

FY
2010



U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT



ANNUAL PERFORMANCE REPORT

MARCH 2011

An Overview of the Annual Performance Report

The FY 2010 Annual Performance Report for the U.S. Department of Housing and Urban Development (HUD) provides detailed performance information to the President, the Congress, and the American people. The report allows readers to assess HUD's performance relative to its mission, priority goals, objectives, and stewardship of public resources. This report consists of four major components:

- Secretary's Message
- Section I- Quick Reference
- Section II- FY 2010 Performance Overview
- Appendices

Secretary's Message

Secretary Shaun Donovan presents the Department's FY 2010 Annual Performance Report and highlights the policy priorities for the Administration.

Section I- Quick Reference

Consult this section to find critical information organized for easy reference. Key information includes the Department's mission, organizations and major program activities, the organizational chart, FY 2010-2015 Strategic Plan and framework, as well as our measures of success or 'Priority Goals'.

Section II- FY 2010 Performance Overview

View this section for detailed information on the Department's four Priority Goals. In each goal you will see a background discussion and general information on the related programs. The key area will be the results and analysis section, which will describe what we expected to accomplish, our actual results, and the reasons for the variation. It will also include some information on data systems and resources in each section.

Appendices

Appendix A details the official amendments to the Priority Goals. Appendix B includes a Resource Table that provides program representation of budget authority, outlays, Full Time Equivalents (FTEs), as well as Salaries and Expenses (S&E) under each strategic goal. Appendix C describes the Department's program evaluations and research that informs HUD's strategic goals. Appendix D includes a glossary of acronyms.

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Message from the Secretary

March 2011

I am honored to present the Annual Performance Report of the U.S. Department of Housing and Urban Development (HUD) for Fiscal Year (FY) 2010.

Under the Obama Administration, the Department issued its FY 2010–2015 Strategic Plan, with a newly invigorated mission to “create strong, sustainable, inclusive communities and quality, affordable homes for all.” From our 15 programmatic measures of success, the Department chose 4 key measures to pursue in FY 2010. These priority goals – to be achieved fully in 2 years – represent high-impact outcomes and are as follows.

- Jointly with the Department of the Treasury, assist 3.1 million homeowners at risk of foreclosure, to address the current foreclosure crisis. In FY 2010, HUD assisted more than 1.2 million homeowners and is on target to meet the 2-year goal.
- Provide 207,000 new families with affordable rental housing to address the insufficient supply of affordable rental housing, particularly among low-income households. To date, nearly 55,000 additional households have been served, or approximately 69 percent of the first-year goal. Timing is a large factor in this goal in that efforts for both FY 2010 and FY 2011 must be synchronized. The FY 2010 program was significantly impacted by uncertain FY 2011 funding levels.
- Jointly with the Department of Veterans Affairs, provide permanent housing to 36,500 homeless veterans by helping them move into permanent housing to address the issue of homelessness confronting this Nation’s servicemen and women. To date, nearly 15,000 homeless veterans have been assisted, with the two Departments committed to continuing collaborative efforts to reach our shared goal of reducing the number of homeless veterans to 59,000 by June 2012.
- Jointly with the Department of Energy (DOE), enable cost-effective energy retrofits of 126,000 HUD-assisted and public housing units to reduce energy costs and greenhouse gas emissions. Apart from its joint energy retrofit goal with DOE, HUD will complete green and healthy retrofits of 33,000 housing units. In FY 2010, HUD exceeded its combined target for energy and green retrofits by 64 percent through the completion of retrofits to about 92,000 units.

The Department chose to focus on these goals in recognition that affordable housing and a healthy mortgage market are critical to America’s continued recovery, as well as the long-term health of the U.S. economy. HUD and the Treasury Department recognize the enormous impact of the foreclosure crisis and are committed to helping American families at risk of losing their homes to foreclosure. HUD’s Federal Housing Administration (FHA) continues to play a crucial

role in bringing much needed stability to a challenged national mortgage market. FHA has become the Nation's largest single source for mortgage products, offering a stable interest rate and low down payment financing programs with careful underwriting standards.

The affordable housing goal arose from the fact that the housing market does not sustain a sufficient supply of affordable rental homes, especially for low-income households. More than 70 percent of HUD's budget funds rental assistance programs, serving about five million families. Though it is a highly income targeted effort, only about 25 percent of eligible families are served. Expansion and preservation of these units recognize the unmet need and challenges that remain, especially while the national economy continues to recover.

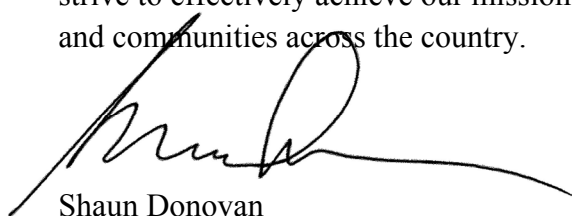
The goal to reduce veterans' homelessness recognizes the unmet needs of those who proudly served our Nation and the debt we owe the men and women of our armed forces. After the original establishment of this goal, the Administration issued its Federal Strategic Plan to Prevent and End Homelessness, which includes a longer-term goal of preventing and ending homelessness among veterans by 2015.

Finally, the energy and green retrofit goal is focused on HUD-assisted or HUD-financed housing, but will also serve as a model for the greening of the Nation's housing. This effort will foster successful strategies to reduce our heavy national dependence on oil and other nonrenewable supplies of energy and, at the same time, reduce noxious emissions and improve the economy and energy security of our Nation.

Additionally, implementing plans to achieve these goals reflects the reinvention of the Department, with a clear emphasis on working in close cooperation with other departments and agencies, as well as across the boundaries of separate programs within the Department.

I can also provide reasonable assurance that the performance data in this report is reliable and complete.

HUD looks forward to reporting further progress to the Nation and our partners as we strive to effectively achieve our mission and provide for the well-being of individuals, families, and communities across the country.



Shaun Donovan
Secretary

Quick Reference

Mission, Organizations and Major Program Activities, and Strategic Plan

Our Mission

*Create strong, sustainable, inclusive communities
and quality, affordable homes for all.*

HUD's mission stems from a directive in the Housing Act of 1949 to create "a decent home and suitable living environment for every American family." This founding mandate is the groundwork for which we continue to develop and preserve quality, healthy, and affordable homes.

The core focus of HUD's mission is one in which housing and communities result in a better quality of life and the fulfillment of the promise that America holds for all people. Moreover, it prioritizes responsible decisions about owning or renting that are financially appropriate for the individual or family. HUD is committed in its mission to serve its residents, partners, employees, and the communities. For its residents, HUD provides access to the opportunities that result from living in homes and neighborhoods that are safe, healthy, affordable, and inclusive. For its partners, HUD is committed to strengthening partnerships among federal, state, and local entities across the public, nonprofit, and private sectors to meet the housing and community development needs of this country.

Success in delivering services to the nation's residents and partners is dependent on HUD's employees. Therefore, HUD's focus will be to invoke a work environment that is mission-driven, results-oriented, innovative, and collaborative.

Organizations and Major Program Activities

HUD accomplishes its mission through component organizations (outlined on the following pages) and offices that administer place-based programs that collaboratively seek to meet the mission of the Department. Place-based programs leverage investments by focusing resources in targeted places and drawing on the compounding effect of well-coordinated action. Effective place-based programs can influence how rural and metropolitan areas develop, how well they function as places to live, work, operate a business, preserve heritage, and more. A new vigorous effort is underway in collaborating with other Federal agencies to meld the Department's coordinated interests and strengths to pursue better results. Such policies can also streamline otherwise redundant and disconnected programs.

As part of reinventing the Department and to better meet its mission, HUD established an Office of the Chief Operating Officer (OCOO) to provide leadership and a comprehensive strategy for HUD's current operations of procurement, human resources, and information technology. The OCOO will provide a way to coordinate these interdependent functions in order to facilitate decision making and ensure accountability. Under the Office of Chief Human Capital Office (OCHCO), a new Office of Disaster and Emergency Management was also established to develop, coordinate, and implement HUD's response to disasters, as well as lead the agency in its disaster and emergency preparedness, protective services, and intra- and interagency disaster recovery efforts. In addition, the Office of Sustainable Housing and Communities was created to support HUD's energy efficiency and green building efforts, and administer HUD's FY 2010 Sustainable Communities Initiative. This initiative promotes pedestrian-friendly, public transit-oriented, mixed-income and mixed-use communities in order to substantially reduce transportation costs, to create energy savings (by reducing vehicle-miles traveled), and enhance access to employment and educational opportunities. In FY 2010, the Office of Strategic Planning and Management (OSPM) was created to develop and implement the Strategic Plan, and to track agency performance against quantitative outcome goals and help drive the agency's transformation effort.

HUD's programs are carried out through a network of regional offices and smaller field offices, as well as through grantees, contractors, and other business partners. A detailed map of HUD's regional and field offices is located at [HUD's local offices](#). HUD's major organizations include:

- The [Office of Housing](#) provides vital public services through its nationally administered programs. It consists of the Federal Housing Administration (FHA), the largest mortgage insurer in the world, as well as regulates housing industry business. Within the Office of Housing are multiple business areas:
 - [Single Family Housing](#) —HUD's Single Family programs include mortgage insurance on loans to purchase new or existing homes, condominiums, manufactured housing, houses needing rehabilitation, reverse equity mortgages to elderly homeowners, loss mitigation and property disposition programs.
 - [Housing Counseling Program](#) —HUD's housing counseling program provided support and training to 2,743 counseling agencies, of which 2,252 were authorized to provide mortgage delinquency and default resolution counseling.
 - [Multifamily Housing](#) —HUD's Multifamily programs provide mortgage insurance to HUD-approved lenders to facilitate the construction, substantial rehabilitation, purchase, and refinancing of multifamily housing projects and healthcare facilities. Multifamily's Project-Based Rental Assistance (PBRA) program assists low- and very low-income households in obtaining decent, safe, and sanitary housing in privately owned rental housing, as well as Section 202 - Housing for the Elderly and Section 811 - Housing for Persons with Disabilities.

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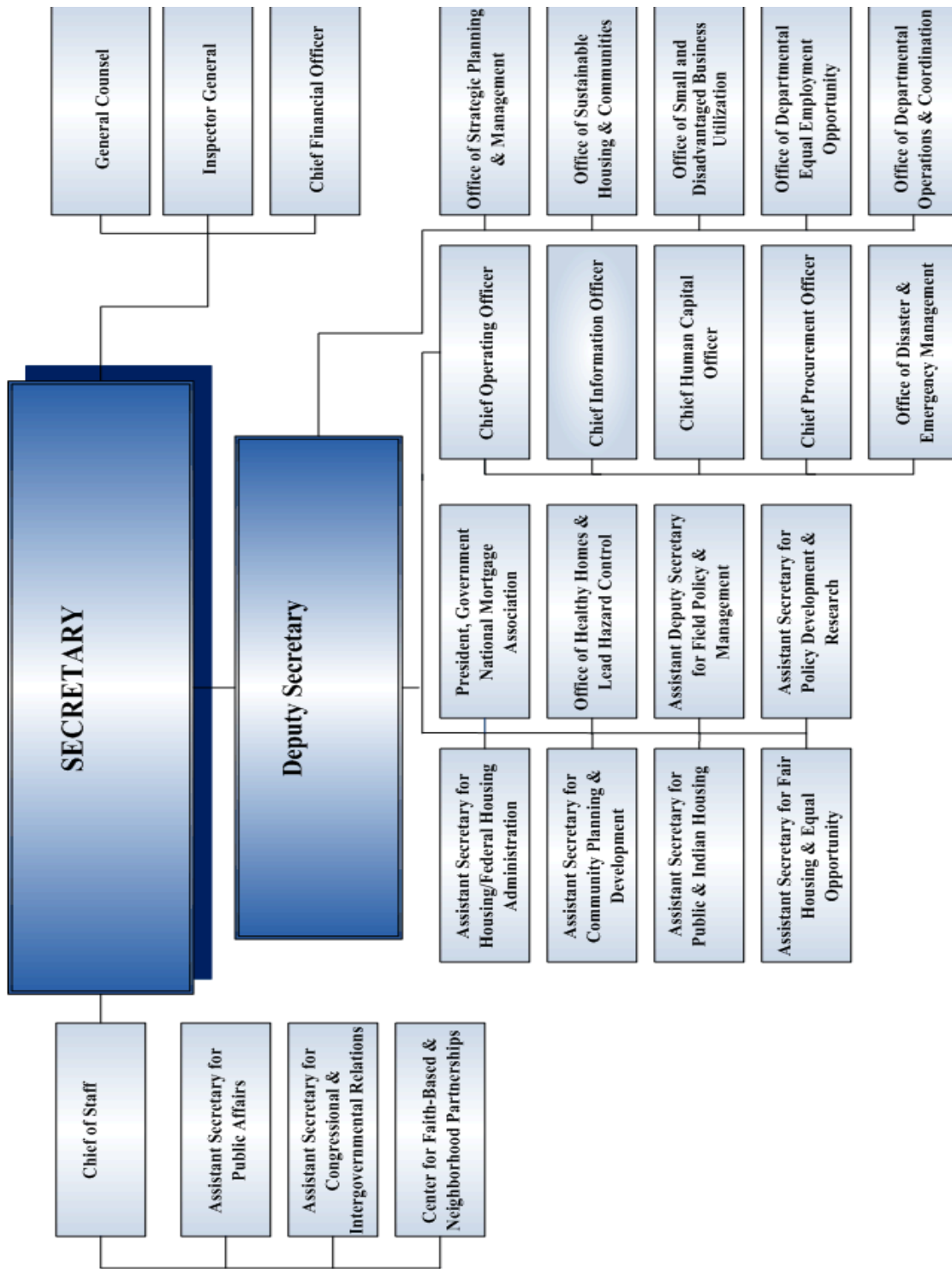
Section I

- [Healthcare Programs](#)—HUD’s healthcare programs consist of Section 242, which provides mortgage insurance for hospitals, and Section 232, which provides mortgage insurance for long-term care facilities.
- [Regulatory Programs](#)—HUD’s Regulatory programs are designed to protect homeowners and homebuyers, while regulating real estate transactions.
- The [Government National Mortgage Association](#) (Ginnie Mae) channels global capital into the U.S. housing market, providing liquidity and stability in support of affordable homeownership and rental housing at no cost to the U.S. Government. The Ginnie Mae guaranty ensures available funding, strong pricing and favorable spreads, which translate into lower interest rates to borrowers.
- The [Office of Public and Indian Housing](#) (PIH) is responsible for administering and managing a range of programs for low-income families. The mission of PIH is to ensure safe, decent, and affordable housing for low-income families; create opportunities for residents’ self-sufficiency and economic independence; ensure fiscal integrity by all program participants; and support mixed income developments to replace distressed public housing. More than 4,100 PHAs provide affordable housing opportunities for 3.2 million low-income families. In order to facilitate this mission, PIH has 11 major offices within Headquarters, 46 field offices, more than 1,500 staff, and six area offices for Native American programs. PIH administers a budget of more than \$26 billion, which represents approximately 56 percent of HUD’s budget. Within PIH there are two major business areas:
 - [Public Housing](#) and [Voucher](#) Programs: Three of PIH’s offices provide funding to support affordable housing for 1.1 million households through the Low Rent Public Housing program, and 2.1 million households receive assistance through the Tenant Based Rental Assistance program.
 - [Native American Programs](#) provide safe, decent, and affordable housing for low-income families through more than 550 tribes that administer its programs. Additionally, the Office of Native American Programs increases homeownership opportunities for American Indians, Alaska Natives, and Native Hawaiians through the Indian Housing Block Grant program, Indian Community Development Block Grant program, the Indian Housing Loan Guarantee Fund, as well as Native Hawaiian Loan Guarantee and the Native Hawaiian Housing Block Grant program.
- The [Office of Community Planning and Development](#) (CPD) provides funding to a broad array of state and local governments, non-profit and for-profit organizations to administer a wide range of housing, economic development, homeless assistance, infrastructure, disaster recovery and other community development activities in urban and rural areas across the country. In partnership, CPD and its local funding recipients develop viable communities by providing decent housing, a suitable living environment, and expanded economic opportunities for low- and moderate-income persons.

- The [Office of Fair Housing and Equal Opportunity](#) (FHEO) administers and enforces federal laws and establishes policies that ensure equal access to housing and housing-related services in the United States.
- The [Office of Healthy Homes and Lead Hazard Control](#) (OHHLHC) seeks to eliminate lead-based paint hazards in America’s privately-owned and low-income housing and to lead the nation in addressing other housing-related health hazards that threaten vulnerable residents.
- The [Office of Sustainable Housing and Communities](#) helps provide communities with the support they need to ensure that housing, transportation, water, energy, and “green” building investments are working together to build strong, healthy, and inclusive neighborhoods. The Office also supports the Partnership for Sustainable Communities, an unprecedented collaboration between HUD, the Department of Transportation (DOT) and the U.S. Environmental Protection Agency (EPA) to coordinate federal resources in support of sustainable development and livable communities in the U.S.
- The [Office of Strategic Planning and Management](#) oversees the development and implementation of the Department’s FY 2010 - 2015 Strategic Plan and is responsible for oversight of performance management.
- The [Office of Policy Development and Research](#) (PD&R) is responsible for maintaining a repository of resources on housing needs, market conditions, and existing programs, as well as conducting research on priority housing and community development issues. The Office also provides objective program evaluation, data, and analysis to inform policy decisions and improve program results.
- The [Center for Faith-Based and Neighborhood Partnerships](#) plays a critical role in special event planning and execution, programs and projects that are cross-programmatic and at times inter-Departmental, and outreach to constituents for Secretarial priorities. The Center disseminates information of great timeliness and necessity for leaders of faith-based and secular neighborhood organizations addressing crises or emergencies in their community. For instance, regarding foreclosure prevention, the Center convened 125 faith-based and non-profit leaders, in Atlanta to meet with Secretary Donovan about “Making Home Affordable” and FHA loss mitigation options, as well as [First Look](#), a program to accelerate restoration of neighborhoods damaged by foreclosures.

The organization chart found on the following page reflects the principal lines of authority for the Department.

HUD's Organization and Reporting Structure (FY 2010)



HUD's Strategic Plan

On May 5, 2010, HUD updated and published its [Strategic Plan](#) to address the economic, financial, and community development issues confronting the nation. As a result, the Department created five overarching Strategic Goals that are guiding the transformation of HUD into a cutting edge, streamlined organization capable of implementing place-based policies; overseeing a balanced, comprehensive national housing policy that supports sustainable homeownership and affordable rental homes alike; and building the strong, inclusive communities necessary to make home the foundation of stability and opportunity. An introduction to these goals is provided below, followed by the Department's Strategic Framework found on the following page.

[Goal 1: Strengthen The Nation's Housing Market To Bolster The Economy And Protect Consumers](#) will focus on rebuilding the nation's housing market and economy to ensure long-term stability and success.

[Goal 2: Meet The Need For Quality Affordable Rental Homes](#) discusses the need to balance support for sustainable homeownership with affordable homes, in order for housing markets to return to stability.

[Goal 3: Utilize Housing As A Platform For Improving Quality Of Life](#) emphasizes the basis of stable housing as an ideal platform to deliver a wide variety of health and social services to improve the education, health, economic security, and safety of its residents.

[Goal 4: Build Inclusive And Sustainable Communities Free From Discrimination](#) charts a course for HUD to catalyze economic development and job creation; promote energy efficiency and location efficiency in buildings; and facilitate disaster preparedness, recovery, and resiliency in healthy, affordable and diverse communities.

[Goal 5: Transform The Way HUD Does Business](#) is the foundation of the Department's Strategic Goals and aims to transform HUD into a responsive partner to build capacity within the Department; improve performance management and accountability; decentralize decision making to empower staff; and simplify programs, rules, and regulations.

HUD’s Strategic Framework

<p align="center">HUD’S FY 2010-2015 STRATEGIC FRAMEWORK</p> <p align="center">Our Mission: Create Strong, Sustainable, Inclusive Communities and Quality, Affordable Homes For All</p>			
<p align="center">Goal 1. Strengthen the Nation’s housing market to bolster the economy and protect consumers.</p>	<p align="center">Goal 2. Meet the need for quality affordable rental homes.</p>	<p align="center">Goal 3. Utilize housing as a platform for improving quality of life.</p>	<p align="center">Goal 4. Build inclusive and sustainable communities free from discrimination.</p>
Sub-Goals			
1A. Stem the foreclosure crisis.	2A. End homelessness and substantially reduce the number of families and individuals with severe housing needs.	3A. Utilize HUD assistance to improve educational outcomes and early learning development.	4A. Catalyze economic development and job creation, while enhancing and preserving community assets.
1B. Protect and educate consumers when they buy, refinance, or rent a home.	2B. Expand the supply of affordable rental homes where most needed.	3B. Utilize HUD assistance to improve health outcomes.	4B. Promote energy-efficient buildings and location efficient communities that are healthy, affordable, and diverse.
1C. Create financially sustainable homeownership opportunities.	2C. Preserve the affordability and improve the quality of federally assisted and private unassisted affordable rental homes.	3C. Utilize HUD assistance to increase economic security and self-sufficiency.	4C. Ensure open, diverse, and equitable communities.
1D. Establish an accountable and sustainable housing finance system.	2D. Expand families’ choices of affordable rental homes located in a broad range of communities.	3D. Utilize HUD assistance to improve housing stability through supportive services for vulnerable populations, including the elderly, people with disabilities, homeless people, and those individuals and families at risk of becoming homeless.	4D. Facilitate disaster preparedness, recovery, and resiliency.
		3E. Utilize HUD assistance to improve public safety.	4E. Build the capacity of local, state, and regional public and private organizations.
<p>Goal 5. Transform the way HUD does business.</p>			
Sub-Goals			
5A. Build capacity — Create a flexible and high performing learning organization with a motivated, skilled workforce.			
5B. Focus on results — Create an empowered organization that is customer centered, place-based, collaborative, and responsive to employee and stakeholder feedback.			
5C. Bureaucracy busting — Create flexible, modern rules and systems that promote responsiveness, openness, and transparency.			
5D. Culture change — Create a healthy, open, flexible work environment that reflects the values of HUD’s mission.			

Measures of Success

Concurrent with the development of HUD's Strategic Plan, the Administration released a set of agency Priority Goals with the FY 2011 Budget. These goals represent challenging, near-term performance improvement objectives to be achieved under existing legislative and budgetary authority. As part of this initiative, HUD is pursuing the following four goals:

1. Assist 3.1 million homeowners who are at risk of losing their homes to foreclosure, jointly with the Treasury Department – to address the current foreclosure crisis.
2. Provide 207,000 new families with affordable rental housing—to address the insufficient supply of affordable rental housing, particularly among low-income households.
3. Provide permanent housing, jointly with the Department of Veterans Affairs, to 36,500 homeless veterans by helping them move into permanent housing—to address the issue of homelessness confronting this nation's servicemen and women.
4. Enable cost-effective energy retrofits, jointly with the Department of Energy (DOE), of 126,000 HUD-assisted and public housing units—to reduce energy costs and greenhouse gas emissions. Apart from its joint energy retrofit goal with DOE, HUD will complete green and healthy retrofits of 33,000 housing units.

These four Priority Goals, which were later incorporated as key outcome measures in the Strategic Plan, comprise the FY 2010 Annual Performance Report. The Department's progress on these two-year goals is further discussed on the following pages.

FY 2010 Performance Overview

Priority Goal 1: Foreclosure Prevention

Strategic Goal 1: Strengthen the Nation’s housing market to bolster the economy and protect consumers.

