 2008. This result was two percent more than the Department’s goal of 95 percent.

Supplemental Performance and Resources Information. One of the key resources involved in 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.

The Fair Housing Assistance Program received \$25.5 million in funding for FY 2009, a slight decrease from \$25.6 million in FY 2008. Currently, there are 105 state and local agencies in the Fair Housing Assistance Program. In FY 2009, these agencies investigated more than three out of every four fair housing complaints filed with HUD and the Fair Housing Assistance Program agencies. HUD reimbursed Fair Housing Assistance Program agencies for each fair housing investigation completed. In FY 2009, the maximum reimbursement amount was \$2,450 for each case with an additional \$500 possible for investigations that resulted in a finding of discrimination so that funds are available to support further enforcement efforts such as litigation. The maximum reimbursement amount represents a \$50 increase above FY 2008. Prior to this increase the standard reimbursement amount had remained constant since FY 2003. This increase in the maximum potential reimbursement was coupled with better alignment of reimbursement standards to the 100 day performance metric. Together, these incentives helped to improve Fair Housing Assistance Program performance on this indicator.

This year's Fair Housing Assistance Program performance is particularly noteworthy in light of both the economic downturn and the state and local budget crises. Many agencies, including the largest agency in the Fair Housing Assistance Program, the California Department of Fair Employment and Housing, experienced salary cuts, layoffs, and furloughs. Two Fair Housing Assistance Program agencies closed during FY 2009 due to funding issues. Given their limited resources in FY 2009, Fair Housing Assistance Program agencies made extraordinary efforts to ensure timely and quality complaint processing.

The payment standards for cases investigated by Fair Housing Assistance Program agencies promotes the timely investigation of these cases by decreasing the reimbursement based on the age of a case. If a case remains open for an excessive period of time, the Department has authority to withhold payment entirely.

One final 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 in all aspects of fair housing investigation. Since its inception, more than 3,000 fair housing professionals have attended classes there. HUD requires staff of Fair Housing Assistance Program agencies to complete the Training Academy curriculum.

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. This system provides continuous tracking of case data, as it is entered by HUD and Fair Housing Assistance Program investigators. Data entries are verified through random checks of physical case files and documented case closures.

Program Website. <http://www.hud.gov/fairhousing>
<http://www.hud.gov/offices/fheo/partners/FHAP/>
<http://www.hud.gov/fairhousing>
<http://www.hud.gov/offices/fheo/partners/FHAP/>

D.2: Recipients of Fair Housing Initiative Program education and outreach grants will hold at least 400 activities, to include outreach to faith-based and grassroots organizations, reaching at least 270,000 people.

Public Benefit and Program Accomplishments

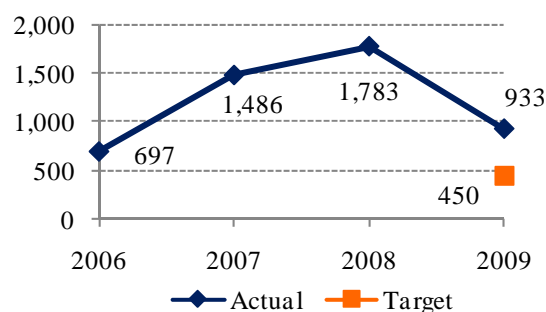
Public Benefit. Tracking outreach events by Fair Housing Initiatives Program grantees is an important indicator for HUD because it impacts the public's understanding of fair housing rights and responsibilities. The Fair Housing Act's principal enforcement mechanism is the filing of individual complaints. 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. The targets for this indicator were revised during FY 2009 to increased both the number of activities from

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300 to 450, and the number of people to 270,000 from 180,000 to reflect FY 2008 outcomes and consistently better than expected performance for this goal.

Public Events by Fair Housing Initiatives Program Grantees



These outreach sessions informed consumers about housing discrimination, lending discrimination, and what they can do if they believe that they are a victim.

Supplemental Performance and Resources Information.

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

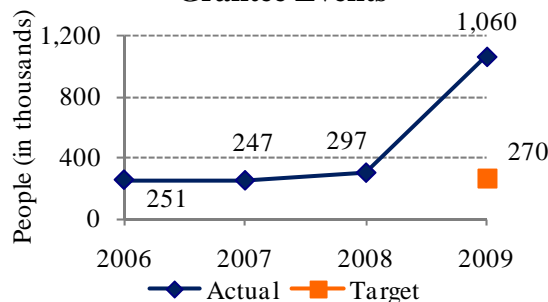
Initiative in the Fair Housing Initiatives Program. In FY 2009, the Department provided \$3.5 million in the Education and Outreach Initiative to fund approximately 25 groups who will hold education and outreach events. The FY 2009 funding level represents a \$4 million increase for the Education and Outreach Initiative over FY 2008 when the Department funding was \$3.1 million for 20 groups. Private Enforcement Initiative grantees are required to commit 10 percent of their \$21.1 million in funding to education and outreach efforts. Consequently, the net total funding for FY 2009 was \$5.6 million.

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.

Results and Analysis.

HUD vastly exceeded this goal. Fair Housing Initiatives Program grantees held 933 education and outreach events and activities in FY 2009, more than doubling the goal of 450 events. These events reached 1,060,320 people during FY 2009, which is 293 percent greater than the goal of 270,000 people, and exceeds FY 2008 performance of 296,641 by a similar margin.

People Reached by Fair Housing Initiatives Program Grantee Events



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.

Program Website. <http://www.hud.gov/offices/fheo/partners/FHIP/fhip.cfm>

D.3: Increase the number of HUD-assisted units made accessible as a result of Voluntary Compliance Agreements.

Public Benefit and Program Accomplishments

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. HUD established a goal during FY 2009 that at least 600 HUD-assisted units would be made accessible as a result of Voluntary Compliance Agreements.

Results and Analysis. In FY 2009, 871 HUD-assisted units were certified as accessible, according to federal accessibility standards, exceeding the goal of 600 HUD-assisted units by 271 units, or 45 percent. In FY 2007, HUD developed a database to effectively track the number of accessible housing units made available as a result of fair housing enforcement efforts. Information was collected and evaluated in FY 2008, and HUD established the target mid-year FY 2009.

Supplemental Performance and Resources Information. 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.

Data Discussion. This year HUD reviewed the information in the database and clarified procedures for recording the efforts of the field offices in creating accessible units through

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Voluntary Compliance Agreements. This system will continue to be refined during the upcoming year.

Managers provide quality assurance by reviewing the results of fair housing enforcement efforts. Accessible housing units are also verified through on-site inspections conducted by field staff to ensure compliance with applicable fair housing laws and other regulations. The database 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.

