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INTRODUCTION

The Government Performance Results Act of 1993 (GPRA) requires that beginning with FY 1999, each agency must prepare and submit a report on program performance to the President and the Congress. The Annual Performance Report presents results and analysis of performance regarding goals established in FY 1999 APP. The purpose of GPRA's performance planning process is to help Federal managers improve program effectiveness and public accountability. This is the first such report by the Department, and it includes a detailed analysis of our performance on each goal.

Background

Planning at HUD has been an iterative process. The Department recently submitted its FY 2001 Annual Performance Plan (APP), the third such plan, and we will submit our second Strategic Plan this fall covering the years 2001 through 2006. The 2001 APP reflects an evolution from the 1999 Plan which we are reporting on here with more detail, more outcome indicators, and revised Strategic Goals and Objectives. For the purposes of this report, we are using the five Strategic Goals we formulated for the FY 2000 APP and carried forward into FY 2001 instead of the seven goals we used in the FY 1999 APP. This framework was recognized by the National Academy of Public Administration and the General Accounting Office as a significant improvement over the goals used in the 1999 plan and because we believe they better represent the mission of the Department. We also use the new terminology that lays out a hierarchy of strategic goals, strategic objectives, and performance indicators.

In the HUD's FY 1999 Annual Performance Plan, the Departmental strategic goals were to:

- Empower communities to meet local needs.
- Help communities and States establish a full continuum of housing and services designed to assist homeless individuals and families in achieving permanent housing and self-sufficiency.
- Increase availability of affordable housing in standard condition to families and individuals, particularly the Nation's poor and disadvantaged.
- Reduce the isolation of low-income groups within a community or geographical area.
- Provide empowerment and self-sufficiency opportunities for low-income individuals and families, particularly the Nation's poor and disadvantaged.
- Increase homeownership opportunities, especially in Central Cities, through a variety of tools, such as expanding access to mortgage credit.
- Promote equal housing opportunities for those protected by law.

In the FY 2000 APP framework shown below, we merged the above seven goals into four, and added a fifth to restore public trust in HUD.

HUD's Mission: Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.				
Vision: In order to fulfill its mission, HUD will be a high-performing, well-respected, and empowering partner with all levels of government, with the private sector, and with families and individuals.				
Strategic Goal 1	Strategic Goal 2	Strategic Goal 3	Strategic Goal 4	Strategic Goal 5
Increase the availability of **decent, safe,** and **affordable housing** in American communities.	Ensure **equal opportunity** in housing for all Americans.	Promote **self-sufficiency** and asset development of families and individuals.	Improve community **quality of life** and **economic vitality**.	Ensure **public trust** in HUD.
Strategic Objectives	Strategic Objectives	Strategic Objectives	Strategic Objectives	Strategic Objectives
1.1 Homeowner-ship is increased.	2.1 Housing discrimination is reduced.	3.1 Homeless families and individuals become self-sufficient.	4.1 The number, quality, and accessibility of jobs increase in urban and rural communities.	5.1 HUD and HUD's partners effectively deliver results to customers.
1.2 Affordable rental housing is available for low-income households.	2.2 Low-income people are not isolated geographicall y in America.	3.2 Poor and disadvantaged families and individuals become self-sufficient and develop assets.	4.2 Disparities in well-being among neighborhoods and within metropolitan areas are reduced.	5.2 HUD leads housing and urban research and policy development nationwide.
1.3 America's housing is safe and disaster resistant.	2.3 Disparities in homeowner-ship rates among racial and ethnic groups are reduced.		4.3 Communities are safe.	

We are reporting on every performance indicator that was included in the 1999 APP. However, in some cases we have included revised or replacement indicators from subsequent plans to provide more detail and clarity. We have included Appendix I to assist in comparing the goals, objectives, and indicators in the 1999 plan with those in subsequent plans and this report. In those instances where a 1999 indicator has been dropped or modified in subsequent plans, it has been explained in the appendix.

The Department places great emphasis on integrating strategic and performance planning with all of our operations. This effort led us to develop the Business and Operating Plan (BOP) which links strategic goals and performance indicators with day to day operations in every field and headquarters office. Regular BOP reporting and monthly Management Committee meetings involving the Deputy and Assistant Secretaries and other principal staff allow us to make informed and timely budgetary, programmatic, and management decisions leading to improved results.

HUD is designing new data systems to ensure the success of performance measurement. The Department's data quality control effort focuses on improving those data elements that are used for performance measurement in the APP and the BOP.

STRATEGIC GOAL 1
INCREASE THE AVAILABILITY OF DECENT, SAFE, AND AFFORDABLE HOUSING IN AMERICAN COMMUNITIES

One of HUD's most important functions is to increase homeownership opportunities for all Americans. Through homeownership, a family acquires a place to live and raise children. A home is also an asset that can grow in value and provide the capital needed to finance future needs of the family, such as college or financial security for retirement.

The agency remains committed to addressing the broader housing affordability needs of the Nation to help create housing and homeownership opportunities for all Americans. HUD will continue to provide rental housing opportunities by transforming public housing, and by increasing the supply of affordable rental housing.

Strategic Objective 1.1: Homeownership is increased.

Performance Indicator: *Increase the overall rate of homeownership to 67.5 percent in the year 2000.* This indicator appears in the FY 2000 APP as 1.1.1. A central goal of the President's Homeownership Strategy is to increase the share of all households who are homeowners to 67.5 percent by FY 2000, representing 8 million new homeowners. This indicator tracks the homeownership rate in the fourth quarter, but beginning in FY 2000 HUD will assess performance with respect to the third quarter – the end of the fiscal year. The FY 1999 APP reflects the overall Administration goal of 67.5 percent by FY 2000.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY00[1] Target	FY99 Perf
Rate of homeownership (4th quarter)	65.4%	65.7%	66.4%	67.5%	66.9%

Analysis: The national homeownership rate reached 66.9 percent in the last quarter of 1999, the highest fourth-quarter rate in history. The 0.5 percentage point increase from 1998 levels puts HUD on track to reach the FY 2000 goal of 67.5 percent. Several factors contributed to this success: the strong performance of the American economy; the affordability of homeownership; an enhanced and user-friendly FHA; more ambitious housing goals of the Government Sponsored Entities (GSEs); and the President's homeownership initiative.

The economy continued the longest economic expansion in our history in 1999 reaching new levels. The unemployment rate remained at a three-decade low of 4.1 percent, and 20 million jobs have been created since 1993. All income groups have seen their

[1] No interim target for FY 1999.

incomes rise since 1993, and this increase in income has put homeownership within reach for more families than ever. Higher incomes in turn contributed to very favorable levels of housing affordability – levels unseen since the early 1970s. As of the third quarter of 1999, a family earning the median income had 127 percent of the income needed to afford the median priced existing home. This situation has been brought about by interest rates remaining below 8 percent for much of the last decade, median family income reaching $46,900, and house prices remaining relatively steady.

The Federal Housing Administration (FHA) insured nearly 1.3 million home mortgages in FY 1999 – many of them going to minorities and central city residents. Without FHA insurance, many families would be unable to get mortgages to become homeowners. On January 1, 2000, FHA began insuring home mortgage loans of up to $115,200 in communities where housing costs are relatively low and up to $208,800 in communities where housing costs are high. This was the second increase in the loan limits since October 1998 – and will open up homeownership to more families in the years ahead.

Performance Indicator: *Increase the homeownership rate in Central Cities to 52.5 percent in the year 2000.* This indicator appears in the FY 2000 APP as 1.1.4. Homeownership rates in central cities are below average in part because of higher density development and multifamily housing as well as losses of middle-class families in past decades. Low homeownership can contribute to neighborhood decline because absentee landlords and their tenants put forth less maintenance effort than homeowners. In such cases, low homeownership often leads to a shrinking municipal tax base. HUD is increasing marketing and outreach efforts to promote central city homeownership. Cities also are making efforts to increase homeownership rates as grantees increasingly use HOME funds to promote homeownership. This indicator tracks the central city homeownership rate in the fourth quarter, but beginning in FY 2000 HUD will assess performance with respect to the third quarter – the end of the fiscal year. The FY 2000 APP also reduced the FY 2000 goal to 51.0 percent (3^{rd} quarter).

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Rate of homeownership (4^{th} quarter)	49.4%	49.7%	50.3%	51.5%	50.9%

Analysis: The homeownership rate in central cities reached 50.9 percent in the last quarter of 1999. Like the national homeownership rate, this is the highest fourth-quarter rate in history. The rate climbed 0.6 percentage point above 1998 levels – faster than the overall homeownership rate – but not fast enough to attain the original 52.5 percent goal in FY 2000. This reality has led HUD to adjust the FY 2000 goal to 51.0 percent in the 3^{rd} quarter of 2000. The same factors that drive homeownership gains nationally also work in central cities: the strong performance of the American economy; the affordability of homeownership; an enhanced and user-friendly FHA; more ambitious housing goals of the GSEs; and the President’s homeownership initiative.

A factor limiting the homeownership rate in central cities is the perception, based on historical trends, that housing values in suburban or outlying areas are likely to appreciate faster than investments in central cities. Troubled urban school systems also create strong incentives for families with children to search in outer areas for homeownership opportunities. A countervailing force is Federal initiatives, including HUD programs, that primarily benefit minorities, the unemployed, and low-income families. Because central cities have disproportionate concentrations of these groups, targeted programs will have greater impacts there. The share of FHA mortgage endorsements for home purchases by minorities has increased by 6 percentage points since FY 1996, to 37 percent in FY 1999. FHA efforts have played a major role in increased homeownership in central cities, and FHA initiatives to increase lending in underserved communities will become increasingly important for this goal.

Performance Indicator-FHA: *Increase the share of first-time home-buyers in each HUD Field Office by 1 percent per year over FY 1995*. This indicator has been revised in the FY 2000 APP (1.1.f). The revision tracks the FHA Mutual Mortgage Insurance program as a whole, ensuring that FHA resources effectively promote homeownership among families who previously were renters. The BOP process continues to allocate targets to individual field offices to ensure that progress is proportional to available opportunities for promoting first-time homeownership. These values represent the share of mortgage endorsements for first-time homebuyers among all FHA *home-purchase* endorsements.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Share of first-time home-buyers (FHA)	69.3%	70.3%	71.3%	595,000	80.7% 745,671

Analysis: In FY 1999, the strong economy helped 746,000 first-time homebuyers obtain 80.7 percent of FHA-insured mortgages for home purchases. First-time homebuyers maintained the dominant position in the FHA portfolio. The key factor helping FHA maintain these outstanding results is the strong job market, which has helped renter households accumulate sufficient assets to afford the down-payment on a home. Moderate interest rates have also made the monthly costs of homeownership more affordable in recent years. Recent increases in interest rates have led HUD to establish 80 percent as an ongoing benchmark for the share of first-time homebuyers.

FY 1999 Goal-FHA: Reduce FHA's cost of providing mortgage insurance.

Performance Indicator-FHA: *Percentage of single family properties sold that were on hand as of 10/1/98*. This indicator was not brought forward into the FY 2000 APP because it is encompassed by indicator 1.1.d, which tracks the net recovery for REO sales.

Indicator	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Percentage of single family properties sold that were on hand as of 10/1/98 (less leased properties).	NA	94%	95%	94%

Analysis: FHA matched its FY 1998 performance of 94 percent and substantially met its FY 1999 target. This level of sales contributed to FHA's current outstanding financial condition by ensuring that resources were not tied up in unsold properties.

Performance Indicator-FHA: *Percentage of projected acquisitions for 10/1/98 to 5/31/99 sold.* This indicator was not brought forward into the FY 2000 APP because it is encompassed by indicator 1.1.d, which tracks the net recovery for REO sales.

Percentage of projected acquisitions for 10/1/98 to 5/31/99 sold.	NA	74%	95%	67%

Analysis: In the first eight months of FY 1999, FHA completed sales of 67 percent of projected acquisitions. This fell short of the FY 1999 target. The shortfall primarily resulted from the poor performance of one contractor. Among properties managed by InTown Management Group, 56 percent were sold by the end of the fiscal year. This under performing contract was terminated as of 9/22/99. The remaining contractors maintained FY 1998 performance of 74 percent.

Performance Indicator-FHA: *Increase in net recovery on REO sales.* This indicator was revised in the FY 2000 APP (1.1.d) to track net recovery as a percentage of acquisition cost. When defaulted FHA loans go to foreclosure, HUD is forced to acquire real property, known as real estate owned (REO). Increasing the net recoveries on sales of REO will reduce FHA's insurance claim losses and strengthen the financial position of the FHA insurance funds.

Indicator	FY98 Perf	FY99 Target	FY99 Perf
Increase in net recovery on REO sales.	$48,072	$52,880	$53,783

Analysis: In FY 1999, the net recovery rate for single-family REO properties increased by 11percent, exceeding goal. This improvement represents an average savings of approximately $5,700 per property sold and a significant savings to the MMI fund. The management improvements that created higher recovery ratios thus made a significant contribution to the strength of the FHA fund in FY 1999.

Performance Indicator-FHA: *Percentage of mortgage defaults and claims resolved by the use of loss mitigation and alternatives to foreclosure.* This indicator appears as 1.1.b in the FY 2000 APP. Loss-mitigation procedures are required by statute when borrowers default on FHA-insured loans. A borrower can resolve a default (90-day delinquency) in several ways short of foreclosure: by paying down the delinquency (cure), by a preforeclosure sale with FHA perhaps paying an insurance claim in the amount of the shortfall, or by surrendering a deed in lieu of foreclosure. Better loss-mitigation efforts, such as enhanced borrower counseling, help borrowers keep their current homes or permit them to buy another home sooner. Avoidance of foreclosure also reduces FHA's insurance losses, making FHA financially sounder and enabling it to help more borrowers.

Indicator	FY98 Perf	FY99 Target	FY99 Perf
Percentage of mortgage defaults and claims resolved by the use of loss mitigation and alternatives to foreclosure.	7.4%	8.1%	22.4%

Analysis: HUD estimates that 22.4 percent of mortgage defaults were resolved without foreclosure in FY 1999. This represents over 26,000 homeowners who were enabled to work out their defaults without losing their homes, or at least without ruining their credit record. This high rate of default resolutions through loss mitigation has contributed to the outstanding financial condition that FHA attained during this period.

FY 1999 Goal: Maintain liquidity in the market for mortgage credit.