Measure 1a: Assist 3.1 million homeowners who are at risk of losing their homes due to foreclosure by the end of FY 2011:¹

- 400,000 homeowners will be assisted through Federal Housing Administration (FHA) early delinquency intervention;
- 300,000 homeowners will be assisted through FHA loss mitigation programs;
- 2.4 million homeowners will be assisted through joint HUD/Treasury programs; and
- For all FHA borrowers that receive loss mitigation assistance, achieve a Consolidated Claim Workout (CCW) Ratio of 75 percent, and for those receiving a CCW achieve a 6 month re-default rate of 20 percent or less.

Supporting Measures: The percentage of servicers with Tier 1 Ranking in engagement in loss mitigation is 80 percent in each of fiscal years 2010 and 2011.

Supporting Measures: 1000 quality assurance reviews are completed in each of fiscal years 2010 and 2011.

Priority Goal Background and Public Benefit

As part of its FY 2010 – 2015 Strategic Plan, HUD established an aggressive goal to assist the mounting number of borrowers at risk of losing their homes to foreclosure, while at the same time restoring the ability of FHA to play its historical countercyclical role of promoting the widespread access to mortgage capital to those families traditionally not well served by the private marketplace. Goal 1 seeks to “Strengthen the Nation’s Housing Market to Bolster the Economy and Protect Consumers.” To accomplish this goal, HUD will work with other federal agencies and private sector partners to stabilize the housing market in the short term, while implementing programs that protect consumers and prevent the crisis from happening again.

By December of 2008, sales of new and existing homes were falling rapidly, the economy was losing nearly 700,000 jobs a month and the nation was caught in what would turn out to be the deepest and longest recession in memory. The near collapse of the housing and housing finance markets caused American families to lose over \$6 trillion in housing wealth, damaged the integrity of neighborhoods, and threatened the financial viability of major financial institutions including the Federal Housing Administration (FHA). However, the increase in volume of FHA

¹ Assisting 3.1 million is a HUD and Treasury goal and includes 400,000 served by FHA Early Delinquency Intervention; 300,000 served by FHA Loss Mitigation Program; and 2.4 million all served by Treasury.

single-family mortgage has grown to approximately 30 percent of mortgages in the U.S., hereby providing a significant support to the housing finance market.

Compounding the problem is the pervasiveness of the mortgage crisis across economic sectors. State and local governments cut essential safety net services while public purpose institutions, non-profit service providers, educational institutions, and other community-based organizations strained to meet steep increases in need and demand with declining financial and in-kind resources. Many borrowers become delinquent in their mortgage payments because of changes in their financial circumstances caused by “trigger events”- such as job loss or other income curtailment, health problems, or divorce - that make it difficult to continue to meet their monthly mortgage obligations. In addition, a large number of homeowners financed using ARMs and exotic mortgage products that are now reaching the point of adjustment, forcing higher rates and higher payments that homeowners cannot afford. Further complicating the problem is the decline in home values, making it difficult to refinance or sell the properties.

A home is typically a family’s most expensive and valuable asset and losing it through foreclosure can be a traumatic life experience that leads to significant deterioration in a person or family’s living conditions. It affects a community’s economic viability and neighborhood stability, and a person’s opportunities for improving quality of life. Equally important, the housing market is a critical element of the American economy and its recovery is essential to bring our economy out of the current recession. The Department is reporting on the first year of a two-year priority goal (FY 2010-FY 2011).

Programs and Related Strategies

The Federal Housing Administration (FHA), in partnership with the White House, the Department of Treasury, and other federal regulatory agencies, is tackling the housing crisis on multiple fronts, with HUD playing a central role in helping struggling homeowners avoid foreclosure. To address current and difficult conditions in the housing market, FHA developed new programs, modified existing programs, and improved controls. More specifically, FHA has:

- Expanded its capacity to identify and eliminate lenders committing fraud or abuse
- Modified the premium structure to restore FHA’s capital reserves
- Tightened underwriting procedures and requirements
- Expanded loss mitigation programs
- Hired a Risk Officer and created a risk management office within FHA
- Introduced the Home Equity Conversion Mortgage (HECM) Saver program

FHA Single Family Mortgage Insurance

Since its inception in 1934, FHA has been assisting underserved, low- and moderate-income and often first time or minority homebuyers by insuring mortgages for single-family homes. Not

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only does FHA provide opportunities to buy a home, it also has the tools to assist homeowners to stay in their home. To accomplish these activities, FHA must be financially strong, operate in an effective and efficient manner, and adhere to congressionally mandated capital reserve requirements. In addition, FHA has developed a comprehensive set of tools to support struggling homeowners and foster the implementation of the key strategic goal components listed on page twelve. FHA assists Homeowners to avoid foreclosure through FHA programs as well as through third-party lender loss mitigation initiatives. This priority goal also projects that additional homeowners will be assisted through joint HUD-Treasury programs. The programs listed below will support HUD's strategic and priority goal of "Foreclosure Prevention"

Early Delinquency Intervention

To achieve the goal of assisting 400,000 homeowners avoid foreclosure, FHA's early delinquency intervention – the type of assistance most commonly offered by loan servicers to homeowners struggling to pay their mortgages – includes cases where lenders and borrowers enter into formal forbearance agreements (non-incentive repayment plans). Loan servicers most often offer early delinquency intervention assistance to homeowners who are under 90 days in default. Providing assistance to homeowners who are in the early stages of experiencing difficulty in meeting the requirements of their mortgages averts the potential for more serious delinquencies, defaults, and foreclosures at a later date.

Loss Mitigation Programs

This performance measure allows HUD to track progress toward achieving the goal of assisting 300,000 homeowners through FHA loss mitigation. FHA's set of loss mitigation products includes special forbearance agreements, mortgage modifications, partial claims, pre-foreclosure sales, the new FHA home affordable modification program (FHA-HAMP), and deeds-in-lieu of foreclosure (the borrower turns over the deed to the lender without going through the formal foreclosure process).

Joint HUD-Treasury Programs

Through these programs, 2.4 million homeowners will be assisted jointly by HUD and the Department of the Treasury through the Making Home Affordable (MHA) program which provides opportunities to modify or refinance mortgages to more affordable levels. In March 2010, the initial suite of MHA program offerings was expanded to include a new FHA refinance product designed to assist under-water borrowers (borrowers owing more on their home mortgage than their property is worth) to avoid foreclosure.

Consolidated Claim Workout (CCW) Ratio

The CCW ratio combines FHA special forbearances, partial claims, loan modifications, pre-foreclosure sales, deeds-in-lieu and the new FHA Home Affordable Modifications (FHA-HAMP). The CCW ratio presents the aggregation of these loss mitigation claims types as a

share of all foreclosure claims. The CCW was at a baseline level of 66.27% in FY 2010 (Q3) and has risen to 66.87% in FY 2010 (Q4) with a two-year target goal of 75% by FY 2011. HUD is encouraging lender partners to further deploy loss mitigation solutions at the early stages of delinquency to achieve this goal. Historically, the CCW ratio has been in the mid 60 percent range. HUD is strongly encouraging lender partners to further deploy loss mitigation solutions at the early stages of delinquency to achieve this.

Re-default Rate

The re-default rate refers to homeowners who received loss mitigation assistance but notwithstanding the assistance defaulted again. This measure allows HUD to track progress toward achieving the goal of reducing the 6-month re-default rate to 20 percent or less from the baseline level of 26 percent in FY 2009 to 20 percent in FY 2011. Since most re-defaults tend to occur in the first six months after the workout, the 6-month period was selected to allow for measurement of goal performance within a given year.

Restore FHA Excess Capital Reserve Ratio

As reported in the FY 2009 actuarial review, the severe decline in home prices, the sluggish performance of the economy, and the abusive behavior of some lending partners drove the excess capital reserve ratio to below the congressionally mandated level of 2 percent. A strong FHA is critical to the recovery of the housing market and our economy at large, and FHA is working to better identify and manage risk, hold lenders to the highest standards of conduct and recoup losses from lenders who abuse the privilege of participating in FHA programs. In addition, FHA implemented a new mortgage insurance premium structure (put in place in September 2010) and revised underwriting standards to more properly price risk. Finally, the Department conducted servicer visits, which involve a high-level review of a servicer's process from collections through foreclosure. Restoration to the statutory two percent levels is projected in FY 2014 and will be tracked in future performance reports.

Housing Counseling Assistance

HUD's housing counseling program helps consumers make well-informed decisions concerning home buying and mortgage finance. As the scope of the recent crisis grew, HUD's housing counseling efforts were redirected toward foreclosure prevention. HUD provides grants to housing counseling agencies with which these organizations provide comprehensive advice and assistance to households in making appropriate housing choices. Services provided free of charge by HUD-approved housing counseling agencies include Homebuyer Education Programs, Mortgage Delinquency and Default Resolution Counseling, Predatory Lending Avoidance, Renters Assistance, and Services for Homeless.

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Fair Lending Initiative

The Office of Fair Housing and Equal Opportunity (FHEO), and its partners in the Fair Housing Assistance Program, enforces the fair lending provisions of the Fair Housing Act when fraudulent refinance schemes are targeted to communities or neighborhoods because of one of the protected characteristics. FHEO does this directly and through the Fair Housing Initiatives Program, which provides some grants specifically to address discriminatory mortgage rescue schemes. In addition to enforcement, FHEO provides education and outreach to homeowners on fair lending and foreclosure prevention. FHEO also ensures that mortgage rescue programs are available to all people regardless of race, color, religion, national origin, sex, disability or familial status.

Ginnie Mae

A key factor in strengthening and supporting the stability and improvement of the national mortgage market is the financial support provided by the Government National Mortgage Association (Ginnie Mae). For more than 40 years, Ginnie Mae has provided liquidity and stability, serving as the principal financing arm for government loans and ensuring that funds flow into the U.S. housing finance market. Ginnie Mae brings the capital necessary to advance the goals of the Federal Housing Administration (FHA), Department of Veterans Affairs (VA), Department of Agriculture's Rural Development Housing & Community Facilities Programs (RD), and the Department of Housing and Urban Development's Office of Public and Indian Housing (PIH).

With the full faith and credit guaranty of the U.S. Government on its Mortgage-Backed Securities program (MBS), Ginnie Mae is able to attract capital from global markets into the nation's housing market and the broader U.S. economy, bringing stability during the current credit crisis. The continued demand for these securities not only has provided a steady source of funding for government-insured loans, but has meant strong pricing and favorable spreads, which translate into lower interest rates to borrowers. The Ginnie Mae MBS ensures that mortgage financing is available for homeownership and rental housing regardless of the economic climate.

The corporation increases the value of its MBS by running a safe and sound, conservative business model; providing robust disclosures on MBS; and establishing industry-leading risk management initiatives. As a result, the issuance of Ginnie Mae's MBS has risen from between \$6 billion and \$7 billion per month in 2006 to more than \$34 billion per month on average during the current fiscal year. In FY 2010, Ginnie Mae issued \$397.9 billion in commitment authority and guaranteed \$413 billion in MBS, achieving 30 percent market share of total agency and non-agency MBS. In 2010, Ginnie Mae's business volume surpassed a historic milestone, ending the year with \$1.05 trillion in MBS outstanding, and production provided the capital to finance home purchases, refinances, or rental housing for approximately 1.9 million U.S. households.

The focus of Ginnie Mae in FY 2010 was to ensure that the entire organization executed its core strategies and goals of promoting market liquidity, efficient MBS market execution, and prudent and conservative risk management practices. Although other agencies and private issuers can pool FHA – insured loans for their own MBS, almost all of these loans make their way into Ginnie Mae securities. In FY 2010, 99.5 percent of FHA loans and 97.0 percent of VA loans were placed into Ginnie Mae pools, exceeding the performance goals set by HUD. Also, 24.5 percent of single family pools issued received Targeted Lending Initiatives credit in FY 2010. As of the end of FY 2010, Ginnie Mae guaranteed securities contained 98 percent of eligible multifamily FHA loans.

Resource Information

FHA Program funds are generally supported by premiums, fees, interest income, recoveries, Congressional appropriations, borrowings from the U.S. Treasury, and other miscellaneous sources. The Single Family Forward Mortgage Loan portfolio comprises loans that meet FHA credit qualifications for properties between one and four units. The Home Equity Conversion Mortgages (HECM) portion of the Single Family portfolio is FHA’s reverse mortgage program, which enables borrowers to withdraw a lump sum payment of mortgage proceeds, fixed monthly amounts, a line of credit or a combination thereof. Single Family loans are primarily financed through the MMI fund and the Single Family Forward mortgage portfolio within this fund is self sustaining. The Single Family H4H portfolio is primarily financed through the Hope for Homeowners fund. The Multifamily loan portfolio comprises properties consisting of five or more units. Multifamily loans are primarily financed through the General Insurance Fund (GI) and Special Risk Insurance Fund (SRI). Healthcare facilities are financed under the GI Fund.

Results and Analysis

In FY 2010, HUD, along with the Department of Treasury, assisted 1,212,977 homeowners to avoid foreclosure, which includes 406,747 through early delinquency intervention and loss mitigation programs, as well as 806,230 in joint HUD - Treasury program.

In addition, the Department tracked two supporting measures under this Priority Goal. In FY 2010, the actual percentage of servicers with Tier 1 Ranking in Engagement in Loss Mitigation was 64.6 percent, which was short of the target of 80 percent for FY 2010. Subsequently, a total number of 117 quality assurance reviews were completed during the fourth quarter of FY 2010. The Department completed 707 quality assurance reviews for FY 2010, which fell short of the 1,000 target for FY 2010.

FHA Single Family Mortgage Insurance

Loss Mitigation Programs

The loss mitigation programs assisted 193,344 new homeowners, surpassing the target of 162,015 by 31,329 or 19 percent. FHA has expanded its loss mitigation tools, provided

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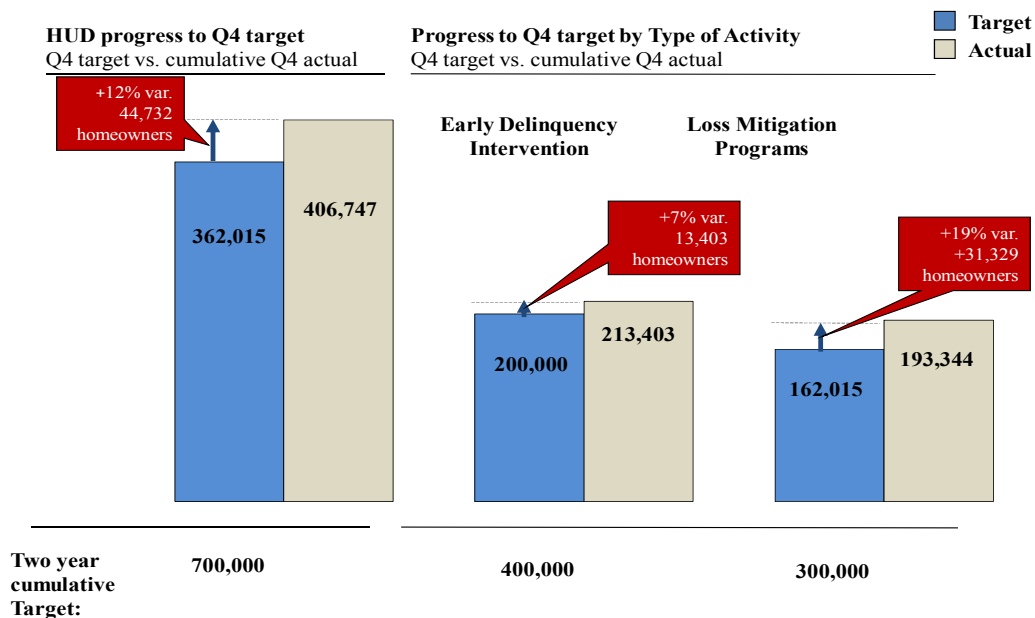
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expanded targeted lender on site and webinar loss mitigation training, held regular communication conferences covering FHA expectations with senior management at the top lenders, and increased its monitoring of mortgagees and servicers to assure they are making sincere efforts to curb foreclosures.

Early Delinquency Intervention

The early delinquency intervention program assisted 213,403 homeowners, surpassing the target by 13,403 or 7 percent.

One year into our two-year goal of assisting 3.1 million homeowners who are at risk of losing their homes to foreclosure, HUD is over target by 12%, having assisted 406,747 homeowners through early delinquency intervention and loss mitigation activities.



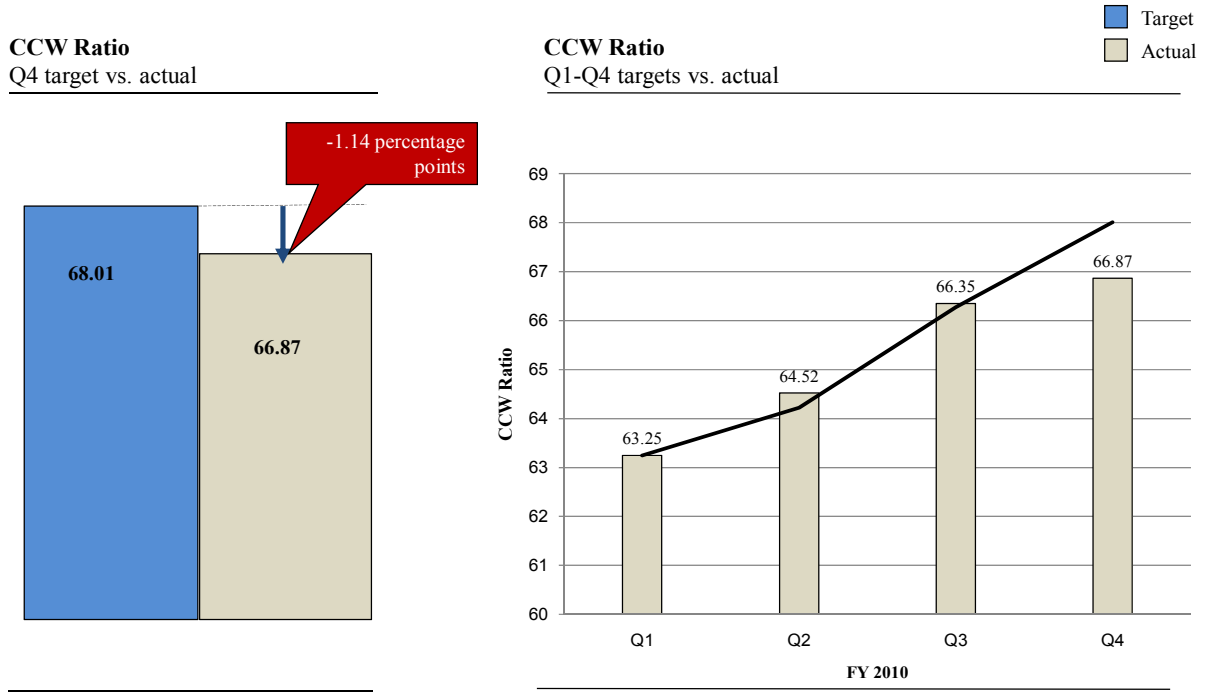
Joint HUD –Treasury Programs

During FY 2010, 806,230 homeowners were assisted through the joint HUD and Treasury Making Home Affordable program. Since the inception of the program in March 2009, nearly 1.4 million homeowners were assisted. Together, both agencies are striving towards the target of 2.4 million homeowners by the end of FY 2011.

Consolidated Claim Workout (CCW) Ratio

About 66.87 percent achieved a consolidated claim workout from the total FHA borrowers that received loss mitigation assistance; or 1.14 percent below the target of 68.01 percent. Although the target was not fully achieved, the ratio improved from 63.25 percent in quarter 1 of FY 2010 to 66.87 percent in quarter 4 and increased each and every quarter.

We had been consistently meeting our quarterly targets for increasing Consolidated Claims Workout (CCW) ratios until Q4, in which we were 1.14 percentage points under target.



FY11, Q4 target: 75%

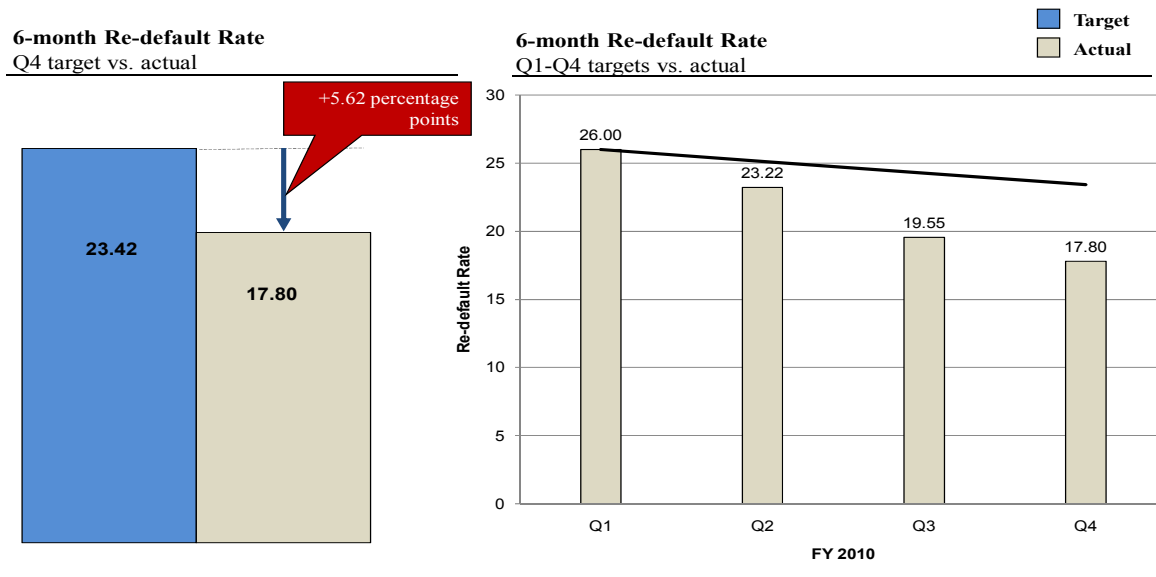
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Re-default Rate

Six month re-defaults for FY 2010 were 17.8 percent, 5.62 percent better than the target of 23.42 percent and also better than the FY 2011 target of 20 percent. FHA has invoked stricter standards and the National Servicing Center has worked closely with lenders and servicers to assure that workouts are high quality and meet FHA requirements.

We have consistently exceeded our quarterly targets for reducing 6-month re-default rates*.



FY11, Q4 target: 20%

* A lower percentage is better in this case.

Future Strategies

HUD has developed a comprehensive set of loss mitigation products to provide support to homeowners who are struggling to maintain their homes. The type of assistance most commonly offered by loan servicers is early delinquency intervention, in which lenders and borrowers enter into formal forbearance agreements (non-incentive repayment plans). These products have been effective over the years, but as the housing crisis grew, HUD was required to add new programs and make adjustments to existing programs to fulfill the current economic issues facing our homeowners. FHA's set of loss mitigation products (including special forbearance agreements, mortgage modifications, partial claims, pre-foreclosure sales, deeds-in-lieu, and FHA-HAMP) do more than early delinquency intervention to ensure that homeowners will keep their homes.

Due to changes in programs and products, along with additional pressures that faced loan servicers with increasing delinquencies, it was essential that HUD increase its monitoring and oversight of servicer's loss mitigation activities to provide guidance and enforcement, as needed. A number of the activities discussed in the milestones above support our efforts to

ensure that HUD has a broad understanding of a servicer's operational process to execute on our loss mitigation products effectively, a process to validate accuracy in loss mitigation standards and clear metrics to track a servicer's performance.