Program Website. <http://www.hud.gov/offices/fheo/disabilities/index.cfm>

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

PERFORMANCE REPORT CARD – GOAL E							
Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	Notes
Cross-Departmental							
E1 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.	10.00%	50.00%	70.00%	79.00%	50.00%	✓	a
E2 By the end of FY 2013, HUD will have an integrated enterprise-wide financial management system that is compliant with all laws and regulations.	N/A	Progress toward completion	Evaluated Contract Proposals	Completion pushed back to 2015	Stay on schedule for 2013 deadline	✗	b
E3 The rate of program errors and improper payments in HUD's rental housing assistance programs will continue to be reduced.	5.40%	5.50%	3.50%	3.50%	3.40%	✗	b
E4 HUD employees continue to become increasingly satisfied with the Department's performance and work environment.	N/A	61.00%	90.00%	N/A	More Satisfied	N/A	c
CPD							
E5 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.	23.00%	22.00%	22.00%	22.00%	20.00%	✓	
FHA/Housing							
E6 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.	76.00%	72.93%	66.31%	71.38%	66.20%	✓	d
E7 Respond to 2,000 inquiries, complaints, and subdivision registrations related to the Interstate Land Sales Full Disclosure Act.	5,671	7,609	7,701	8,417	2,000	✓	
E8 The FHA Mutual Mortgage Insurance fund meets congressionally-mandated capital ratio targets.	6.82%	6.40%	3.00%	<2.00%	2.00%	✗	
Support Offices							
E9 HUD will reduce mission critical skill gaps by 25 percent in the identified leadership and management competency of the Management Competency plan.	N/A	100.00%	29.00%	51.00%	25.00%	✓	a

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PERFORMANCE REPORT CARD – GOAL E								
Performance Indicator		2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	Notes
E10	Eighty percent of HUD fellows and interns are retained and targeted for mission-critical positions in HUD offices.	Recruit	98.00%	93.00%	92.00%	80.00%	✓	
E11	HUD financial statements receive an unqualified audit opinion.	Yes	Yes	Yes	Yes	Yes	✓	
E12	HUD will test, train, and exercise the Continuity of Operations and Continuity of Government capabilities.	Yes	Yes	Yes	Yes	Yes	✓	
E13	Continue to modernize HUD’s business operations to improve agency efficiency and effectiveness, maintain well-managed information technology investments aligned with priorities defined in the Enterprise. Transition Strategy, and promote cross agency and internal collaboration and reuse through business modernization planning (segment architecture development) for core mission areas and shared services.	N/A	Yes	Yes	Yes	Yes	✓	
E14	HUD will meet specified information technology-related security requirements. Continuously monitor the status of IT resources to include continuation of the certification and accreditation effort to ensure that 100 percent of major applications and general support systems that are documented in the Inventory of Automated Systems (IAS) have been fully certified and accredited. Prioritize and oversee remediation of high priority risks. Ensure that 90 percent of HUD employees and contractors will have completed information technology Security Awareness Training.	N/A	N/A	100.00%	100.00%	100.00%	✓	
		N/A	N/A	100.00%	100.00%	100.00%	✓	
		N/A	N/A	96.00%	98.00%	90.00%	✓	
E15	The Office of the Chief Information Officer will perform Data Management Maturity assessments of three major HUD information systems and report on their level of maturity.	N/A	N/A	4	3	3	✓	
E16	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	
E17	Policy Development and Research work products will be high quality and useful to customers.							
	Percent of key users who are satisfied.	94.00%	N/A	N/A	N/A	85.00%	N/A	
	Files downloaded from the HUD USER research clearinghouse.	8.3	7.41	7.18	7.29	7	✓	e

N/A: not available

a - lowest percent used as actual

b - one-year lag in data

c - rounded number, action plan percentage implemented for 2008 data

d - data through 8/31/2009

e - 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 Benefits and Program Accomplishments

Public Benefit: 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 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.

Results and Analysis. All of the four core business offices 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” vs. “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 are as follows:

- **PIH:** PIH exceeded the 50 percent goal of reducing skill gaps in the targeted competency by a 79 percent reduction in Financial Analysis category and by eliminating the entire gap in the Knowledge of Government Systems category. Public Housing Revitalization Specialists in the Office of Public and Indian Housing were given in-depth training on managing government systems and financial analysis. This training improved the financial and systems management skills of the staff and allowed PIH to reduce the skill gaps in these competencies by one hundred percent and ninety percent respectively.
- **FHEO:** FHEO exceeded the 50 percent goal of reducing skill gaps in the targeted competency by an 80 percent reduction. Staff in FHEO was given comprehensive training on conciliation. FHEO trained eighty percent of the staff that needed the Conciliation competency. These improvements led to better documentation with few discrepancies on FHEO activities. FHEO also supplemented its training activities with hiring staff needed to fill several competency gaps and supervisory positions.
- **Housing:** Housing exceeded the 50 percent goal of reducing skill gaps in the targeted competency by eliminating the entire gap. Housing employees were given training in

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Project Management and Single Family Housing. Housing trained one hundred percent of the staff that needed Project Management and Single Family housing competencies. The training helped the housing staff better manage the FHA program and its resources.

- ✦ **CPD:** CPD exceed the 50 percent goal of reducing skill gaps in the targeted competency by eliminating the entire gap. CPD trained one hundred percent of employees in the Grants management competency. The training CPD employees received places them in a better position to meet revised regulatory requirements for performance reporting of competitive and formula Grantees.

The chart below shows the competencies targeted and the percentage of the gap reduction.

Program Office	Competency (Comp.)	Baseline Skill Level (number of employees)			Current Skill Level (number of employees)			Pct. of Gap Closed
		Comp. Demand	Comp. Supply	Skill Gap	Comp. Demand	Comp. Supply	Remaining Gap	
PIH	Knowledge of Government systems	322	302	20	322	322	0	100%
	Financial Analysis	166	96	70	166	151	15	79%
FHEO	Conciliation	320	300	20	320	316	4	80%
Housing	Project Management	333	302	31	333	333	0	100%
	Knowledge of S.F. Housing	314	276	38	314	314	0	100%
CPD	Grants Management Program	400	324	76	400	400	0	100%

Supplemental Performance and Resources Information. 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.

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 the managers' knowledge of the capability of existing staff and subsequently augmented with employee input during the development of Individual Training Action Plans.

Program Website. <http://www.hud.gov/offices/adm>

E.2: By the end of FY 2013, HUD will have an integrated enterprise-wide financial management system that is compliant with all laws and regulations.

Public Benefits and Program Accomplishments

Public Benefit: This indicator measures HUD's progress in creating an Integrated Core Financial System, an essential component of quality federal financial management. HUD's mission is carried out through the appropriate distribution of significant financial resources to help with the housing needs of individuals, families, and communities throughout America. The Chief Financial Officers Act of 1990, the Government Performance and Results Act, and the Federal Financial Management Improvement Act of 1996 require that Federal financial management systems provide accurate, reliable, and timely financial management information. The efficient and effective use of appropriated funds is vital to earning the public's trust; and, for assuring that the programs properly distribute these resources to benefit those in need, as Congress intends. In addition to the Office of the Chief Financial Officer, FHA and Ginnie Mae are two components of HUD which are supported by compliant commercial off the shelf core financial systems. The objective of the HUD Integrated Financial Management Improvement Project is a phased implementation of the Integrated Core Financial System, enabling us to be better stewards over the Department's financial resources and activity. The improvement project's implementation strategy is to: (1) migrate FHA's Subsidiary Ledger; (2) implement the financial system for Office of the Chief Financial Officer; (3) implement the financial system for FHA; and, (4) implement the financial system for Ginnie Mae. HUD will accrue benefits from each milestone, but with the implementation of the financial system for Ginnie Mae milestone, the Department will achieve a significant financial management goal that the Office of the Inspector General and the Government Accountability Office have repeatedly called for over the last 35 years: HUD's financial system will be planned, managed and linked together electronically in an efficient and effective manner to provide department wide financial system support necessary to meet the agency's financial management needs.

Results and Analysis: This final goal of the Integrated Core Financial System implementation will not be met by FY 2013. The anticipated implementation of the financial system for Ginnie Mae milestone is revised to the end of FY 2015. The delay was associated with a protest to the contract and related activities. The project began in 2003 with the analysis of existing financial systems, information flows, and business events. In 2005, the Integrated Procurement Team in the Office of the Chief Financial Officer began to prepare the statement of work and other documentation necessary for procuring the commercial off the shelf software, and for selecting the System Integrator/Shared System Provider for the necessary 10 year contractual support to implement and host the financial system. The software selection was completed and FHA has implemented this software as the FHA Subsidiary Ledger. The start of the 10 year service contract caused delays, but the award recommendation is on schedule for the first quarter of FY 2010. HUD has worked closely with OMB developing the procurement

strategy, which was then revised to reflect the best practices available in the federal environment. After a delay, due to funding reallocations, the request for proposals was distributed in FY 2007 with the expectation of an award in FY 2008.