Performance Indicator-Ginnie Mae: *Percent of FHA and VA loans securitized, maintaining liquidity in the market for single family mortgages.* This indicator appears as 1.1.a in the FY 2000 APP. Ginnie Mae creates a secondary market for residential mortgages. Securitizing a high share of FHA and VA loans increases the liquidity of funds in the market for mortgage credit, and the presence of government-backed securities lowers the financial cost of homeownership.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Percent of FHA and VA loans securitized, maintaining liquidity in the market for single family mortgages.	95%	98%	96.7%	95%	87.2%

Analysis: For the first time in its history, Ginnie Mae fell short of the FY 1999 goal, securitizing 87.2 percent of the total FHA and VA loan origination business activity. This was because of the drop in the record volumes of refinance activity during the past three years, and the aggressive actions of the Government Sponsored Entities (GSEs) in responding to this loss of refinance business. The GSEs must provide returns on investments to stockholders, and in order to obtain business they turned to FHA and VA loans in 1999 as a way to supplement their loss of conventional business volume purchased. Also, a recent change in the Federal Housing Financing Board policy has led to member banks increased purchases of FHA and VA loans. Because Ginnie Mae lacks the flexibility to quickly respond to these and other market changes, it lost business to the GSEs and FHLBs in fiscal year 1999. Recommendations for programmatic changes have been made that, if enacted, will assure the increased performance of Ginnie Mae in the single family market for 2002. Because of the lead time for changes, the fiscal year 2001 performance is expected to be 85 percent.

Performance Indicator-Ginnie Mae: *Percent of multifamily mortgages securitized over two years to maintain liquidity in the market for multifamily loans.* This indicator appears as 1.2.j in the FY 2000 APP. Ginnie Mae makes the multifamily mortgage market more liquid by helping lenders package FHA-insured loans into secondary-market securities for investors. Increasing the amount of capital available for multifamily mortgages is desirable because loans become less costly and easier to obtain. The FY 2000 APP changed the calculation of these estimates to track securitization annually rather than over two years.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Percent of multifamily mortgages securitized over two years to maintain liquidity in the market for multifamily loans.	41%	81%	81%	54%	99%

Analysis: Ginnie Mae has succeeded in securitizing the vast majority of FHA-insured multifamily loans in recent years. Ginnie Mae increased the share securitized from 81 percent in FY 1998 to 99 percent in FY 1999. This progress reflects a stronger partnership between Ginnie Mae and FHA, and strengthens FHA's ability to achieve its affordable housing goals.

Performance Indicator-Ginnie Mae: *Revenue from multi-class security credit enhancement.* This indicator has been revised in the FY 2000 APP (1.2.k) to track the volume of credit enhancements on multi-class securities, rather than revenue obtained from issuing multi-class securities. Ginnie Mae issues Real Estate Mortgage Investment Conduit (REMIC) and platinum securities for purchase by investors. These multiple-class securities pool mortgage-backed securities, thereby spreading investor risk among the various security classes. Ginnie Mae credit enhancements reduce the cost of capital for borrowers by increasing the secondary mortgage market's liquidity.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Volume of multiclass security credit enhancement. [Percent increase over prior year]	$19.7 billion [10%]	$27.6 billion [40%]	$36.9 billion [34%]	$41 billion [10%]	$49.7 billion [35%]

Analysis: In FY 1999, Ginnie Mae greatly increased the volume of credit enhancements issued on multi-class securities, from $36.9 billion in FY 1998 to $49.7 billion in FY 1999. This 35 percent increase represents a very strong growth rate in a year when agency REMICs in total grew only 1 percent. This growth can be attributed to Ginnie Mae's streamlined REMIC procedures, more efficient price structure and enhanced service to investors and securities dealers.

Performance Indicator-Ginnie Mae & FHA: *Percent of increase in lending in distressed communities.* This indicator has not been brought forward to the FY 2000 APP. It was dropped because this performance goal is encompassed by other goals to increase FHA lending in underserved communities and to increase the share of FHA loans securitized by Ginnie Mae.

Indicator	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Percent of increase in lending in distressed communities.	12%	28.2%	10%	19.6%

Analysis: Ginnie Mae had a goal of increasing pooled loans from distressed areas by 10 percent in FY 1999. Ginnie Mae exceeded this goal by increasing the volume of loans securitized in these areas by 19.6 percent. This substantial achievement demonstrates FHA's success in encouraging lenders to create lending markets in distressed communities and Ginnie Mae's ability to successfully package these loans in a way that is appealing to the market.

Performance Indicator-Indian Housing Loan Guarantee Fund: *Number of units of Native American homeownership financing guaranteed.* This indicator appears as 2.3.b / 1.2.d in the FY 2000 APP. The Section 184 program addresses the need for greater availability of capital for purchasing homes on Indian land. Private lenders are hesitant to operate on reservations because of the difficulties involved.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of units of Native American homeownership financing guaranteed. [Bracketed numbers are cumulative]	48 [59]	168 [227]	187 [414]	260	176 [590]

Analysis: The 176 mortgages endorsed for Native American homebuyers in FY 1999 were down slightly from 187 in FY 1998 and fell short of the goal, which was established with earlier baselines that used less reliable methodology. The program continues to be held back by the difficulty that Native Americans face in obtaining free and clear title to homes on Indian land.

Performance Indicator-FHA: *FHA/MMI Fund will remain Solvent and Self Sustaining.* This indicator was replaced in the FY 2000 APP by 1.1.c, which tracks the congressionally mandated capital reserve targets. The capital reserve ratio is the best single measure of the MMIF’s financial soundness.

Analysis: The firm of Deloitte and Touche, LLP, has just completed an independent actuarial review of FHA’s MMI Fund for Fiscal Year 1999 in accordance with Congressional requirements. This report finds that the capital ratio of the MMI Fund has increased from 2.71 percent in of FY 1998 to 3.66 percent as of the end of FY 1999. The economic value of the MMI Fund as of the end of FY 1999 is estimated to be $16.637 billion, up by $5.277 billion from just one year earlier. Furthermore, the Deloitte and Touche report estimates the capital ratio will rise to 3.81 percent, with an economic value of $18.917 billion, by the end of FY 2000, far in excess of the 2 percent Congressional requirement.

Going forward, increases to the MMI Fund’s capital ratio are projected to continue. The MMI Fund’s capital ratio is estimated to rise to 5.29 percent with an economic value of $40.195 billion by the end of FY 2006, assuming FHA maintains its current premium structure, refund policies, and other policies. There are many factors contributing to these favorable findings from the actuarial review. Among them are the high volume of new FHA insurance endorsements in 1999, projections for continued high volume of new endorsements in the near future, the continued reductions in FHA’s loss rates, the increased use of loss mitigation tools, and generally favorable economic forecasts. High FHA volume adds to FHA’s economic value because premiums far exceed FHA’s costs in most economic scenarios. Increases in FHA loan limits and simplified downpayment procedures, for which the Department sought and received Congressional approval in October 1998, have extended FHA’s reach to more home buyers, contributing to the recent increase in volume.

Strategic Objective 1.2: Affordable rental housing is available for low-income households.

FY 1999 Performance Goal: Increase services to Native American families.

Performance Indicator-Indian Housing Block Grant: *Increase the number of Native American families served under NAHASDA.* This indicator has become part of 1.2.d in the FY 2000 APP. The Native American Housing Assistance Self-Determination Act (NAHASDA) gives tribes flexibility in using HUD funding to meet local needs.

Indicator	FY99 Target	FY99 Perf
Number of Native American families served under NAHASDA.	Establish Baseline	Baseline will be established in 2000

Analysis: Fiscal Year 1999 was the first full funding year of the NAHASDA Block Grant program, and therefore, the baseline is being developed for that year.

Performance Indicator-Housing Certificate Fund/Incremental Vouchers: *Increase availability of incremental units in HUD rental assistance programs available to serve the worst case housing needs of very low-income families.* This indicator was not carried forward into the FY 2000 APP because the amount of tenant-based Section 8 assistance available depends entirely on appropriations.

Indicator	FY99 Target	FY99 Perf
Number of units	50,000	50,000

Analysis: In FY 1999, appropriations made 50,000 new welfare-to-work vouchers available, compared with the 102,000 requested. Because welfare-to-work vouchers pose additional management challenges to PHAs, HUD has included a performance indicator in the FY 2000 APP to track and ensure timely lease-up of these vouchers. The number of households actually assisted depends on Fair Market Rents, the incomes of eligible households and the units they choose to rent.

Performance Indicator-FHA: *Increase the use of FHA's 223(f) program for existing apartment buildings in underserved areas.* A broader performance indicator for FHA multifamily insurance in underserved areas (4.2.i), along with a similar indicator for single-family insurance (4.2.a), has been substituted for this indicator in the FY 2000 APP.

Indicator	FY99 Target	FY99 Perf
Establish Baseline	85	68

Analysis: The Section 223(f) program is mortgage insurance for the acquisition or refinancing of existing rental properties. This program within the Office of Multifamily Housing provided financing for 68 of the planned 85 223(f) loans in underserved areas. Underserved areas are defined in metropolitan areas as census tracts either with a minority population of 30 percent and median family income below 120 percent of the metropolitan area median, or with median family income at or below 90 percent of area median (irrespective of minority population percentage). A similar definition applies to non-metropolitan areas, using counties rather than tracts. In FY 1999, HUD added to Office of Housing data systems the capacity to identify underserved areas. Fewer 223(f) mortgages were completed than planned because the marketability of the 223(f) product is frequently overshadowed by more attractive financing packages in the current market. In addition, the capability to systematically identify the geographical boundaries of underserved areas took time to develop, delaying effective targeting.

Performance Indicator-HOME block grant: *Meet or exceed the statutory requirement of HOME that at least 90 percent of families assisted with rental housing and tenant based rental assistance are below 60 percent of median income.* For FY 2000, this indicator was expanded to include compliance with rent requirements (1.2.f). The HOME Investment Partnerships Program provides funds to State and local governments to address their affordable housing needs. HOME encourages public-private partnerships by providing incentives to for-profit and non-profit developers for production of housing for low-income households. Eligible activities include the acquisition of existing housing; reconstruction and rehabilitation of sub-standard housing; construction of new housing; assistance to new home buyers; demolition and site improvements; and tenant-based rental assistance.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Percentage of families with income below 60% of median income.	98	98	98	90	96.5

Analysis: HOME grantees continued to exceed the minimum requirements in FY 1999. Among households assisted with HOME rental housing, 96.5 percent had incomes below 60 percent of area median. This performance reflects a slight decline from FY 1998 levels of 98 percent, but continues to show a commitment by HUD's state and local partners to serve needier families.

Performance Indicator-FHA: *Among multifamily developments newly insured by the FHA General and Special Risk Insurance funds, the share of units that are affordable to households with incomes below 60 percent of median increases by 1 percentage point.* For clarity, the wording of this indicator is as it appears in the FY 2000 APP (1.2.m).

Indicator-FHA	FY99 Target	FY99 Perf
Percentage of units affordable to households with incomes below 60 percent of area median income.	Base line	NA

Analysis: The FY 2000 baseline will be established in early FY 2001, after the DAP system is populated with rental cost data. FY 1999 performance data are not available. Preliminary data show that 36.3 percent of unassisted FHA multifamily units insured in FY 1997 were affordable at 60 percent of area median income. For multifamily insurance for existing developments only (Section 223(f)), the share was 44.7 percent. In FY 2000, FHA 's Development Applications Processing (DAP) system is being used to process multifamily development applications under Sections 221(d)3, 221(d)4, and 223(f).

Performance Indicator-HOME block grant: *Increase assistance to households (from fiscal year budget authority) including rental housing, tenant based rental assistance, new homeownership opportunities, and assistance to existing homeowners.* This indicator is presented as 1.2.d in the FY 2000 APP. HUD provides extensive housing assistance through CDBG and

HOME block grants, public housing and assisted private multifamily housing, and Section 8 vouchers that renters can apply toward otherwise unaffordable rents.

Indicator-HOME block grant assistance	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of households assisted with tenant-based rental assistance	9,118	7,792	8,246	10,701	8,246
Number of rental units committed.	23,918	23,041	24,148	33,264	25,114
Number of new home-buyers committed	26,098	28,403	29,514	34,710	30,695
Number of existing homeowners committed	12,086	13,053	13,415	17,411	13,952
Total number of units committed and households assisted with tenant-based rental assistance.	71,220	72,289	75,323	96,086	78,007

Analysis: The HOME program provides assistance for both homeowners and renters. During the five-year period from FY 1995 to FY 1999, the HOME program has experienced a continual increase in the annual number of households it has assisted from 67,178 in FY 1995 to 78,007 in FY 1999. The HOME Program has been able to assist more households during this period because of increased annual appropriations and the increased capacity of participating jurisdictions and sub-recipients to use these appropriations. During the same five-year period, the HOME program has also increased its annual homeownership assistance for both new and existing homeowners by 48 percent from 30,239 in FY 1995 to 44,647 in FY 1999. This reflects the Department's increased emphasis on expanding affordable homeownership.

The FY 1999 target reflects units projected to be produced with the FY 1999 appropriation. These units will be committed during subsequent fiscal years. The values reported as FY performance are estimates of units committed during the fiscal year, as reflected in the Department's data system. Therefore, the lower FY 1999 performance reflects the fact that prior years appropriations available to participating jurisdictions was less than the FY 1999 appropriation. With the implementation of Departmental Grants Management System, HUD is moving from reporting estimates of units provided by budgetary commitments to reporting actual units completed during the fiscal year.

Performance Indicator-CDBG: *Maintain historic level of CDBG commitment to housing activities, as measured by the number of households assisted.* This indicator was revised and became part of 1.2.d in the FY 2000 APP.

Indicator-CDBG	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of households assisted.	204,900	202,100	157,417	197,800	158,280

Analysis: The number of households assisted by Community Development Block Grants (CDBG) depends primarily upon local decisions regarding community need rather than HUD's defined goals. For Entitlement grantees, prior to the end of FY 1999, both estimated and actual data reported were based on the percentage of funds used for housing assistance as reported in their 1994 Annual Performance Reports. At that time, grantees reported that 26.9 percent of their CDBG funds were used for housing assistance. Our FY 1999 goal was based on the assumption that this historical trend would continue. Shortly after the end of FY 1999, the Department found, from the Integrated Disbursement and Information System (IDIS), that grantees used only 17 percent of their funds for this purpose. There are several categories of funds usage that changed significantly:

- Rehabilitation of Multi-Unit Residential buildings (down 1.89 percent from 1994 to 1999)
- Rehabilitation of other Publicly-Owned Residential Buildings (down 6.9 percent from 1994 to 1999)
- New Construction (down 4,660 households)
- Direct Homebuyer Assistance (up 4,476 households)

In contrast, Non-Entitlement grantees showed a slight increase (from 16.7 percent to 19.6 percent of total expenditures) for housing assistance. Among the categories that saw relative increases in funds used were acquisition of property (from 6.1 percent to 7.13 percent), public facilities and improvements (from 23.1 percent to 25.65 percent), and public services (from 12.8 percent to 13.1 percent).