The other critical element of the implementation strategy involves outreach to homeowners to notify them of eligibility for programs. Lenders of FHA-insured mortgages are required to take several steps to avoid foreclosure and must supply documentation stating that they have attempted to implement each of the various tools available to assist homeowners who are having difficulty making their monthly mortgage payments. Thus far, outreach to homeowners has been insufficient, and as a result, many eligible homeowners have not received appropriate foreclosure assistance. By utilizing its vast network of field staff, as well as its network of HUD approved non-profit housing counseling agencies, HUD proposes a number of activities (training of HUD field staff, outreach events, targeting hardest hit areas) to improve homeowner awareness of the program and in turn increase uptake of foreclosure prevention products.

Data Discussion

Data for this goal is drawn from FHA's Single Family Data Warehouse, an extensive collection of database tables organized and dedicated to support the analysis, verification, and publication of Single Family Housing data. The warehouse aggregates data from over 10 of HUD's legacy systems, including the Computerized Homes Underwriting Management System (CHUMS), the Single Family Insurance System – Claims Subsystem, FHA's Single Family Acquired Asset Management System (expense detail for the conveyance program and the rate of net recovery), and FHA's Subsidiary Ledger (Accelerated Claim and Asset Disposition recovery rate).

Program Websites:

FHA: http://portal.hud.gov/hudportal/HUD?src=/federal_housing_administration

Priority Goal 2: Rental Assistance

Strategic Goal 2: Meet the need for quality affordable rental homes.

Measure 5a: By the end of 2011, HUD programs will meet more of the growing need for affordable rental homes by serving 5.46 million families, 207,000 more than in 2009.

Supporting Measure: In FY 2010, renew 98.7 percent of multifamily Section 8 project based contracts that were set to expire.

Supporting Measure: Renew 100 percent of Project Rental Assistance Contracts (Sections 202 and 811) that were set to expire.

Priority Goal Background and Public Benefit

In FY 2010 the Department is reporting on the first year of a two year Priority Goal that reflects HUD's commitment to preserving and strengthening the nation's portfolio of affordable rental housing. HUD's goal of promoting decent, affordable rental housing is focused on closing the long-term structural gap between the cost of building and operating a standard-quality housing unit, and the ability of lower-income households to afford such units. Through smart investments in affordable units funded under existing programs and through a signature initiative focused on streamlining and simplifying such programs, HUD expects to be able to serve 5.46 million families by the end of FY 2011, which represents 207,000 more than in 2009. The table on page 26 identifies all of the programs contributing to the goal.

This Priority Goal serves as a key measure of success in HUD's FY 2010-2015 Strategic Plan, aligning directly with Strategic Goal 2, "Meet the Need for Quality Affordable Rental Homes."

HUD's rental assistance programs provide housing security to families who would otherwise face greater risk of instability or homelessness and help to stabilize and strengthen communities across the nation.

The number of families struggling to make ends meet in the face of severe rent burdens has increased substantially during this decade. Affordability problems have been exacerbated by the recession and the increasing demand for rental housing generated by the foreclosure crisis. At the same time, the freeze in the credit markets and the sharp reduction in demand for Low Income Housing Tax Credits have greatly diminished the private capital available to improve and expand the supply of affordable rental housing. Overall, only one-quarter of families eligible for rental assistance actually receive such assistance.² The average income of such families ranges from about \$9,400 to \$13,600 per year.³

² The State of the Nation's Housing 2010 (<http://www.jchs.harvard.edu/son/index.htm>).

³ Picture of Subsidized Households, 2008 (<http://www.huduser.org/portal/picture2008/index.html>).

Programs and Related Strategies

HUD has a number of programs and tools that provide rental assistance funding for hard costs (acquisition, rehabilitation, and new construction) for housing development, as well as rental assistance, and preservation of rental units. HUD envisions a strategic partnership between programs across the agency that strive to address the persistent un-affordability of housing. The major programs supporting this goal are described below.

Tenant Based Rental Assistance (Housing Choice Voucher) Program

The Office of Public and Indian Housing (PIH) has focused efforts to respond to the continuing need for affordable housing through all of its programs, including within the Section 8 Tenant Based Rental Assistance (TBRA) program. PIH's TBRA program is the Federal government's largest program generally recognized as a cost-effective means for assisting families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private rental market. The TBRA program, administered through nearly 2,350 Public Housing Agencies (PHAs), provides participants with the ability to seek rental housing of their choice.

In prior years, emphasis has been on oversight, monitoring and enforcement. In addition to these important components of program administration, PIH's top priority is working intensively with PHAs to increase financial and data integrity and program stability as well as to provide technical assistance to agencies that are under leased in order to maximize the limited resources to ensure rental assistance is provided to the neediest of our nation's citizens.

In order to achieve the goal of increased utilization we need to: 1) ensure that the information that we collect from the agencies is accurate, and 2) provide targeted technical assistance and training to agencies in order to help them increase voucher utilization and ensure that quality rental assistance is made available for low-income families. The HUD staff at both headquarters and field offices is working collaboratively with the agencies to ensure that they have the tools needed to maximize the number of families they can serve. PIH is continuing its efforts to increase leasing at PHAs where leasing potential exists to ensure that voucher dollars are utilized to the fullest appropriate extent possible.

PIH's goal is to lease an additional 112,379 units under the TBRA program by end of FY 2011. It is important to note that attainment of the goal was predicated on funding levels and a number of legislative actions which HUD has proposed but that have not yet become law. HUD will continue to advocate for the critical legislative measures described below:

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1. Promote the use of PHA reserves to increase leasing by obtaining recapture and reuse authority through the Appropriations act and passage of the Section Eight Voucher Reform Act (SEVRA).
2. Secure authority in the FY 2011 appropriations bill for the following:
 - Remove the cap on leasing up to the authorized level.
 - Authorize the Secretary to offset excess net restricted assets from under-utilizing PHAs and reallocate those funds.

Public Housing

PIH's Public Housing program units are owned and operated by 3,150 PHAs. In order to support the management, operations, and physical needs of the Public Housing program, Operating and Capital funds are provided to PHAs on an annual basis. PIH's Public Housing Operating Fund assists PHAs in meeting operating and management expenses for their projects. The Capital Fund provides funds annually for the financing, modernization, and development of the public housing stock (including energy and green retrofits) and for management improvements.

PIH is employing several strategies in the Public Housing program that will help contribute 33,143 units towards the Department's two-year goal. Ensuring data quality and data collection is accurate and timely is critical to appropriate program administration and the implementation of activities to increase the number of families served, such as the number of vacant units each PHA has in its inventory.

In order to assist both HUD and PHAs with appropriately targeting units that could be made available for occupancy, PIH has developed a tool to target public housing occupancy vacancies. In addition, to achieve the goal to serve more families, PIH will focus resources on improving overall program efficiency, providing training and technical assistance to grantees and PIH staff to maximize occupancy of current units.

Project-Based Rental Assistance

The Office of Housing's Project-Based Rental Assistance (PBRA) program assists families to obtain decent, safe, and sanitary housing in privately owned rental housing that is made affordable through a subsidy payment to the owner that makes up the difference between the HUD-approved rent for the unit and the family's income-based contribution toward rent. The average income of a household assisted through the PBRA program is \$11,400 annually; 53 percent of PBRA-assisted households are 62 years of age or older and 38 percent are non-elderly disabled.⁴

⁴ The percentages of elderly and non-elderly disabled represent properties assisted under the Section 8 NC/SR program.

The PBRA program's primary challenge is to preserve its existing portfolio of affordable units. Although the Department projected a loss of some units in FY 2010, we strived to minimize the phenomenon of landlords leaving the program at the end of their contract. With a focus on preservation, HUD used all tools at hand, largely the Mark-to-Market Program, to provide incentives to landlords to stay in the program. This strategy, along with renewing contracts that were set to expire, will minimize the net loss of PBRA units to approximately 16,047 through FY 2011, thereby supporting the two year goal of obtaining 207,000 additional units by the end of FY 2011.

Other Programs

Other major HUD programs promote decent safe affordable rental housing. The Tax Credit Assistance Program, Community Development Block Grants- Disaster Recovery, HOME Investment Partnerships, Neighborhood Stabilization, Homeless Assistance Grants, Housing Opportunities for Persons with AIDS, Elderly (Section 202), Housing for Persons with Disabilities (Section 811), Other Multifamily Subsidies, Insured Tax exempt/ LIHTC without rent assistance, Indian Housing Block Grant,, Choice Neighborhoods and Mod Rehab programs also contribute to this goal by increasing the supply of affordable housing units and contribute to the overall total increase of 207,000 units by the end of FY 2011.

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HUD's Rental Assistance Increase by Program

Program	FY 2010 Incremental Target	FY 2010 Incremental Actual	FY 2010 Actual vs. Target Difference	Two Year Incremental Goal
Insured Tax Exempt/LIHTC w/o Rent Assistance	3,856	5,714	1,858	12,056
Multifamily Project Based Rental Assistance	-8,047	5,009	13,056	-16,047
Other Multifamily Subsidies	-7,110	-17,483	-10,373	-14,210
Project Rental Assistance Contract (Sections 202 and 811)	5,099	6,361	1,262	9,999
TOTAL Multifamily Housing Programs	-6,202	-399	5,803	-8,202
Indian Housing Block Grant	680	675	-5	1,363
Mainstream Vouchers and Tenant Based Vouchers	63,218	30,315	-32,903	112,379
Mod Rehab	-1,070	-1,322	-252	-1,724
Public Housing	5,976	1,203	-4,773	33,143
TOTAL Public and Indian Housing Programs	68,804	30,871	-37,933	145,161
CDBG- Disaster Recovery (Gulf Coast)	3,200	8,207	5,007	15,872
HOME completed rental units	4,404	5,898	1,494	8,808
HOME TBRA	-591	-1,800	-1,209	-1,182
Homeless Assistance Grants	2,128	7,849	5,721	4,256
HOPWA ^{a/}	-1,112	1,144	2,256	-3,602
Neighborhood Stabilization Program	1,040	2,070	1,030	5,200
Tax Credit Assistance Program	7,500	1,019	-6,481	35,686
TOTAL Community Planning and Development	16,569	24,387	7,818	65,038
Other	0	0	0	5,003
TOTAL	79,171	54,859	-24,312	207,000

a/ This report reflects a more accurate incremental actual figure of 1,144 units than was reported in the FY 2010 Agency Financial Report at 2,144 units prior to data clean-up.

Resource Information

The Department's FY 2010 appropriation for the four major rental assistance programs constitutes approximately \$35 billion or 72 percent of the total budget. Of this total, \$31.4 billion supports Strategic Goal 2 including among other indicators, Measure 5a: By the end of 2011, HUD programs will meet more of the growing need for affordable rental homes by serving 5.46 million families, 207,000 more than in 2009.

By program, \$17.2 billion of the Tenant Based Rental Assistance, \$4.9 billion of Project Based Rental Assistance, and \$5.4 of Public Housing Operating and Capital fund assistance is dedicated to Goal 2: Rental Assistance. These four programs were projected to provide approximately 77 percent of the total FY 2010 additional units and did produce approximately 66 percent of the FY 2010 in actual incremental units.

The remaining programs supporting Goal 2 have approximately \$3.9 billion budgeted resources in FY 2010.

Results and Analysis

The Department has a two year goal to increase the number of supported units by 207,000. In FY 2010, the Department had a goal of 79,171 additional units. The actual results were an increase of 54,859 units or approximately 69 percent of the original target.

In addition, the Department tracked two supporting measures under this Priority Goal. In FY 2010, HUD renewed 98.4 percent of multifamily Section 8 Project Based contracts that were set to expire- which is slightly below the renewal target of 98.7 percent. This represents a minute difference in units and signifies a strong success. Under the Project Rental Assistance Contracts for Sections 202 and 811, the Department renewed 96 percent of the contracts that were set to expire- which fell slightly short of the 100 percent renewal target.

The programmatic results for FY 2010 were as follows:

Public and Indian Housing

PIH programs were targeted to be the largest contributor to this goal particularly through the Tenant Based Rental Assistance Program. In FY 2010, the PIH programs were projected to support 68,804 additional rental units (87 percent of the total target). The actual result was an addition of 30,871 units that was 37,933 units (45 percent) below the target amount.

- *Tenant-Based Rental Assistance (TBRA)*. The FY 2010 target for PIH's TBRA utilization, which includes the mainstream vouchers, was 63,218 units. The

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actual incremental increase in utilization was 30,315, a shortfall of 32,903 units. The increase in unit utilization did not meet the target for FY 2010 as a result of several factors.

In establishing the overall goal of leasing an additional 112,379 units in the TBRA program by end of FY 2011, PIH projected when new vouchers and vouchers from PHAs net restricted asset accounts would come under lease during FY 2010 and 2011.

In FY 2010, PIH anticipated that the leasing of both special purpose vouchers (including tenant protection vouchers) and vouchers from net restricted assets would contribute to the goal. However, the award of the special purpose vouchers and obligation of funds occurred later in the fiscal year than what was initially projected. Consequently, the leasing of these vouchers will occur in FY 2011 as opposed to FY 2010. While this leasing will be counted in terms of PIH's progress in meeting the overall goal, it did not factor into leasing for the FY 2010 leasing goal.

PIH also undertook an extensive outreach effort in FY 2010 to under-utilizing PHAs in order to provide technical assistance to increase leasing within the PHAs' existing budgetary allocations. This effort commenced in spring of 2010 and PIH spent the early months of the year laying the groundwork for significant increases in voucher issuance and leasing by PHAs. As part of that effort, PIH developed a voucher leasing and utilization tool to help PHAs project program costs in both the current calendar year and in the subsequent calendar year. The tool helps PIH identify PHAs that have both units and sufficient funding available that may allow the PHA to increase the number of families they are currently serving within their existing budgets and to sustain those leasing gains throughout the calendar year.

In addition, PIH assigned dedicated field office staff to aggressively monitor and improve utilization rates. These subject matter experts provide the day-to-day monitoring of the TBRA program operations and are responsible for assisting PHAs in utilizing the forecasting tool. Refinements were made to the Voucher Management System (VMS) to better enable PIH to track and monitor voucher issuance and utilization. PIH conducted numerous training sessions to assist PHAs in better managing their voucher resources and increasing their leasing while ensuring they remained within their budgetary limits.

As a result of PIH's efforts and the new vouchers coming online, there was a significant increase in the number of vouchers issued to households from PHA waiting lists in the second half of the fiscal year (from approximately 18,500 in February to over 57,000 in September). This increase in voucher issuance will likely result in a significant increase

in vouchers leased in future quarters, depending on household success with finding a unit in which to use their voucher.

- **Public Housing.** The Public Housing program was targeted to increase modestly by 5,976 units in FY 2010. In actuality, the program gained 1,203 units, which were 4,773 units less than the target.

The shortfall in meeting FY 2010 targets reflects the interaction of several contributing factors. The largest factor is that the Public Housing program received approximately \$4 billion in capital funding under the Recovery Act to rehabilitate public housing units, which required some units be taken “off-line” so that the units could be rehabilitated or modernized. The pace of the Recovery Act-funded rehabilitation exceeded expectations significantly and resulted in fewer occupied units than expected, comprising a significant portion of the shortfall. The expectation is that units supported by the Recovery Act that were off-line in FY 2010 will come online in FY 2011.

- **Additional PIH Programs.** The FY 2010 incremental target occupancy for the Indian Housing Block Grant Program was 680, the actual incremental occupancy was 675; thus, a slight shortfall of 5 units. The FY 2010 target occupancy for the Mod Rehab Program was a projected net loss of 1,070 units, the actual occupancy was a net loss of 1,322 units; thus, the modest shortfall of 252 units.

Office of Multifamily Housing Programs

- **Project-Based Rental Assistance (PBRA).** In FY 2010, the PBRA program was projected to have a net reduction of 8,047 units. However, the number of actual incremental units was a gain of 5,009, 13,056 units above the target, due to increased occupancy and lower turnover. For Project Based Section 202, Elderly and Section 811 Housing for Person with Disabilities, the number of actual incremental units was 6361; this is 1262 more than the target.

The Office of Housing reserved and obligated the entire PBRA Recovery Act appropriation of \$2 billion in FY 2009, helping to ensure the continued affordability of units assisted under some 6,300 contracts. In addition, 99.3 percent of this appropriation has been spent as of September 30, 2010.

Office of Community Planning and Development

- **HOME Investment Partnerships.** The FY 2010 incremental target for the HOME program was 4,404 units. With an actual incremental figure of 5,898, the program exceeded their target by 1,494 units.

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- *HOME-funded Tenant Based Rental Assistance (HOME-TBRA)*. The FY 2010 incremental target for the HOME TBRA program was a projected net loss of 591 units. This reflects a loss of 1,800 units – 1,209 units more than expected.

HOME TBRA is being tracked differently than in the past; the incremental actual number represents all households that are currently receiving TBRA (under two year contracts), whereas the projected incremental target figure represented the total households in TBRA activities completed during fiscal year 2010.

- *The Tax Credit Assistance Program (TCAP)*. The FY 2010 incremental target for TCAP was 7,500 additional occupied units. However, the program had an incremental actual of 1,019 occupied units, and missed their target by 6,481 units.

The program overall has been slower to move projects to completion than originally estimated, but for the conclusion of the program in February 2012, the cumulative incremental goal of 35,686 occupied units is still on target.

- *Housing Opportunities for Persons with AIDS (HOPWA)*. In FY 2010, the HOPWA program served an additional 1,144 households with TBRA and in residential support provided in permanent housing facilities. HOPWA was projected to have a net loss of 1,112 units, and therefore, exceeded their FY 2010 target by 2,256 units.

Future Strategies

The Department has several initiatives to address the critical need for quality affordable rental homes. The ability of the Department to achieve the two-year rental assistance goal is highly dependent on the resources appropriated and available to operate the programs.

The first strategy is through an increased commitment to rental vouchers. In the Tenant Based Rental Assistance Program, subject to the availability of funding, HUD will continue to provide incremental vouchers, as well as work with each PHA to improve or maintain a high utilization rate for vouchers in the renewal base. This will be achieved through the provision of technical assistance utilizing tools providing real-time data, monitoring and oversight, policy development and implementation, as well as training for both HUD and PHA staff.

The second strategy is to increase the number of units able to be occupied with smart investments in public, Native American and assisted housing. Through the use of American Recovery and Reinvestment Act (Recovery Act) funds and regular program funds, HUD recipients will work to reduce vacancies and preserve the existing stock of affordable rental

housing. In addition, in HUD's project-based rental assistance programs, the focus of our efforts will be on limiting reductions in units by tracking contract expiration dates, renewals, and terminations and by offering incentives for keeping projects under contract.

The third strategy involves expanding supply of affordable rental units through access to capital funds. Additional units will be brought into the public and Native American housing inventory through development, supported by HOPE VI, Public Housing Capital funds, Recovery Act funds, Choice Neighborhoods, and ONAP programs. In addition, a number of HUD's community development and special needs assistance grant programs will contribute to this strategy through building and rehabilitation of affordable rental housing. Finally, a number of multifamily housing and tax credit programs will focus on increasing the number of affordable units developed.

Lastly, Transforming Rental Assistance (TRA) is HUD's signature initiative and a key strategy for this Priority Goal. In the 2012 Budget, the Department proposes a demonstration to preserve existing public housing and other HUD-assisted units, streamline the Department's rental assistance programs, and provide residents with the sort of mobility option that is currently available only to voucher program participants.

Data Discussion

The "All Rental Assistance Programs" measure has multiple data sources or utilized FY 2009 baseline estimates where data was not available. For the TBRA measure, HUD staff reviews the status data for consistency prior to quarterly reporting, which includes an opportunity for PHAs to correct any deficiencies. The PBRA measure has status data updated by Housing field staff and contractors and is generally considered as reliable. For the "Public Housing" measure, quarterly data is obtained from PIH's Inventory Management System (IMS)/PIH Information Center (PIC) with known data anomalies filtered from the count provided. Capacity building and training is being provided to both HUD and PHA staff, as well as technical assistance to PHAs, in order to improve the data quality in this system.

Tenant Based Rental Assistance

Data provided for PIH's TBRA program is based on the number of vouchers provided to recipients and the rate in which units are leased. There is a fluctuating pattern in how agencies lease vouchers; as such, the data reflects the dynamics of local rental markets as well as any other individual-level factors and program inefficiencies.

The funding cycle has a significant impact on the issuance of vouchers. Voucher funding is based on the calendar year, not the Federal fiscal year, which impacts the leasing cycle. For example, the end of the calendar year often represents a peak in leasing, as agencies are more acutely aware of their full financial health near the end of the calendar year. In December and

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January agencies often suspend or slow leasing until PHAs know exactly how much funding they will receive for that calendar year, per Appropriations. This final calendar year funding amount is provided in the Appropriations bill, at which time PHAs can be more confident about resources and therefore, less conservative in leasing. As such, the data is often skewed per this traditionally ‘unbalanced’ funding and thus leasing cycle.

In light of this PIH has developed a voucher utilization projection tool, which will enable PIH to forecast voucher budget authority utilization going forward. In addition, PIH is putting systems in place to target deficiencies and track progress by housing agency, and is working with the PHAs to ensure that reporting into VMS is correct.

Public Housing

There are a number of factors that influence the current data. PIH is currently undergoing a data validation effort of public housing occupancy indicators and vacancy categories (described below); because of this, baseline and target numbers may need to be adjusted accordingly. The initial baseline set for the Public Housing program was based on budgetary projections that did not take into account eligible unit vacancies and units approved for non-dwelling purposes.

PIH is working to ‘clean up’ data in our existing systems, as well as to identify the agencies with the highest number of data quality issues and data discrepancies. Public Housing data in this report reflects ongoing validation and clean-up efforts through December 31, 2010. In addition, PIH has developed a tool to assist in targeting public housing occupancy vacancies in those agencies with the highest number of vacancies. PIH field staff is working closely with those ‘high vacancy’ agencies through a new tracking and monitoring system.

HOPWA

Data for HOPWA comes from financial reports under the Integrated Disbursement Information System (IDIS), and performance information collected in grantee annual reports, including the Consolidated Annual Performance Evaluation Report (CAPER) for formula grantees and the Annual Progress Report for competitive grantees.

Future plans involve an upgrading of IDIS to allow for HOPWA functionality and data reporting and for inclusion of competitive grantees (ten percent of program resources) within this IT system. These IT enhancements, when completed, are expected to save substantial time and also reduce grantee reporting burden while enhancing the validity and quality of data. In addition, during 2011 efforts will be made to identify changes in the CPD Consolidated Planning tools as well as undertake collaborations with Department of Health and Human Services (HHS) and other Federal agencies that will involve possible streamlining of performance reporting in order to focus results and reduce grantee reporting burdens.

HOME/TCAP

Data for this indicator are based on the accomplishments reported by grantees in HUD's IDIS. CPD staff verifies data and data collection processes when monitoring grantees.

Program Website

PIH Website: http://portal.hud.gov/portal/page/portal/HUD/program_offices/public_indian_housing

Tenant Based Rental Assistance: <http://www.hud.gov/offices/pih/programs/hcv/index.cfm>

Public Housing: <http://www.hud.gov/offices/pih/programs/ph/>
<http://www.hud.gov/offices/pih/programs/ph/capfund/index.cfm>

<http://www.hud.gov/offices/pih/programs/ph/capfund/ocir.cfm>

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

Office of Native American Programs: <http://www.hud.gov/offices/pih/ih/index.cfm>

HOPWA: <http://www.hud.gov/offices/cpd/aidshousing/index.cfm> and HUDHRE.info/HOPWA

Priority Goal 3: Veterans Homelessness

Strategic Goal 3: Utilize housing as a platform for improving quality of life.