In the first quarter of FY 2009, HUD achieved the goal of awarding the HUD Integrated Financial Management Improvement Project contract. The protest of this award was resolved in March of 2009 through the Court's acceptance of the Mitigation Plan. Evaluation of the submitted proposals resumed in April 2009 and is progressing (according to the revised schedule) toward a recommendation for award during the first quarter of FY 2010. Once the contract is in place, there will be an 18-month Base Period, eight 12-month Option Periods, and a final six-month Option Period.

Supplemental Performance and Resources Information. HUD is, and has been for many years, in substantial compliance with the Federal Financial Management Improvement Act of 1996, since its core financial systems continue to meet the standards of the Act. The Department currently maintains four independent and non-integrated financial systems that support core functions, and a reporting system to prepare consolidated financial statements for internal and external reporting.

HUD is prepared for the challenge of implementing this commercial off the shelf, Financial Systems Integration Office compliant, Enterprise Resources Planning system in 18 months, and during the same period migrating the FHA Subsidiary Ledger to the HUD Integrated Financial Management Improvement Project environment. The Department's most immediate challenge is completion of the procurement process.

Data Discussion. At contract award, interim milestones will be finalized and reflected in the performance-based, fixed price contract. HUD's solicitation included these objectives, and the contractors' proposals outline how they will be achieved. Project progress will be monitored throughout the term of the contract.

Program Website. Not available.

E.3: The rate of program errors and improper payments in HUD's rental housing assistance programs will continue to be reduced.

Public Benefits and Program Accomplishments

Public Benefit: With enactment of the Improper Payments Information Act of 2002, and issuance of OMB's implementation guidance for the Act, HUD is required to annually set goals and report on its progress in reducing gross improper payment levels as a percentage of total program payments. 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 three high-risk rental housing assistance programs.

The rental housing assistance programs (Public Housing, Housing Choice Vouchers, and Project-Based Assistance programs) constitute HUD's largest disbursing activity, valued at over

\$29 billion in expenditures. 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.

By reducing erroneous payments, the integrity of programs involving over \$29 billion in HUD expenditures is protected and the number of families that can be served through our assisted housing programs is maximized. 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.

Results and Analysis. HUD did not meet its improper payment goal for the FY 2009 reporting period (based on FY 2008 data). HUD missed the goal due to an increase in income reporting errors. The actual improper payments rate was 3.5 percent, or 0.1 percentage point above the FY 2008 goal. The projected goal for next year (using FY 2009 data) is 3.3 percent. Although HUD missed the goal this reporting period, HUD believes that the goals for FY 2009 and beyond are realistic and achievable.

Supplemental Performance and Resources Information. 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. 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 FY 2000 to the current level of 3.5 percent. The overall reduction in improper payments for HUD's three major types of Rental Housing Assistance Programs over the past nine 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. The Department intends to make the use of EIV mandatory, as noted in the published final rule "Refinement of Income

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and Rent Determination Requirements in Public and Assisted Housing Programs,” which was issued in January 2009. The effective date for implementation of the mandatory use of EIV is January 2010.

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, 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 that effectively eliminated the opportunity for billing errors in that program.

HUD’s goals and results are reflected in the table below:

Rental Assistance Improper Payment Reduction History FY 2000 – FY 2008										
FY 2000 Baseline Improper Payment Amount and Percentage	FY 2004		FY 2005		FY 2006		FY 2007		FY 2008	
	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual	Goal	Actual
\$3.2B (17.1%)	6.9%	5.6%	5.6%	5.4%	5.0%	5.5%	4.6%	3.5%	3.4%	3.5%

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.)

Program Websites. <http://www.hud.gov/offices/pih/> and <http://www.hud.gov/offices/hsg/>

E.4: HUD employees continue to become increasingly satisfied with the Department's performance and work environment.***Public Benefits and Program Accomplishments***

Public Benefit: This indicator is directly linked to both the Department's Strategic Plan and its Strategic Human Capital Management Plan. This indicator 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. In FY 2008, HUD implemented 90 percent of the 2006 Federal Human Capital Survey Action Plan approved by the Secretary.

Results and Analysis: In FY 2009, the Department conducted an Annual Employee Survey. The complete results are not yet available, but will be available no later than January 2010. The Secretary and leadership of the Department are fully engaged in addressing and improving employee satisfaction and relevant issues. Secretary Donovan and Deputy Secretary Sims have held town hall meetings with the employees and multiple communication methods have been used to illustrate employee value. Even though modifications were made to the 2006 Action Plan based on the results of the FY 2008 survey, HUD continues to implement the recommendations from the existing Plan until the modified Plan is finalized. This Plan, now known as the Draft 2009 Action Plan, is subject to further modification based on the finalized input and data from HUD's developing FY 2010-2015 Strategic Plan and OPM's 2009 Annual Employee Survey respectively. The Draft 2009 Action Plan consists of six objectives:

- Leaders will create a productive and desirable work environment that will further the employee engagement effort. Employee engagement will increase and result in higher levels of performance, retention, and commitment.
- HUD will improve the acquisition of qualified employees using innovative recruiting strategies. As the organization is clarified on its business needs, there will be a comprehensive employee-skill match affected.
- The succession planning effort will be furthered as employees are given opportunity to train and develop in a range of areas within the organization. Cross-programmatic and cross-functional training contributes to the succession planning effort by increasing the pool of mission-critical skilled talent.
- Leaders will develop and consistently model transparent and trustworthy behavior. Ethical leadership will foster increased employee satisfaction and dedication to the agency.
- Managers will become accountable for dealing with ineffective employee performance and will actively take steps to motivate employees. The belief that managers are behaving equitably will permeate the culture and foster an atmosphere of trust.
- Critical skill gap analysis results in clarified understanding of the skill needs of the employee and the appropriate training opportunities are defined and implemented.

Supplemental Performance and Resources Information. The Federal Human Capital Survey is administered every two years by the Office of Personnel Management and at no cost to HUD. In years when the Federal Human Capital Survey is not administered by OPM, HUD completes the requirement through other resources, which may include contract services.

Data Discussion. The Federal Human Capital Survey was administered by the Office of Personnel Management. The survey data are nearly free of sampling error because all full time employees received the survey. Data collected were weighed to produce survey estimates that represent the survey population. The weights developed take into account the variable probabilities of selection across the sample domains, on response, and known demographic characteristics of the survey population. In 2006, the Federal Human Capital Survey response rate was 49.4 percent and 4,075 employees participated compared to the 2008 response rate which was 43 percent and 3,467 employees participated. The 2009 Annual Employee Survey was given to 9,608 HUD employees and 54 percent of that population responded.

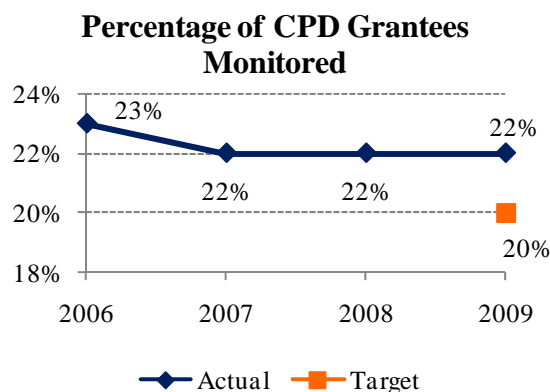
Program Website. <http://www.hud.gov/offices/adm>

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 Benefits and Program Accomplishments

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 housing opportunities, and providing economic opportunities. This indicator measures whether the grantee has adequate policies and procedures to ensure that 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 2009, 20 percent of grantees (958) were scheduled for monitoring to ensure compliance with statutory and regulatory requirements.