Performance Indicator-HOME block grant: Leverage at least $1.50 in other resources for each $1 of HOME. This indicator was not retained in the FY 2000 APP because the program has consistently exceeded this goal. While leverage is an important component of the HOME program, it is not a primary goal.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Leverage ratio	2.02:1	2.02:1	2.0:1	1.5:1	2.4:1

Analysis: Last year, HUD reported that every dollar of HOME funds for FY 1997 and FY 1998 leveraged an estimated $2.00 in other resources. For FY 1999, the leveraged amount was $2.41 for every dollar of committed HOME funds. The increased leverage ratio reflects a variety of factors including a more accurate method of calculating the ratio based on completed projects, the more competitive nature of project financing, the availability of other Below Market Interest Rate financing and the fact that big multi-family projects with a combination of funding sources are reaching the completion stage.

Performance Indicator-HOME block grant: *Increase amount of HOME rental housing that remains affordable to low-income families during the affordability period required by the program.*

This indicator became 1.2.f in the FY 2000 APP, where it will assess both the appropriateness of rents and income eligibility.

Indicator	FY99 Target	FY99 Perf
Percentage of units remaining affordable	NA	NA

Analysis: The IDIS and DGMS systems identify household incomes and rents at initial occupancy of HOME rental developments, but grantees are not required to report these data throughout the period of affordability. HUD has funded a sample survey to determine whether HOME rents continue to be affordable over time. Survey completion is targeted for December 2000.

Performance Indicator-HOPWA: *Increase the amount of housing assistance and supportive services to low-income persons living with HIV/AIDS and their families to enable them to achieve housing stability and access to health-care and related supportive services.* This indicator was integrated into 1.2.d in the FY 2000 APP. HOPWA values are based on annual performance reports from grantees.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of short-term and permanent housing units provided in connection with related supportive services.	32,200	35,845	42,371	37,300	41,500

Analysis: HUD provides housing assistance and supportive services to low-income persons living with HIV/AIDS. This assistance consists of on-going rental assistance payments, development and operation of housing facilities, such as community residences, and the use of emergency and short-term payments that prevented homelessness for clients and family members who reside with the persons living with HIV/AIDS. The figure of 41,500 is an estimate. IDIS actual count will be available in September 2000.

Performance Indicator: *Improve the quality of life for residents of public housing.* This indicator has been greatly expanded in the FY 2000 APP. Many of the conditions that affect the quality of life of public housing residents are now assessed by REAC. Through FY 1999, the Public Housing Management Assessment Program (PHMAP) continued to serve as HUD's tool for measuring the performance of PHAs in major areas of public housing operations. PHMAP will be replaced with the Public Housing Assessment System (PHAS), which makes the management components of the scores more reliable by using independent audits, and adds the first-ever physical inspection of all public housing developments. The indicator most comparable to the PHMAP indicator shown here is 5.1.f, which tracks the average advisory PHAS score, weighted by units. The quality of life of assisted renters is measured most directly by tenant surveys (5.1.3). Approximately ten indicators for public housing in the FY 2000 APP use REAC data (1.3.3, 1.3.4, 1.3.f, 1.3.g, 5.1.3, 5.1.4, 5.1.6, 5.1.7, 5.1.8, 5.1.f). Similar indicators apply to assisted multifamily housing in FY 2000.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Improve average PHMAP score to 88.5 by FY 2000.	86.5	87	92.3	88.5	91.9

Analysis: In FY 1999, the Department exceeded the benchmark PHMAP score of 88.5 (out of 100) for the second year in a row. Of the 3,200 PHAs nationwide, the number of high-performing PHAs increased to over 1,800 in FY 1999.

The additional components of the PHAS will motivate housing authorities to make further improvements in the most visible aspect of their operations, physical condition, as well as in financial management. PHAS will be fully implemented in FY 2000 and will begin reporting summary scores in FY 2001 after refinements based on 18 months of advisory scores. PHAS data will not be comparable to PHMAP, so both the baselines and goals will change.

Strategic Objective 1.3: America's housing is safe and disaster resistant.

Performance Indicator-Public Housing Capital Fund & HOPE VI: *The number of public housing units approved for demolition and the number of units demolished increases.* Although the FY 2000 APP continues to track actual units demolished, the demolition approval indicator has not been brought forward at the APP level (it remains a goal in the Business and Operating Plan). Reducing the number of obsolete and distressed housing units remains a central strategy in HUD's renewed efforts to revitalize neighborhoods and remove blight. Demolished units are being replaced with lower density public housing and with vouchers, which allow tenants to obtain private sector housing in neighborhoods of there choice. HUD's long term goal is to approve 100,000 units for demolition by FY 2000 and complete demolition of 100,000 units by FY 2003.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of units **approved** for demolition.	41,633	20,534	15,645	15,000	16,151
[Cumulative units approved for demolition, toward target of 100,000 by FY 2000]	-	[62,167]	[77,812]	-	[93,963]
Number of units demolished.	18,431	8,483	6,936	10,000	15,819

Analysis: HUD established a FY 1999 goal of approving 15,000 public housing units for demolition, and exceeded the goal by approving 16,151units for demolition. The cumulative total of approvals through FY 1999 was 93,963 units. HUD remains on track to achieve its goal of approving the demolition of 100,000 units by FY 2000. Approving units for demolition is a critical part of the actual removal and replacement of distressed public housing because of the need to assess the need for demolition and to plan carefully for replacement, reflecting both statutory requirements and good management practice.

In the area of actual demolitions, it continues to take PHAs longer to demolish units than to obtain approval because the PHA has to: (a) relocate tenants; (b) do hazardous waste abatement; and (c) finally demolish the units. Through FY 1999, a cumulative total of 46,237 have actually been demolished, of which 15,819 units were demolished in FY 1999. Based on the significant number of units in the approved demolition pipeline and the increased rate of demolitions, HUD is confident that it will reach its goal of 100,000 cumulative demolitions by the end of FY 2003.

Performance Indicator: *Replace demolished public housing units.* Although this indicator was not brought forward into the FY 2000 APP, HOPE VI tenant relocations are presented with other HOPE VI outputs in the FY 2001 APP (1.2.b).

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of replacement units approved	56,170	12,500	15,484	13,500	17,615
[Cumulative replacement units approved, toward target of 99,170 by FY 2000]	-	[68,670]	[84,154]	-	[101,769]

Analysis: HUD exceeded the FY 1999 goal of replacing 13,500 demolished units, placing 17,600 families in new housing. The majority of these households received Section 8 vouchers, allowing them to make a dramatic change in their living environments. Housing authorities provide counseling to help new voucher holders understand their options and become familiar with better neighborhoods that vouchers open.

Performance Indicator: *Increase the share of units meeting local codes or Housing Quality Standards.* This indicator has been revised to use REAC physical inspection data in the FY 2000 APP, where it appears as 1.3.3 and 5.1.7. The physical quality of the public and assisted housing stock is a critical dimension by which assisted residents and the general public assess HUD’s programs and management.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Percent of public housing units meeting local codes or HQS.	83%	84%	84.5%	85%	90%

Analysis: The share of public housing units meeting local codes or Housing Quality Standards (HQS) has improved significantly since 1996, and the FY 1999 performance showed a marked increase and exceeded the goal. These estimates are based on inspections, reports and certification by PHAs.

Performance Indicator-HOPE VI: *Increase the percentage of HOPE VI Revitalization Projects/Grants that are on-schedule.* This indicator appears in the FY 2001 APP (1.2.b and 4.2.b.3), and has been revised to measure specific HOPE VI outputs. The HOPE VI Revitalization Grants provide funds to help public housing authorities resolve long-standing problems with troubled public housing developments and their neighborhoods. The HOPE VI program stimulates innovative, holistic approaches to redevelopment that frequently include mixed financing and mixed-income residents, as well as self-sufficiency and neighborhood improvement.

Indicator	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Increase percentage of on-schedule HOPE VI Revitalization Projects/ Grants.	85%	90%	92%	92%

Analysis: HOPE VI grantees substantially met their annual goals in FY 1999, and the goal of 92 percent of grantees on-schedule was attained. During FY 1999, HUD completed development of the HOPE VI tracking system, which supports detailed tabulations of grantee accomplishments and assessment of the goals they identified in HOPE VI plans.

Performance Indicator: *Increase the percentage of project-based Section 8 units in standard physical and financial condition.* This indicator has been split into two indicators in the FY 2000 APP (1.3.3/5.1.7, and 5.1.6). HUD has made dramatic progress in increasing the accountability of multifamily partners in providing sound and cost-effective assisted housing for needy families. The Real Estate Assessment Center has established baselines for the physical condition of assisted multifamily housing, and the financial condition will be determined in FY 2000.

Indicator	FY99 Target	FY99 Performance
Percentage of project-based Section 8 units in standard physical and financial condition.	Base line	Physical: 77.3% (units) Financial: Baseline in 2000

Analysis: REAC has completed the baseline physical inspection of all multifamily properties with Section 8 assisted units. The inspections revealed that the majority of assisted units – 77.3 percent, or about one million households – are in developments that meet HUD standards. At the end of FY 1999, 83.6 percent of the developments inspected met physical standards. Nevertheless, the condition of the remaining developments establishes the necessity of ensuring improvements for less-fortunate families.

Rating under the physical inspection system is complex and based on multiple aspects of the property, including grounds, buildings and a sample of individual units. Those properties with scores of 30 or less (out of 100) are automatically referred to the Department Enforcement Center (DEC) for review and potential action under loan and program default provisions. Properties with scores ranging from 31 to 59 are considered to have physical conditions warranting repairs either under a full workout plan or a modified plan. Properties with scores over 60 are considered decent, safe and sanitary, even though minor repairs may be needed and requested by HUD. All properties that have exigent health and safety conditions found by the inspectors are required to mitigate such conditions within 72 hours.

As of March 9, 2000, REAC has inspected 15,463 Section 8 assisted properties. Of these, 13,201, or 85.4 percent, scored 60 or above; 1,927 (12.5 percent) scored between 31 and 59; and 335 properties (2.2 percent) scored 30 or less and were referred to the DEC for intensive review. HUD public trust officers in the local Multifamily offices are responsible for assuring that owners repair the properties scoring between 31 and 59 within 90 days or are under a workout plan to do so.

FY 1999 Goal: Reduce or eliminate lead based paint hazards.

One of the Department's goals is to reduce or eliminate residential lead-based paint hazards. To measure progress in meeting this goal, the Department has established the following measures.

Performance Indicator-Lead Hazard Reduction: *Percent reduction in geometric mean blood lead levels in children who live in abated housing units for at least one year.* The wording of this measure was revised in FY 1999, and the indicator was not brought forward in the FY 2000 APP. Originally, the change in blood lead levels was measured only among lead poisoned children, but it is better to measure change in blood lead levels among all children who live in units treated under the lead hazard control grant program, not just those who are already poisoned.

Indicator	FY98 Perf	FY99 Target	FY99 Perf
Percent reduction in geometric mean blood lead levels in children who live in abated housing units for at least one year.	77%[2]	20%[2]	26%[2]

Analysis: Elevated blood lead (EBL) is defined as concentrations of lead exceeding 10 micrograms per deciliter of blood. The actual geometric mean (average) decline for FY 1999 was 26 percent, which represents a 6 percentage point improvement compared to FY 1999's target. A direct comparison with FY 1998 performance is not possible because of the change in the performance measure. Decline in blood lead among all children in units receiving abatement is reasonably expected to decline less dramatically than that of lead-poisoned children in such units.

[2] Changed the base number from lead-poisoned children to all children that live in abated housing.

Performance Indicator-Lead Hazard Reduction: *Number of units receiving Federal lead hazard grants that are declared "lead safe."* This indicator is found in the FY 2000 APP as 1.3.5.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of units receiving Federal lead hazard grants that are declared "lead safe."	2,294	4,325	5,527	6,000	7,471

Analysis: There were 7,471 units that received these grants in FY 1999. The capacity to make the housing units "lead-safe" is rising as greater number of certified contractors enter the market. In addition, grantees are improving their ability to manage the program more efficiently as they acquire more experience and expertise in operating the grants. In FY 1999 HUD achieved a 35 percent increase from FY 1998 levels in units being declared "lead-safe."

Performance Indicator-Lead Hazard Reduction: *Percent decline in median floor lead dust level in units that are made "lead safe" one year after work is completed (added FY 2000).* This indicator appears in the FY 2000 APP as 1.3.d. Lead dust is highly correlated with elevated blood lead levels among young children who live in such areas. This indicator uses results of evaluations to track progress in reducing lead hazards in homes.

Indicator	FY98 Perf	FY99 Perf
Percent decline in median floor dust level in units that are made "lead safe" one year after work is completed (added FY 2000)	65%	64%

Analysis: Lead-contaminated dust is the principal pathway of exposure to lead-based paint. Hence, it is the best measure of whether or not homes that have received the grant are remaining lead-safe. The data show that the levels of lead in house dust are 64 percent lower than baseline levels two years after the work has been completed and that there has been no significant re-accumulation. FY 1999 actual results are not statistically different from FY 1998 actual results, showing stable program performance and the durability of the hazard control measures.

Performance Indicator-Lead Hazard Reduction: *Number of children protected by [lead hazard reduction] programs in the neighborhoods where grants for lead based paint hazard reduction have been awarded.* Because no reliable ongoing data source exists, this indicator has not been carried forward to the FY 2000 APP.

Indicator	FY98 Perf	FY99 Perf
Number of children protected in the neighborhoods where grants for lead based paint hazard reduction have been awarded.	9,396	12,700

Analysis: This measure is an estimate based on the average number of young children living in the units treated in this program (1.7 children per unit). It does not include the thousands of other children assisted through the large-scale public education efforts conducted by these grantees as part of their program. While there is no reliable method to measure the number of children reached, the number cited above is likely to be an underestimate. In FY 1999 HUD achieved a 35 percent increase from FY 1998 levels in units being declared “lead-safe,” indicating that the number of children protected increased to at least 12,700.

STRATEGIC GOAL 2
ENSURE EQUAL OPPORTUNITY IN HOUSING FOR ALL AMERICANS

Since 1968, HUD and its predecessor agencies have been responsible for enforcement of the Fair Housing Act and for ensuring that HUD programs promote fair housing and comply with civil rights laws. The Fair Housing Act makes it unlawful to discriminate in housing against persons based on race, color, religion, sex, national origin, age, disability, or familial status.

Strategic Objective 2.1: Housing discrimination is reduced.

FY 1999Goal: Ensure that 20 communities undertake fair housing audit-based enforcement to develop local indices of discrimination, which will highlight the need for expanded enforcement efforts.

Performance Indicator: *Number of communities with standardized methodology for construction audits.* This indicator has not brought forward into the FY 2000 APP. The original intent was to develop a research methodology that would allow FHIP grantees to conduct fair housing audits in standardized fashion. Indicator 2.1.1, which tracks discrimination outcomes, grew out of this indicator.