Measure 6: The Department of Housing and Urban Development and the Department of Veterans Affairs will jointly reduce homelessness among veterans.

- Together the two agencies will reduce the number of homeless veterans to 59,000 by June 2012. Without this intervention there would be an estimated 194,000 homeless veterans by June 2012.
- Towards this joint goal, HUD is committed to assisting an average of 13,250 homeless veterans each fiscal year to move out of homelessness into permanent housing.

Priority Goal Background and Public Benefit

Despite recent inroads, homelessness continues to be a challenge for communities across the United States. While homelessness is always unacceptable, it is particularly abhorrent among veterans of U.S. military service. A large number of veterans live with the effects of post-traumatic stress disorder, debilitating injuries, and other problems resulting from their experiences in combat. The effects are often compounded by a lack of family and social support networks. As a result, many of these veterans struggle with unemployment, poor health, substance abuse, and/or a criminal record; all of which pose significant barriers to both obtaining and maintaining housing. Of the nearly 1.6 million Americans (or 1 in every 200) experiencing homelessness in 2009, more than 10 percent were veterans.⁵

Eliminating veteran homelessness in five years is one of the key goals of *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness* (Federal Strategic Plan) issued in June 2010 by the United States Interagency Council on Homelessness (USICH).⁶ In support of this strategy, HUD's programs have an annual goal of assisting 13,250 homeless veterans to move into permanent housing.

A subset of this effort is a joint Priority Goal of HUD and the Department of Veterans Affairs (VA). HUD and VA are partnering to reduce the number of homeless veterans to 59,000 by June 2012. Without this joint venture, there would be an estimated 194,000 homeless veterans by June 2012. This Priority Goal serves as a catalyst for meeting the five-year goal of ending veteran homelessness and focuses on delivering permanent housing and thereby improving the quality of life for homeless veterans.

Programs and Related Strategies

This Administration believes that veterans should never find themselves on the streets, living

⁵ The 5th Homeless Assessment Report, Executive Summary, p.iii.

⁶ http://www.usich.gov/PDF/OpeningDoors_2010_FSPPpreventEndHomeless.pdf

without care and without hope and has committed through the Federal Strategic Plan to prevent and end homelessness among veterans within five years. The Federal Strategic Plan calls for increased collaboration at the Federal and local levels, for both government and community providers. Strategies that have proven successful in helping homeless veterans obtain affordable housing, jobs, and access to health and behavioral health care will be undertaken through the joint action of Federal, State, and local leaders together with service providers, advocates, the private sector, and faith-based, philanthropic, and community organization leaders.

These strategies include better targeting of rental subsidies to veterans; more permanent supportive housing with intensive support services to address mental health, substance abuse, health, and employment needs; more meaningful employment by coordinating housing with workforce training; better access to financial assistance; and encouraging community crisis response teams that focus on prevention and rapid re-housing activities. HUD and the VA are coordinating efforts to jointly achieve this Priority Goal by June 2012. HUD is implementing two primary, but inter-related strategies, to ensure that 36,500 homeless veterans are able to live as independently as possible in a permanent setting. The two strategies are:

- Provide individuals and families with rental housing subsidies, and
- Provide and increase access to homelessness prevention services.

There are three primary programs designed to help veterans obtain or maintain HUD-assisted permanent housing:

- HUD-VASH (Veterans Affairs Supportive Housing),
- HUD Homeless Continuum of Care Programs, and
- Homelessness Prevention and Rapid Re-housing Program (HPRP).

HUD- VASH (Veterans Affairs Supportive Housing)

The 2008 Consolidated Appropriations Act (Public Law 110-161), provided \$75 million of funding for the HUD-VASH. This fund is expected to produce approximately 10,000 units to support veterans housing. The Fiscal Year 2009 and 2010 HUD appropriations acts added an additional \$75 million each year for a projected estimated 3-year total of 30,000 VASH voucher units.

The HUD-VASH program combines tenant based rental assistance for homeless veterans with case management and clinical services provided by the VA. These funds are distributed to PHAs selected by HUD based on geographical need for assistance and issued to veterans as vouchers that can be used to rent housing in the private market. Veterans must be referred to participating PHAs by Veterans Affairs Medical Centers. With HUD approval, participating PHAs may use some of the funding allocated for project-based HUD-VASH vouchers, which involves attaching HUD-VASH assistance to specific housing units for a given period of time, as stipulated in a contract between the PHA and the owner of the units. FY 2010 is the third year HUD is

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supporting the housing and service needs of homeless veterans across America through HUD-VASH.

HUD Homeless Continuum of Care Programs

The McKinney-Vento Homeless Assistance Act provides federal financial support for a variety of homeless assistance programs. To access these homeless assistance funds, HUD requires communities to come together to submit a single comprehensive Continuum of Care application, to ensure that homeless individuals, with their unique problems and specific needs, get the help they need and eventually leave homelessness. A Continuum of Care is the primary decision-making body that represents a community's plan to organize and deliver housing and services needed by homeless individuals and families within the community. For FY 2010, funding from HUD's Supportive Housing, Shelter Plus Care, and the Single Room Occupancy programs supported this Priority Goal as eligible Continuum of Care programs, by providing housing and other supportive services.

HUD implements several strategies through its Continuum of Care homeless grant competition. Using its Notice of Funding Availability (NOFA), HUD has and will continue to encourage grantees to focus their resources on serving homeless veterans. Additionally, HUD is expanding on its biennial point-in-time count requirements to include both sheltered and unsheltered veterans in its subpopulation count. Through such a count the Continuums of Care will gain a greater understanding of the needs of the homeless veterans in their communities. The increased emphasis in the NOFA and on enumerating homeless veterans increases the likelihood that grantees will propose new projects that have a veteran focus.

Homelessness Prevention and Rapid Re-housing Program

The Homelessness Prevention and Rapid Re-housing Program (HPRP), funded at \$1.5 billion through the American Recovery and Reinvestment Act of 2009, is being used by HUD to assist individuals, including veterans, who are homeless or at-risk of becoming homeless. The funds are being used to serve persons such as those who may be facing evictions within a two week time period, or have residencies in condemned housing, or have experienced sudden losses of income. Although many providers of these funds are directing them to homeless subpopulations, such as veterans, the funds are broadly intended for those individuals or families that are homeless or would be homeless but for this assistance.

Funds were given to states (to distribute to local governments and private non-profit organizations), metropolitan cities, and urban counties. These funds provide financial assistance, such as short-term (up to three months) and medium-term (4-18 months) rental assistance, security or utility deposits, and moving cost assistance; or housing relocation and stabilization services, including credit counseling, case management, and housing search and placement.

HUD is allowing HPRP grantees to combine HPRP funds with HUD-VASH funds to enhance the service opportunities of veterans. This allowance is intended to encourage HPRP grantees to maximize the benefits they can provide to veterans by combining funding sources.

Resource Information

In support of the Department’s goal to reduce homelessness among veterans, \$152.7 million of the Continuum of Care funding (Non-Emergency Shelter Grants funding) is projected to assist veterans. This figure is a prorated estimate of nine percent, which is based on the proportion of veterans to the total homeless population assisted.

In addition, since 2008, \$225 million in new voucher funding has been targeted for homeless veterans through the HUD-VASH program.

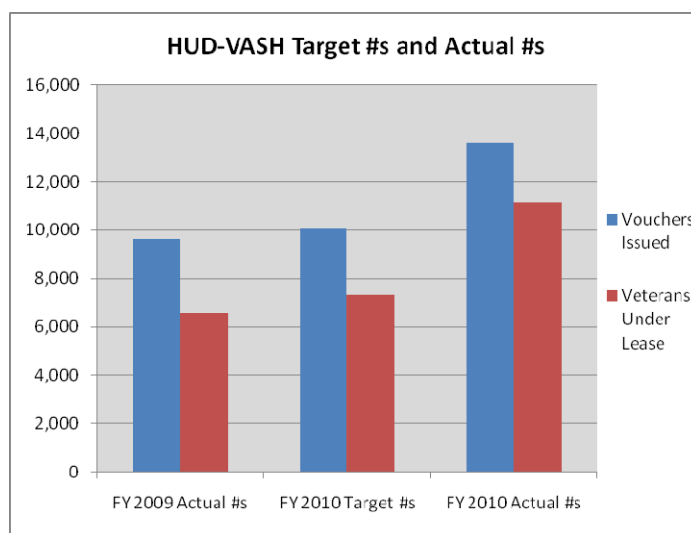
Results and Analysis

HUD-VASH

Metric	FY 2009 Actual	FY 2010 Target	FY 2010 Actual	Increase over FY 2009	Progress over FY 2010 Targets
Vouchers Issued	9,646	10,060	13,605	41%	35%
Veterans Unit Under Lease	6,575	7,325	11,140	69%	52%

The measures for the progress of HUD-VASH under Goal 3 are the number of veterans housed with a voucher, and the number of HUD-VASH vouchers issued. The HUD-VASH targets for FY 2010 were to issue 10,060 vouchers to homeless veterans and to lease-up 7,325 veterans with HUD-VASH vouchers.

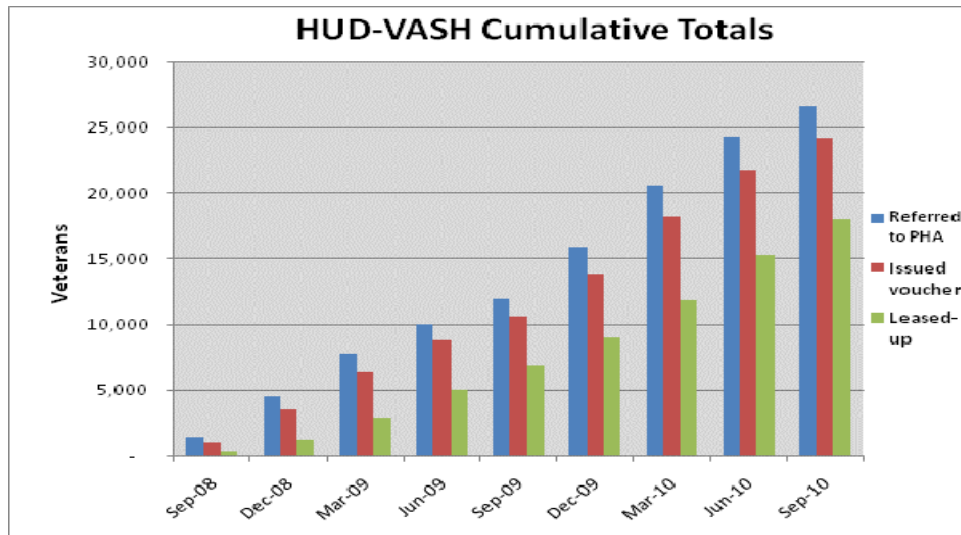
The results for FY 2010 were a substantial increase over the targets. Over the course of FY 2010, participating PHAs issued 13,605 vouchers, and 11,140 veterans were able to lease units. Therefore, PHAs exceeded the issuance target by 3,545 vouchers (35 percent) and, the number of veterans housed by 3,815 (52 percent). Additionally, the results were a significant increase over FY 2009. In FY 2010, PHAs participating in HUD-VASH issued



41 percent more vouchers and housed 69 percent more veterans than in FY 2009.

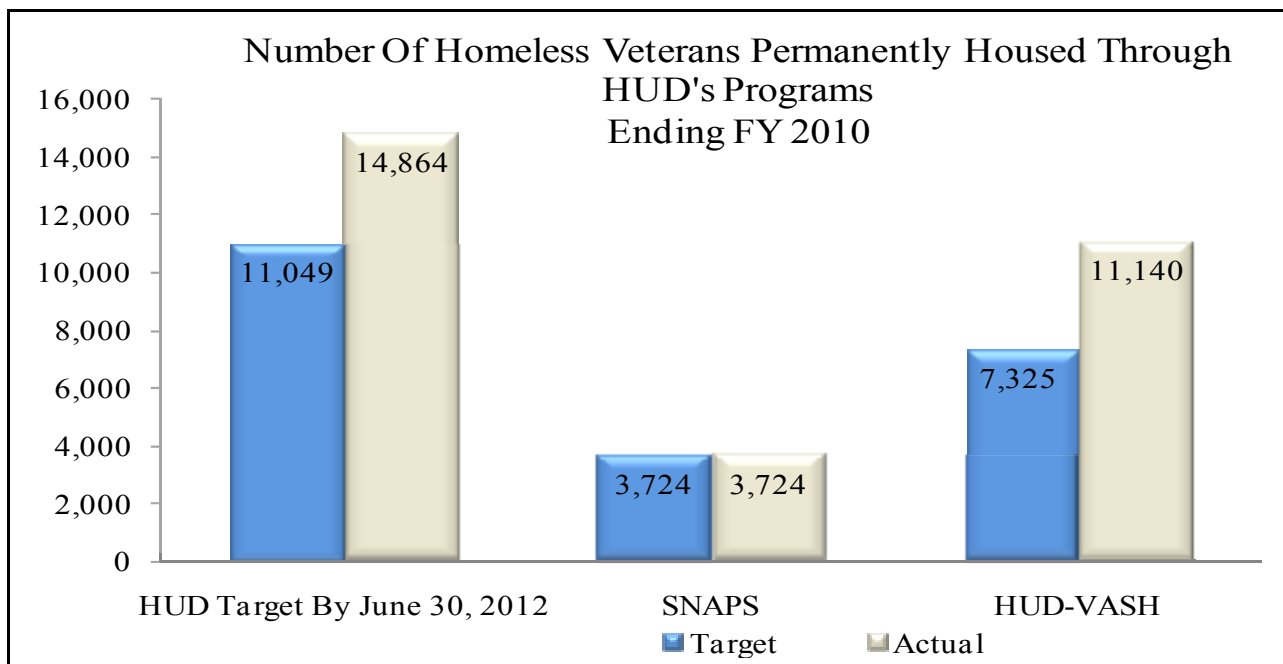
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Community and Planning Development Results:

The Community and Planning Development programs that support homeless assistance and targeted assistance to veterans were projected to assist 3,724 in FY 2010. Results are reported through Annual Performance Reports that are submitted by grantees on a calendar year basis and have allowance of up to 90 days past the beginning of the year for final submission. At the time of publication the current review of somewhat more than 40 percent of APRs showed results equal to the target. The projection is that with additional reporting the target for FY 2010 will be exceeded.



Future Strategies

The success over the past year has been supported in part by trainings and site visits carried out by VA and HUD headquarters staff, as well as the increased involvement of HUD field offices in troubleshooting problems at low-performing HUD-VASH sites. However, the most important component of the HUD-VASH program's success in relation to the progress over the past three years is the robust interagency collaboration that takes place at all levels of the program's implementation – locally, regionally and nationally. The goal to end veteran homelessness is jointly shared by HUD and the VA, and therefore a sound partnership is essential for ensuring the goal's realization. At the headquarters level, HUD staff work with a team of VA policy-makers, while at the ground level, PHAs work mainly with VA case managers, who make the referrals and ensure that veterans have the support they need to remain stably housed. HUD field office staff and VA regional staff plays key roles as well by improving local coordination and facilitating the sharing of information among agencies at all levels.

Despite the success of these efforts and other efforts by HUD-VASH sites themselves, HUD and VA realize that many sites continue to face significant challenges. Three strategies will be initiated by HUD headquarters staff to increase support provided to those sites that are still struggling. First, HUD will continue strengthening field office expertise and participation in HUD-VASH through the development of a network of HUD-VASH subject-matter experts (SMEs). In the spring of 2011, the HUD-VASH team at headquarters, with assistance from VA, will hold an SME training in order to increase the monitoring and technical assistance activities carried out by field office staff. Secondly, HUD plans to follow through on an initial meeting with the VA and OMB and work to establish a data-sharing agreement with the VA. This agreement will enable the two agencies to share and compare information on HUD-VASH participants and more easily reconcile data on voucher issuance and lease-up. Finally, HUD aims to gather stories on best practices, as well as carry out more in-depth research on the successes of specific sites, and then publish this HUD-VASH information in FY 2011. Providing more information on best practices has been a request heard frequently from both field offices and participating PHAs.

Signature Initiative - Ending Homelessness by Preventing It

In HUD's FY 2011 budget request, the Department will partner with the Department of Health and Human Services (HHS) and the Department of Education (ED) to link health and social services with housing vouchers in order to end homelessness for 6,000 homeless families and families at-risk of becoming homeless and 4,000 chronically homeless households. By forging new partnerships through this initiative, HUD, HHS, and ED will model and encourage the development of new strategies at a local level for effectively combining mainstream federal programs in order to better serve homeless families and individuals, including unaccompanied homeless veterans and those with families.

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HUD's signature initiative will serve as the building block for making housing a platform for improving the quality of life for homeless persons, including veterans. More detailed information regarding HUD's future strategies for homelessness is located at HUD's Strategic Plan (Goal 3), and HUD's Budget Summary FY 2011.

Federal Strategic Plan to Prevent and End Homelessness

HUD is also a principal partner in USICH's Federal Strategic Plan, as sponsored by this Administration, which is designed to spur increased collaboration at both a federal and local level, for both government and community providers. One of the key goals of the Federal Strategic Plan is to end veteran homelessness in five years by strategically aligning HUD and other Federal resources targeted to homeless veterans. This homeless veteran's component of the Federal Strategic Plan will not only help individual veterans escape homelessness, but it will also test models of local and federal collaboration on behalf of veterans. It also presents an opportunity to look at cross-agency savings. As part of the Federal Strategic Plan, HUD and VA will be partnering with PHAs to make better use of mainstream voucher and public housing units to serve homeless veterans.

Veterans Homelessness Prevention Demonstration

In an effort to prevent homelessness among veterans, primarily those returning from the wars in Afghanistan and Iraq, the Department, and the VA are providing \$15 million in grant funding for housing assistance and supportive services in five selected communities near military installations to veterans who might otherwise be living in homeless shelters or on the streets. The U.S. Department of Labor, another partner in this initiative, will provide linkages to employment resources.

Under the new *Veterans Homelessness Prevention Demonstration Program (VHPD)*, existing HUD grantees or 'Continuums of Care' located near the following military installations will each receive \$2 million: MacDill Air Force Base in Tampa, Florida; Camp Pendleton in San Diego, California; Fort Hood in Killeen, Texas; Fort Drum in Watertown, New York; and Joint Base Lewis-McChord near Tacoma, Washington. In addition, VA medical centers in the following areas will each receive \$1 million: Tampa, San Diego, Dallas, Syracuse, New York; and American Lake in Washington.

The grantees for the VHPD program have been identified by the Continuum of Care planning groups in the five selected communities. HUD is proceeding to complete the grant agreements based on the business plan applications and budgets that were submitted. We are expecting fully executed grant agreements by the middle of February 2011.

Data Discussion

The VA sends monthly field reports to HUD. HUD reviews the data and then converts it to a PHA-specific format. This monthly data includes the number of veterans referred to PHAs, the number of vouchers issued, and the number of veterans who have leased units.

The data quality and accuracy of VA data is deemed high, due to the numerous levels of oversight by the VA (including senior staff at local, regional, and national levels), and HUD's review of data for quality control purposes. Under HUD's systems, the PIH Information Center (PIC) and Voucher Management System (VMS), participating PHAs are not able to provide information on referrals, and issuance data is not completely accurate. HUD has ramped up efforts in the past year to ensure that participating PHAs are reporting on vouchers issued, and the percent that are reporting issuance data correctly improved by over 50 percent in FY 2010. Despite using VA data as the primary source for reporting under Priority Goal 3, HUD routinely compares the VA monthly data with PIC and VMS data and work with PHAs to reconcile discrepancies as part of ongoing monitoring efforts.

In the coming year, two planned activities will further advance the validity and reliability of HUD-VASH data. First, the increased expertise and involvement of field office staff as subject-matter experts will allow for reporting errors at specific sites to be more quickly addressed. Secondly, the data-sharing agreement between HUD and VA will make it easier for the agencies to compare data from both VA and PIC/VMS systems and to ensure its validity.

The HUD Continuum of Care data is generated from the Annual Performance Reports (APRs) for HUD's Continuum of Care grantees. At the end of each operating year, Continuum of Care grantees report to HUD various outcome measures of the programs performance, including the number of veterans that were served during the operating year. For the past several years grantees submitted paper copies of Annual Progress Reports to HUD. Starting in July 2010, HUD changed the name of the reports to Annual Performance Reports and began collecting the data in an electronic database. With the paper reports, HUD spent significant resources on correcting basic math and data entry errors. The electronic database allows for a new level of verification that greatly reduces the number of data entry errors. HUD expects the electronic database to enhance the data quality of the APRs.

The Homelessness Prevention and Rapid Re-housing Program (HPRP) data is generated from the HPRP APRs. The HPRP APR data will be collected in an electronic database and provide insight on HPRP program outcomes, including how many veterans have been served.

Program Website

HUD-VASH: <http://www.hud.gov/offices/pih/programs/hcv/vash/>
<http://www.hudhre.info/hprp/>
<http://www.hudhre.info/index.cfm?do=viewResourcesByTopic&topicId=11>

Priority Goal 4: Energy and Green Retrofits

Strategic Goal 4: Build inclusive and sustainable communities free from discrimination.

Measure 13: The Departments of Energy and Housing and Urban Development will work together to enable the cost-effective energy retrofits of a total of 1.1 million housing units through FY 2011.

- Of this number, HUD will complete cost-effective energy retrofits of an estimated 126,000 HUD-assisted and public housing units.
- Apart from our joint goal with DOE, HUD will complete green and healthy retrofits of 33,000 housing units.

Priority Goal Background and Public Benefit

HUD's fourth Priority Goal is a two year goal to complete energy and green retrofits of approximately 159,000 public, assisted, and other HUD-supported affordable homes by the end of FY 2011. Of this number, HUD will complete energy retrofits of an estimated 126,000 HUD-assisted and public housing units. This goal will be carried out by the Offices of Public and Indian Housing, Community Planning and Development, and Housing (Multifamily). In addition, HUD will complete healthy and green improvements in approximately 33,000 low-income housing units through the Office of Healthy Homes and Lead Hazard Control that will yield positive health outcomes for individuals and families, and have the potential to drastically and permanently change the way housing, energy, and health concerns are addressed in cities across our nation.

Improving the quality of housing is a cross-cutting goal throughout HUD's Strategic Plan. This Priority Goal serves as a key measure of success in HUD's FY 2010-2015 Strategic Plan, aligning directly with Strategic Goal 4, "Build Inclusive and Sustainable Communities Free from Discrimination." HUD is committed to providing safe and healthy homes for all families and children by addressing housing conditions that threaten the health of residents, coordinating disparate health and housing agendas, supporting key research, and providing tools to build sustainable local programs that mitigate housing-related health hazards.

HUD's energy strategy and plans are driven by concerns over high residential energy costs, an aging and less efficient public and assisted housing stock, growing fiscal demands on HUD's budget to cover utility costs, the disproportionate energy cost burdens on low- and moderate-income families, and the health aspects of housing. The residential sector, approximately 130 million homes, generates 20 percent of greenhouse gas emissions, 33 percent of electricity demand, and 22 percent of energy consumption in the U.S. HUD itself annually funds energy costs exceeding \$6 billion in its public housing and other rental assistance programs.