Results and Analysis: CPD field office staff monitored 1,047 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.

Supplemental Performance and Resources Information. 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. 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.

Program Website. N/A

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 Benefits and Program Accomplishments

Public Benefit: The overall goal of Single Family loan sales is to ensure that FHA's public policy issues are addressed while maximizing the returns to the FHA Insurance Funds and providing a disposition alternative for defaulted FHA single family assets.

Section 601 of the FY 1999 HUD Appropriations Act amended Section 204 of the National Housing Act (12 U.S.C. 1710) to provide HUD with greater flexibility in the single family claim and asset disposition process. HUD was conducting a demonstration program to maximize recoveries on claims paid and to support the Department's outcome goal of homeownership retention.

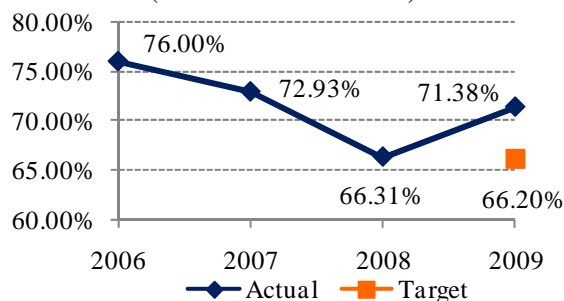
FHA has the opportunity to execute various asset disposition strategies as a part of the Accelerated Claim and Asset Disposition demonstration, including special servicing, securitizations, whole loan sales, and a combination of whole loan/pipeline sales. FHA utilized structured financing and retained an equity interest in the limited liability companies formed to acquire, service, and dispose of portfolios of single family notes. Assets in the initial Joint

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Ventures were bid on a forward pipeline basis. For future transactions, the Department is reviewing different offering strategies and other aspects of the sales process.

**Section 601 Net Recovery Rate
through Conveyance Program**
(2009 data thru 8/31/2009)



Results and Analysis: The level was determined to be 71.38 percent of Unpaid Principle Balance as of August 31, 2009, exceeding the level under the conveyance program of 66.2 percent in the same period.

Supplemental Performance and Resources Information. 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. This

indicator tracks the rate of recovery on FHA claims between FY 2008 and FY 2009. The benchmark or target for this performance indicator which is the final rate of net recovery received on the sale of Single Family assets through the conveyance program, will be determined when fiscal year end data is available.

The average net recovery rate during FY 2008 was 68.9 percent of unpaid principal balance. An average recovery of 78.6 percent of unpaid principal balance has been achieved across the life of the demonstration.

Data Discussion. The data source is the Single Family Insurance System – Claims Subsystem, this 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.

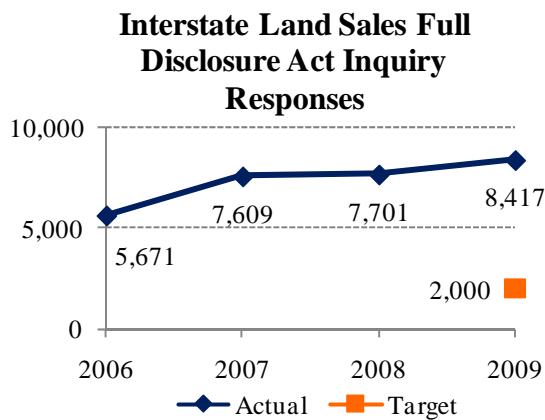
Program Website. <http://www.hud.gov/offices/hsg/comp/asset/sfam/sfls.cfm>

E.7: Respond to 2,000 inquiries, complaints, and subdivision registrations related to the Interstate Land Sales Full Disclosure Act.

Public Benefits and Program Accomplishments

Public Benefit: Consumers are protected from fraud and abuse in the sale or lease of nonexempt undeveloped lots or units through a program mandated by the Interstate Land Sales Full Disclosure Act (Title XIV of the Housing and Urban Development Act of 1968, as amended), which also requires registration of subdivisions marketed in interstate commerce. This program protects consumers by making developers provide pertinent information to

consumers when they are considering purchasing land, and imposes on developers statutory and regulatory penalties for non-compliance.



Results and Analysis: The level was determined to be 8,417, thereby exceeding the targeted level 2,000 inquiries.

Supplemental Performance and Resources Information. The goal of the Interstate Land Sales program is to ensure compliance with the Act. Full disclosure of pertinent facts to consumers in Property Reports ensures that they are knowledgeable about the lot and surrounding common areas and infrastructure for future housing construction and helps to prevent them

from becoming unwitting victims of fraud in the purchase or lease of land. To ensure that consumers benefit from up-to-date information about their rights in the purchase or lease of land, and to ensure that appropriate remedies are implemented in cases where these rights have been violated, the Office of Interstate Land Sales will respond to 2,000 inquiries, complaints and subdivision registrations in FY 2009.

Data Discussion. The data source is the PO 30 Case Tracking System and Website email box. Actions that are counted include advisory opinions, initial filings, financial statements, amendments, annual reports, certification requests, consolidations, exemption orders, no action letters, and consumer complaints received about violations of the Act as well as referrals from other regulatory agencies.

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

E.8: The FHA Mutual Mortgage Insurance Fund meets congressionally-mandated capital reserve targets.

Public Benefits and Program Accomplishments

Public Benefit: HUD is mandated by law to maintain a capital ratio of two percent for FHA single-family mortgage insurance programs supported by the Mutual Mortgage Insurance Fund. The capital ratio measures the net worth and financial soundness of this fund. The benefit to the public of maintaining a certain capital ratio is in minimizing the chance that FHA would require taxpayer subsidies to pay for insurance claims. The capital ratio concept was developed to establish a reserve fund that could pay for extraordinary claims under a range of economic conditions. Maintaining some level of net worth, as measured by a capital reserve account, is important for assuring that FHA is being operated in an actuarially sound manner.

Results and Analysis: Independent actuarial studies of the Mutual Mortgage Insurance Fund predict that the capital ratio is now below two percent. This ratio is not a result of high

claim payments in the past year, but a forward-looking prediction based on an expectation of continuing declines in house prices and a sluggish economy. The actuarial studies also expect FHA to experience historically high net losses on claim payments made during next year.

Supplemental Performance and Resources Information. The Mutual Mortgage Insurance Fund capital ratio is defined as the sum of FHA's capital resources (Capital Reserve Account balances plus cash-on-hand), plus the net present value of expected future cash flows (resulting from premium collections, asset earnings, and insurance claim losses), divided by insurance-in-force. The net present value of future cash flows is typically negative because FHA has already booked upfront premiums and period premiums collected to-date. Thus, the capital ratio is less than the capital resource ratio. FHA's capital resources have grown in FY 2009 and are now over \$31 billion. With insurance-in-force of approximately \$685 billion, the ratio of total capital resources to insurance-in-force is thus above 4 percent. The capital ratio itself assumes a wind-down scenario in which FHA insures no new business. The actuaries are estimating that the drop in the capital ratio to below 2 percent will be temporary and that, as house prices stabilize and the country comes out of the recent recession, new FHA insurance will generate net receipts that will rebuild its capital position. The actuarial studies suggest that the capital ratio could again be above two percent within a few years. Congress set a minimum Mutual Mortgage Insurance Fund capital ratio of two percent as a means of assuring that FHA's primary single family insurance programs will be self-financing, except under the most severe economic conditions. FHA receives revenues through up-front and annual insurance premiums paid by the homebuyers with FHA-insured mortgage loans, and through earnings on the balances in the Capital Reserve Account. Because the Department is expected to operate Mutual Mortgage Insurance Fund programs in an actuarially sound manner, it is subject to an independent annual actuarial study that assesses the current economic value, capital ratio, and ability of the FHA to provide homeownership opportunities while remaining self-supporting. For FY 2009, HUD contracted for two separate actuarial studies, one for single-family forward mortgages and one for reverse mortgages. Beginning in FY 2009, FHA's reverse mortgage insurance program (known as Home Equity Conversion Mortgage or HECM) has been part of the Mutual Mortgage Insurance Fund set of programs. The capital ratio has significantly exceeded the congressionally-mandated two percent thresholds each year since 1995. As mentioned earlier, the economic downturn and severe house price declines have adversely impacted the Mutual Mortgage Insurance Fund in 2009.