Indicator	FY99 Target	FY99 Perf
Number of communities with standardized methodology for construction audits.	20	0

Analysis: The FY 1999 goal for this indicator was to develop a standardized methodology for housing discrimination audits and deliver it to FHIP agencies that would administer audits in 20 metropolitan areas. The Department decided to improve upon this plan by conducting a centralized Housing Discrimination Study, in which a single contractor would gather the data in 20 communities and analyze the data. The revised methodology will support estimates of housing discrimination that are representative on a national level, as well as in 20 metropolitan areas, for the homeownership and rental markets. The new research methodology uses paired testers to measure differential treatment between blacks and whites, and between Hispanics and non-Hispanic whites. In addition, limited paired testing of discrimination faced by Asians and Native Americans may be conducted during the first phase. A large research contract ($7.5 million) has been issued. In addition to the time required for procuring this study, HUD has had to coordinate the timing with local housing market activity and with the timing of earlier audit studies. The research is underway, and data are expected to be available in early 2001.

Performance Indicator-Fair Housing Assistance Program: *Reduce discrimination in housing by doubling over four years the volume of HUD enforcement actions.* This indicator, which appears as 2.1.a in the FY 2000 APP, expresses the goal of doubling HUD fair housing enforcement actions to 2,170 during the second term of the Clinton / Gore administration (1997-2000) – compared with the 1,085 actions completed in the first term (1993-1996). Enforcement actions include charges filed against discriminators, enforcement agreements negotiated, referrals to the Department of Justice, and non-claimant cases – cases benefiting parties who experienced substantially equivalent discrimination but who were not named in the original complaint.

Indicator	1993-1996 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of enforcement actions, utilizing standardized definition.	1,085	366	551	771 (1,313 cumulative 1997-1999)

Analysis: HUD expects to achieve the doubling goal substantially before the December 31, 2000 target. The 771 enforcement actions in FY 1999 represent a 210 percent increase over FY 1998's 366 actions. Increased enforcement agreements represent substantially greater effectiveness in reducing discrimination because enforcement agreements involve a legally enforceable admission of guilt by the discriminators, unlike the conciliation agreements that would have resolved such cases in earlier years. HUD also has more than doubled the rate of criminal referrals to the Department of Justice in the second term.

Performance Indicator-Fair Housing Assistance Program: *Increase the number of substantially equivalent agencies that enforce state and local government laws and are substantially equivalent to the Fair Housing Act, as amended.* This indicator appears in the FY 2000 APP as 2.1.c. HUD provides Fair Housing Assistance Program (FHAP) grants to "substantially equivalent" fair housing agencies to support fair housing enforcement. Substantially equivalent agencies are those that enforce State fair housing laws or local ordinances that are substantially equivalent to the Fair Housing Act.

Indicator	FY98 Perf	FY99 Target	FY99 Perf
Number of substantially equivalent agencies.	80	85	85

Analysis: In FY 1999, HUD increased the number of fair housing agencies conducting substantially equivalent enforcement activities from 80 to 85. The increase met the target.

Strategic Objective 2.2: Low-income people are not isolated geographically in America.

FY 1999: Reduce the isolation of low-income groups within communities or

geographic areas.

Performance Indicator-Housing Certificate Fund: *Increase the percentage of Section 8 families with children living in low-poverty census tracts.* This indicator is shown as 2.2.2 in the FY 2000 APP. Low-income families have more opportunities for self-sufficiency and economic advancement when they live in low-poverty areas. Such neighborhoods also support better life chances for children because they have a wider circle of acquaintances who have achieved greater economic security. The tenant based Section 8 Program is one of HUD's best tools for enabling access to these neighborhoods.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Increase the percentage of Section 8 families with children living in low-poverty census tracts.	59%	60%	61%	62%	60%

Analysis: Housing authorities have substantially improved the level of reporting of tenant data to MTCS in recent years. The more complete data support more representative estimates, but also cause spurious changes in the estimates because previously non-reporting housing authorities represent areas with different demographic characteristics. The FY 1999 estimate establishes a new baseline of 60 percent of voucher-holding families with children living in census tracts with poverty rates below 20 percent. New MTCS deconcentration reports made available in October 1999 provide deconcentration statistics for each PHA in the country, providing a basis for field offices and PHAs to make efforts that will help achieve goals for 2000 and 2001.

Strategic Objective 2.3: Disparities in homeownership rates among racial and ethnic groups are reduced.

FY 1999: Expand housing opportunities by developing and implementing strategies to increase the number of lenders doing business in core urban areas or areas of high minority and ethnic concentration and who provide loans to racial and ethnic minorities.

Performance Indicator: *Identify forms of lending discrimination that limit homeownership opportunities for racial and ethnic groups; use enforcement tools where appropriate.* Because this indicator does not meet improved standards for objective measurability, it was not brought forward in the FY 2000 APP. However, a variety of performance indicators in the FY 2000 and FY 2001 APPs deal with increasing homeownership opportunities for minorities.

Analysis: FHEO analysis identified forms of lending discrimination that include outright denial of a mortgage loan, unlawful terms and conditions for loans that actually are made, and steering potential borrowers to particular loan products or lenders based on the borrower’s race or ethnic origin rather than his or her creditworthiness.

STRATEGIC GOAL 3
PROMOTE SELF-SUFFICIENCY AND ASSET DEVELOPMENT OF FAMILIES AND INDIVIDUALS

Strategic Objective 3.1: Homeless families and individuals become self-sufficient.

The need for homeless assistance remains acute. Martha Burt of the Urban Institute estimated that during 1996 between 2.5 and 3.5 million persons experienced at least one episode of homelessness. A landmark study released in December of 1999, *Homelessness: Programs and the People They Serve,* reports that most people who become homeless have suffered severe hardships – including physical and sexual abuse, childhood trauma, poverty, poor education, disability, and disease. The report also shows that when homeless persons get the housing assistance and needed services – such as health care, substance abuse treatment, mental health services, education and job training – 76 percent of those living in families and 60 percent of those living alone end their homeless status and move to an improved living situation. HUD's Continuum of Care system, which coordinates Federal, State and local resources and services, is the key to helping homeless persons achieve permanent housing and self-sufficiency.

In recognition of the success of HUD's approach to helping America's homeless, HUD was awarded the prestigious Harvard University / Ford Foundation Innovations in American Government Award in 1999 for the Continuum of Care program. The Continuum of Care was recognized as a means for maximizing homeless resources and for helping homeless people find stable housing. To build on this success, the Department intends to work towards the accomplishment of two objectives: to hold communities fully accountable to develop and deliver their continuum of care systems; and to help every homeless individual and family within its programs achieve permanent housing and self-sufficiency.

The performance levels for this strategic objective are largely based on assumptions about what communities will be requesting and funded for in future HUD competitions. Because the needs of homeless persons are so different from community to community, it is not possible for HUD to estimate future performance with any level of precision. In any given year, depending on their current local need, communities may request assistance for permanent housing, transitional housing, supportive services or some other form of eligible homeless assistance. Given the needed flexibility afforded communities to address their varying and changing needs, the actual performance levels are often higher or lower than HUD's estimates.

HUD is currently enhancing its homeless data systems to better manage its programs and assess program performance. Enhancements include the development of a single data warehouse for HUD's various homeless assistance application, financial and grantee data bases. Another significant enhancement will be a web-based grantee performance report, as part of HUD's Departmental Grants Management System (DGMS). This grantee performance report will provide client-based information about HUD's various homeless assistance grants. Once operational, these data system improvements will allow HUD to report more accurate information and assess if changes are warranted for this strategic objective.

Performance Indicator-Homeless Assistance Grants: *Increase the percentage of the U.S. population represented by communities which have developed continuum of care systems.* Continued participation in the planning process develops local capacity to identify and cooperatively resolve problems concerning populations that often remain largely invisible. HUD urges communities to develop comprehensive approaches that respond to the service needs of the homeless and develop their self-sufficiency. This indicator tracks the share of the population that lives in areas covered by these comprehensive systems.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Percent of population	80%	80%	81%	90%	83%

Analysis: The original target was determined by extrapolating pre-1996 increases in the number of communities submitting CoC applications. HUD did not meet its goal in 1998 and 1999 for two reasons: Fewer communities than expected submitted applications, and the percent of the population covered by continua may have reached a saturation point as smaller communities located in rural areas have insufficient resources or population to develop a continuum of care plan. Subsequent APPs reflect these realities.

FY 1999 Goal: Increase the amount of assistance and supportive services to homeless persons and families to enable them to achieve permanent housing and self-sufficiency.

Performance Indicator-Homeless Assistance Grants: *The number of transitional housing beds that are linked to supportive services.* This indicator appears in the FY 2000 APP as 3.1.1. The heart of the Continuum of Care approach is the availability of transitional housing with supportive services to stabilize the lives of homeless people and prepare them for permanent housing. This indicator tracks the funding of HUD-awarded transitional housing beds linked with supportive services.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Transitional housing beds that are linked to supportive services (cumulative number).	111,149	120,036	142,500	140,000	154,000

Analysis: The number of transitional housing beds linked to supportive services was 154,000 in FY 1999 which exceeds the goal. The increases from 1997 to 1999 result from accumulating inventory, increases in funding for homeless assistance grants by the

Congress and the decision by communities to request more transitional housing resources than HUD had estimated.

Performance Indicator-Homeless Assistance Grants: *The share of those homeless persons leaving HUD transitional housing who move to permanent housing increases.* This indicator appears as 3.1. in the FY 2000 APP. The primary goal of homeless assistance is to help homeless persons achieve permanent housing and self-sufficiency. The needs of homeless sub-populations within a particular community are varied, with some needing permanent housing with extensive services and others needing just housing with a minimal amount of services.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Percentage of participants leaving HUD transitional housing who move to permanent housing.	39%	35%	35%	40%	Not Available*

*As APR data are provided to HUD by grantees three months after the project's operating year, 1999 APRs have not yet been reviewed and data entered. Therefore, data are not available for use in this report.

Analysis: A significant portion of persons leaving transitional housing move into permanent housing. However, there is still a large group of homeless persons in transitional housing who move to other "non-permanent" settings for a variety of reasons including, but not limited to, choice of another short-term option, a lack of desire to abide by program rules, or rule infractions.

Until recently, HUD had no resources with which to systematically review and tabulate individual grantees' Annual Progress Reports for this indicator. The figures above are based on a small, non-representative sample of all transitional housing graduates. As such, these figures may not reflect the actual percentage of persons leaving transitional housing who move to permanent housing. With funding provided by Congress to address these reports, HUD is contracting this effort out. As a result, HUD will be systematically reviewing and entering data information. This will allow the Department in the coming months to provide more nationally representative information on this indicator for the above years.

Performance Indicator-Homeless Assistance Grants: *The number of formerly homeless persons who move into HUD McKinney-funded permanent housing increases.* This indicator appears as 3.1.d in the FY 2000 APP and as 3.1.2 in the FY 2001 APP. HUD's use of McKinney funds for permanent housing and permanent supportive housing for persons with disabilities is a critical element in the broader program because it provides long-term stability that is essential to full self sufficiency. The program provides a valuable alternative to the revolving door of relatives, friends, institutions, and the nation's streets. There are no time limits on duration of stay in these beds.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of permanent beds that are linked to supportive services (cumulative number).	59,342	65,421	72,500	83,200	81,000

Analysis: HUD provided funding for 9,500 new permanent housing beds in FY 1999, increasing the estimated cumulative total number of permanent housing beds to 81,000. Because these numbers are planning estimates, actual usage depends on local decision-making. Therefore it is difficult to make comparisons. The numbers of new permanent housing beds should be increasing slightly over time because: 1) appropriations for the homeless assistance program increase every year adding to the current stock; 2) starting in 1999, Congress has required that at least 30 percent of homeless assistance funds go for permanent housing; and 3) there has been a noticeable increase in demand by communities for permanent housing assistance.

Performance Indicator-Homeless Assistance Grants: *The ratio of outside funds leveraged by HUD homeless funds remains above 1:1.* This indicator appears as 3.1.b in the FY 2000 APP. Another critical element in a community's efforts to successfully implement a Continuum of Care (CoC) is its ability to provide supplemental resources (i.e., proposed Federal, State, local, and private contributions) to the Federal funds awarded through the CoC application process. HUD strives to ensure that communities commit at least $1 for every $1 of homeless funds that HUD awards demonstrating their support for program objectives and encouraging local involvement.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Leverage at least $1 for every $1 of HUD McKinney Act Homeless funds awarded.	1:1	1:1	1:1	1:1	1:1

Analysis: This element, presented in the form of a ratio, identifies the level of resources that communities commit compared to funds that HUD awards. The ratios for FYs 1996 to 1999 were successfully in excess of 1 to 1.

Strategic Objective 3.2: Poor and disadvantaged families and individuals become self-sufficient and develop assets.

FY 1999: Increase the number of families, previously low- or moderate-income, becoming self-sufficient.

Performance Indicator: *Number of Neighborhood Network Centers with business plans describing objectives, milestones and timetables.* This indicator was moved to the BOP in FY 2000.

Indicator	FY98 Perf	FY99 Target	FY99 Perf

Number of Neighborhood Network Centers with business plans describing objectives, milestones and timetables.	86	112	204

Analysis: HUD established Neighborhood Networks at the end of FY 1995 to enhance the self-sufficiency, employability, and economic self-reliance of low-income families and the elderly living in HUD-insured and HUD-assisted multi-family properties. The Centers, operated by owners and tenants, provide residents and neighbors with on-site access to computer and training resources for all age groups. They also help support self-sufficiency by building job skills, providing access to job data banks and creating micro-enterprise development opportunities. The Office of Multifamily Housing made a significant contribution to communities throughout the country by officially opening 204 new Neighborhood Network Centers in FY 1999. Community Builders played a substantial role in achieving this success.

FY 1999 Goal: Increase the percentage of families with children moving towards self-sufficiency while residing in Public Housing (pertains to non-elderly, non-disabled families).

Performance Indicator: *Percentage of families with children residing in public housing deriving most of their income from work.* This indicator appears as 3.2.3 in the FY 2000 APP. This indicator tracks the success of PHAs in attracting working families as role models and in promoting work participation among existing residents. It measures the share of families with children for whom earnings are the source of at least 50 percent of total income.

Indicator	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Percentage of families with children residing in public housing deriving most of their income from work.	37%	41%	39%	45%

Analysis: In FY 1999, public housing authorities achieved a substantial success, increasing the share of families with children who are working to 45 percent, up from 41 percent in FY 1998 and exceeding the FY 1999 goal. Several significant factors contributed to this success. The 1998 public housing reform law allows housing authorities to admit some higher income families, usually working households. The law also permits PHAs to exclude new earned income from tenant rent calculations and gives tenants the option of paying flat rents that do not increase as income increases. The Family Self-Sufficiency (FSS) and Resident Opportunity and Supportive Services (ROSS) programs also help PHAs promote work among public housing families. These programmatic factors worked with the strong economy and with the time limits of the welfare reform law to encourage work participation.