FY 2010 Performance Overview
Priority Goal 4: Energy and Green Retrofits

The level of energy expenditures at HUD is substantial, and improvements to increase the energy performance of its assets are material to reducing spending on energy. The Department has committed to catalyzing a residential energy retrofit and new construction market in the affordable housing sector by making significant investments in energy efficiency measures in federally assisted housing developments. These measures not only stimulate construction of new energy efficient and green buildings, but also help modernize the existing public and assisted housing stock.

An additional concern is that energy costs are a significant income burden for lower-income families. Energy costs, when combined with housing and transportation costs, can create difficulties for many households' ability to cover living expenses, and can also impact the financial stability of multi-family rental housing. Much of HUD's portfolio of public and assisted housing was built before the advent of energy codes, creating both environmental and affordability challenges for the federal government, building owners, and indirectly to residents, as it is an important consideration of the economies and often can ultimately affect the viability of some project.

Programs and Related Strategies

HUD has a number of programs and tools that address this Priority Goal, which are summarized in the charts and described in the narratives below.

HUD Energy Retrofits Targets

Program	FY 2010	FY 2011	Cumulative
Total Public and Indian Housing	19,512	54,445	73,957
Tax Credit Assistance Program (TCAP)- Recovery Act	1,140	1,142	2,282
HOME	4,688	4,692	9,380
CDBG	248	252	500
Total Community Planning and Development	6,076	6,086	12,162
Sections 202 Elderly and 811 Disability	3,000	2,500	5,500
Mark-to-Market	4,000	4,000	8,000
Green Retrofit Program- Recovery Act	1,500	18,500	20,000
Total Multifamily Housing	8,500	25,000	33,500
Other	6,000	500	6,500
TOTAL Energy Retrofits	40,088	86,031	126,119

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Programs Administered by the Office of Public and Indian Housing (PIH)

PIH is using funding provided by the American Recovery and Reinvestment Act (Recovery Act) of 2009 and non-Recovery Act appropriations, as well as third party financing through Energy Performance Contracts, to complete nearly 74,000 cost-effective energy efficient retrofits and affordable green units through FY 2011. PIH funding supports rehabilitation of existing buildings with Energy Conservation Measures that include energy efficient lighting; new, more efficient heating and cooling systems; additional insulation; and upgraded windows and doors. PIH also supports new construction and substantial rehabilitation of existing housing built to the Energy Star for New Homes, Enterprise Green Communities, Leadership in Energy and Environmental Design (LEED), National Green Building Standard or other green standards. With the availability of additional resources through the Recovery Act, PIH has been able to significantly increase the level of energy improvement in public housing. Key PIH programs that support these improvements include:

- ***Public Housing Capital Fund (Recovery Act)***. PIH awarded \$600 million in competitive grants to public housing authorities to either build new or rehabilitate existing housing to meet the Enterprise Green Communities standard, or to undertake comprehensive energy retrofits of existing housing. In addition, PIH awarded nearly \$3 billion in formula grants for capital improvements that included significant investments in energy improvements.
- ***Native American Housing and Indian Community Development Block Grants (Recovery Act)***. The Office of Native American Programs awarded \$510 million in competitive and formula grants to tribes to support new construction, acquisition, rehabilitation and infrastructure development activities, with strong incentives for energy efficiency and green building.
- ***HOPE VI***. HUD includes language in its annual HOPE VI Notice of Funding Availability (NOFA) that encourages the adoption of Energy Star for New Homes in HOPE VI projects, and provides additional points when rating and ranking HOPE VI proposals for projects that meet this standard, or a higher national green building standard that incorporates this standard.
- ***Public Housing Operating Fund***. PIH provides incentives for energy performance contracting in public housing. An energy performance contract is normally an agreement with a third-party energy services company which performs an energy audit, arranges financing, oversees the installation of energy efficiency measures, and provides additional services, such as monitoring of energy use, training of maintenance staff, and resident education.

Programs Administered by the Office of Multifamily Housing

Several multifamily programs are contributing to this priority goal:

FY 2010 Performance Overview
Priority Goal 4: Energy and Green Retrofits

- ***Green Retrofit Program (Recovery Act).*** This program aims to reduce energy costs, cut water consumption, and improve indoor air quality. The program is designed to create or save thousands of green jobs in retrofitting an estimated 20,000 units in federally-assisted multifamily developments with energy efficient technologies and green building products and practices.
- ***Mark- to-Market Green Initiative.*** The Office of Housing has a two-year goal of completing up to 8,000 energy and green retrofits through the Mark to Market program. By restructuring the underlying debt, the program supports rents at reduced levels prevalent in the market on thousands of privately-owned multifamily properties with federally-insured mortgages. The Office of Affordable Housing Preservation provides incentives to owners and purchasers of affordable multifamily properties to rehabilitate and operate their properties using sustainable green building principles.
- ***Section 202 and 811 Supportive Housing.*** The Office of Housing continues to promote energy efficiency through the Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities programs. Up to 5,500 units with energy efficiency improvements are expected to be completed in FY 2010 - FY 2011.

Programs Administered by the Office of Community Planning and Development

CPD has set a target to complete 12,162 green and energy retrofits by the end of FY 2011. CPD contributing programs include the Community Development Block Grant Program (CDBG), the HOME Investment Partnerships Program (HOME), and the Tax Credit Assistance Program (TCAP) funded through the Recovery Act. New units funded through these programs that are built to the Energy Star for New Homes standard are counted towards this goal.

- ***Community Development Block Grant Program (CDBG).*** The primary objective of the CDBG Program is the development of viable urban communities, by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income. Each grantee receiving CDBG funds is free to determine what activities it will fund from among the 26 different categories of eligible activities. The rehabilitation of housing is one such eligible use. More than 1,200 grantees use their CDBG funds to rehabilitate a substantial number of housing units each year - over 100,000 in FY 2010. New construction of housing is eligible only in limited situations.
- ***The Tax Credit Assistance Program (Recovery Act).*** Approximately \$2 billion in TCAP grants were awarded by formula to state housing credit agencies facilitate the development of projects that received Low Income Housing Tax Credits (LIHTC).

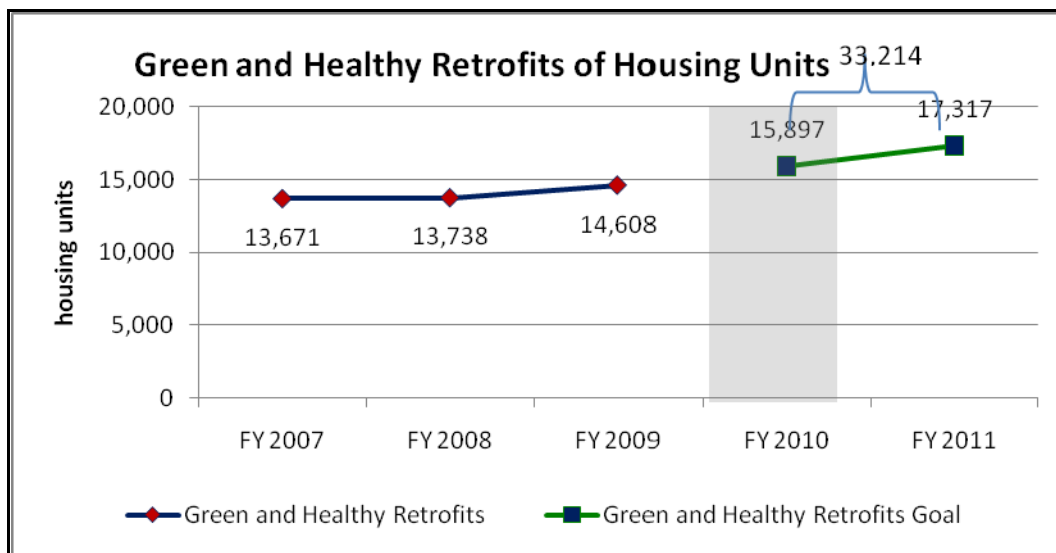
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- **HOME Investment Partnerships.** During FY 2010, the HOME program began posting a new quarterly report on its web page, *Energy Star Units Reports*. One of the goals of this report is to promote more accurate reporting of those units that qualify as Energy Star units.

Programs administered by the Office of Healthy Homes and Lead Hazard Control (OHHLHC)

The OHHLHC's Lead Hazard Control and Healthy Homes Grant Programs, the Green and Healthy Homes Initiative, and enforcement programs all achieve lead hazard control interventions and broader, healthy homes interventions in housing, including green improvements. Through grants to state and local jurisdictions, non-profits and universities, and other supported activities, these programs will complete healthy and green improvements in approximately 33,000 low-income housing units. These will yield positive health and safety outcomes for individuals and families, and have the potential to permanently change the way housing, energy, and health concerns are addressed in cities across our nation.



Interagency Partnerships

In addition to the individual program contributions to this goal noted above, in May of 2009, HUD signed a Memorandum of Understanding with the Department of Energy (DOE) aimed at lowering barriers to the use of DOE Weatherization Assistance Program (WAP) funds in public housing and other HUD-assisted multifamily housing. As a result, DOE issued a new rule in January 2010 that streamlined the weatherization program's income eligibility requirements, as well as other procedural requirements applicable to public housing and other HUD-assisted multifamily housing properties. These enhancements and increased funding have resulted in increased participation by multifamily properties and facilitated the start-up of new and expanded multifamily energy efficiency programs in several states.

Resource Information

In FY 2010, approximately 70 percent of the energy and green units completed were financed through the Recovery Act. Recovery Act funds included:

- \$3 billion in formula funds and \$600 million in competitive funds for energy efficiency and green building through the Public Housing Capital Fund
- \$250 million was made available for assisted multifamily housing through the Green Retrofit Program
- A share of the \$510 million for Indian Housing Block Grant and Indian Community Development Block Grant Programs
- A share of the \$2.25 billion for the Tax Credit Assistance Program
- \$100 million for Lead Hazard Reduction and Healthy Homes programs

The remaining 30 percent of the energy efficient and green retrofits were funded through a variety of sources and are listed below:

- Energy Performance Contracts finance through third party financing in public housing
- Based upon a per unit cost of \$16,497 the CDBG- Disaster Recovery supported retrofits in 369 units, with a total resources of approximately \$6,087,393
- Additional funds through the multifamily Mark to Market program, Section 202 & Section 811 Supportive Housing Programs, HOME, or HOPE VI

In FY 2011, the Department expects to use \$50 million of the Energy Innovation Fund to launch and support innovation in financing assisted multifamily housing, as well as to support retrofits of FHA-insured single family housing.

Results and Analysis

HUD has made significant investments, both through the Recovery Act and its on-going programs, to further its commitment to energy efficiency and green building. Overall, a total of 91,565 energy efficient and green units were completed in FY 2010, approximately a 64 percent increase over the target of 55,985. The following depicts the Department's accomplishments reported through the fourth quarter of FY 2010 via graphics and narrative.

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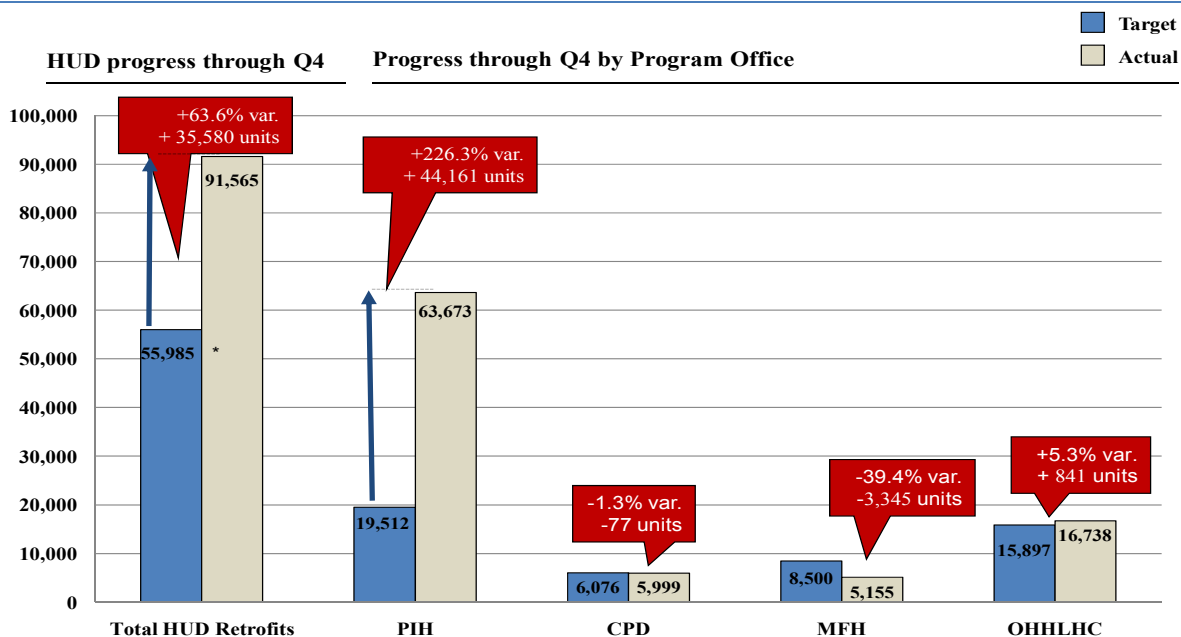
HUD Energy, Green, and Healthy Retrofits by Program

Program	FY 2010 Target	FY 2010 Actual	FY 2010 Actual vs. Target	FY 2011 Target	Cumulative Targets
Total Public and Indian Housing*	19,512	63,673	44,161	54,445	73,957
HOME	4,688	5,343	655	4,692	9,380
CDBG	248	369	121	252	500
Tax Credit Assistance Program- Recovery Act	1,140	287	-853	1,142	2,282
Total Community Planning and Development	6,076	5,999	-77	6,086	12,162
Section 202 and Section 811 Supportive Housing	3,000	3,743	743	2,500	5,500
Mark-to-Market	4,000	1,412	-2,588	4,000	8,000
Green Retrofit Program	1,500	0	-1,500	18,500	20,000
Total Multifamily Housing	8,500	5,155	-3,345	25,000	33,500
Other	6,000	0	-6,000	500	6,500
TOTAL Energy Retrofits	40,088	74,827	34,739	86,031	126,119
Healthy Homes and Lead Hazard Control	15,897	16,738	841	17,317	33,214
TOTAL Green and Healthy Retrofits	15,897	16,738	841	17,317	33,214
TOTAL ENERGY AND GREEN RETROFITS	55,985	91,565	35,580	103,348	159,333

* The following programs contributed towards the Public and Indian Housing goal: Energy Performance Contracts, 23,366 units; HOPE VI 1,593 units; Indian Housing Block Grants, 3,048 units; and Recovery Act Capital Funds, 35,666 units.

HUD Retrofits by Program Office

One year in to our two-year goal of completing 159,000 energy and green retrofits, HUD is above its target by 35,580 units (+63.6%).



Public and Indian Housing

PIH achieved a total of 63,673 completed units, an increase of 226 percent over the original target. The units were financed principally through the Recovery Act and include \$3 billion in formula funds and \$600 million in competitive funds through the Public Housing Capital Fund. Additional units were completed through the HOPE VI program and Energy Performance Contracts. The Indian Housing Block Grant Program financed through Recovery Act funds is also included in this figure.

- **HOPE VI**

PIH completed the construction of 1,593 HOPE VI energy efficient and/or green homes in FY2010. In previous years, PIH did not collect information on the green standards that its units met, so it is not possible to compare this year’s performance to prior fiscal years.

- **Public Housing Capital Fund Recovery Grant**

The Capital Fund Recovery Grant formula and competitive grants contributed a combined 35,666 energy efficient or green units cumulatively through FY 2010. Because the funding source for these grants is the Recovery Act, which utilized the use of the new Recovery Act Management and Performance System (RAMPS) for tracking of grant activities, no prior annualized data exists.

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- ***Public Housing Operating Fund (Energy Performance Contracts)***

In FY 2010, 24 Energy Performance contracts were completed, improving the energy efficiency of 23,366 public housing units. These units reported as retrofitted in FY 2010 may have been started prior to the fiscal year, but were completed in FY2010.

- ***Indian Housing Block Grant (IHBG)/ Indian Community Development Block Grant (ICDBG) - Recovery Act***

IHBG-Recovery grant funds enabled the retrofitting of 3,048 energy efficient or green units cumulatively through FY2010. Because the funding for this grant was through the Recovery Act, which facilitated the use of the RAMPS system for tracking of grant activities, no prior annualized data exists. The IHBG-Recovery and ICDBG-Recovery grantees have a March 2011 expenditure deadline; thus, future performance on an annualized level is expected to be lower than reported in FY 2010.

Multifamily Housing

Through the on-going Mark to Market Green Initiative and the Section 202 and 811 programs, green retrofits totaling 5,155 units of assisted multifamily housing were completed in FY 2010. No units were completed through the Green Retrofit Program because of timing issues. This program closed out at the beginning of FY 2011 and award recipients have 60 days from the close date to begin retrofits. The Mark to Market program completed 1,412 green units, and energy efficiency improvements were completed in 3,743 units of Section 202 Housing for the Elderly and Section 811 Housing for Persons with Disabilities.

Community Planning and Development

CPD completed a total of 5,999 units, approximately 1 percent under their target of 6,076 units. This included 5,712 new homes meeting the standard for Energy Star for New Homes through the HOME and CDBG programs and another 287 Recovery Act TCAP units.

- ***CDBG***

In FY 2010, CDBG grantees completed 369 newly constructed housing units that were certified as meeting Energy Star standards. This exceeded the CDBG goal by more than 100 units. The rehabilitation undertaken by CDBG grantees usually focuses on less substantial rehabilitation such as: emergency home repairs; accessibility (ADA) improvements; and minor-to-moderate level rehabilitation limited to correcting specific housing deficiencies, such as replacing or repairing a roof. This rehabilitation assistance provides much-needed assistance to low- and moderate-income households, including seniors. However, most CDBG grantees do not undertake housing rehabilitation activities that are extensive enough to lead to Energy Star certification. While the CDBG program produces some certified Energy Star units each year and tracks these data in IDIS, the Energy Star goal focuses on programs that perform more substantial levels of rehabilitation and new construction; activities that are only occasionally funded with

CDBG. CDBG grantees are more likely to use their HOME funds for such rehabilitation activities.

- ***TCAP***

TCAP completed 287 units with the Energy Star label during FY 2010. This is below the goal of 1,140 units, but the number of overall completions for this program has lagged behind the original projections. However, 45 percent of the completed units are Energy Star units; this has far exceeded the original estimates of 10 percent.

- ***HOME Investment Partnerships***

The HOME Program completed 5,343 Energy Star units during FY 2010. This exceeded the FY 2010 target by 655 units.

Office of Healthy Homes and Lead Hazard Control (OHHLHC)

OHHLHC eliminated lead-based paint and other housing-related environmental health hazards in 16,738 low-income housing units, 5.3 percent over the FY 2010 target.

Future Strategies

HUD's future strategies for achieving this goal include the following:

(1) Continuing to provide, or where possible increase, incentives for energy efficiency through HUD's competitive and formula grant programs

The primary strategy for achieving this Priority Goal involves *incentivizing energy efficiency and greening* of federally-assisted housing through HUD's competitive and formula grant programs. HUD will continue to take steps to complete cost effective energy retrofits of its public housing stock. Multifamily housing programs will encourage project owners that are building or rehabilitating their properties to do so in ways that improve the energy efficiency of those properties. HUD's Office of Healthy Homes and Lead Hazard Control will award and ensure the successful completion of grants to state and local governments and non-profit organizations for lead hazard control interventions in housing, as well as broader healthy homes interventions.

In addition, HUD's community development grant programs (HOME and CDBG) will provide funds for gut rehabilitation and new construction that meet energy efficiency standards. The Office of Community Planning and Development (CPD) will continue to encourage CDBG and HOME grantees to fund Energy Star compliant new housing construction and housing rehabilitation, through ongoing program updates and communications with grantees, and through interest group meetings. Capacity building

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measures will include highlighting the eligibility of Energy Star -certified housing rehabilitation (and new housing construction where appropriate and eligible). Decisions regarding the degree of rehabilitation or energy conservation work to be achieved in the CDBG program rests entirely with the CDBG grantees themselves. New housing construction, with or without energy-efficient construction features, is an eligible CDBG activity only in very limited circumstances.

(2) Upgrading data collection and reporting systems

HUD will also endeavor to upgrade data collection and reporting systems for programs to improve the Department's capacity to collect and report on energy efficient retrofitting activities. HUD programs are working to establish mechanisms for determining the cost effectiveness of energy retrofit activities. As these are established, the agency will work to collect data and educate grantees and recipients to allow for more detailed and comprehensive energy data collection. Data collection will be facilitated through upgrades to HUD's data systems to track grantee accomplishments in developing energy efficient housing.

PIH is planning to continue providing high-level technical assistance to grantees for data collections systems such as the Recovery Act Management and Performance System (RAMPS) and the HOPE VI Grants Management System (GMS), including updated guidance related to energy savings.

CPD provides training to grantees on timely and accurate Integrated Disbursement & Information System (IDIS) data reporting.

(3) Implementing a comprehensive technical assistance initiative to provide support and capacity building to grantees

A third strategy for achieving this goal involves educating and training grantees to improve the energy efficiency of the housing stock. Transformation Initiative funds will be used to provide cross-cutting, broad based technical assistance in order to build capacity as well as promote and facilitate energy efficiency activities and conservation efforts across the spectrum of HUD grant recipients and the multifamily housing portfolio. HUD will focus on building core competencies and skill sets and will introduce certification and education programs to ensure energy efficiency standardization across all related activities. This outreach will be critical in order to assist HUD grantees and subsidy recipients in producing more cost effective energy and green retrofit units, as well as allowing HUD to collect more detailed energy data.

(4) Expanding access to capital and market-based incentives

FY 2010 Performance Overview
Priority Goal 4: Energy and Green Retrofits

HUD will continue to explore strategies for leveraging private sector financing to supplement scarce public sector funds for greening public and assisted housing, as well as housing insured through the Federal Housing Administration (FHA). HUD's Energy Innovation Fund, capitalized with \$50 million in FY 2010 appropriations, will be launched to support innovation in financing assisted multifamily housing, as well as to support retrofits of FHA-insured single family housing. Other strategies will explore the potential for leveraging resources from other public and private sector entities, such as municipal and investor-owned utilities as well as state and local energy programs, to supplement HUD funds for energy efficiency and green building.

(5) Strengthening standards, guidelines and protocols

HUD will implement enhanced minimum energy standards and adopt guidelines that support energy efficiency, healthy and green building performance goals. HUD has established green, healthy and energy-efficient guidelines for its competitive grant programs, including Energy Star for New Homes, Enterprise Green Communities, LEED for Neighborhood Development, the National Green Building Standard, and other green building standards - providing additional points for rating and ranking applications for HUD funds that met these standards.

(6) Intra and interagency cooperation and coordination

HUD's success with this goal depends upon effective execution by HUD partners and grantees. HUD will work with local housing authorities, local governments, and for-profit and non-profit housing developers and property owners to build their capacity to integrate energy efficiency and green building practices into their local programs. The Department will also work to increase coordination of HUD's programs and reporting systems with those of federal, state, and local governments, including the Department of Energy's Weatherization Assistance Program the Better Buildings program, and other Recovery Act funded programs, as well as with EPA to promote Energy Star products and appliances.

Within the Department, HUD will work towards increasing coordination of green building and energy efficiency initiatives across program areas. For example, the Office of Public and Indian Housing has selected representatives from all involved offices to serve as part of an "Energy Group." The Energy Group will focus on information sharing and procurement planning, and will also develop a smaller working group that will meet quarterly to check on the individual progress of each program office to meet their measures and milestones associated with Goal 4.