Data Discussion. The capital ratio value is determined through an annual independent actuarial study of the Mutual Mortgage Insurance Fund. Data on historical loan originations and loan performance are provided to the contractor by HUD. The contractor then adds economic data and develops statistical and financial models to project cash flows from insurance activities. Independently produced economic forecasts are used with the models to predict future performance of outstanding business and to measure the economic net worth used to calculate the final capital ratio number. FHA loan-level data are entered into HUD's information systems by direct-endorsement lenders and loan servicers, with monitoring by FHA. The methods and

results of the independent actuarial study are validated as part of the audit process on HUD's annual financial statements.

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

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 Benefits and Program Accomplishments

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 accomplishing workforce. 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 2009, HUD conducted a skills assessment, identified a set of three targeted competencies, and developed and implemented an action plan for closing the identified leadership and management competency skill gaps by at least 25 percent.

Results and Analysis. The Department exceeded this goal for three identified competencies. In FY 2009, HUD's top three management skill gaps were: (1) Teambuilding, (2) Human Resource Management, and (3) Conflict Management. The annual training needs assessment showed that a total of 855 employees needed training in these three areas. The following chart shows the competencies targeted and the percentage of gap reduction.

Competency	Baseline Skill Level (number of non-SES supervisors)			Current Skill Level (number of non-SES supervisors)			Pct. of Gap Closed
	Total Number of Supervisors	Already Trained Supervisors	Skill Gap	Trained	Not Trained	Remaining Gap	
Team Building	1400	1056	344	175	169	169	51%
Human Resource Management	1400	1121	279	178	101	101	64%
Conflict Management	1400	1168	232	280*	0	0	100%

*Footnote: An additional 48 managers received refresher training.

Supplemental Performance and Resources Information. 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. In FY 2008, supervisory training was

mandated for all new managers and supervisors. During FY 2009, spending for Leadership and Management training amounted to \$579,500. In FY 2010, HUD will continue training to close remaining gaps.

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 and saved in the Department's centralized learning management system called the HUD Virtual University.

Program Website. Not available.

E.10: Eighty percent of HUD fellows and interns are retained and targeted for mission-critical positions in HUD offices.

Public Benefits and Program Accomplishments

Public Benefit: The HUD fellow and intern 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. Key programs used in the succession planning efforts include: a) the Presidential Management Fellow, b) the Federal Career Intern, c) the Legal Honors Intern, and d) the MBA Fellows program. The FY 2009 goal was to retain 80 percent of the interns that were hired in FY 2007 and FY 2008.

Results and Analysis. The "*HUD Fellows Program*" retained 92 percent of all interns, exceeding the 80 percent retention target. In accordance with program office needs, the 2007 class of Interns were allocated to various offices and placed in mission critical positions upon conversion at the end of the two year developmental period. The HUD Fellows Program has grown from 47 Interns/Fellows in FY 2007 to a total of 135 Interns/Fellows by the end of FY 2008.

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 throughout the Department in favor of the HUD Fellows Program as a viable strategy to help replenish the aging HUD workforce. In FY 2008, the HUD Fellows Program was also applauded in an article in the *Federal Times*. The 2008 class of Interns has completed their first year of the program and is actively engaged in their second year of training and development. The Department has hired 102 fellows for the FY 2009 Fellows class.

Supplemental Performance and Resources Information. The Department has dedicated \$1,500 as a training allowance for each participant in the HUD Fellows Program. 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.

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.

Program Website. Not available.

E.11: HUD financial statements receive an unqualified audit opinion.

Public Benefits and Program Accomplishments

Public Benefit: Annually, HUD's Office of Inspector General conducts an audit of HUD's consolidated financial statements. 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. 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 its efforts to stabilize its financial management systems and operating environment. In addition to providing an opinion on the financial information presented in HUD's financial statements, the auditors also conduct a review of internal controls in which a weakness could have a material impact on that presentation. If any weaknesses are identified, the auditors provide recommendations for improvement.

Results and Analysis: This performance measure was met. For its FY 2009 consolidated financial statements audit, HUD received an unqualified (i.e., "clean") opinion for the tenth consecutive year. In addition, HUD's audit was completed within the 45 days time requirement. In FY 2009, the OIG reported no material weaknesses for the second consecutive year; however, the OIG identified eleven significant deficiencies as reported in their audit report which can be found in Section 3 of this report.

Supplemental Performance and Resources Information. Producing its annual and quarterly financial statements within the required time frames serves as an indicator of HUD's fiscal effectiveness and efficiency of operations. The financial statements report the cost associated with program delivery, and cover all of HUD's operations and the entire FY 2009 gross discretionary budget authority of \$55.7 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.

Program Website. http://portal.hud.gov/portal/page/portal/HUD/program_offices/cfo

E.12: HUD will test, train, and exercise the Continuity of Operations and Continuity of Government capabilities.

Public Benefits and Program Accomplishments

Public Benefit: It is imperative that HUD continues providing essential services to its beneficiaries during a broad range of emergency circumstances (e.g., hurricanes, bomb threats, acts of terrorism). Exercising/implementing a Continuity of Operations Plan ensures HUD is able to do so because it results in the deliberate and planned deployment of personnel to emergency relocation sites.

In FY 2009, this goal was slightly revised so that the Office of Security and Emergency Planning would (1) perform quarterly testing of the Headquarters Continuity of Operations and Continuity of Government alert and notification procedures; (2) conduct annual training of the Program Office Continuity of Operations Coordinators; and (3) conduct an annual Continuity of Operations Plan exercise.

Results and Analysis: HUD achieved this FY 2009 goal. As a result, coordinators and emergency relocation group members are trained on pertinent policies and procedures, and overall Continuity of Operations plans are improved. HUD will continue these activities in FY 2010.

Supplemental Performance and Resources Information. Federal policy requires federal agencies to have Continuity of Operations Plans, with requirements determined by the White House and Department of Homeland Security (DHS) – Federal Continuity Directive 1. In meeting this goal, the Department conducted its training conference for coordinators in May 2009 and conducted the continuity exercise in June 2009. The training conference included presentations by leaders from the Department of Homeland Security’s National Continuity Program office as well as pandemic influenza health experts from Department of Health and Human Services. The continuity exercise included activating the Headquarters continuity plan; relocating the entire continuity emergency relocation group personnel to the emergency relocation site; testing the systems and procedures; and reviewing HUD’s essential functions. Also, HUD participated in interagency coordination and planning exercises.

Approximately \$2.9 million was spent on continuity of operations planning (including salaries, alternate site support, contractor support services, training, logistics and travel) during this fiscal year, comparable to previous years’ spending. Resource requirements are estimated to increase 10-to-15 percent per year over the next five years due to expected increased participatory requirements.

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. 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/Office of Inspector General may perform independent assessments and evaluations. The data are reliable for this measure.

Program Website. Not Available.

E.13: Continue to modernize HUD’s business operations to improve agency efficiency and effectiveness, maintain well-managed information technology investments aligned with priorities defined in the Enterprise Transition Strategy, and promote cross agency and internal collaboration and reuse through business modernization planning (segment architecture development) for core mission areas and shared services.