Performance Indicator: *Percentage of families with children who move from welfare to work while residing in Public Housing.* This indicator has been revised in the FY 2001 APP, where it appears as 3.2.4. HUD wants housing authorities to help public housing residents move from welfare to work by helping families obtain needed services and by building work incentives into the administration of the public housing program. By focusing on families who continue to live in public housing – excluding working families who move in – this indicator tracks progress in promoting self-sufficiency more explicitly than the above indicator. However, it poses greater difficulties in estimation because individual families must be tracked over time. The FY 1999 result shown represents a baseline created with methodology improved from that used for previous estimates. Similar estimates for 1998 have not been determined. Like the indicator above, this identifies working families by determining that at least 50 percent of income derives from earnings.

Indicator	FY99 Perf
Percentage of *all* families with children who move from welfare to work while residing in Public Housing.	8.9%
Percentage of *welfare* families with children who moved from welfare to work while residing in public housing.	28%

Analysis: The 1999 data show that a remarkably large share (28 percent) of welfare families living in public housing in 1998 were working a year later. This performance substantially exceeds comparable movement to work of 13.5 percent in the two years between 1995 and 1997 (available data) – twice as many families left welfare in half the time. These estimates do not count families who move to work and also leave public housing in the interim. Improvements in reporting by public housing authorities during the 1995-1999 period make recent estimates more representative of the program than earlier estimates.

The substantial movement to self-sufficiency in public housing above the 1995-1997 baseline reflects the initial impact of welfare reform, including earlier state initiatives, which began increasing incentives to leave the welfare rolls. Housing authorities use a variety of tools to help families achieve self-sufficiency, including the Family Self-Sufficiency (FSS) program and Resident Opportunity and Supportive Services (ROSS), and increasing coordination between PHAs and local welfare agencies helped achieve the goal. Another major factor is the strong economy, which created nearly full employment and a favorable climate for low-skilled workers to enter the labor market.

Performance Indicator: *Percentage of families with children who move from welfare to work while assisted by tenant-based Section 8.* This indicator has been revised in the FY 2001 APP (3.2.5), where it tracks the transition from welfare to work among welfare families assisted by vouchers, parallel to the public housing indicator. Tenant-based Section 8 assistance is one of HUD's best tools to help families escape welfare dependency, because families are free to move to neighborhoods that are close to jobs. In addition, most housing authorities administering Section 8 have implemented Family Self-Sufficiency programs to help families become economically independent. The FY 1999 result shown represents a baseline created improved methodology. Similar estimates for 1998 have not been determined. Like the indicator above, this defines a working family as one that obtains at least 50 percent of income from earnings.

Indicator	FY99 Perf
Percentage of *all* families with children who move from welfare to work while assisted by tenant-based Section 8.	9.8%
Percentage of *welfare* families with children who moved from welfare to work while assisted by tenant-based Section 8 between 1998 and 1999.	32%

Analysis: During the 12-month period 1998-1999, 32 percent of voucher-assisted families who had been relying on welfare income began earning the majority of their income. These families represent 9.8 percent of all families with children in the Section 8 tenant-based program. Similar to the results in public housing, the 32 percent of Section 8 assisted welfare families moving to work over one year is a rate much higher than the 20.2 percent who moved from welfare to work over two years between 1995 and 1997. These estimates exclude families who begin working but also leave the Section 8 program, and the data cannot capture families who frequently cycle between welfare and work. Improvements in recent reporting by housing authorities make current estimates more representative of the program than earlier estimates.

The large fraction of families moving from welfare to work shows that Section 8 vouchers are a powerful tool for supporting self-sufficiency. The mobility provided by vouchers, along with the Family Self-Sufficiency program supporting voucher-assisted families, create opportunities for residents that they never had before. As discussed for the public housing goal, other major factors supporting this success are welfare reform, and the strong economy.

STRATEGIC GOAL 4
IMPROVE COMMUNITY QUALITY OF LIFE AND ECONOMIC VITALITY

Strategic Objective 4.1: The number, quality, and accessibility of jobs increase in urban and rural communities.

HUD designed the Community Development Block Grant (CDBG) entitlement, non-entitlement, economic development initiatives (EDI), and the Section 108 loan guarantee programs to help stimulate economic activity in distressed areas. These programs leverage billions of dollars in additional public and private investments and create additional jobs in States and communities that receive such funding. Other HUD programs, such as EZ/EC, have major impact on job creation in localized areas that need employment opportunities.

Performance Indicator-CDBG & Section 108: *Increase number of jobs created as a direct result of use of HUD funds and/or programs.* This indicator appears as 4.1.e (for CDBG and Section 108) and 4.1.a/4.2.b.5 (for EZ/ECs) in the FY 2001 APP. Grantees use CDBG funds for a variety of economic development activities, including developing infrastructure to support industry, creating incubators to help entrepreneurs become established. Job creation estimates for CDBG, EDI and Section 108 are estimates based on the level of appropriations and historical job creation results and reflect grantee decisions regarding the use of funds.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of jobs created as a direct result of use of CDBG, EDI and Section 108.	188,200	170,100	184,600	282,200	159,000
-- Created by CDBG Entitlement & non-Entitlement	150,200	148,100	144,100	NA	122,700
-- Created by Section 108	38,000	22,000	40,500	NA	37,000

Analysis: The Department altered the process for determining the number of jobs created for FY 1999, resulting in a decrease in the number of jobs reported for that year. HUD used the Integrated Disbursement and Information System to determine the amount of funds that the major entitlement communities disbursed during the year, then divided by the average cost to create a job to determine the number of jobs created. In past years, the Department used allocations rather than actual disbursements in the equation. As DGMS is implemented, job creation estimates will be based on actual jobs created or retained during the fiscal year as reported by grantees.

The number of jobs created/retained under the non-entitlement portion of the CDBG program was approximately 24,000, or 60 percent less than the original estimate of

60,600. The Department projected that states would use 19.8 percent of the funds for economic development, but the latest figures from 1997 state Performance Evaluation Reports (PERs) show that the percentage has dropped to 16.6 percent. Additionally, the original projections used baseline estimates of $4,136 per job created, but the 1997 PERs showed the cost more than doubled to $8,921 per job.

The FY 1999 actual job counts for Section 108 and EDI are significantly lower than the 137,300 previously estimated for two reasons. HUD revised the formula used to estimate job creation based on evidence that 60 percent of funding commitments are job related rather than the 75 percent previously used. Second, Section 108 targets were based on assumed full utilization of the $1.261 billion authorization, but actual FY 1999 loan guarantee commitments were only $431.815 million (34.2 percent of the total authorization). Thus, the net effect of the revised formula and actual commitment level account for the shortfall.

Performance Indicator-EZ/EC: *Number of jobs created/retained through partnerships in Empowerment Zones and Enterprise Communities.* In order to provide a more complete and accurate account of performance in the EZ/ECs, programmatic output indicators for the FY 2001 Annual Performance Plan have been substantially revised. The new output indicators reflect the percentage of EZ/ECs that achieve locally established goals in six categories including job creation.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of jobs created/retained through partnerships in Empowerment Zones and Enterprise Communities (Cumulative).	NA	NA	62,000	80,000	80,000

Analysis: These numbers represent the cumulative number of jobs created/retained since inception of the EZ/EC program in 1994. As EZ/ECs maintain their designation for a period of 10 years, funding is not based on an annual appropriation with annual goals tied to it. EZ/ECs are therefore required to report cumulative, rather than annual, accomplishments. As discussed below, in FY 1999, 81 percent of EZ/EC communities achieved their local goals for helping residents find gainful employment.

Strategic Objective 4.2: Disparities in well-being among neighborhoods and within metropolitan areas are reduced.

Performance Indicator-CDBG: *Exceed statutory mandate of 70 percent of funds used for activities which benefit low and moderate income persons.* This indicator was replaced by indicators 4.2.d, 4.2.e, and 4.2.f in the FY 2000 APP. The new indicators establish goals of maintaining current grantee targeting of benefits to low- and moderate-income persons, as well as deeper targeting of direct beneficiary activities to low-income persons.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Percentage of funds used for activities which benefit low and moderate income persons.	93.7%	94%	93.4%	92% Ent. 98% States	94.1% Ent.*

* Data for States are unavailable, however, historical performance suggests a rate of 98%

Analysis: The CDBG statute requires grantees – both entitlement communities and states – to use at least 70 percent of funds for activities that benefit low- and moderate-income persons. CDBG grantees historically have exceeded this requirement. Grantees have discretion regarding whether to target funds more deeply than required by statute, and some activities have clearer benefits for low- and moderate-income persons than others.

Performance Indicator-CDBG: *Strengthen planning and development capacity of State and local governments to revitalize distressed neighborhoods and communities, including increasing the number of jurisdictions whose Consolidated Plans are rated more highly, utilizing a standardized assessment.* This indicator was replaced by two indicators in the FY 2001 APP, tracking the number of Consolidated Plans with measurable performance goals and the number of Neighborhood Revitalization Strategy Areas identified (4.2.c / 5.1.c, 4.2.c.5). A related indicator dealing with the participation of public housing representatives in the consolidated planning process first appeared in the FY 2000 APP (1.2.p).

HUD's key strategy for empowering communities and their citizens is to help them develop effective Consolidated Plans that use HUD funds and local resources to respond to local needs. Initiated in 1994, the Consolidated Planning process is a comprehensive and rational approach to housing and community development planning. The process breaks down the barriers between HUD's four block grant programs, totaling over $6 billion annually, by allowing communities flexibility to use them in an integrated way to solve local problems. HUD folded 12 planning, application, and reporting requirements from these four grant programs into one planning and reporting system, enabling the communities to address their problems more comprehensively. This goal highlights the importance of ensuring that communities employ a planning process that asks the right questions, involves people who are affected by decisions and responds to local needs and opportunities.

Indicator	FY99 Target	FY99 Perf
Number of Consolidated Plans using standardized assessment.	1,025	1,115
Establish FY 2000 goal.	9/30/99	Complete

Analysis: In FY 1998, HUD developed standards for assessing Consolidated Plans and planned to have the standardized assessment ready for implementation in FY 1999 to achieve the goal of assessing 1,025 Consolidated Plans with the standardized assessment. Under this assessment process, 1,115 plans were reviewed in FY 1999.

Grantees are updating their five-year plans in FY 2000, and the assessment criteria specified in the new performance indicators will be applied to these Consolidated Plans and annual Implementation Plans. The FY 1999 APP also identified a sub-goal regarding the development of a Consolidated Plan performance indicator for FY 2000. This indicator appears as 4.2.c in the FY 2000 APP and was revised for FY 2001 as discussed above.

Performance Indicator-EZ/EC: *Increase percentage of EZs and ECs showing satisfactory progress defining local benchmarks (e.g. increasing employment, improving safety, and expanding the availability of affordable housing).* This indicator has been expanded as shown below for the FY 2001 APP, where it appears as 1.1.k, 1.2.q, 3.1.d, 3.2.a.5, 4.1.a, 4.3.a, and summarized at 4.2.b.5. The Empowerment Zone/Enterprise Community program is based upon principles of empowerment, local determination and focusing resources upon needy geographic areas. Applicants designate areas that meet threshold criteria for need, and develop plans for using federal and local resources to address those needs over ten years. EZs are able to offer federal tax relief to employers who locate in the zones and hire zone residents. A system to track the performance goals established in local plans and local progress toward planned goals each year is a crucial tool for ensuring program success and for identifying needs for technical assistance.

Performance Indicators	FY99 Perf
Develop tracking system	Completed by 6/30/98
Utilizing newly developed tracking system, percentage of all EZs and ECs that show satisfactory progress towards locally defined benchmarks.	-
Residents receiving homeownership assistance	79%
New affordable housing completed	75%
Rehabilitated affordable housing completed	70%
Homeless residents served by homeless assistance programs	100%
Residents served by social service programs	91%
Residents find gainful employment	81%
Residents served by public safety and crime prevention programs	94%

Analysis: The EZ/EC Performance Measurement System (PERMS) was developed as planned in FY 1998 and initial baseline data were analyzed. As a result of the analysis, HUD has been able to establish EZ/EC goals in more specific categories in the FY 2001 APP. These baseline data, reflected in the table above, show that EZ/ECs have greater difficulty completing some types of activities in time to achieve their initial goals. EZ/ECs exceeded the 90 percent threshold for "satisfactory" results in some activities (homeless assistance, social services and public safety/crime prevention) and fell short in activities that involve the complexities of increasing employment opportunities or of completing housing construction and rehabilitation. In the FY 2001 APP, HUD has responded to these variations in level of difficulty by setting goals for each activity that are appropriately challenging.

FY 1999 Goal: Stabilize homeownership in older and distressed urban neighborhoods.

America's cities have suffered greatly during the flight of middle-class and higher income households from urban neighborhoods along with businesses and tax base. In the FY 2000 and FY 2001 Annual Performance Plans, HUD identifies many meaningful strategies, as well as outcome-oriented performance measures, to achieve real progress in distressed communities and neighborhoods.

Performance Indicator-FHA: *Number of single family properties rehabilitated by a revamped 203(k) program*. This goal aims at stabilizing homeownership in older and distressed neighborhoods and provides the opportunity for homeowners to improve their living conditions. The goal is of continuing importance, and FHA is reengineering the program to make it a more viable tool by eliminating the potential for conflicts of interest by lenders and contractors who have victimized unsuspecting households who needed home repairs.

Indicator	FY96 Perf	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Number of single family properties rehabilitated by a revamped 203(k) program.	17,433	16,232	16,909	15,000	13,019

Analysis: FHA experienced a decline in the 203(k) program since for-profit investor participation was suspended in October 1996. To offset this decline, FHA has encouraged not-for-profit corporations to use 203(k) financing as part of their affordable housing programs for owner occupant buyers. Growth in not-for-profit loan volume has occurred in FY 1999.

Performance Indicator-FHA: *Success in revamping the direct Title I Home Improvement Loan Program and increasing its usage.* This indicator has been dropped from the FY 2001 APP. Further, the FY 1999 APP noted "Baseline is figure for FY 1997, not available at this time. We may revisit goal for FY 1999 based on FY 1998 experience and success in obtaining legislative reform."

Indicator	FY97 Perf	FY98 Perf	FY99 Target	FY99 Perf
Increased usage of the revamped direct Title I Home Improvement Loan Program.	Baseline		Baseline +5%	30,670

Analysis: In FY 1999, 30,670 homeowners received home improvement loans under the Title I program.

STRATEGIC GOAL 5
RESTORE PUBLIC TRUST

Overview

In the FY 1999 Annual Performance Plan, the Department included a section containing performance goals and indicators for implementing HUD 2020 Management Reforms. These management reforms were designed to establish an institutional infrastructure capable of serving the American people well into the 21st century. The performance goals and indicators focused both on (1) short-term measures for accomplishing required organizational changes in FY 1999 and (2) initial measures for assessing the long-term impact of management reforms on changing HUD's internal culture, correcting internal weaknesses, and ensuring effective customer services. These initial measures have been expanded upon and incorporated in the Strategic Goal, Restore the Public Trust, which HUD established in its FY 2000 APP.