(7) The Office of Sustainable Housing and Communities

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In addition to catalyzing a residential energy retrofit and new construction market with renovations to its own stock of older, federally-assisted affordable housing, HUD has established an Office of Sustainable Housing and Communities and an interagency Sustainable Communities Initiative to assist in these efforts. The Sustainable Communities Initiative is a partnership among HUD, the Department of Transportation, and EPA. The initiative aims to lower carbon emissions and household costs through competitive grant awards that support integrated housing, transportation programs, and environmental planning as well as through innovative land use, zoning, and affordable housing practices.

Data Discussion

Public and Indian Housing Programs

HOPE VI

The data used for FY 2010 reporting for the HOPE VI program was gathered through the HOPE VI Grants Management System (GMS), which all grantees are required to use on a quarterly basis. For the first time, during FY 2010, the GMS was expanded to collect information on whether the HOPE VI units being built were achieving a comprehensive green standard (e.g. LEED for Homes), a non-comprehensive energy-efficiency standard (e.g. Energy Star for Homes), or meeting the local building code.

There are some limitations to the HOPE VI GMS. In particular, the data is self-reported and unverified. However, the HUD Grants Manager in charge of each project checks the data for each quarter. Additionally, the HOPE VI program has a Data Collection Contractor to provide technical assistance to grantees is carrying out their reporting requirements.

Public Housing Capital Fund Recovery Grant

Section 1609 of the American Recovery and Reinvestment Act (Recovery Act) required that PHAs receiving Capital Fund Recovery Grant dollars, for both formula and competitive grants, report into the Recovery Act Management and Performance System (RAMPS) system with regard to environmental compliance with National Environmental Policy Act (NEPA) reviews. In addition to reporting on NEPA requirements, PHA grantees also report on work activities related to Recovery Act dollars, including reporting on completed energy efficiency measures.

Data entered into the system is validated by PIH staff in terms of completeness of information; PIH staff also provides technical assistance to grantees to ensure that the data prompts within the RAMPS system are fully understood. Data may also be confirmed through remote and on-site reviews of PHAs' Recovery Act work activities. The collection of data through RAMPS is advantageous as it provides a mechanism to track energy efficiency activities more effectively; however, it is only for Recovery Act grants and is subject to reporting errors.

Public Housing Operating Fund (Energy Performance Contracts)

The data used for FY 2010 reporting for the EPC program was gathered through the EPC Inventory process, a survey that all PIH field offices are required to complete on an annual basis. For the first time, during FY 2010, the EPC Inventory was restructured to gather data at the project level rather than at the contract level, and training was provided to the field offices to increase the reporting accuracy and completeness. Despite this, the EPC Inventory frequently contains large amounts of missing or erroneous data. However, PIH makes a strong effort to track down and confirm the data that it reports.

In future years, PIH hopes to continue to improve the EPC Inventory to make it easier to complete, thus improving accuracy and completeness. Ultimately, PIH hopes to integrate reporting on the EPC Inventory within an existing PIH system.

Indian Housing Block Grant (IHBG) - Recovery Act

Grantees receiving IHBG Recovery dollars, for both formula and competitive grants, report into the Recovery Act Management and Performance System (RAMPS) with regard to environmental compliance per NEPA requirements. In addition to reporting on NEPA requirements, grantees also report on work activities related to IHBG Recovery dollars, including reporting on those work items that promote energy efficiency.

Community Planning and Development

Data for this indicator are based on the accomplishments reported by the grantees in HUD's Integrated Disbursement and Information System (IDIS). CPD staff verifies data and data collection processes when monitoring grantees.

Data on accomplishments are reported by CDBG grantees in IDIS. Data reliability has been enhanced by the re-engineering of the system at the end of FY 2009 into FY 2010. CPD field staff verifies program data when monitoring grantees.

Program Website

PIH: http://portal.hud.gov/portal/page/portal/HUD/program_offices/public_indian_housing

Office of Capital Improvements: <http://www.hud.gov/offices/pih/programs/ph/capfund/index.cfm>

Office of Capital Improvements, Recovery Act: <http://www.hud.gov/offices/pih/programs/ph/capfund/ocir.cfm>

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

Indian Community Development Block Grant: <http://www.hud.gov/offices/pih/ih/grants/icdbg.cfm>

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

Energy Performance Contracting: <http://www.hud.gov/offices/pih/programs/ph/phecc/eperformance.cfm>

HOME: <http://www.hud.gov/offices/cpd/affordablehousing/>

TCAP: <http://portal.hud.gov/portal/HUD?src=/recovery/programs/tax>

Appendices

Appendix A: Amendments to the Priority Goals

The Office of Management and Budget has approved the following changes to the performance goals since publication of the original measures in the Analytical Perspectives volume of the FY 2011 Budget of the U.S. Government.

Foreclosure Prevention

Original Measure

- Assist three million homeowners who are at risk of losing their homes due to foreclosure.
 - 200,000 homeowners will be assisted through FHA programs.
 - 400,000 homeowners will be assisted through third-party loss mitigation initiatives mandated by FHA but not receiving FHA subsidy.
 - 2.4 million homeowners will be assisted through joint HUD-Treasury programs.
 - For all FHA borrowers that become 30 days late, achieve a Consolidated Claim Workout (CCW) Ratio⁷ of 75 percent, representing a 10 percentage point improvement over current levels, and for those receiving a CCW achieve a six month re-default rate⁸ of 20 percent or less, representing a five percentage point reduction from current levels.

Approved Changes and Rationale

- First, the overall target increased from 3 to 3.1 million homeowners assisted, and the form of assistance provided revised to reflect an increased contribution from HUD/FHA program activities. Instead of measuring assistance provided through third-party lender loss mitigation initiatives mandated by FHA but not receiving FHA subsidy, HUD decided, upon further analysis of FHA loss mitigation activities and the evolving conditions surrounding the foreclosure crisis, to focus on early delinquency and FHA loss mitigation tools.
- Second, a definitional change related to consolidated workout claims from FHA borrowers who “become 30 days late” to “receive loss mitigation assistance” reflects the fact that borrowers in varying stages of delinquency can be assisted, and that the added criteria of being at least “30 days late” does not reflect the universe of borrowers being helped through FHA's programs.

⁷ CCWs combine FHA partial claims, loan modifications and new HAMP modifications that represent affordable solutions, but exclude less affordable forbearance programs.

⁸ Since most re-defaults tend to occur in the first six months after the workout, the six month period was selected to allow measurement of goal performance within a given year.

- Third, the clauses tied to the Consolidated Claim Workout ratio and re-default rate explaining the impact of meeting those targets have been deleted because they were inadvertently calculated using incorrect baselines.
- Finally, per the 2.4 million homeowners assisted through joint HUD-Treasury programs, the performance period used to calculate the total number of trial modifications will be May 2009, the launch date of the Administration's Making Home Affordable program. Both Departments thought it important to align this portion of the goal with the start of the Administration's broader effort to deal with the foreclosure crisis and that a true fiscal year start date for the performance period might be confusing to the public and other external stakeholders who would expect to see reporting alignment with the Administration's monthly Housing Scorecard.

Veteran's Homelessness

Original Measure

HUD and the Department of Veterans Affairs (VA) will jointly reduce homelessness among veterans.

- Together, the two agencies will reduce the number of homeless veterans to 59,000 in June, 2012.
- Toward this joint goal, HUD is committed to assisting 16,000 homeless veterans each fiscal year to move out of homelessness into permanent housing (6,000 through Continuum of Care programs, and 10,000 in partnership with VA through the HUD-VASH program).

Approved Changes and Rationale

The expected average number of homeless veterans housed each fiscal year by HUD was reduced from 16,000 to 13,250 to correct an inconsistency in the number of veterans served through HUD-VASH. The overall goal of reducing the number of homeless vets to 59,000 remains unchanged, however.

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Appendix B: HUD Resource Tables

Summary of HUD Resources by Strategic Goal				
Budget Authority (BA), Personnel Cost, Salaries and Expenses (S&E), Obligations and Outlays are in thousands of dollars				
Full-time equivalents (FTE) represent the number of paid positions.				
	2009 Enacted	2010 Enacted	2011 CR	2011 vs 2010
Strategic Goal 1: Strengthen the Nation's Housing Market to Bolster the Economy and Protect Consumers				
Discretionary BA	5,098,148	2,291,669	2,271,257	(20,412)
FTE	1,349	1,462	1,492	30
Personnel Cost	157,539	175,892	189,141	13,249
Obligations	3,661,836	5,005,718	2,636,387	(2,369,330)
Outlays	2,414,308	3,006,560	4,147,645	1,141,086
Strategic Goal 2: Meet the Need for Quality Affordable Rental Homes				
Discretionary BA	35,906,609	31,771,433	31,793,859	22,426
FTE	3,113	3,140	3,203	63
Personnel Cost	365,947	378,390	410,715	32,325
Obligations	35,915,597	31,954,221	32,357,613	403,392
Outlays	31,625,337	35,402,322	36,203,363	801,040
Strategic Goal 3: Utilize Housing as a Platform for Improving Quality of Life				
Discretionary BA	2,915,916	2,537,198	2,522,297	(14,901)
FTE	528	528	551	24
Personnel Cost	64,217	65,818	73,586	7,768
Obligations	3,305,029	3,052,869	2,726,251	(326,618)
Outlays	2,596,413	2,935,243	3,084,587	149,344
Strategic Goal 4: Build Inclusive and Sustainable Communities Free from Discrimination				
Discretionary BA	10,900,826	9,596,759	9,534,754	(62,005)
FTE	1,725	1,737	1,795	58
Personnel Cost	200,990	207,867	224,981	17,114
Obligations	12,802,204	12,083,743	10,567,377	(1,516,367)
Outlays	10,247,121	11,420,765	11,806,933	386,168
Strategic Goal 5: Transform the Way HUD Does Business				
Discretionary BA	841,391	816,502	816,502	0
FTE	2,580	2,623	2,748	125
Personnel Cost	281,022	297,963	362,455	64,492
Non-Personnel Expenses	552,526	587,322	727,510	140,188
Obligations	897,273	969,607	1,020,632	51,025
Outlays	833,548	873,419	1,133,965	260,546
Total Resources				
Discretionary BA	55,662,890	47,013,561	46,938,669	(74,892)
FTE	9,295	9,489	9,788	299
S&E	1,622,241	1,713,251	1,988,387	275,136
Obligations	56,581,939	53,066,158	49,308,260	(3,757,898)
Outlays	47,716,726	53,638,308	56,376,493	2,738,185

Notes to HUD Resource Tables:

- All tables reflect gross discretionary amounts;
- Amounts may not match previously reported totals due to rounding;
- FY 2010 outlays include \$10 million more than previously reported due to corrected and updated data;
- FY 2010 and FY 2011 total Salaries and Expenses assume outlays of all non-personnel expense obligations;
- Non-Personnel expenses include the personnel expenses of the Working Capital Fund;
- Tables exclude reimbursable obligations and outlays in the Salaries and Expenses account.

Strategic Goal 1: Strengthen the Nation's Housing Market to Bolster the Economy and Protect Consumers				
Budget Authority (BA), Personnel Cost, Obligations and Outlays are in thousands of dollars				
Full-time equivalents (FTE) represent the number of paid positions.				
	2009 Actual	2010 Actual	2011 CR	2011 vs 2010
Public and Indian Housing (PIH)				
Family Self-Sufficiency Program				
Discretionary BA	3,500	4,200	4,200	0
Obligations	3,427	3,503	4,200	697
Outlays	3,427	3,503	4,200	697
HOPE VI/Choice Neighborhoods				
Discretionary BA	6,000	8,700	8,700	0
FTE	3	4	3	(1)
Personnel Cost	367	489	399	(90)
Obligations	516	6,520	10,335	3,815
Outlays	16,198	9,740	10,642	902
Native American Housing Block Grants				
Discretionary BA	577,500	350,000	350,000	0
FTE	73	78	79	1
Personnel Cost	8,929	9,539	10,516	977
Obligations	583,523	390,509	402,016	11,507
Outlays	330,433	437,495	426,796	(10,699)
Indian Housing Loan Guarantee Fund				
Discretionary BA	9,000	7,000	7,000	0
FTE	25	31	31	0
Personnel Cost	3,058	3,791	4,127	336
Obligations	16,097	9,082	10,577	1,495
Outlays	13,337	10,953	12,409	1,456
Native Hawaiian Housing Block Grants				
Discretionary BA	9,000	11,700	11,700	0
FTE	0	1	1	0
Personnel Cost	0	122	133	11
Obligations	9,241	12,124	26,233	14,109
Outlays	3,620	7,677	14,308	6,631
Native Hawaiian Loan Guarantee Fund				
Discretionary BA	1,044	1,044	1,044	0
FTE	1	1	1	0
Personnel Cost	122	122	133	11
Obligations	478	1,196	1,533	337
Outlays	209	658	1,308	650
PIH Total				
Discretionary BA - Program Funding	606,044	382,644	382,644	0
Discretionary BA - PIH Personnel	13,552	14,878	14,575	(303)
FTE	102	114	115	0
Personnel Cost	12,476	14,063	15,308	1,245
Obligations	613,282	422,933	454,894	31,960
Outlays	367,223	470,025	469,663	(362)
Community Planning and Development (CPD)				
Community Development Block Grants				
Discretionary BA	980,000	910,000	890,000	(20,000)
FTE	53	55	60	5
Personnel Cost	6,206	6,470	7,735	1,265
Obligations	1,624,540	1,701,161	1,209,535	(491,626)
Outlays	1,286,072	1,403,225	1,418,935	15,710
Neighborhood Stabilization Program (NSP 2)				
Discretionary BA	2,000,000	0	0	0
Obligations	0	2,000,000	0	(2,000,000)
Outlays	0	59,089	1,000,000	940,911

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	2009 Actual	2010 Actual	2011 CR	2011 vs 2010
HOME Investment Partnerships				
Discretionary BA	1,100,250	492,750	492,750	0
FTE	36	39	39	0
Personnel Cost	4,215	4,673	5,028	355
Obligations	1,114,234	506,349	503,990	(2,359)
Outlays	515,012	763,483	732,335	(31,148)
Self-Help Homeownership Opportunity Program /Capacity Building				
Discretionary BA	44,800	57,400	57,400	0
FTE	4	6	4	(2)
Personnel Cost	468	719	516	(203)
Obligations	44,918	47,134	57,377	10,243
Outlays	22,527	36,097	43,882	7,785
Rural Housing and Economic Development				
Discretionary BA	13,780	0	0	0
FTE	8	10	7	(2)
Personnel Cost	937	1,198	902	(296)
Obligations	9,889	13,715	4,186	(9,529)
Outlays	8,653	8,660	10,442	1,782
CPD Total				
Discretionary BA - Program Funding	4,138,830	1,460,150	1,440,150	(20,000)
Discretionary BA - CPD Personnel	12,094	13,404	13,119	(285)
FTE	101	109	110	1
Personnel Cost	11,826	13,060	14,181	1,121
Obligations	2,793,580	4,268,359	1,775,088	(2,493,272)
Outlays	1,832,264	2,270,554	3,205,594	935,040
Housing				
FHA/Mutual Mortgage Insurance				
Discretionary BA	116,800	151,120	151,120	0
FTE	737	825	828	3
Personnel Cost	83,119	96,228	101,051	4,823
Obligations	140,768	186,494	252,251	65,757
Outlays	116,719	144,178	309,051	164,873
Housing Counseling				
Discretionary BA	45,500	61,250	61,250	0
FTE	76	74	74	0
Personnel Cost	8,571	8,631	9,031	400
Obligations	43,584	54,516	69,481	14,965
Outlays	24,859	36,489	67,131	30,642
Manufactured Housing				
Discretionary BA	8,000	16,000	16,000	0
FTE	12	16	16	0
Personnel Cost	1,353	1,866	1,953	87
Obligations	9,167	10,617	17,953	7,336
Outlays	7,704	16,546	21,953	5,407
Interstate Land Sales/Real Estate Settlement Procedures Act				
Discretionary BA	0	0	0	0
FTE	36	33	33	0
Personnel Cost	4,060	3,849	4,027	178
Obligations	4,363	4,430	4,567	137
Outlays	4,363	4,389	4,567	178
Secure and Fair Enforcement for Mortgage Licensing Act				
Discretionary BA	0	0	0	0
FTE	7	8	8	0
Personnel Cost	790	933	976	43
Obligations	790	943	976	33
Outlays	790	933	976	43
Homeownership Assistance Program (Section 235)				
Discretionary BA	0	0	0	0
Obligations	0	0	0	0
Outlays	4,518	4,208	4,000	(208)

	2009 Actual	2010 Actual	2011 CR	2011 vs 2010
HOPE I				
Discretionary BA	0	0	0	0
Obligations	0	0	0	0
Outlays	3,552	0	0	0
Housing Total				
Discretionary BA - Program Funding	170,300	228,370	228,370	0
Discretionary BA - Housing Personnel	99,785	111,753	111,929	176
FTE	868	956	959	3
Personnel Cost	97,893	111,507	117,038	5,531
Obligations	198,671	257,000	345,228	88,228
Outlays	162,505	206,743	407,678	200,935
GNMA				
Discretionary BA - GNMA Personnel	7,500	8,321	8,321	0
FTE	44	50	59	8
Personnel Cost	6,045	7,115	8,321	1,207
Obligations	6,045	7,500	8,321	821
Outlays	6,045	7,115	8,321	1,207
Fair Housing and Equal Opportunity (FHEO)				
Discretionary BA - Program Funding	6,955	9,360	9,360	0
Discretionary BA - FHEO Personnel	8,973	9,334	9,334	0
FTE	75	74	79	0
Personnel Cost	8,507	8,747	9,360	613
Obligations	16,272	15,502	19,110	3,608
Outlays	14,501	15,364	17,680	2,316
Policy Development and Research (PD&R)				
Discretionary BA - Program Funding	12,889	10,667	10,667	0
Discretionary BA - PD&R Personnel	4,015	4,697	4,697	
FTE	28	30	35	5
Personnel Cost	3,603	3,921	4,888	967
Obligations	15,682	15,695	15,656	(39)
Outlays	14,581	19,280	18,665	(615)
General Counsel				
Discretionary BA	16,968	17,812	17,812	0
FTE	129	127	133	6
Personnel Cost	16,961	17,256	19,735	2,479
Obligations	18,061	18,489	17,812	(677)
Outlays	16,961	17,256	19,735	2,479
Faith-Based and Neighborhood Partnerships				
Discretionary BA	243	279	279	0
FTE	2	2	2	0
Personnel Cost	228	223	309	86
Obligations	243	239	279	40
Outlays	228	223	309	86
Presidential Mortgage Fraud Initiative				
Discretionary BA	0	20,000	20,000	0
FTE	0	0	0	0
Personnel Cost	0	0	0	0
Obligations	0	0	0	0
Outlays	0	0	0	0
Total for Strategic Goal 1				
Discretionary BA	5,098,148	2,291,669	2,271,257	(20,412)
FTE	1,349	1,462	1,492	30
Personnel Cost	157,539	175,892	189,141	13,249
Obligations	3,661,836	5,005,718	2,636,387	(2,369,330)
Outlays	2,414,308	3,006,560	4,147,645	1,141,086

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Strategic Goal 2: Meet the Need for Quality Affordable Rental Homes				
Budget Authority (BA), Personnel Cost, Obligations and Outlays are in thousands of dollars				
Full-time equivalents (FTE) represent the number of paid positions.				
	2009 Actual	2010 Actual	2011 Request	2011 vs 2010
Public and Indian Housing (PIH)				
Housing Certificate Fund				
Discretionary BA	0	0	0	0
Obligations	55,828	212,707	109,803	(102,904)
Outlays	1,493,151	1,031,049	1,059,250	28,201
Tenant-Based Rental Assistance				
Discretionary BA	15,366,250	17,217,990	17,217,990	0
FTE	369	446	471	26
Personnel Cost	45,133	55,019	62,699	7,680
Obligations	15,472,751	17,175,563	17,472,870	297,307
Outlays	15,180,140	17,095,981	17,667,149	571,168
Family Self-Sufficiency Program				
Discretionary BA	3,500	4,200	4,200	0
Obligations	3,427	3,503	4,200	697
Outlays	3,427	3,503	4,200	697
Public Housing Operating Fund				
Discretionary BA	3,029,400	3,247,000	3,247,000	0
FTE	360	331	339	7
Personnel Cost	43,910	40,832	45,127	4,295
Obligations	3,070,925	3,274,444	3,292,127	17,683
Outlays	3,069,206	3,170,745	3,290,767	120,022
Public Housing Capital Fund				
Discretionary BA	5,704,900	2,180,500	2,180,500	0
FTE	247	260	267	7
Personnel Cost	30,211	32,073	35,543	3,470
Obligations	5,680,382	2,205,862	2,309,386	103,524
Outlays	2,884,054	3,842,386	3,493,193	(349,193)
HOPE VI/Choice Neighborhoods				
Discretionary BA	88,800	143,450	143,450	0
FTE	46	52	50	(1)
Personnel Cost	5,627	6,415	6,656	241
Obligations	7,827	95,650	153,702	58,052
Outlays	239,923	143,332	158,255	14,923
Native American Housing Block Grants				
Discretionary BA	381,150	231,000	231,000	0
FTE	48	51	52	1
Personnel Cost	5,871	6,291	6,922	631
Obligations	385,103	257,733	265,312	7,580
Outlays	218,063	288,742	281,667	(7,075)
Prevention of Resident Displacement				
Discretionary BA	0	0	0	0
Obligations	25	0	0	0
Outlays	828	0	0	0
PIH Total				
Discretionary BA - Program Funding	24,574,000	23,024,140	23,024,140	0
Discretionary BA - PIH Personnel	142,294	148,915	149,421	506
FTE	1,069	1,140	1,179	39
Personnel Cost	130,752	140,630	156,947	16,317
Obligations	24,676,268	23,225,462	23,607,400	381,938
Outlays	23,088,792	25,575,737	25,954,481	378,744

	2009 Actual	2010 Actual	2011 Request	2011 vs 2010
Community Planning and Development (CPD)				
Community Development Block Grants				
Discretionary BA	245,000	227,500	222,500	(5,000)
FTE	13	14	15	1
Personnel Cost	1,522	1,678	1,934	256
Obligations	406,105	425,352	302,384	(122,968)
Outlays	321,489	350,867	354,734	3,867
HOME Investment Partnerships				
Discretionary BA	2,200,500	985,500	985,500	0
FTE	73	79	79	0
Personnel Cost	8,548	9,466	10,184	718
Obligations	2,228,586	1,012,822	1,008,108	(4,715)
Outlays	1,030,141	1,527,086	1,464,799	(62,287)
Homeless Assistance Grants				
Discretionary BA	2,223,900	1,305,500	1,305,500	0
FTE	194	196	197	1
Personnel Cost	22,716	23,365	25,396	2,031
Obligations	2,025,968	1,293,108	1,241,296	(51,812)
Outlays	1,060,951	1,441,763	1,657,796	216,033
Housing Opportunities for Persons with AIDS				
Discretionary BA	226,300	244,550	244,550	0
FTE	39	36	40	4
Personnel Cost	4,567	4,314	5,157	843
Obligations	237,028	233,853	245,288	11,436
Outlays	236,068	219,127	239,608	20,481
Rural Housing and Economic Development				
Discretionary BA	3,900	0	0	0
FTE	2	3	2	(1)
Personnel Cost	234	359	258	(101)
Obligations	2,768	3,903	1,187	(2,716)
Outlays	2,418	2,471	2,958	487
Section 108 Loan Guarantee Program				
Discretionary BA	2,000	2,000	2,000	0
FTE	3	3	3	0
Personnel Cost	351	359	387	28
Obligations	2,129	1,700	2,241	541
Outlays	1,799	1,555	2,908	1,353
Permanent Supportive Housing				
Discretionary BA	0	0	0	0
Obligations	39,869	2,016	2,100	84
Outlays	2,436	7,553	7,000	(553)
CPD Total				
Discretionary BA - Program Funding	4,901,600	2,765,050	2,760,050	(5,000)
Discretionary BA - CPD Personnel	38,915	40,579	40,073	(506)
FTE	324	330	336	6
Personnel Cost	37,938	39,541	43,316	3,775
Obligations	4,942,453	2,972,754	2,802,604	(170,150)
Outlays	2,655,302	3,550,422	3,729,803	179,381
Housing				
FHA/General and Special Risk Insurance				
Discretionary BA	41,976	6,880	6,880	0
FTE	970	918	920	2
Personnel Cost	109,397	107,075	112,279	5,204
Obligations	149,936	119,380	115,702	(3,677)
Outlays	155,767	148,358	124,701	(23,658)