Public Benefits and Program Accomplishments

Public Benefit: The modernization of HUD business processes and information technology environment 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 assist in more effectively carrying out HUD’s mission.

The execution will ensure that HUD’s partners and stakeholders can leverage modern infrastructure when they do business with the Department; enable evidence-based decision-making that the public demands; and provide reliable performance data by which HUD and its stakeholders can measure progress. This plan presents a methodology for enabling HUD to effectively execute this modernization mission and improve performance management.

Modernization includes the introduction of shared tools to enhance HUD’s current applications and the removal of redundant or obsolete systems. This process also increases access to relevant business information through simple, self-service utilities and improves the effectiveness of interactions between HUD employees, business partners and citizens. This can result in the significant outcomes of improving both data and performance.

Not only does it guide the modernization process, but 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. Next year, Development, Modernization, and Enhancement investments will be directed by Transformation Initiatives at HUD.

Results and Analysis. The established goals for modernization planning were met. The modernization planning activities resulted in several notable successes, including:

- Adoption and incorporation of the Federal Segment Architecture Methodology to include new and revised Federal guidance into HUD's business modernization planning activities;
- Development of an Enterprise Architecture segment prioritization framework to measure and monitor HUD's Program Areas by Line of Business (segment);
- Significant progress in business modernization planning in the areas of Human Resources Management and Federal Housing Administration; and
- Received the Federal Enterprise Architecture Certification Institute's 2009 Leadership in Government Transformation Using Enterprise Architecture Award for the completion and implementation of the Acquisition Management business modernization planning activities.

The Department also met the goals established for information technology management. HUD maintains a well-managed Information Technology Investment Management process that promotes collaboration with mission areas. This systematic process manages risks and returns, and focuses on achieving desired business outcomes through the continuous selection, control, and evaluation of IT initiatives. Information Technology Investment Portfolio System tools have also been updated and streamlined to provide improved usability and additional capabilities to support investment management. In response to GAO reports, the Re-Baselining Policy and procedures were also implemented. An Integrated Baseline Review process has been instituted to ensure all investments have clearly established and validated performance measurement baselines with clear cost, schedule, and performance goals. The following investment management activities have been accomplished:

- 100 percent of major information technology development investments were reviewed for progress, and corrective actions were implemented when performance targets were not met;
- 100 percent of all major steady state investments were evaluated for meeting operational requirements, user satisfaction, and system performance;
- 100 percent of the major information technology investments were evaluated against OMB investment performance indicators; and
- None of the IT investments were identified on the OMB FY 2009 Watch List.

Supplemental Performance and Resources Information. The Enterprise Architecture Team spent approximately \$1.1 million in FY 2009 Enterprise Architecture efforts to ensure significant progress in business system modernization continues. Information Technology Investment Management spent approximately \$1.5 million in FY 2009 to select, control, and evaluates

information technology investments in the Working Capital Fund information technology portfolio.

Data Discussion. Enterprise Architecture activities are included in HUD's Information Technology Strategic Plan for FY 2007 – FY 2012. Status reports provide tracking information on planned activities. Program Managers regularly review the status reports to ensure that planned actions occur.

Program Website. <http://www.hud.gov/offices/cio/ea/newea/index.cfm>: provides details of HUD's Enterprise Architecture practices.

E.14: HUD will meet specified information technology-related security requirements.

Public Benefits and Program Accomplishments

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, processed or transmitted information within the Department. This includes vital financial and other confidential information of citizens that will be better protected against unauthorized disclosure.

Results and Analysis: The established goals were met. The 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. The following information highlights the results.

- As of the end of FY 2009, 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 to ensure that such systems are certified and accredited prior to their operation; ensure that system level contingency plans were effectively tested and that lessons learned during such testing were integrated into the applicable system contingency plan; and, quarterly review of all Plans of Action and Milestones to ensure timely remediation of weaknesses.
- Individual weaknesses in 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.
- The Office of Information Technology Security refocused its penetration testing of components of the HUD network to weekly vulnerability scans of components of the

HUD network. The Office of IT Security developed a process to track progress on remediation of vulnerabilities discovered as a result of the scan.

In addition, the following activities have been accomplished.

- ✦ Ensuring that system owners perform self-assessments of system security controls in accordance with OMB direction.
- ✦ Ensuring that vulnerability scanning of HUD's operating systems and databases is conducted according to a risk-based schedule.
- ✦ Ensuring that automated scanning is conducted to identify weaknesses in web-based applications according to a risk-based schedule.
- ✦ Ensuring that weaknesses in security controls identified in reported incidents are reported and investigated and corrective action is taken.
- ✦ Over 98 percent of HUD employees 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. (Note: the final numbers on the contractors is not yet available.)

Supplemental Performance and Resources Information. The FY 2009 budget requirement of \$1.975 million was needed to support the Information Technology Security Program at HUD. There are currently 13 full-time equivalent resources allocated to support a sound IT 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 data provided addresses progress made during FY 2009. The data presented herein can be revalidated with the Compliance Division of the Office of Information Technology Security.

Program Website. <http://hudweb.hud.gov/po/i/it/security/secure.cfm>

E.15: The Office of the Chief Information Officer will perform Data Management Maturity assessments of three major HUD information systems and report on their level of maturity.

Public Benefits and Program Accomplishments

Public Benefit: 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. As a result of these assessments, the public are assured more reliable and consistent data in conducting business with HUD.

The Office of the Chief Information Officer has initiated an enterprise-wide effort to align HUD its data management priorities with its mission and program office objectives. This has improved data management functions across the Department. This initiative evaluates the data management practices in program areas and in Lines of Business (LOBs) and provides guidance on improving the management of the information used within these areas. During FY 2009, HUD provided the following value add services to business areas:

- Reconciling different interpretations of data
- Accessing 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

Results and Analysis. The established goal was met. HUD assessed the three following mission critical systems:

Tenant Rental Assistance Certification System (TRACS) – This systems assessment was completed on November 7, 2008. Overall the data management artifacts met or exceeded all of HUD current data management requirements. In addition, rapid responses to the artifacts requested demonstrated that the TRACS Team has excellent document management and support. Multifamily housing support for this assessment also demonstrated outstanding management commitment to improving TRACS data management and support for HUD's business.

Disaster Recovery Grant Reporting System (DRGR) – The DRGR data management maturity assessment was completed on January 27, 2009. Overall, DRGR data management artifacts met or exceeded all of HUD current data management requirements. In addition, the DRGR Team provided several other data management artifacts that were not required, but were useful in documenting the DRGR data requirements. Overall, management was impressed with the responses that the DRGR system owners and contractor support staff provided to every request for information. These rapid responses demonstrated that the DRGR Team has excellent document management and support.

Unisys Migration – The Unisys Migration effort data management maturity assessments was completed on March 19, 2009. HUD found the Unisys Migration effort to be lacking the required data artifacts to complete a thorough data management maturity assessment. HUD had 6 major recommendations for the Unisys Migration Team. As of the date of this report, HUD was only able to obtain a PDF version of the "HUD Re-Host Migration Project Plan" (dated January 22, 2009), which documented the approximate dates when the Database Schemas were to be completed. The Office of the Chief Information Officer was informed by a Unisys

Migration project manager that several Database Schemas had been completed and were available for review, but this documentation was not provided.

Supplemental Performance and Resources Information. HUD spent approximately \$27 thousand in FY 2009 to ensure the Data Management Maturity Assessments of HUD information systems.

Data Discussion. The data are from the following systems: TRACS (assessed November 7, 2008), DRGR (assessed January 27, 2009), and Unisys Migration (assessed March 9, 2009). Recommendations for improvement were identified to the Program Areas in the Data Management Maturity Assessments Report.