Management Reforms: Major Organizational Changes

The HUD 2020 Management Reforms fundamentally overhauled HUD's programs and operations to make them more efficient and responsive. HUD has adopted a businesslike structure to better achieve its public purposes and to better support its partners and its congressionally mandated lines of business. The new structure has defined a clear mission divided into identifiable functions for each separate business line. It has centralized some operations to realize economies of scale while decentralizing newly enhanced customer assistance functions to improve service delivery and innovation. It makes better use of technological advances to improve efficiency in both front-line service delivery and back-office processing centers, while making information on HUD's programs and resources more widely available through the Internet and other technology.

To establish the foundation for lasting success, the FY 1999 APP identified performance goals to implement the following major organizational changes in 1999: the Real Estate Assessment Center; the Section 8 Financial Management Center; and the Enforcement Center.

FY 1999 Goal: Capture, standardize, improve and evaluate financial and physical data of the portfolio of properties for which HUD has a financial interest and/or statutory obligation. This includes: establishing and maintaining standards; collecting data, either electronically or in standard format; using both staff and contractors to collect and evaluate data; and providing useful physical and financial assessment in a user-friendly format.

Real Estate Assessment Center (REAC)

In FY 1999, the Real Estate Assessment Center brought several of its major assessment systems on-line and began providing timely, accurate and objective information on the condition of HUD's real estate portfolio. REAC met, and in many cases exceeded, its 1999 Annual Performance Plan Goals. Major accomplishments are described under the following indicators.

Performance Indicator: *Establish Capability to Complete Physical Assessments*

Shortly after REAC was created, HUD began the first-ever physical condition inspection of public and assisted multifamily housing properties nationwide. The inspection process will be conducted annually and will significantly improve HUD's ability to ensure that assisted rental housing is decent, safe, sanitary and in good repair. In FY 1999, 28,610 properties were inspected and over 83 percent of properties scored above HUD's minimum level for "decent, safe, and sanitary" housing.

Performance Indicator: *Establish Fully Operational Assessment Center*

REAC was considered fully operational when it demonstrated the capability to produce physical and financial scores for public housing and multifamily assisted entities and to produce integrated PHAS Advisory scores. During 1999, REAC successfully deployed most of its major assessment systems, including physical, financial, management operations and resident surveys.

By year-end REAC not only satisfied its initial charter, but also had already begun to implement other assessment tools not envisioned in its original scope of work. These additional processes include tenant income verifications and FHA single family appraisal quality reviews.

Performance Indicator: *Establish Financial and Physical Baseline Scores*

The physical condition assessments represent the first-ever objective, standardized physical inspections of HUD's housing portfolio. In FY 1999, 28,610 properties were inspected and over 83 percent of properties scored above HUD's minimum level for "decent, safe, and sanitary" housing.

The financial condition assessments represent the first time that HUD has had an automated national data base of complete financial statements and compliance audit information for monitoring projects and managing risks within its housing portfolio. The two-part automated assessment of each project's submission, consists of: (1) a project owner's compliance with major HUD housing program requirements; and (2) the project's overall financial condition and risk to HUD. Financial assessment and referral processes replace staff-intensive manual review processes that were inconsistently performed and responded to across field offices in the past. Approximately 80 percent of public housing agencies and over three-fourths of private owners required to submit have submitted financial statements.

Based on the percentage of physical inspections and financial soundness assessments completed to date, REAC has developed preliminary baseline scoring data. This information is already being provided to program areas that are using it for preliminary risk analysis. FY 2000 will be the first full year of data collection for all of the major REAC systems. Data from this year will be used by the Department as the official baseline for measuring future improvement in physical and financial condition of public housing agencies and multifamily assisted properties.

Performance Indicator: *Increase the percentage of entities physically inspected and scored (72 percent of total in 99)*

REAC's target number of completed inspections for FY 1999 was 21,900. We exceeded that target and actually completed 28,610 inspections, representing 131 percent of the goal. Each physical inspection produces two reports. The first is a list of exigent health and safety deficiencies that is presented to the property manager or representative on the day of the inspection. These deficiencies must be corrected within 72 hours. The corrections lead to an immediate improvement in living conditions directly attributable to the physical inspection process. A second, more comprehensive report which follows, details every deficiency noted during the inspection and scores each property based on an objective scale. Results of the FY 1999 REAC physical inspection process have been communicated to HUD program staff for further analysis during the advisory period. Beginning in FY 2000, actual scores will be used as the basis for risk identification, corrective action plans, and in many cases referral to either Troubled Agency Recovery Centers or the Departmental Enforcement Center.

HUD's 2000 Annual Performance Plan contains an output indicator to identify the number of public and multifamily housing properties that meet HUD physical condition standards. REAC's physical inspection system is the data source for this indicator. The results of 30,000 inspections to be conducted by REAC in FY 2000 will establish a baseline for the number of properties that meet HUD standards, and to determine the number of properties that are free of life threatening health and safety deficiencies. This baseline data will be used by PIH and multifamily program areas to determine improvement in these areas beginning in FY2001.

Performance Indicator: *Increase the percentage of Multifamily entities required to report who submit information electronically and are scored.*

During FY 1999, REAC made significant progress in developing and implementing automated systems and processes to enable the Office of Housing to correct long-standing material weaknesses in the monitoring and management of program compliance requirements and financial risks related to its multifamily housing portfolio. REAC's Financial Assessment Subsystem (FASS) was completed on time and placed into production in January 1999. FASS enables project owners to electronically submit required annual financial statement and audit information to REAC via a secure Internet-based system.

The FASS implements the new September 1998 HUD rule on "Uniform Financial Reporting Requirements for HUD-Supported Housing Programs," which was effective for multifamily housing projects with fiscal years ending December 31, 1998, and thereafter. In accordance with the new rule, the first required submissions to FASS were originally due by April 30, 1999. Modifications to the rule delayed the first required submissions to the FASS until August 31, 1999.

Despite this delay, REAC substantially met its BOP goal of 12,000 assessed submissions. As reported in BOPPAS, 10,356 submissions were received and assessed by the fiscal year end, another 3,182 were in progress and have since been completed.

The HUD 2000 Annual Performance Plan contains an output indicator, and REAC will determine the number of multifamily properties that have substandard financial management. The REAC FASS system is the data source for that indicator and will complete financial analysis of 100 percent of the multifamily properties required to report. REAC expects to receive and assess between 15,000 and 17,000 submissions during the year.

FASS data will be used by the Office of Multifamily Housing Assistance Restructuring (OMHAR) to pursue cost efficiency savings, and by the FHA Comptroller's Office to compute the Loan Loss Reserve estimates for the FHA funds. As REAC completes the first full FASS reporting cycle in FY 2000, more sophisticated peer group comparative analyses will be performed and provided to Housing and EC staff. These additional tools will strengthen their asset management and enforcement activity.

Performance Indicator: *Increase the number of public housing authorities with integrated PHAS advisory scores (78 percent in 99)*

REAC comfortably met its FY 1999 target for issuance of integrated PHAS scores by releasing PHAS advisory scores for 2,500 PHAs, 44 more than its target goal. Furthermore, 654 additional PHAS scores were issued by March 8, 2000. Production of the FY 1999 advisory PHAS required a coordinated effort between several REAC business areas, contractor support, PHAs and PIH program offices, both at headquarters and the field. In FY 1999, physical inspections and financial assessments were completed by REAC while management information (from PHMAP) was submitted by PHAs. REAC reviewed, conducted quality assurance, accepted and scored the information received. Finally, it was combined by REAC's Integrated Assessment Subsystem (NASS) into an integrated PHAS report for each PHA. PHAS advisory reports were sent to PIH for their review and approval before release to PHAs via the Internet, or by mail if the PHA did not have access to the Internet.

HUD's 2000 Annual Performance Plan contains an output indicator to determine the number of public housing units managed by troubled housing agencies. REAC is the data source for this indicator. In FY 2000 REAC will issue advisory and "real" PHAS scores for approximately 3,170 PHAs. This involves completion of all FY 1999 PHAS advisory scores, as well as advisory scores for the first two quarters of FY 2000 and substantial portions of the real PHAS scores to be produced in the last two quarters of FY 2000.

Also during this year, resident surveys at all PHAs will be introduced as a fourth component to the PHAS score. This will require coordination between REAC, contractor support, PIH, the PHAs and the residents selected for the survey.

Performance Indicator: *Establish Mechanism for Reporting Results to HUD Stakeholders*

REAC is using technology to improve HUD's oversight of its housing portfolio and to minimize the burden of the assessment process on its business partners. To this end REAC is transitioning all paper reporting to electronic mediums, using the Internet as its primary communication vehicle with partners and customers. All assessment information including handbooks, guidance, data input features and secure connections for retrieving assessment scores are available on the REAC Website. REAC also established an extended hour Technical Assistance Call Center to manage more than 12,000 phone, fax and email communications received monthly. Additionally, REAC reached directly to customers through presentations by REAC staff at more than 50 industry events last year.

FY 1999 Goal: Establish a unified center for Section 8 payments processing, including budget, payments, contracting, financial statements, rent calculations and income verification.

Section 8 Financial Management Center (FMC)

Performance Indicator: *All approvable budgets and payment schedules and revisions received by the due date will be reviewed, entered and approved for system payment in time for payment to be made on the first date of the budget period or the effective date of the revision.*

FMC developed a report generated from HUD's Central Accounting and Program System (HUDCAPS) data at specific intervals. This "Payments Not Scheduled" report lists all Annual Contribution Contracts (ACCs) for which a payment has not been scheduled in an identified month. The report for October 1, 1999, identified that, as of that date, a total of 239 ACCs out of 10,400, did not have October 1 payments scheduled, including those for whom payments were not due. This means that 97.7

percent of the inventory had payments scheduled. As of November 1, the number not scheduled totaled 172, representing 1.6 percent of the inventory.

During FY 1999, FMC transferred to its jurisdiction the financial management of the PIH tenant-based Section 8 programs, and the Office of Multifamily Housing (MF) project-based Section 8 programs administered under an ACC. All contracts did not have a current, approved budget and payment schedule at the time of transfer.

Additionally, the MF ACCs were to receive advance payments prior to transfer, to prevent a lapse of payments during the system conversion. The advance payments were not received by all housing agencies as planned. Thus, the FMC focused its budget work on ensuring the receipt and approval of a budget and establishing a payment schedule for every ACC. As new budgets or revisions were received, their processing was a priority.

Performance Indicator: *Housing agencies (HA) and contract administrators (CA) who have not submitted a budget and payment schedule within 45 days of the start of the HA or project FY will be notified in writing that payments may not begin on time if the documents are not received within 15 days of the notification.*

The FMC has standard procedures that direct financial analysts to notify HAs and CAs of overdue budget submissions, and standard letters to use for that purpose. Each financial analyst maintains a financial documents log and generates the letters as needed. In the letters sent to each HA and CA upon transfer of their workload to the FMC, the agencies were specifically advised that the FMC would not generate payments without approved budgets. The fact that less than 2 percent of the ACCs do not have current payments scheduled, including a number for whom payments are not needed, demonstrates that HA/CA submission of budgets is not a significant problem.

Performance Indicator: *All HAs and CAs who have not submitted a year-end settlement within 45 days of the end of the FY will be notified of the impacts on the program or project.*

The FMC has standard procedures that direct financial analysts to remind HAs and CAs of overdue year-end settlement submissions, and standard letters to use for that purpose. Each financial analyst maintains a financial documents log and generates the letters as needed. The letters advise the HAs and CAs that program reserves generated during the fiscal year will not be available to support the next year's expenditures until the settlements are received.

The receipt and processing of year-end settlements is a critical activity, because it is the only vehicle to identify and recoup excess advances made to the agencies, and because it is the only source document to determine if there are excess reserves which should be recaptured. During FY 2000 we will modify our internal reports to clearly identify those settlements which have not been received, to enable closer management oversight and ensure greater accountability for and collection of any excess advances.

Performance Indicator: *At least 90 percent of year-end settlements will be reviewed, reconciled and approved in the system within 30 days of receipt, and underpayments will be scheduled for immediate payment, overpayments will be offset against the next available payment(s).*

During FY 1999, FMC focused its year-end settlement activities on bringing ACCs current to the immediately prior fiscal year, as many settlements were not current at the time of transfer to the FMC. The Department processed a recapture of excess tenant-based program reserves at the end of July, 1999, which is reflected on the latest settlement that was open at that time. Final activities involving the recapture took several months, which delayed processing the year-end settlements.

Although processing of year-end settlements is an important activity, it is normally given less priority that processing funding and payments. Nevertheless, during FY 2000, the FMC will develop and utilize an internal report to identify uncollected overpayments and unscheduled underpayments, if any, and will continue using management reports to ensure timely closing of year-end settlements.

Performance Indicator: *Any rejected payment identified on the Rejected Payments Report will be corrected within three business days if it is within the control of HUD.*

The FMC closely monitors all incidents of rejected payments in HUDCAPS. The FMC has developed a report from HUDCAPS data that succinctly identifies every rejected payment in the system.

On July 1, 1999, FMC accepted responsibility for the first PIH field office. The June 1, 1998, report from HUDCAPS identified that 248 tenant-based ACCS (out of a universe of approximately 6,025) had rejected payments. For the most recent month, November 1999, a total of 47 tenant-based and project-based ACCs (out of a universe of approximately 10,400) had rejected payments; this represents less than one-half of one percent. Rejections generally attributable to insufficient budget authority or a technical problem are monitored until they are corrected.

Performance Indicator: *All reserved funds will be contracted within 60 days unless contract action is delayed by specific HUD decision.*

The biggest source of funding processed by the FMC supports PIH tenant-based contract renewals. For these, HUD has authority for unilateral contracting; financial analysts contract the funds as soon as the approving official has approved the reservation. A tightly controlled renewal process depends upon computer matching of required funding with actual transactions processed to ensure 100 percent accuracy. This process identifies any uncontracted amounts as an error.

When the PIH workload was transferred to the FMC, there were substantial uncontracted dollars dating back many years. During FY 1999, the financial analysts made a concerted effort to research this funding and determine whether it should be contracted or cancelled. As a result, by year’s end, there were only approximately $20 million uncontracted for the tenant-based programs. When the multifamily workload was transferred to the FMC, uncontracted dollars exceeded $100 million, dating back many years. All reservations were cancelled as part of the FY 1999 year-end closing, and only those funds identified as necessary will be re-reserved and contracted. The FMC has developed an internal management report from the HUDCAPS data that identifies the specific information on each uncontracted reservation, to facilitate research and to monitor resolution.