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	2009 Actual	2010 Actual	2011 Request	2011 vs 2010
Project-Based Rental Assistance				
Discretionary BA	5,360,000	4,890,202	4,886,341	(3,861)
FTE	229	233	232	(1)
Personnel Cost	25,827	27,177	28,314	1,137
Obligations	5,358,275	5,037,169	4,986,732	(50,437)
Outlays	4,301,036	4,759,336	5,086,347	327,010
Section 202/Housing for the Elderly				
Discretionary BA	469,200	506,000	506,000	0
FTE	179	178	178	0
Personnel Cost	20,188	20,762	21,724	962
Obligations	510,688	376,847	545,304	168,456
Outlays	620,833	609,808	574,432	(35,377)
Section 811/Housing for Persons with Disabilities				
Discretionary BA	164,425	197,310	197,310	0
FTE	91	90	90	0
Personnel Cost	10,263	10,497	10,984	487
Obligations	196,863	152,405	199,373	46,968
Outlays	231,614	224,748	218,586	(6,162)
Housing Counseling				
Discretionary BA	6,500	8,750	8,750	0
FTE	11	11	11	0
Personnel Cost	1,240	1,283	1,342	59
Obligations	6,242	7,839	9,978	2,139
Outlays	3,567	5,263	9,642	4,379
Rent Supplement Program				
Discretionary BA	27,600	9,000	9,000	0
FTE	6	5	5	0
Personnel Cost	677	583	610	27
Obligations	8,539	4,990	13,006	8,016
Outlays	46,677	47,761	42,556	(5,205)
Rental Housing Assistance Program (Section 236)				
Discretionary BA	(37,600)	(41,036)	(9,600)	31,436
FTE	26	26	26	0
Personnel Cost	2,932	3,033	3,173	140
Obligations	22,822	13,297	32,173	18,876
Outlays	506,932	470,399	439,173	(31,226)
Flexible Subsidy Program				
Discretionary BA	0	0	0	0
Obligations	0	0	0	0
Outlays	(25,661)	(35,732)	(26,000)	9,732
Housing Total				
Discretionary BA - Program Funding	6,032,101	5,577,106	5,604,681	27,575
Discretionary BA - Housing Personnel	173,733	170,786	170,637	(149)
FTE	1,512	1,461	1,462	1
Personnel Cost	170,524	170,410	178,426	8,016
Obligations	6,253,365	5,711,926	5,902,267	190,341
Outlays	5,840,765	6,229,942	6,469,437	239,495
GNMA				
Discretionary BA - GNMA Personnel	2,500	2,774	2,774	0
FTE	15	17	20	3
Personnel Cost	2,015	2,372	2,774	402
Obligations	2,015	2,500	2,774	274
Outlays	2,015	2,372	2,774	402

	2009 Actual	2010 Actual	2011 Request	2011 vs 2010
Fair Housing and Equal Opportunity (FHEO)				
Discretionary BA - Program Funding	3,210	4,320	4,320	0
Discretionary BA - FHEO Personnel	4,141	4,308	4,308	0
FTE	34	34	37	0
Personnel Cost	3,926	4,037	4,320	283
Obligations	7,510	7,155	8,820	1,665
Outlays	6,693	7,091	8,160	1,069
Policy Development and Research (PD&R)				
Discretionary BA - Program Funding	12,889	10,667	10,667	0
Discretionary BA - PD&R Personnel	4,015	4,697	4,697	
FTE	28	30	35	5
Personnel Cost	3,603	3,921	4,888	967
Obligations	15,682	15,695	15,656	(39)
Outlays	14,581	19,280	18,665	(615)
General Counsel				
Discretionary BA	16,968	17,812	17,812	0
FTE	129	127	133	6
Personnel Cost	16,961	17,256	19,735	2,479
Obligations	18,061	18,489	17,812	(677)
Outlays	16,961	17,256	19,735	2,479
Faith-Based and Neighborhood Partnerships				
Discretionary BA	243	279	279	0
FTE	2	2	2	0
Personnel Cost	228	223	309	86
Obligations	243	239	279	40
Outlays	228	223	309	86
Total for Strategic Goal 2				
Discretionary BA	35,906,609	31,771,433	31,793,859	22,426
FTE	3,113	3,140	3,203	63
Personnel Cost	365,947	378,390	410,715	32,325
Obligations	35,915,597	31,954,221	32,357,613	403,392
Outlays	31,625,337	35,402,322	36,203,363	801,040

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Strategic Goal 3: Utilize Housing as a Platform for Improving Quality of Life				
Budget Authority (BA), Personnel Cost, Obligations and Outlays are in thousands of dollars				
Full-time equivalents (FTE) represent the number of paid positions.				
	2009 Actual	2010 Actual	2011 Request	2011 vs 2010
Public and Indian Housing (PIH)				
Housing Certificate Fund				
Discretionary BA	0	0	0	0
Obligations	588	2,239	1,156	(1,083)
Outlays	15,717	10,853	11,150	297
Tenant-Based Rental Assistance				
Discretionary BA	161,750	181,242	181,242	0
FTE	4	5	5	0
Personnel Cost	489	617	666	49
Obligations	162,885	180,833	183,931	3,098
Outlays	159,805	179,996	185,976	5,980
Family Self-Sufficiency Program				
Discretionary BA	39,500	47,400	47,400	0
Obligations	38,674	39,530	47,400	7,870
Outlays	38,674	39,530	47,400	7,870
Public Housing Operating Fund				
Discretionary BA	668,250	716,250	716,250	0
FTE	80	73	75	2
Personnel Cost	9,785	9,005	9,984	979
Obligations	677,509	722,302	726,234	3,932
Outlays	677,130	699,427	725,934	26,507
Resident Opportunities and Self-Sufficiency Program				
Discretionary BA	40,000	50,000	50,000	0
FTE	2	2	2	0
Personnel Cost	245	247	266	19
Obligations	40,811	43,881	44,266	385
Outlays	245	30,247	31,266	1,019
HOPE VI/Choice Neighborhoods				
Discretionary BA	12,000	23,250	23,250	0
FTE	6	7	7	0
Personnel Cost	734	863	932	69
Obligations	1,031	12,923	20,803	7,881
Outlays	32,396	19,365	21,418	2,053
Native American Housing Block Grants				
Discretionary BA	103,950	63,000	63,000	0
FTE	13	14	14	0
Personnel Cost	1,590	1,727	1,864	137
Obligations	105,017	70,292	72,334	2,043
Outlays	59,461	78,759	76,794	(1,965)
Native Hawaiian Housing Block Grants				
Discretionary BA	500	650	650	0
Obligations	513	667	1,450	783
Outlays	201	420	788	368
Prevention of Resident Displacement				
Discretionary BA	0	0	0	0
Obligations	11	0	0	0
Outlays	355	0	0	0
PIH Total				
Discretionary BA - Program Funding	1,025,950	1,081,792	1,081,792	0
Discretionary BA - PIH Personnel	13,950	13,182	13,054	(128)
FTE	105	101	103	2
Personnel Cost	12,843	12,459	13,712	1,253
Obligations	1,027,038	1,072,666	1,097,574	24,908
Outlays	983,983	1,058,597	1,100,726	42,130

	2009 Actual	2010 Actual	2011 Request	2011 vs 2010
Community Planning and Development (CPD)				
Community Development Block Grants				
Discretionary BA	735,000	682,500	667,500	(15,000)
FTE	40	41	45	4
Personnel Cost	4,648	4,913	5,758	845
Obligations	1,218,398	1,275,933	907,108	(368,825)
Outlays	964,548	1,052,479	1,064,158	11,679
Homeless Assistance Grants				
Discretionary BA	953,100	559,500	559,500	0
FTE	83	84	84	0
Personnel Cost	9,643	10,184	10,748	564
Obligations	868,180	554,366	531,848	(22,518)
Outlays	454,601	618,069	710,348	92,279
Housing Opportunities for Persons with AIDS				
Discretionary BA	3,100	3,350	3,350	0
FTE	1	0	1	0
Personnel Cost	116	0	128	128
Obligations	3,300	3,142	3,417	275
Outlays	3,287	2,943	3,340	397
Empowerment Zones				
Discretionary BA	0	0	0	0
FTE	5	1	4	3
Personnel Cost	581	120	512	392
Obligations	581	124	512	
Outlays	4,675	8,885	812	(8,073)
Permanent Supportive Housing				
Discretionary BA	0	0	0	0
Obligations	17,087	864	900	36
Outlays	1,044	3,237	3,000	(237)
CPD Total				
Discretionary BA - Program Funding	1,691,200	1,245,350	1,230,350	(15,000)
Discretionary BA - CPD Personnel	15,326	15,617	15,862	245
FTE	128	127	133	6
Personnel Cost	14,988	15,217	17,146	1,929
Obligations	2,107,546	1,834,429	1,443,785	(390,644)
Outlays	1,428,155	1,685,612	1,781,658	96,045
Housing				
FHA/Mutual Mortgage Insurance				
Discretionary BA	7,300	9,445	9,445	0
FTE	46	52	52	0
Personnel Cost	5,188	5,949	6,346	397
Obligations	8,791	11,589	15,796	4,207
Outlays	7,288	8,946	19,346	10,400
Section 202/Housing for the Elderly				
Discretionary BA	61,200	66,000	66,000	0
FTE	23	23	23	0
Personnel Cost	2,594	2,683	2,807	124
Obligations	66,576	49,131	71,104	21,973
Outlays	80,943	79,519	74,903	(4,616)
Section 811/Housing for Persons with Disabilities				
Discretionary BA	28,525	34,230	34,230	0
FTE	16	16	15	(1)
Personnel Cost	1,804	1,866	1,831	(35)
Obligations	34,176	26,485	36,419	9,933
Outlays	40,205	39,035	37,847	(1,188)

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Housing Counseling				
Discretionary BA	6,500	8,750	8,750	0
FTE	11	11	11	0
Personnel Cost	1,241	1,283	1,342	59
Obligations	6,243	7,839	9,978	2,139
Outlays	3,568	5,263	9,642	4,379
College Housing Debt Service Program				
Discretionary BA	0	0	0	0
Obligations	0	0	0	0
Outlays	3,724	2,749	2,000	(749)
Housing Total				
Discretionary BA - Program Funding	103,525	118,425	118,425	0
Discretionary BA - Housing Personnel	11,023	11,806	11,788	(18)
FTE	96	101	101	(0)
Personnel Cost	10,827	11,781	12,326	545
Obligations	115,786	95,045	133,296	38,251
Outlays	135,728	135,512	143,738	8,226
Healthy Homes and Lead Hazard Control (OHHLHC)				
Discretionary BA - Program Funding	9,600	5,600	5,600	0
Discretionary BA - OHHLHC Personnel	269	286	286	0
FTE	2	2	2	0
Personnel Cost	267	279	286	7
Obligations	9,865	5,821	5,846	25
Outlays	6,994	7,439	7,606	167
Fair Housing and Equal Opportunity (FHEO)				
Discretionary BA - Program Funding	2,935	3,895	3,895	0
Discretionary BA - FHEO Personnel	3,796	3,949	3,949	0
FTE	32	32	34	2
Personnel Cost	3,599	3,701	3,960	259
Obligations	6,884	6,559	8,085	1,526
Outlays	6,135	6,500	7,480	980
Policy Development and Research (PD&R)				
Discretionary BA - Program Funding	16,111	13,333	13,333	0
Discretionary BA - PD&R Personnel	5,020	5,872	5,872	0
FTE	34	37	43	6
Personnel Cost	4,504	4,902	6,112	1,209
Obligations	19,606	19,622	19,574	(48)
Outlays	18,230	24,104	23,335	(769)
General Counsel				
Discretionary BA	16,968	17,812	17,812	0
FTE	129	127	133	6
Personnel Cost	16,961	17,256	19,735	2,479
Obligations	18,061	18,489	17,812	(677)
Outlays	16,961	17,256	19,735	2,479
Faith-Based and Neighborhood Partnerships				
Discretionary BA	243	279	279	0
FTE	2	2	2	0
Personnel Cost	228	223	309	86
Obligations	243	239	279	40
Outlays	228	223	309	86
Total for Strategic Goal 3				
Discretionary BA	2,915,916	2,537,198	2,522,297	(14,901)
FTE	528	528	551	24
Personnel Cost	64,217	65,818	73,586	7,768
Obligations	3,305,029	3,052,869	2,726,251	(326,618)
Outlays	2,596,413	2,935,243	3,084,587	149,344

Strategic Goal 4: Build Inclusive and Sustainable Communities Free From Discrimination				
Budget Authority (BA), Personnel Cost, Obligations and Outlays are in thousands of dollars				
Full-time equivalents (FTE) represent the number of paid positions.				
	2009 Actual	2010 Actual	2011 CR	2011 vs 2010
Public and Indian Housing (PIH)				
Housing Certificate Fund				
Discretionary BA	0	0	0	0
Obligations	2,351	8,956	4,623	(4,333)
Outlays	62,870	43,413	44,600	1,187
Tenant-Based Rental Assistance				
Discretionary BA	647,000	724,968	724,968	0
FTE	16	19	20	1
Personnel Cost	1,957	2,344	2,662	318
Obligations	651,541	723,210	735,722	12,512
Outlays	639,220	719,858	743,902	24,044
Family Self-Sufficiency Program				
Discretionary BA	3,500	4,200	4,200	0
Obligations	3,427	3,503	4,200	697
Outlays	3,427	3,503	4,200	697
Public Housing Operating Fund				
Discretionary BA	757,350	811,750	811,750	0
FTE	90	83	85	2
Personnel Cost	11,008	10,239	11,315	1,076
Obligations	767,762	818,643	823,065	4,422
Outlays	767,332	792,717	822,725	30,008
Public Housing Capital Fund				
Discretionary BA	705,100	269,500	269,500	0
FTE	30	32	33	1
Personnel Cost	3,670	3,947	4,393	446
Obligations	702,006	272,618	285,430	12,812
Outlays	356,392	474,885	431,743	(43,142)
HOPE VI/Choice Neighborhoods				
Discretionary BA	13,200	24,600	24,600	0
FTE	7	8	7	(0)
Personnel Cost	856	987	932	(55)
Obligations	1,183	14,252	22,790	8,538
Outlays	35,684	21,340	23,467	2,128
Native American Housing Block Grants				
Discretionary BA	92,400	56,000	56,000	0
FTE	12	12	13	0
Personnel Cost	1,468	1,480	1,731	251
Obligations	93,403	62,435	64,371	1,936
Outlays	52,909	69,953	68,336	(1,617)
Native Hawaiian Housing Block Grants				
Discretionary BA	500	650	650	0
Obligations	513	667	1,450	783
Outlays	201	420	788	368
PIH Total				
Discretionary BA - Program Funding	2,219,050	1,891,668	1,891,668	0
Discretionary BA - PIH Personnel	20,594	20,099	20,024	(75)
FTE	155	154	158	4
Personnel Cost	18,959	18,997	21,033	2,036
Obligations	2,222,185	1,904,283	1,941,651	37,368
Outlays	1,918,034	2,126,087	2,139,760	13,673

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	2009 Actual	2010 Actual	2011 CR	2011 vs 2010
Community Planning and Development (CPD)				
Community Development Block Grants				
Discretionary BA	2,940,000	2,730,000	2,670,000	(60,000)
FTE	158	164	178	14
Personnel Cost	18,384	19,650	22,947	3,297
Obligations	4,873,385	5,103,733	3,628,347	(1,475,386)
Outlays	3,857,983	4,209,916	4,256,547	46,631
HOME Investment Partnerships				
Discretionary BA	774,250	346,750	346,750	0
FTE	26	28	28	0
Personnel Cost	3,045	3,355	3,610	255
Obligations	784,169	356,388	354,731	(1,657)
Outlays	362,494	537,332	515,419	(21,913)
Self-Help Homeownership Opportunity Program/Capacity Building				
Discretionary BA	19,200	24,600	24,600	0
FTE	2	2	2	(1)
Personnel Cost	234	240	258	18
Obligations	19,284	20,129	24,627	4,498
Outlays	9,688	15,402	18,843	3,441
Housing Opportunities for Persons with AIDS				
Discretionary BA	80,600	87,100	87,100	0
FTE	14	13	14	2
Personnel Cost	1,639	1,558	1,805	247
Obligations	84,433	83,312	87,331	4,019
Outlays	84,092	78,067	85,308	7,241
Rural Housing and Economic Development				
Discretionary BA	8,320	0	0	0
FTE	5	6	4	(1)
Personnel Cost	585	719	516	(203)
Obligations	5,990	8,276	2,499	(5,777)
Outlays	5,244	5,224	6,276	1,052
Section 108 Loan Guarantee Program				
Discretionary BA	4,000	4,000	4,000	0
FTE	7	7	7	0
Personnel Cost	820	839	902	63
Obligations	4,376	3,524	4,610	1,086
Outlays	3,717	3,231	5,943	2,712
Brownfields Economic Development Initiative				
Discretionary BA	10,000	17,500	17,500	0
FTE	8	16	7	(9)
Personnel Cost	937	1,917	902	(1,015)
Obligations	12,786	7,738	10,902	3,164
Outlays	23,037	19,069	28,902	9,833
Empowerment Zones				
Discretionary BA	0	0	0	0
FTE	14	3	11	8
Personnel Cost	1,639	359	1,418	1,059
Obligations	1,639	373	1,418	1,045
Outlays	13,921	26,653	2,318	(24,335)
CPD Total				
Discretionary BA - Program Funding	3,836,370	3,209,950	3,149,950	(60,000)
Discretionary BA - CPD Personnel	27,899	29,389	29,935	546
FTE	233	239	251	12
Personnel Cost	27,283	28,637	32,358	3,721
Obligations	5,786,062	5,583,473	4,114,465	(1,469,008)
Outlays	4,360,175	4,894,894	4,919,557	24,663

	2009 Actual	2010 Actual	2011 CR	2011 vs 2010
Housing				
FHA/Mutual Mortgage Insurance				
Discretionary BA	21,900	28,335	28,335	0
FTE	138	155	155	0
Personnel Cost	15,564	18,079	18,917	838
Obligations	26,373	35,004	47,267	12,263
Outlays	21,864	27,070	57,917	30,847
FHA/General and Special Risk Insurance				
Discretionary BA	10,495	1,720	1,720	0
FTE	243	230	230	1
Personnel Cost	27,405	26,827	28,070	1,243
Obligations	37,540	29,903	28,926	(978)
Outlays	38,998	37,148	31,175	(5,972)
Project-Based Rental Assistance				
Discretionary BA	4,020,000	3,667,651	3,665,184	(2,467)
FTE	172	174	174	(0)
Personnel Cost	19,398	20,179	21,235	1,056
Obligations	4,019,201	3,778,108	3,740,482	(37,626)
Outlays	3,226,179	3,569,713	3,815,202	245,490
Section 202/Housing for the Elderly				
Discretionary BA	234,600	253,000	253,000	0
FTE	90	89	89	0
Personnel Cost	10,150	10,381	10,862	481
Obligations	255,440	188,453	272,695	84,242
Outlays	310,521	304,952	287,261	(17,691)
Section 811/Housing for Persons with Disabilities				
Discretionary BA	57,050	68,460	68,460	0
FTE	31	31	31	0
Personnel Cost	3,496	3,616	3,783	167
Obligations	68,240	52,853	72,959	20,106
Outlays	80,297	77,954	75,814	(2,140)
Housing Counseling				
Discretionary BA	6,500	8,750	8,750	0
FTE	11	11	11	0
Personnel Cost	1,241	1,283	1,342	59
Obligations	6,243	7,839	9,978	2,139
Outlays	3,568	5,263	9,642	4,379
Green Retrofit Program, Recovery Act				
Discretionary BA	250,000	0	0	
Obligations	11,750	235,750	0	
Outlays	0	68,354	126,000	
Energy Innovation Fund				
Discretionary BA	0	50,000	50,000	0
Obligations	0	0	50,000	50,000
Outlays	0	0	16,000	16,000
Housing Total				
Discretionary BA - Program Funding	4,350,545	4,077,916	4,075,449	(2,467)
Discretionary BA - Housing Personnel	78,657	80,542	80,533	(9)
FTE	685	689	690	1
Personnel Cost	77,254	80,365	84,209	3,844
Obligations	4,424,786	4,327,910	4,222,306	(105,604)
Outlays	3,681,427	4,090,453	4,419,012	328,559
Healthy Homes and Lead Hazard Control (OHHLHC)				
Discretionary BA - Program Funding	230,400	134,400	134,400	0
Discretionary BA - OHHLHC Personnel	6,459	6,865	6,865	0
FTE	54	57	57	0
Personnel Cost	6,396	6,688	6,865	177
Obligations	236,756	139,695	140,305	610
Outlays	167,849	178,528	182,545	4,017

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Fair Housing and Equal Opportunity (FHEO)				
Discretionary BA - Program Funding	40,400	54,425	54,425	0
Discretionary BA - FHEO Personnel	52,111	54,209	54,209	0
FTE	433	433	461	29
Personnel Cost	49,404	50,798	54,360	3,562
Obligations	94,504	90,032	110,985	20,953
Outlays	84,216	89,219	102,680	13,461
Policy Development and Research (PD&R)				
Discretionary BA - Program Funding	16,111	13,333	13,333	0
Discretionary BA - PD&R Personnel	5,020	5,872	5,872	0
FTE	34	37	43	6
Personnel Cost	4,504	4,902	6,112	1,209
Obligations	19,606	19,622	19,574	(48)
Outlays	18,230	24,104	23,335	(769)
General Counsel				
Discretionary BA	16,968	17,812	17,812	0
FTE	129	127	133	6
Personnel Cost	16,961	17,256	19,735	2,479
Obligations	18,061	18,489	17,812	(677)
Outlays	16,961	17,256	19,735	2,479
Faith-Based and Neighborhood Partnerships				
Discretionary BA	243	279	279	0
FTE	2	2	2	0
Personnel Cost	228	223	309	86
Obligations	243	239	279	40
Outlays	228	223	309	86
Total for Strategic Goal 4				
Discretionary BA	10,900,826	9,596,759	9,534,754	(62,005)
FTE	1,725	1,737	1,795	58
Personnel Cost	200,990	207,867	224,981	17,114
Obligations	12,802,204	12,083,743	10,567,377	(1,516,367)
Outlays	10,247,121	11,420,765	11,806,933	386,168