All three data management maturity assessments were completed ahead of schedule. In addition, HUD started the Data Management Maturity Assessments effort for the Human Resources segment and completed the first phase. The final report is due in November 2009.

Program Website. <http://hudatwork.hud.gov/po/i/edm/index.cfm>

E.16: HUD partners become more satisfied with the Department's performance, operations, and programs.

Public Benefits and Program Accomplishments

Public Benefit: HUD partners—including government, non-profit, and for-profit entities are critical to the Department's overall performance because they 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. 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.

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.

Supplemental Performance and Resources Information. Due to funding limitations, the 2009 HUD Partner Survey was procured in two funding years as a base contract and an option. The first five surveys under the base contract are currently in the field. In addition to public housing agency directors, community development directors, non-profit organizations, and Fair Housing Assistance Program partners, a new partner group being surveyed is Fair Housing Initiative Program directors. The initial report for Phase One of the 2009 HUD Partner Survey is due in February 2010.

Under the option, four surveys are being designed for the Office of Housing: owners of Section 202/811 properties, owners of HUD-insured properties, owners of HUD-assisted multifamily properties, and—new this year—FHA-approved lenders. Data collection for Phase Two of the 2009 HUD Partner Survey is anticipated to begin in early December.

The final report including results for all nine groups will include comparisons to previous survey results, summaries at the program office level, and, for the first time, summaries at the field office level (or at the regional level when confidentiality cannot be maintained for the smaller geographic area.)

Data Discussion. The overall response rate for the FY 2005 survey effort was 73 percent, substantially higher than typical levels for comparable surveys. Sources of satisfaction or dissatisfaction may be difficult to identify, and a single policy or event may satisfy some partners and dissatisfy others. HUD modifies the survey methodology and instrument to focus on pertinent management topics and improve validity of results. As a result, responses may not be strictly comparable from year to year. The survey instruments used in FY 2001 and FY 2005 each were pretested to validate the data collection. The surveys differ slightly in focus because the management environment has changed, although a core set of questions are retained to ensure comparability. Survey results are substantially verified in a qualitative way on an ongoing basis as the Department solicits views of partner groups in program activities and negotiated rulemaking.

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.

E.17: Policy Development and Research work products will be high quality and useful to customers.

Public Benefits and Program Accomplishments

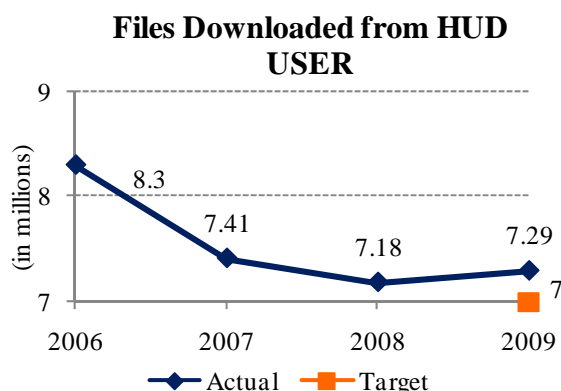
Public Benefit: The independent program evaluation, housing data collection, and policy-focused research conducted by the Office of Policy Development and Research has two major public benefits. It enables public accountability for HUD’s FY 2009 \$55.7 billion budget, and also established an infrastructure of publicly available data for understanding and more effectively addressing housing and urban development issues.

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FY 2009 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 The Office of 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 2009 goal was adjusted upward from 6.8 million to 7.0 million downloads of files related to housing and community development topics, reflecting FY 2008 outcomes and updated analysis.

Results and Analysis: The customer satisfaction survey used to measure usefulness of the Office of Policy Development and Research products was placed under contract at the end of FY 2008 and data for reporting on the usefulness measure will become available during FY 2010. Among the most recent (FY 2006) 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 below.



During FY 2009, users of the HUD USER research clearinghouse downloaded nearly 7.29 million electronic files, surpassing the upwardly revised goal of 7.0 million downloads. The volume is 1.5 percent greater than the FY 2008 tally of 7.18 million downloads. The downloads were accomplished during 3.8 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.

Supplemental Performance and Resources Information. The level of funding is a major factor affecting this indicator. The FY 2009 research funding (\$32.0 million from the Research and Technology account) remained substantially below the \$38.1 million appropriated as recently as FY 2005, when \$6.9 million more was provided 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.

Several years of lower appropriations have restricted the flow of major research efforts, thus constraining the number of highly-demanded publications downloaded from HUD USER. To better sustain policy-relevant research, HUD's FY 2010 budget request restructures the Research and Technology account to focus on the America Housing Survey and other core elements in the

housing data infrastructure. This investment is supplemented by funding through two components — program evaluation and performance measurement, and program demonstrations of the proposed Transformation Initiative. Funding of program evaluation and performance measurement would support strengthened accountability for existing programs, and funding of program demonstrations would enable testing of cost-effective program and policy innovations.

Data Discussion. Users' judgments of the usefulness of research products are measured using 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 list servers 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 Web Trends 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.

Program Website. www.huduser.org

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

PERFORMANCE REPORT CARD – GOAL F								
Performance Indicator	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2009 Target	Met/Miss	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 for FY 2009 compared to FY 2008.	\$512	\$513	N/A	N/A	N/A	N/A	a, b
F.2	Comprehensive outreach programs are conducted for faith-based and community organizations throughout the nation to increase partnerships and provide information on HUD programs and resources.							
	Grant Writing Sessions.	N/A	52	68	40	40	✓	
	Seven "Unlocking Doors Initiatives" forums.	N/A	N/A	7	8	8	✓	
F.3	The Center for Faith-Based and Community Initiatives will work collaboratively with HUD program and field offices to build and expand partnerships between non-profit organizations (both faith-based and secular) and HUD within the communities we serve.	1	1	3	>2	2	✓	

N/A: Not available

a - number reported in millions

b - one-year lag in data

Center for Faith-Based and Neighborhood Partnerships

F.1: The Center for Faith-Based and Neighborhood Partnerships will measure the participation of faith-based and community organizations, through new and past relationships with public-private partners and through the Department's SuperNOFA process for FY 2009 compared to FY 2008.

This indicator has been deleted to reflect a shift in emphasis of this initiative under the new Administration to a partnership model that engages a wide range of stakeholders – both secular and faith-based – to collaborate with the federal government not only through grants but other important non-financial partnerships. New metrics and indicators that capture efforts at collaboration and partnerships, both financial and non-financial, are under development.

F.2: Comprehensive outreach programs are conducted for faith-based and community organizations throughout the nation to increase partnerships and provide information on HUD programs and resources.

Public Benefits and Program Accomplishments

Public Benefit: Neighborhood-based non-profit organizations, whether faith-based or secular, play an important role in community renewal and revitalization, given their front-line programmatic experience and their expertise in often being among the first to recognize broader trends (economic, demographic, social, etc.) affecting low income communities and vulnerable populations. HUD is better able to accomplish its mission and strategic objectives by proactively engaging these organizations, both through financial partnerships (e.g., grants) and non-financial partnerships (e.g., convening events to promote peer learning and best practices). HUD's engagement with a broad range of stakeholders also provides invaluable feedback to the department on its programs and policies.

This measurement looks at the number of Center Grant Writing Trainings and "Unlocking Doors" Initiative activities undertaken, as well as other representational activities. The Center measures these activities as a way of determining whether the scope of its outreach is national in character, whether it reaches a broad array of actors in a broad number of settings, and whether the Center's actions do build and strengthen effective organizational partnerships.