Performance Indicator: *LOCCS will be continuously reviewed and rejected payment vouchers will be adjusted and paid within 3 business days if it is within the control of HUD.*

The FMC carefully monitors the review of rejected payment vouchers in Line of Credit Control System (LOCCS). Lists of vouchers which exceed the established threshold are downloaded from LOCCS on a daily basis to an Access database and are used to monitor and document review performance. A review is considered complete when the basis for recommending approval or disapproval is adequately documented on the review form and all findings that require corrective action are verbally communicated to the owner.

The FMC presently has nine Voucher Specialists and one supervisor, to serve an inventory of approximately 20,000 HAP and other subsidy contracts. Additionally, the Office of Housing adopted a policy in mid-1999 to allow owners to merge multiple HAP contracts on a single property into one contract, at the time of the next renewal. That action caused the number of rejected vouchers each month to triple, and it now stands at about 1000 monthly. Review times vary, based on types of problems encountered and contract size. Voucher Specialists are required to complete the review of a voucher within three weeks of receipt of the hard copy. In the final quarter of FY 1999, the following activity occurred: 2169 vouchers were received for review; 80 percent were reviewed in less than 21 days; and 51 percent were reviewed in less than 7 days. The average review time was 12 days.

Performance Indicator: *A 90 percent reporting level will be attained and maintained for tenant data in MTCS and TRACS.*

Housing Authorities are at a 97 percent reporting rate for tenant data in MTCS for Section 8 tenant-based programs. The FMC's role for tenant-based programs is limited to applying sanctions against the administrative fees of those agencies which do not meet the reporting requirements and do not receive forbearance. The FMC has identified a number of project-based HAP contracts for which TRACS reporting is below the required levels, through pre-payment reviews of rejected vouchers and some limited post-payment reviews. Rejected vouchers are generally not approved unless and until current tenant certifications are in TRACS for 85 percent of the participants. The FMC will identify all contracts without a sufficient level of tenant reporting, using the TRACS data download, allowing for consistent follow-up on this requirement.

Performance Indicator: *All renewal reservations will be priced, created and approved prior to the expiration date of the increment/project being renewed, if funds are assigned by Headquarters at least 10 business days prior to the expiration date.*

The FMC processes all tenant-based Section 8 renewals, based on pricing information provided by Headquarters. In FY 1999, renewal funding was provided separately for the 2nd quarter and the 3rd quarter. Funding for the 4th quarter of FY 1999 and the 1st quarter of FY 2000 was provided at the same time. In each case, the funding was assigned more than ten days prior to the expiration date. Because of the volume of expiring increments (8,000 for the 2nd quarter, 5,300 for the 3rd quarter, and 7,200 for the 4th and 1st quarters), the reservation and contracting process was not completed in all cases by the initial expiration date. After the 2nd quarter processing was completed, the FMC developed new renewal procedures which significantly streamlined the work and additionally provided a 100 percent computer verification of renewal funding, dates and terms. This enabled the remaining quarters' renewals to be processed more expeditiously. By September 30, 1999, renewals had been completed in HUDCAPS for all increments expiring through December 31, 1999. During FY 1999, the Financial Analysts at the FMC also identified and corrected hundreds of renewal discrepancies from prior years, such that the database is significantly more accurate than it has been in past years.

FY 1999 Goal: Consolidate existing organizations and employees to create a business-like entity to deal with the enforcement activities of the Department.

Enforcement Center

Performance Indicators:

> *Improve timeliness for implementation and completion of enforcement actions for the Department.*
>
> *Achieve a reduction in the number of troubled properties over the next five years.*
>
> *Increase savings to the Federal Government through recoveries obtained, savings in program funds, and avoidance of insurance claims.*

The Departmental Enforcement Center (DEC) began operations on September 1, 1998. It was established to centralize the management of enforcement initiatives so HUD could be more effective in bringing resolution to the most difficult and significant non-compliance issues among the recipients of the Department's program resources. Although the DEC is autonomous, it functions in a collaborative manner with other HUD program offices. By taking aggressive enforcement action on multifamily and public housing referrals for non-compliance violations, HUD has moved closer to restoring the public trust by enhancing its ability to provide decent, safe, and sanitary housing for low and moderate income households.

In FY 1999, the DEC Headquarters was focused on completing approximately 483 cases referred for evaluation by the Office of Housing and the REAC. Additionally, administrative proceedings activities which included debarments and suspensions referred by the field offices, the handling of Limited Denials of Participation (LDPs) appeals, and multifamily previous participation appeals resulted in taking over 660 administrative sanctions which contributed to an extremely productive first year for the DEC.

In FY 1999, the DEC was successful in beginning to reduce risk to the FHA fund by closing 34 percent of the cases referred by REAC and Multifamily Housing. The 483 referrals from REAC and Multifamily Housing related to properties that had failed physical inspections. The DEC implemented a “team critical case review” evaluation process that yielded the best enforcement plans for resolution of non-compliance issues. The DEC also worked closely with the Office of Housing and Multifamily HUB Directors to foster a collaborative spirit on multifamily issues and to establish guidelines for handling sensitive cases.

Throughout FY 1999, DEC representatives met with members of the housing industry and other HUD program offices to communicate its mission and objectives and to defend its aggressive but fair enforcement actions. The DEC’s presence alone has served as a credible deterrent and has encouraged owners to comply with HUD regulations.

The DEC’s most significant accomplishment in FY 1999 was the building of greater internal capacity within the organization to resolve cases in a more effective, efficient, and timely manner. The Center has implemented new policies and procedures based on findings and recommendations of an independent management study.

In FY 1999, the Department transferred the Mortgagee Review Board to the DEC. At the time of the transfer, a backlog of cases existed and many cases were pending before the Board. The DEC successfully eliminated the backlog and significantly reduced the normal processing time for cases from over one year to approximately nine months. These achievements have clearly sent the message that HUD is serious about enforcement.

In addition, the DEC is responsible for making determinations on referrals for suspensions, proposed debarments, LDPs, and 2,530 participation appeals for HUD. Furthermore, DEC over the past year took legal enforcement action for the Department that resulted in a dramatic increase in monetary recoveries. In FY 1999, recoveries were in excess of $15.5 million, compared with $5 million in FY 1998 by predecessor enforcement entities. The DEC also completed enforcement actions related to 366 properties. The enforcement actions included:

- 19 foreclosures commenced;
- 8 managing agents replaced;
- 21 notices of regulatory agreement or HAP contract violations sent to owners;
- 968 housing units restored to decent, safe, and sanitary conditions;
- $4.6 million in pre-payments obtained; and
- $500,000 in owner improvements to properties obtained.

Other actions taken by the Administrative Proceedings staff during the year included:

- reviewing the legal sufficiency of 255 suspensions and/or proposed debarment notices;
- assisting the Mortgagee Review Board in withdrawing the approval of seven mortgagees;
- assessing $3.1 million in loan indemnifications; and
- assisting the Office of Housing with legal counsel and administration of the appeal process in terminating the loan origination authority of 27 institutions under the Credit Watch program.

Establishment of the DEC has sent a clear signal that HUD is committed to eliminating waste, fraud, and abuse, while recovering damages for fraud and violations of the nation's housing laws.

FY 1999 Goal: HUD's workforce is empowered, capable, and focused on results.

Management Reforms: Management Performance Measures

For the Department to achieve its mission, it must continually demonstrate that it has the organizational competence and capacity to deliver effective and responsive programs and services to the public. HUD's stewardship of the billions of taxpayer dollars it administers must be credible, and earn the confidence of Congress and the public.

The scope and complexity of this stewardship is evidenced by the challenges HUD faces to utilize its budgeted resources and 9,300 employees to effectively deliver and control vitally needed housing and community development programs that represent $32 billion of annual grant, subsidy and loan expenses, $102 billion of long-term contractual commitments, $425 billion of mortgage insurance risk exposure, $3.3 billion of HUD-held mortgage notes, $3.6 billion of HUD-owned real estate, and $542 billion of mortgage-backed securities risk exposure.

HUD is committed to quality management of its programs and has established a Strategic Goal in its FY 2000 Annual Performance Plan "To Restore the Public Trust." This goal, and its related performance goals and measures, are designed to ensure that HUD remains focused on the continuous improvement of the organization and functions and on producing results for customers. HUD will use the performance measures established for this Strategic Goal to track the results of our management reforms in laying the foundation for lasting success.

The following discussion reports on the initial 1999 APP indicators which have since been revised, expanded and incorporated in the Strategic Goal established for measuring HUD's management performance in FY 2000 and beyond.

Performance Indicators:

Annual targets for change in organization culture, measured by periodic employee panel surveys;

Percentage of employees who believe they are being held accountable for external results rather than adherence to process.

Percentage of employees who understand the Department's mission and their role in achieving it.

Percentage of employees who can identify their internal and external customers and who believe they have the authority, skills, tools and internal relationships to deliver for customers.

These indicators were combined into indicator 5.1.1 in the FY 2000 APP. The implementation of management reform has changed HUD's organization and culture, moving the focus from process to customer-driven results. To support continued empowerment that service customers, HUD will use periodic employee surveys to assess the impacts of HUD 2020 Management Reform on HUD's workforce over the long term. These surveys will measure the satisfaction level of employees, their knowledge of who their customers, what their mission and goals are, and the level of their authority, skills, tools, and internal relationships to do their jobs.

HUD was one of forty-six (46) federal agencies and departments that were surveyed by the National Partnership for Reinventing Government (NPR) in 1998 and 1999.

The NPR survey strongly reinforces that HUD's workforce is empowered, capable and focused on results. For example, HUD scored very well in the following areas:

- Electronic access to information needed to do your work - The response was 75 percent positive. This positive score reflects the Department's continued commitment to improving the delivery of HUD programs and services to its partners and customers by providing employees with the most effective and up-to-date electronic tools and capabilities for doing their jobs.
- There are service goals aimed at meeting customer expectations - The response was 74 percent positive. In HUD's Business and Operating Plan, each field office has clearly defined service goals for meeting customer expectations. This 74 percent positive is a clear recognition by our employees of the Department's emphasis on customer service.

In a number of areas, HUD made particularly outstanding improvements (percentage of increase) over last year's results. The following responses are most notable:

- Overall Quality of Work - There was a <u>4 percent increase</u> (from 67 percent to 71 percent) increase in employee perception of the overall quality of work being done on a daily basis within the employees' work groups. HUD compares favorably with other government agencies in this category.
- Job Satisfaction - HUD scored a <u>10 percent increase</u> over last year's responses regarding employees' job satisfaction—from a 54 percent positive to a 64 percent positive in job satisfaction. The job satisfaction among HUD employees was greater than the averages/positives in both the government and in the private sector.
- Job being done by your Immediate Supervisor - There was a <u>10 percent jump</u> from 1998 to 1999 (53 percent to 63 percent)in the perception that HUD employees had about the job being done by their immediate supervisors. HUD's positives/averages were above the government-wide norm in this category.

It is notable that HUD received such positive ratings from employees during a period of enormous internal change. These results demonstrate that HUD is moving towards being a more results-focused and empowering organization.

Performance Indicator: *All Management Reform organizational and program changes are implemented as scheduled or when authorized.*

All key elements of the HUD 2020 Management Reform Plan are solidly in place. By implementing the Plan, the Department has established a new management system organized by function instead of programs; developed a new structure that separates processing and public trust functions from constituent service operations; a new evaluation system for HUD operations and managers that stresses performance results over process; new training and skills for HUD workforce development; new technology to integrate the Department's information and financial management systems; and new organizations dedicated exclusively to fighting fraud, waste and abuse. In addition to the three new centers discussed -- REAC, Section 8 Financial Management Center, and the Enforcement Center, HUD has made the following management reforms:

- Established consolidated centers for Troubled Agency Recovery, Accounting, Multifamily Development, Home Ownership, Grants Management, Special Applications, Administrative Service, Employee Service, and Title I Financial Operations. These consolidations have streamlined program administration and management functions.
- Organized "back office" processing centers to consolidate HUD's expertise and capacity for handling high volumes of repetitive transactions or specialized services, on a national scale.
- Established a new Business and Operating Plan (BOP) process to increase accountability and involve and unify the entire Department – both headquarters and field – in the development, coordination and implementation of office goals and action plans that achieve the goals identified in the Strategic and Annual Performance Plans (APP).
- Implemented a performance-based personnel evaluation system for senior managers that links critical performance elements and standards to specific Annual Performance Plan / Business and Operating Plan goals and objectives.
- Developed new employee skills in information systems management, procurement, civil rights enforcement, asset development and management, program and real estate administration, and economic development and customer service through the HUD Training Academy's use of a sophisticated mix of multimedia distance learning and on-the-job training.
- Established positions for new Community Builders to assist communities in identifying their needs and developing action plans that cross program lines to meet community needs.

In addition to these reforms, the Department worked with the National Academy of Public Administration to develop the optimum methodology for resource management throughout the Department. This tool will enable the Department to effectively estimate, allocate, and monitor its workforce resources.

HUD has also dramatically improved its procurement procedures and operations. HUD has installed a Chief Procurement Officer, who reports directly to the Deputy Secretary. Key procurement reforms include: establishing a Contract Management

Review Board to review and approve each program office's strategic procurement plan and individual contracts exceeding $1 million; requiring legal reviews and inputs on significant contract actions; designating 81 staff to perform full-time Government Technical Representative (GTR) duties; and implementing a GTR Certification Program to train GTRs in contract oversight and monitoring.

Performance Indicators:

Higher percentage of FTEs devoted to operational functions by 2001.

Percentage of reduction in S&E FTEs below 1996 usage.

These indicators were designed to ensure that HUD's reorganization resulted in staff savings equitably distributed among operational and non-operational activities such as policy, program management and oversight. In 1996, HUD had 10,542 Full-Time Equivalents (FTEs). In 1999, that figure dropped to 8,957, a reduction of 15 percent. The percentage of FTEs devoted to operational functions was 76.9 percent in 1996 and by 1999 stayed relatively constant at 75.8 percent. Notwithstanding the reduction of almost 1,600 FTEs, the department was able to approximately maintain the percentage of staff devoted to operational functions such as program delivery and customer service. The Department projects a workforce of 9,200 FTEs in FY 2000, and 9,300 FTEs in FY 2001, which will continue to increase staffing of its operational functions. This is consistent with its reorganization into a leaner more efficient organization while expanding its capacity to meet customers' needs.

Performance Indicator: *HUD removed from GAO high-risk list.*

During the past three years, the Department has made considerable progress in addressing its management challenges as identified in prior reviews and recommendations by the Congress, General Accounting Office and the Inspector General. The HUD 2020 Management Reforms are now solidly in place and are transforming HUD into a high performing Department

In 1994, the General Accounting Office reported HUD as a high risk agency because of serious management problems resulting from long-standing deficiencies in internal controls, information and financial management systems, organizational structure and staffing.