Strategic Goal 5: Transform the way HUD Does Business				
Budget Authority (BA), Personnel Cost, Obligations and Outlays are in thousands of dollars				
Full-time equivalents (FTE) represent the number of paid positions.				
	2009 Actual	2010 Actual	2011 CR	2011 vs 2010
Executive Direction				
Discretionary BA	23,799	26,855	26,855	0
FTE	125	141	160	19
Personnel Cost	17,042	21,403	30,000	8,597
Obligations	18,099	22,589	26,855	4,266
Outlays	17,042	21,403	30,000	8,597
Chief Human Capital Officer				
Discretionary BA	75,510	76,958	76,958	0
FTE	640	587	613	26
Personnel Cost	65,748	65,104	85,266	20,162
Obligations	70,011	69,755	76,958	7,203
Outlays	65,748	65,104	85,266	20,162
Departmental Operations and Coordination				
Discretionary BA	11,004	9,623	9,623	0
FTE	87	75	74	(1)
Personnel Cost	10,895	9,606	10,662	1,056
Obligations	11,602	10,292	9,623	(669)
Outlays	10,895	9,606	10,662	1,056
Field Policy and Management				
Discretionary BA	48,818	51,275	51,275	0
FTE	357	374	388	14
Personnel Cost	45,126	47,114	56,811	9,697
Obligations	48,052	50,479	51,275	796
Outlays	45,126	47,114	56,811	9,697
Chief Procurement Officer				
Discretionary BA	13,438	14,649	14,649	0
FTE	100	104	118	14
Personnel Cost	11,850	12,736	16,231	3,495
Obligations	12,619	13,646	14,649	1,003
Outlays	11,850	12,736	16,231	3,495
Chief Financial Officer				
Discretionary BA	34,029	35,197	35,197	0
FTE	199	200	213	13
Personnel Cost	24,364	25,378	38,997	13,619
Obligations	25,944	27,191	35,197	8,006
Outlays	24,364	25,378	38,997	13,619
General Counsel				
Discretionary BA	16,968	17,812	17,812	0
FTE	129	127	133	6
Personnel Cost	16,961	17,256	19,735	2,479
Obligations	18,061	18,489	17,812	(677)
Outlays	16,961	17,256	19,735	2,479
Departmental Equal Employment Opportunity				
Discretionary BA	3,085	3,296	3,296	0
FTE	23	24	26	2
Personnel Cost	2,838	3,065	3,652	587
Obligations	3,022	3,284	3,296	12
Outlays	2,838	3,065	3,652	587
Faith-Based and Neighborhood Partnerships				
Discretionary BA	243	279	279	0
FTE	2	2	2	0
Personnel Cost	228	223	309	86
Obligations	243	239	279	40
Outlays	228	223	309	86

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Sustainable Housing and Communities				
Discretionary BA	0	2,400	2,400	0
FTE	0	6	20	13
Personnel Cost	0	814	2,659	1,845
Obligations	0	872	2,400	1,528
Outlays	0	814	2,659	1,845
Strategic Planning and Management				
Discretionary BA	0	3,288	3,288	0
FTE	0	6	27	20
Personnel Cost	0	774	3,643	2,869
Obligations	0	829	3,288	2,459
Outlays	0	774	3,643	2,869
HUD Transformation Initiative				
Obligations	0	32,973	120,000	87,027
Outlays	0	71	44,000	43,929
Working Capital Fund				
Discretionary BA	224,000	200,000	200,000	0
FTE	279	293	295	2
Obligations	305,920	332,843	264,000	(68,843)
Outlays	270,883	290,368	427,000	136,632
Inspector General				
Discretionary BA	135,000	125,000	125,000	0
FTE	638	684	680	(4)
Personnel Cost	85,970	94,490	94,490	0
Obligations	126,700	127,126	132,000	4,874
Outlays	115,144	132,444	132,000	(444)
Non-Personnel Expenses				
Discretionary BA	255,497	249,870	249,870	0
Obligations	257,000	259,000	263,000	4,000
Outlays	252,469	247,063	263,000	15,937
Total for Strategic Goal 5				
Discretionary BA	841,391	816,502	816,502	0
FTE	2,580	2,623	2,748	125
Personnel Cost	281,022	297,963	362,455	64,492
Non-Personnel Expenses	552,526	587,322	727,510	140,188
Obligations	897,273	969,607	1,020,632	51,025
Outlays	833,548	873,419	1,133,965	260,546

Appendix C: Program Evaluations and Research Informing HUD's Strategic Goals

Program Evaluations and Research Informing Strategic Goal 1

Final 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 report analyzes trends in the housing market and reviews the literature to identify the root causes of the current extremely high levels of defaults and foreclosures among residential mortgages. The report finds that major factors that contributed to the crisis include the rapid growth in loans with a high risk of default, such as subprime loans, and the slowdown in house price growth. The study finds that the rapid surge in riskier loans was, in turn, a result of insufficient regulatory oversight, deterioration of underwriting standards, rising demand for mortgage-backed securities, predatory lending, and a rapid increase in house prices that created a self-perpetuating cycle fueling more risky lending. In assessing the role of federal policies to the crisis, the report finds empirical evidence that the Community Reinvestment Act played little or no role in the foreclosure crisis. And while the report concludes that Government Sponsored Enterprises contributed to the growth of the subprime market in the first half of 2000, their role decreased sharply with the rapid growth in demand for these securities from a wide variety of investors.

The report also provides a review of policy responses and recommended actions to mitigate the crisis and help prevent similar crises from occurring in the future. The report finds that Hope Now Alliance, which provides counseling to facilitate repayment plans and loan modifications, has been the most successful initiative. Through two Congressional appropriations, it assisted 4.4 million loan workouts between July 2007 and May 2009. Other programs, such as FHA Secure program and HOPE for Homeowners, have not produced the expected results. The Home Affordable Modification Program, a new effort to reduce mortgage payments through interest subsidies, is expected to have a more sustainable effect on reducing foreclosures than earlier loan modifications that left payments unchanged or increased. Efforts to reduce future risks of a similar foreclosure crisis include promoting uniform federal regulation in the primary and secondary markets through comprehensive mortgage market reform, improving regulation and consumer protection against deceptive lending practices, and expanding consumer counseling and assistance.

Program Evaluations and Research Informing Strategic Goal 2

Worst Case Needs 2007, Worst Case Housing Needs 2009: Reports to Congress

The 2007 report, twelfth in the series of worst case housing needs reports issued by HUD since 1991, provides national data and information on unassisted renter households with very low-incomes who pay more than half of their income for housing or live in severely substandard housing. The report shows that in 2007 there were 5.91 million renter households with worst case housing needs, 5.3 percent of all households. The level of worst case housing needs remained effectively stable between 2005 and 2007, but it was 18 percent higher than in 2001.

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Rent burden (paying more than half of gross income on rent) was the primary source of worst case needs, and seven out of ten households with worst case needs had income below 30 percent of area median income. Worst case needs were found across different family types, races, geographic regions and locations.

The 2009 report finds dramatic increases in worst case needs, due to shrinking incomes and upward pressure on rents caused by growing competition for already-scarce affordable units. Between 2007 and 2009, the number of renters experiencing worst case needs jumped by more than 20 percent, from 5.91 to 7.10 million. This is the sharpest increase, both in absolute and percentage terms, since HUD started collecting this data in 1985. Although the incidence of worst case needs has fluctuated during the past decade, the overall upward trend is disturbing: since 2001, the number of cases has increased by almost 42 percent, now representing more than 6 percent of all households. Because of these dramatic increases, 41 percent of the 17.12 million very low-income American renters had worst case needs in 2009. Rent burden continues to be the primary source of worst case needs.

Markov Chain Model of Rent Burden in the Housing Choice Voucher Program

This independent study models the likelihood of persistent high rent burden in the Tenant Based Rental Assistance (Housing Choice Voucher) Program, which provides housing assistance in privately owned rental units. Using a Markov Chain model and longitudinal data on households admitted to the program between 2000 and 2008, the study predicts that rent burden increases with time in the program. This is not surprising, given that rent burden is required to be between 30 to 40 percent of adjusted household income at admission, yet this restriction doesn't apply in following years. The study suggests that burden levels above 30 percent do not necessarily imply inadequate subsidies and can be explained by a household's preference for larger or newer homes or better neighborhoods. However, prior research suggests that prolonged burden may disproportionately affect the most disadvantaged households. Results also predict considerable reductions in the probability of rent burden over time. A family with rent burden of 50 percent or more at admission has a one in two chance of reducing its burden below 32 percent in the next year. This is consistent with prior research which indicates considerable turnover in the population of households with high rent burdens.

U.S. Rental Housing Characteristics: Supply, Vacancy, and Affordability

This independent study documents U.S. rental housing market conditions, based on the existing literature and original analysis of public and privately-collected proprietary data. The study describes the characteristics and trends of rental housing supply, variations across local housing markets, conditions in the nation's assisted rental housing stock, and the demand for rental housing. The study finds that the number of unassisted rental units affordable to households at or below 60 percent of the area median income decreased by 6.3 percent while high-rent units increased by 94.3 percent between 2001 and 2007. This translates into a loss of more than 1.2 million affordable unassisted rental units. The study finds that although vacancy rates have been rising nationally, conditions in the nation's assisted housing stock have been considerably tighter, with lower or decreasing vacancy rates. The study also estimates that 8.7 million renter households had extreme rent burden, paying 50 percent or more of their income on rent in 2009, up from 8.3 million renter households in 2007 and 6.2 million in 2000. Finally, the study finds

evidence that the continued rise in foreclosures and worsening economic conditions may have caused some household consolidation or “doubling up.”

Program Evaluations and Research Informing Strategic Goal 3

The 2009 Annual Homeless Assessment Report (AHAR) to Congress

This report is the fifth in a series of reports on homelessness and responds to a series of Congressional directives calling for the collection and analysis of data on homelessness. With this report, there are three complete years of data on the number and characteristics of homeless people, how they became homeless, and how they used the homeless service system. The report compiles data from 2,988 counties and 1,056 cities, which represents an increase in participating communities from last year by more than 66 percent. The report uses two main estimates of homelessness. The first is point-in-time (PIT) estimates, which estimates total number of homeless persons sheltered and unsheltered on a single night in January. The second is *one-year* estimates of the total sheltered homeless population who used homeless programs over the course of a year, based on the Homeless Management Information System.

The report finds that on a single-night in January 2009, there were an estimated 643,067 sheltered and unsheltered homeless people nationwide, of whom 37 percent were unsheltered. The counts have remained fairly stable from year to year, but a smaller share of homeless people is unsheltered or experience chronic homelessness (persons with disabilities and long or frequent patterns of homelessness). Nearly two thirds were homeless as individuals, while more than a third were homeless as part of a family.

The report also finds that 1.56 million people used emergency shelter or a transitional housing program during the one-year period (October 2008 to September 2009). Two-thirds were homeless as individuals, and one-third were homeless as members of families with children. For the second straight year, the number of sheltered homeless families increased. A typical sheltered homeless person was an adult male, from a minority group, middle aged, and alone. Slightly over two-thirds of sheltered homeless adults have a disability. Adults in sheltered homeless families are overwhelmingly females, under age 31, and very few have disabilities. Three in five people in homeless families are children and more than half of them are under age of six.

Finally, the report analyzes trends in sheltered homelessness and program capacity. It finds families staying longer in shelters and few changes in the demographic characteristics of sheltered homeless people. It also reports a total of 643,423 year-round beds for homeless people nationwide. For the first time, permanent supportive housing, one of HUD’s policy priorities, offered more beds than emergency shelter or transitional housing did, and this might have contributed to the decline in unsheltered and chronic homelessness.

Cost Associated with First-Time Homelessness for Families and Individuals

This independent study examines costs associated with the use of homeless and mainstream service delivery systems by families and individuals experiencing homelessness for the first time in six communities (Des Moines, Iowa; Houston, Texas; Jacksonville, Florida; Kalamazoo, Michigan; Upstate South Carolina; and Washington, DC). Using telephone outreach, in-person site visits and analysis of Homeless Management Information System data, researchers develop a homeless program typology and usage pattern and estimate homeless program costs and, when

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possible, mainstream program costs for each individual or family household in the study. Three types of programs are analyzed: emergency shelter, transitional housing, and permanent supportive housing.

The study finds that average homeless system costs for individuals (\$1,634 to \$2,308) are much lower than those for families (\$3,184 to \$20,031), who usually have higher daily costs and stay longer. For individuals, overnight emergency shelter has the lowest cost per day (and provides the fewest services and often limited hours), while for families, emergency shelters are usually equally or more expensive than transitional housing and permanent supportive housing, because families are often given private rooms or apartments and unlimited hours. Individuals and families who remain in homeless programs for extended periods incur the highest percentage of costs, presenting the greatest opportunity for homeless system cost savings. Cost savings could be realized if permanent supportive housing were more readily available to these households, as permanent supportive housing tends to be less expensive than transitional housing because most service costs are borne by mainstream systems.

Life after Transitional Housing for Homeless Families

This independent study evaluates the effectiveness of transitional housing programs, which received significant investments after the enactment of the McKinney-Vento Homeless Assistance Act. Although this study does not include a control group to support an impact evaluation, its design permits associating the characteristics and use of programs with the family outcomes, controlling for other factors that might also affect those outcomes. The study follows 179 families in 36 transitional housing programs within five communities for one year after leaving the program to assess the effect of transitional housing program on three major family outcomes: housing stability; income and employment; and children's school engagement and emotional health.

The study finds that transitional housing programs appear to help the families who use them to achieve some important goals. It finds that patterns of program use (length of time and use of special services) appear to have more effect on outcomes than program characteristics (size and restrictiveness). Longer stays in transitional housing were associated with higher levels of educational attainment and employment and with increased likelihood of employment and housing stability. Receipt of help for some specific issues was associated with better outcomes in income, employment, and children's emotional health. Other factors that were found to affect outcomes were local labor and housing market conditions, personal characteristics and access to rental subsidy. The study concludes by suggesting that transitional housing programs target their resources on families with multiple barriers that would not have been able to accomplish as much on their own.

Strategies for Improving Homeless People's Access to Mainstream Benefits and Services

This independent study examines whether, and how, communities mobilize to improve homeless people's access to mainstream services, following HUD's 2000 policy decision to target funds towards housing activities and shift away from funding services through the Supportive Housing Program (SHP). The study conducts interviews and site visits and uses quantitative and qualitative data analysis to assess the response of seven communities that were thought to be making significant efforts to increase mainstream service access to homeless people. These

communities included Albany (NY), Albuquerque (NM), Denver (CO), Miami-Dade County (FL), Norfolk (VA), Portland (ME), and Pittsburg/Allegheny County (PA).

The study finds three categories of barriers to service access: (a) structural barriers, such as program location, organization or requirements; (b) capacity barriers resulting from inadequacy of available resources; and (c) eligibility barriers, such as program rules for income, age, and household type. The study identifies three mechanisms used by communities to overcome each barrier: (a) smoothing mechanisms that reduce structural barriers, such as conducting street outreach and providing transportation; (b) expanding mechanisms that address capacity barriers, such as raising funds from state and local sources; and (c) changing mechanisms that alter eligibility but not overall capacity, such as prioritizing certain groups. While smoothing mechanisms were the most common approach used by communities to overcome barriers, the study communities were able to change eligibility and/or expand capacity through significant new commitments of local and state resources. The study also finds evidence that people exiting HUD-funded programs were likely to be connected to mainstream benefits at rates for 2007 that exceeded national rates for that year. Finally, the study finds that a strong central organization focused on improving the access of homeless households to mainstream services in these communities was associated with the most effective steps in overcoming obstacles.

Moving to Work: Interim Policy Applications and the Future of the Demonstration

This interim report to Congress summarizes how the Moving to Work (MTW) demonstration program informs key housing policy areas and what lessons can be learned about the abilities of participating public housing authorities to implement MTW activities. MTW is a demonstration program authorized in 1996 that allows PHAs to design and test innovative, locally-designed strategies in order to improve rental assistance. It pursues three objectives: (a) reduce cost and achieve greater cost effectiveness in Federal expenditures, (b) give incentives to families with children who are participating in programs that assist people to become economically self-sufficient, and (c) increase housing choices for low-income families. The report indicates that there are currently 33 MTW agencies that manage over 11 percent of all public housing units and nearly 13 percent of all vouchers.

The report finds MTW applications in four main policy areas. First, it finds that several agencies have used the program's flexibilities to preserve public housing and replace decaying housing stock with modernized, mixed-income communities. Second, PHAs have been able to more efficiently allocate resources and engage in strategic long-term planning by combining funds and streamlining operations. Third, PHAs have adopted alternative rent calculations, alleviating administrative burden and creating positive self-sufficiency outcomes for residents. Finally, agencies have used their flexibility to establish a more holistic approach to housing assistance that combines rental subsidy with supportive services. Analysis of qualitative data indicates that the characteristics of PHAs that have successfully implemented MTW include resident, community and stakeholder support; responsiveness to community needs; strong leadership and committed staff; innovation and openness to change; and evaluation capacity.

Program Evaluations and Research Informing Strategic Goal 4

Combining the American Housing Survey and the American Community Survey to Produce Information Useful in Public Emergency Situations: An Exploratory Analysis

This independent study explores the possibility of better preparing for or responding to disasters by using American Housing Survey (AHS) data and small area statistical techniques to generate information for areas not covered by the AHS. The study identifies variables from the AHS that would be useful in disaster situations, such as the proportion of households with needs, the proportion of deficient housing or housing susceptible to damage, and the proportion of renters and owners with home insurance. The study uses national AHS data grouped by metropolitan area to build regression models that have AHS information as dependent variables and ACS information at the metropolitan and lower levels of geography as independent variables. The study finds only mildly encouraging results. Although most models don't have strong statistical results, two of them improve the estimates in areas not covered by the survey. The study concludes that although there might be better techniques to generate this information, they would require more time to produce it. Therefore, the techniques proposed by this study might be a valuable second-best approach to get crucial data in the event of a disaster.

Program Evaluations and Research Informing Strategic Goal 5

Risk-Based Monitoring of CPD Formula Grants

This report assesses the effectiveness of the risk analysis used by HUD's Office of Community Planning and Development (CPD). The risk analysis is used on recipients of grants in order to identify those programs most susceptible to waste, fraud, abuse, or mismanagement and monitor the programs identified as high risk as well as a sample of other lower risk programs. The study uses multivariate analysis to understand the factors that affect the likelihood of getting a particular risk assessment. The study finds that, at least for two programs, the risk analysis seems to be accurately identifying "risk." Opportunities for improvement are found in two areas: (a) better utilizing available data to improve the success rate, and (b) revising the process to save time and resources of CPD field staff. In particular, the study recommends reducing the numbers of factors used in the analysis while keeping the ones that are significantly associated with risk assessment and adding a randomly selected sample of low- and medium-risk grantees for monitoring.

Quality Control for Rental Assistance Subsidies Determinations: Final Report for FY 2008

This independent study provides national estimates of the extent, severity, costs, and sources of rent errors in tenant subsidies for the PHA-administered Public Housing, Section 8 Housing Choice Voucher, and Moderate Rehabilitation programs; and the owner-administered Section 8, and Section 202 and Section 811 programs with Project Rental Assistance Contracts (PRAC) or Project Assistance Contracts (PAC). The study uses a nationally representative sample of 600 projects and a random sample of 2,041 households to estimate the difference between a quality control rent reported by PHA or households and the actual tenant rent (the rent from HUD forms calculated by project staff).

The study finds that 63 percent of all households paid the correct amount of rent, 18 percent paid less than they should have, and 19 percent paid more than they should have. The aggregate rent underpayment of \$433 million and rent overpayment of \$342 million yield an aggregated net rent error of \$91 million annually. This net effect represents a -\$2 rent error per case. Comparison with prior studies demonstrates that FY 2008 had the lowest level of gross dollars in erroneous payments found since studies began in 2000, but the decrease from 2007 does not represent a statistically significant difference. The two most common administrative errors were consistency and transcription errors, while incorrect income and allowance amounts were by far the most significant sources of error in determining rents. Finally, the report documents the progress of actions taken by HUD to address the causes of erroneous assistance payments. The study finds that in FY 2008 HUD exceeded the performance goal of reducing the 2000 benchmark assisted housing error levels by 50 percent by the end of 2005. The study concludes that although progress since 2000 has been impressive, improvements have remained stable since 2004. It provides suggestions to further reduce the percent of rent errors.

Appendix D: Glossary of Acronyms

AFR	Agency Financial Report
APR	Annual Performance Report
BA	Budget Authority
CCW	Consolidated Claim Workout
CDBG	Community Development Block Grant
CFO	Chief Financial Officer
CFRG	Capital Fund Recovery Grant
CMHI	Cooperative Management Housing Insurance
CPD	Office of Community Planning and Development
DOE	U.S. Department of Energy
DOT	U.S. Department of Transportation
ED	U.S. Department of Education
EPA	U.S. Environmental Protection Agency
EPC	Energy Performance Contract
Fannie Mae	Federal National Mortgage Association
FHA	Federal Housing Administration
FHAP	Fair Housing Assistance Program
FHEO	Office of Fair Housing and Equal Opportunity
FHIP	Fair Housing Initiatives Program
Freddie Mac	Federal Home Loan Mortgage Corporation
FTE	Full Time Equivalent
FY	Fiscal Year
GI	General Insurance Fund
Ginnie Mae	Government National Mortgage Association
GMS	Grants Management System
HCV	Housing Choice Voucher
HECM	Home Equity Conversion Mortgage
HHS	U.S. Department of Health & Human Services

HOME	HOME Investment Partnerships Program
HOPWA	Housing Opportunities for Persons with AIDS
HPRP	Homelessness Prevention and Rapid Re-housing Program
HUD	U.S. Department of Housing and Urban Development
H4H	Hope 4 Homeowners
ICDBG	Indian Community Development Block Grant
IDIS	Integrated Disbursement and Information System
IHBG	Indian Housing Block Grant
IMS	Inventory Management System
IT	Information Technology
LEED	Leadership in Energy and Environmental Design
LIHTC	Low Income Housing Tax Credit
MFH	Office of Multifamily Housing
MHA	Making Home Affordable Program
MMI	Mutual Mortgage Insurance Fund
NEPA	National Environmental Policy Act
NSP	Neighborhood Stabilization Program
OCFO	Office of the Chief Financial Officer
OCOO	Office of the Chief Operating Officer
OHHLHC	Office of Healthy Homes and Lead Hazard Control
ONAP	Office of Native American Programs
OSPM	Office of Strategic Planning and Management
PBRA	Project-Based Rental Assistance
PD&R	Office of Policy Development and Research
PHA	Public Housing Agency
PIC	PIH Information Center
PIH	Office of Public and Indian Housing
RAMPS	Recovery Act Management and Performance System
Recovery Act	American Recovery and Reinvestment Act of 2009
SME	Subject Matter Experts

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Appendices

SNAPS	Special Needs Assistance Program
SRI	Special Risk Insurance Fund
S&E	Salaries and Expenses
TBRA	Tenant Based Rental Assistance
TCAP	Tax Credit Assistance Program
TRA	Transforming Rental Assistance
Treasury	U.S. Department of the Treasury
VA	U.S. Department of Veterans Affairs
VASH	Veterans Affairs Supportive Housing
VHPD	Veterans Homelessness Prevention Demonstration
WAP	Weatherization Assistance Program

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Attention: Frank Murphy

Acting Deputy Assistant Chief Financial Officer for Budget

Or by email to

Frank.J.Murphy@hud.gov

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