The Center targeted to hold 40 Grant Writing Training sessions around the country in FY 2009. The training covers a range of organizational capacity building topics for small non-profits that are seeking to improve their effectiveness and compete for federal funding. The training also provides topical skills around organizational and board development, strategic planning, financial management and performance management and evaluation. Participation in these sessions does not guarantee success in future federal competitions, nor is such success warranted or implied. It does, however, offer participants the tools, skills, and workshop experience that

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have been helpful for demonstrating both knowledge of the federal funding process and capacity to administer federal funds according to federal standards.

In addition, the Center targeted to organize eight convening events, as part of its “Unlocking Doors” Initiative. In FY 2008, convening events focused on affordable housing creation. In FY 2009, convening events addressed a number of key priorities for HUD, including foremost mitigating the impact of the foreclosure crisis and implementation of the American Recovery and Reinvestment Act, single- and multi-family affordable housing creation and preservation, and community development.

Results and Analysis: The Center proposed to hold 40 Grant Writing Training sessions, and it met its goal. The Center proposed to hold eight “Unlocking Doors” convening events, and not only met the goal of eight roundtables but has established working groups in number of cities in the Mid-Atlantic, Midwest and Mountain West to continue to address needs identified in initial sessions. In this work the Center exceeded its targets of last year, of 30 Grant Writing Training sessions and seven “Unlocking Doors” forums.

Supplemental Performance and Resources Information. In Orange County, California, the Center met with non-profit and religious leaders, local elected and law enforcement officials, representatives of the Federal Deposit Insurance Corporation and other stakeholders to address the foreclosure crisis and specifically how to educate and help communities avoid common foreclosure scams. In Dayton, Ohio, the Center convened a group of faith-based and secular neighborhood non-profits in order to discuss the implementation of the Recovery Act, learn more about the housing and community development challenges facing the community, and identify next steps in bringing other federal partners to the table to support the group’s efforts in addressing these challenges. In Richmond, Virginia, the Center has been meeting regularly with a group of local stakeholders including non-profit, state, and city officials to explore potential housing solutions for hard-to-house populations, including refugees. The Center also co-sponsored the first-of-its kind regional conference for faith-based and secular non-profits, Tribal Leaders and Organizations, and other federal agencies to address a comprehensive set of housing, health, economic and community development needs on reservations. [See performance indicator F.3 discussion below.]

Work for this Indicator is undertaken by nine FTEs. Grant Writing Training is delivered by Center staff as well as members of Field Policy Management or program office field staff, the Center underwriting travel costs. Other representational and outreach activities are also undertaken in coordination with these same members and staff.

Trend information is unavailable. Both Grant Writing Training and “Unlocking Doors” programs were substantially revised for the current fiscal year, rendering like-to-like comparisons impossible. The Center also anticipates significant revisions for the FY 2010 Grant Writing Training curriculum. Work in Indian Country is a new initiative of the Center.

Data Discussion. The data for this indicator is reliable and compete, compiled by records available in the Center that show registrations to receive the Center's newsletters and other electronic disseminations and attendance lists at outreach events.

Program Website. http://portal.hud.gov/portal/page/portal/HUD/program_offices/faith_based

F.3: The Center for Faith-Based and Neighborhood Partnerships will work cooperatively with the HUD program offices to build and expand partnerships between faith-based and community organizations (both faith-based and secular) HUD within the communities we serve.

Public Benefits and Program Accomplishments

Public Benefit: In the HUD FY 2010 Budget, Secretary Donovan has laid out a roadmap for a transformed HUD that envisions a robust, coordinated approach across HUD program offices as well as with other federal departments in meeting the housing and community development needs of neighborhoods around the country. In FY 2009, the Center has implemented its core programs in coordination not only with other HUD offices but wherever possible by bringing other federal actors to the table, recognizing that neighborhoods face challenges that are inter-connected and seek solutions that are place-based, centered around the community rather than centered around bureaucracies.

The Center here measures its outcomes in establishing collaborative partnerships with other HUD program offices and federal departments in order to build and strengthen partnerships with faith-based and secular neighborhood non-profit organizations. This responds to a central thrust of HUD's Transformation Initiative, which requires engagement of multiple actors to work in a more coordinated manner to achieve goals related to the Recovery, provision of affordable housing and the building of sustainable, inclusive communities.

Results and Analysis: The Center met this goal. The Center's Grant Writing Training program is a model of cross-departmental coordination. The Center works closely with HUD's Office Field Policy and Management, Community Planning and Development, Housing and other program areas to set tailored agendas for specific trainings, recruit HUD trainers, and review and advice on training curriculum on a regular basis.

A number of convening events in FY 2009 were the result of close coordination and planning with other offices. The Center worked with the Office of Field Policy and Management, state and local officials and other outside stakeholders to hold a community gathering in Camden to learn more in depth about the specific challenges resulting from high levels of concentrated poverty and unemployment, among other issues. The listening session led to a commitment by HUD to return and offer a two-day technical assistance workshop for faith-based and secular neighborhood non-profits, drawing heavily on peer learning models by tapping respected local organizations to lead several of the training sessions. The Center worked to ensure that in addition to HUD other federal departments with a stake in the community were also present at

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this highly successful event, including the U.S. Department of Education, the U.S. Department of Health and Human Services (HHS) and the U.S. Department of Agriculture.

The Center worked with the Public and Indian Housing Office of Native American Programs to hold the first-of-its kind Faith-Based and Neighborhood Partnerships Indian Country conference, in Denver, CO. [See Supplemental Performance and Resources Information section below.]

The Center joined other HUD leadership with Secretary Donovan in a major visit to the Gulf Coast in late August to mark the Fourth Anniversary of Hurricane Katrina. The Center met with a range of stakeholders and faith-based and secular neighborhood non-profits to discuss ongoing needs related to the recovery efforts and identify best practices that might be replicated or scaled up. As a result of this initial gathering, the Center is planning to undertake a broader effort with other HUD program offices to encourage peer learning not only among Gulf Coast organizations but with non-profits in other parts of the country that are active in disaster recovery work.

As reported in Indicator F. 2, the Center exceeded its target outcomes for last year. In FY 2009, the Center increased the number of Grant Writing Trainings from 30 to 40, and the number of “Unlocking Doors” convening events from seven to eight, even while significantly changing the format in each of those activities.

Supplemental Performance and Resources Information. Many have long considered Native Americans to be the forgotten Americans, because they live apart from mainstream America on reservations where, it is assumed, they receive the assistance they require, by way of need and by way of legal obligations, in order to maintain personal and family life within their tribal customs. This assumption is often sadly mistaken: homelessness and inadequate housing opportunities, and low levels of economic development, are prevalent on reservations, as they are in other areas where other low- and moderate-income Americans live.

Conversations with the Office of Native American Programs led to a joint decision that the Center would co-sponsor with ONAP the first-ever Faith-Based and Neighborhood Partnerships Indian Country Conference. Approximately one hundred fifty representatives of the tribes and peoples of the Northern Plains gathered in Denver, CO, where they shared with HUD and other officials the challenges they currently face, and learned about resources currently available yet generally significantly underutilized by Native American peoples, in large part because of gaps in information dissemination. Thus the conference became a motive of hope for the representatives of these peoples and a basis for additional follow-up activities already under planning.

Data Discussion. This is a qualitative, outcome-driven indicator. The Center measures its success here by the quality of the follow-up work and collaborations, including new peer-learning networks. Given that our traditional HUD partners seek to continue working with the Center, our new HUD partners want to continue working together, and those we serve have asked for continuing and expanding collaborative follow-through, the Center believes the qualitative data for FY 2009 is reliable and complete. In FY 2010, the Center is investing in the

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

development of additional performance measures to assess the impact of its work. This investment responds to part of HUD's larger Transformation Initiative, in which Secretary Donovan has called for rigorous evidence to help inform programming decisions and measure progress and performance vis-à-vis the department's goals.

Program Website. http://portal.hud.gov/portal/page/portal/HUD/program_offices/faith_based