In June 1997, HUD's 2020 Management Reform Plan was initiated to specifically address these long standing management deficiencies and to ensure HUD's relevance and effectiveness well into the 21st Century by fundamentally overhauling the culture and program operations of the agency. The reforms included organizing the agency by function rather than by program, establishing a new customer-friendly structure for local offices, modernizing and integrating HUD's financial management systems, creating an enforcement authority, retraining HUD's workforce to carry out our revitalized mission, and establishing performance-based systems for program operations and employees.

In their January 1999 report on HUD's "Major Management Challenges and Program Risks," the GAO recognized HUD's progress in implementing these reforms, reporting that:

"HUD is making significant changes and has made credible progress since 1997 in laying the framework for improving the way the Department is managed….A major contributor to this progress is HUD's June 1997 2020 Management Reform Plan, a set of proposals intended to, among other things, correct the management deficiencies that we and others identified."

GAO did not remove HUD's high-risk designation at the time of the January, 1999 report because they believe that the Department still needs to demonstrate results of management reforms. Since the report, the Department has successfully implemented all key elements of the HUD 2020 Management Reform. With these elements in place, we are showing positive results, and we will continue to demonstrate significant progress in mitigating the risks identified by GAO. HUD will remain committed to quality management of its programs and service and to producing results that meet customer needs.

Performance Indicator: *Clean financial statements on HUD operations consistently obtained.*

In its independent audit report, "HUD Audit of Fiscal Year 1998 Consolidated Financial Statements" (March 1999), the Inspector General issued to HUD its first ever unqualified audit opinion on HUD's financial statements. This accomplishment represents substantial progress in resolving issues that resulted in qualified opinions for previous audits. Retention of an "unqualified opinion" is an important continuing performance measure for HUD.

The 1998 audit also noted material weaknesses that the Department continues to address to strengthen its internal management controls. The Department has developed corrective action plans for eliminating each of these material weaknesses. Considerable progress has been made in resolving these material weaknesses as a result of our work in addressing the broad GAO high risk areas. The Deputy Secretary has established a process for regularly meeting with Principal Staff to ensure accountability for progress on these important management issues. As part of this program, the Chief Financial Officer has implemented a tracking system to ensure the timely completion of corrective actions to eliminate all identified material weaknesses by HUD managers.

Performance Indicator: *Program-specific measures included in program annual Management Plans to address outcomes for major Management Reforms.*

This Indicator was a reference to the reader that other Strategic Goals in the FY 1999 APP contain performance measures that are linked to the Management Reform Plan. As already indicated, all of HUD's 2020 Management Reforms were effectuated in FY 1999, and the results of the implementation of these reforms are already being reflected in the program performance results described in this report. The FY 2000 and 2001 APPs contain specific measures of individual management improvements in all major program areas -- for example, improvements in SEMAP scores and income verification. These improvements will be measured in Annual Performance Reports and through monthly measurement of our Business and Operating Plan targets and results.

Performance Indicator: *Achievement of increasing percentage of performance goals in Annual Performance Plan.*

The Congress, the General Accounting Office (GAO) and the National Academy of Public Administration (NAPA) have all guided the Department in developing and improving our overall efforts under the Government Performance Results Act and specifically, in improving our Annual Performance Plans. The FY 1999 APP was a starting point that the FY 2000 APP substantially expanded and improved upon to reflect the guidance that has been provided. The Department has increased the number of specific indicators and has made deletions, additions and edits to better capture the strategic goals and efforts of the Department and, in particular, to make these efforts more outcome oriented. Therefore, the comparison of preceding and succeeding APPs has serious limitations and the success of each APP is best measured against the goals which are set out in that specific APP rather than in comparison to any previous plans. The post-1999 APPs are significantly bolder and outcome oriented than the Department's earlier efforts and this has been recognized by the Congress, GAO and NAPA. Each APP reflects issues such as the influence of externalities and the fact that HUD's program efforts are highly interdependent with both choices and efforts made by our major partners including state and local governments, non-profits and for profit organizations. In addition, our success will be significantly impacted by the level of resources provided by the Congress. We anticipate expanding success in achieving our Strategic Plan goals as well as increasing performance under our proposed indicators and increasing success in meeting the greatest share possible of specific indicator targets.

Performance Indicator: *Improvement in customer satisfaction measured through surveys of customer groups.*

This indicator has been revised in the FY 2000 APP, where it distinguishes between partners (5.1.2) and final customers, such as public housing residents and assisted renters (5.1.3).

In FY 1999, PD&R developed and pilot-tested a resident satisfaction survey of tenant-based Section 8 households and REAC developed a similar survey for public housing residents. The survey of public housing residents is part of REAC's Resident Satisfaction Assessment Subsystem (RASS), which constitutes 10 percent of each PHA's score under the Public Housing Assessment System. Baseline data for the RASS surveys and the Section 8 surveys will be complete in FY 2000, and will be presented in the FY 2000 Annual Performance Report. The HOPE VI evaluation currently underway also includes a resident satisfaction component as a central feature of the methodology for assessing the success of the HOPE VI revitalization projects for severely distressed public housing. These customer satisfaction scores will be available in FY 2000.

In FY 1999, HUD initiated a contract with the Urban Institute to survey HUD's partners and stakeholders. The survey is designed to illuminate issues surrounding HUD's programs and direction as well as the capability of partners to achieve intended results with HUD programs. The research will support statistically representative estimates of subgroups including directors of PHAs, community development agencies, FHAP agencies and nonprofit organizations, owners of multifamily properties, and local elected officials. Baseline data collection will be completed in 2000, and the reports will be completed early in 2001.

In FY 1999, HUD arranged to have CDBG partners surveyed as part of the American Customer Satisfaction Index (ACSI), a national study of customer satisfaction with the quality of goods and services. ACSI, a partnership of the University of Michigan Business School, Arthur Andersen and the American Society for Quality, is the only uniform, cross-industry / government measure of customer satisfaction. Senior officers, such as mayors, of communities receiving block grants were surveyed to provide baseline data regarding four major factors that drive customer satisfaction: perceived quality, customer expectations, customer complaints, and grantee trust. Their responses showed an overall 69 percent satisfaction rate. HUD continues to evaluate methods of assessing outcomes for the final customers of block grant programs, the low- and moderate-income families living in grantee communities.

APPENDIX I
STATUS OF GOALS (G), OBJECTIVES (O), AND INDICATORS (I) IN THE FY 1999 APP

In the FY 1999 APP, HUD used a hierarchy of Objectives, followed by Goals, followed by indicators. In this document and in subsequent GPRA documents, HUD uses a hierarchy of Goals, Objectives, then Indicators. Consequently, this table refers to "Goals" where the original FY 1999 APP used the term "Objectives" and vice versa.

FY 1999 Goal, Objective or Indicator ***Listed in the order they appear in the FY 1999 Annual Performance Plan***	**Found here under Goal #**	**Comments**
G: Empower Communities To Meet Local Needs	N/A	This Goal was not included as a separate goal in the FY 2000 APP, although it is incorporated into many indicators.
O: Strengthen planning and development capacity of State and local governments to revitalize distressed neighborhoods and communities, including increasing the number of jurisdictions whose Consolidated Plans are rated more highly, utilizing a standardized assessment	4	See note above
I: Develop standardized assessment	4	These goals have been met. New goals related to Consolidated Planning appear as 4.2.c and 4.2.c.5 in the FY 2001 APP
I: Number of Consolidated Plans using standardized assessment	4	
I: Establish FY 2000 goal	4	
O: Increase percentage of EZs and ECs that show satisfactory progress towards local benchmarks such as increasing employment, improving safety and/or improving educational levels.	4	This objective and the two associated indicators have been replaced by indicator 4.2.b.5, which includes detailed categorical targets, in the FY 2001 APP.
I: Develop tracking system	4	
I: Utilizing newly developed tracking system, percentage of all EZs and ECs that show satisfactory progress towards locally defined benchmarks	4	
G: Help communities and states establish a full continuum of housing and services designed to assist homeless individuals and families in achieving permanent housing and self-sufficiency	3	Became part of Strategic Objective 3.1
O/I: Increase the percentage of the U.S. population represented by communities which have developed continuum of care systems	3	Became Indicator 3.1.a
O: Increase the amount of assistance and supportive services to homeless persons and families to enable them to achieve permanent housing and self-sufficiency	3	Became part of Strategic Objective 3.1
I: Transitional housing beds that are linked to supportive services	3	Became Indicator 3.1.c
I: Number of permanent beds that are linked to supportive services	3	Became Indicator 3.1.d
I: Percentage of participants leaving HUD transitional housing who move to permanent housing	3	Became Indicator 3.1.1

FY 1999 Goal, Objective or Indicator ***Listed in the order they appear in the FY 1999 Annual Performance Plan***	**Found here under Goal #**	**Comments**
I: Leverage at least $1 for every $1 of HUD McKinney Act Homeless funds awarded	3	Became Indicator 3.1.b
G: Increase availability of affordable housing in standard condition to families and individuals, particularly the nation's poor and disadvantaged	1	Became Strategic Goal 1
O/I: Increase the use of FHA's 223(f) program for existing apartment buildings in under-served areas	1	Replaced by indicator 4.2.i, which covers all FHA multifamily programs
O: Meet or exceed the statutory requirement that at least 90% of families assisted with rental housing and tenant based rental assistance are below 60% of median income, utilizing other HUD programs when possible	1	This objective was not brought forward to the FY 2000 APP
I: Proportion of units in multifamily rental projects insured by General & Special Risk Insurance (GI/SRI) of FHA that are affordable to households with incomes below 60 percent of area median income	1	Became Indicator 1.2.m
I: At least 90 percent of families assisted for rental housing are below 60 percent of median income	1	Became Indicator 1.2.f
O: Increase assistance to households (from fiscal year budget authority) including rental housing, tenant based rental assistance, new homeownership opportunities, and assistance to existing homeowners	1	Became part of Indicator 1.2.d, and clarified as HOME program outputs
I: Number of households assisted with tenant-based rental assistance	1	Became part of Indicator 1.2.d
I: Number of rental units committed	1	Became part of Indicator 1.2.d
I: Number of new home-buyers committed	1	Became part of Indicator 1.2.d
I: Number of existing homeowners committed	1	Became part of Indicator 1.2.d
I: Total number of units committed & house-holds assisted with tenant-based rental assistance	1	Became part of Indicator 1.2.d
I: Leverage at least $1.50 in other resources for each $1 of HOME	1	Became part of BOP Process
O: Increase amount of HOME rental housing that remains affordable to low-income families during the affordability period required by the program	1	This Objective and the two associated Indicators became more clearly defined as Indicator 1.2.3, with the data source changed to survey
I: Establish baseline	1	
I: Establish goals for FY 2000	1	
O: Increase the amount of housing assistance and supportive services to low-income persons living with HIV/AIDS and their families to enable them to achieve housing stability and access to health-care and related supportive services.	1	This Objective and the Associated Indicator became part of Indicator 1.2.d
I: Number of short-term and permanent housing units provided in connection with related supportive services	1	
O: Improve average PHMAP score	1, 5	This Objective and Indicator were replaced by a variety of Indicators under Objectives 1.3 and 5.1
I: Improve average PHMAP score	5	
O: Improve the quality of life for residents of public housing		This objective was replaced by Objectives 1.3 and 5.1
I: Number of replacement units	1	Indicator not retained in FY 2000 APP; became Indicator 1.2.b in FY 2001 APP.

FY 1999 Goal, Objective or Indicator ***Listed in the order they appear in the FY 1999 Annual Performance Plan***	**Found here under Goal #**	**Comments**
I: Number of units **approved** for demolition	1	Indicator not retained in FY 2000 and 2001 APPs.
I: Number of units demolished	1	Became Indicator 1.3.b
I: Percent of units meeting local codes or HQS	1, 5	Became Indicator 1.3.3 & 5.1.7.
I: Increase percentage of on-schedule HOPE IV Revitalization Projects/Grants	1	Became 1.3.c in FY 2000 APP, and 1.2.b in FY 2001 APP, with detailed categorical goals and baselines
I: Increase the percentage of project-based Section 8 units in standard physical and financial condition	1, 5	Became Indicators 1.3.3, 5.1.6 and 5.1.7
O: Reduce or eliminate lead based paint hazards	1	Replaced by more clearly delineated Indicators under Strategic Objective 1.3
I: Number of children facing lead hazards	1	Replaced by the following two Indicators
I: Percent reduction in geometric mean blood lead levels in children who live in abated housing units for at least 1 year	1	Not included in the FY 1999 APP, but reported in the FY 1999 Annual Performance Report; moved to BOP for FY 2000
I: Percent decline in median floor dust level in units that are made "lead safe" 1 year after work is completed (added FY 2000)	1	Not included in the FY 1999 APP, but reported in the FY 1999 Annual Performance Report; became Indicator 1.3.d in the FY 2000 APP
I: Number of units receiving Federal lead hazard grants that are declared "lead safe"	1	Became Indicator 1.3.5
I: Number of children protected by our programs in the neighborhoods where grants for lead based paint hazard reduction have been awarded	1	Moved to BOP
O: Increase services to Native American families/	1	This Objective and the subsequent Indicator became part of Indicator 1.2.d in the FY 2000 APP
I: Number of Native American families served under the Native American Housing Assistance and Self-Determination Act (NAHASDA)	1	
O/I: Increase availability of incremental units in HUD rental assistance programs available to serve the worst case housing needs of very low-income families	1	Replaced by Indicators 1.2.1 and 1.2.2
O/I: Maintain historic level of CDBG commitment to housing activities, as measured by the number of households assisted	1	Became part of Indicator 1.2.d
G/O: Reduce the isolation of low-income groups within a community or geographical area	2	Replaced by Strategic Objective 2.2
I: Increase the percentage of Section 8 families with children living in low-poverty census tracts	2	Became Indicator 2.2.2
I: Establish baseline for Regional Opportunity Counseling program (ROC)	-	Program was not funded in FY 1999 and these Indicators are not reported
I: Establish goal for number of low-income and minority families counseled through ROC	-	
G: Provide empowerment and self-sufficiency opportunities for low-income individuals and families, particularly the nation's poor and disadvantaged	3	Became Strategic Goal 3
O: Increase the number of families, previously low- or moderate-income, becoming self-sufficient	3	Split into two Strategic Objectives: 3.1 and 3.2
I: Number of Neighborhood Network Centers with business plans describing objectives, milestones and timetables	3	Moved to BOP

FY 1999 Goal, Objective or Indicator ***Listed in the order they appear in the FY 1999 Annual Performance Plan***	**Found here under Goal #**	**Comments**
O: Increase number of jobs created as a direct result of use of HUD funds and/or programs	4	Became Strategic Objective 4.1
I: Number of jobs created as a direct result of use of CDBG, EDI and Section 108	4	Became Indicator 4.1.e
I: Number of job opportunities through partnerships in each Empowerment Zone and Enterprise Community	4	Replaced by Indicators 4.1.a, 4.2.b.5 in FY 2001 APP with detailed categorical goals
O/I: Exceed statutory mandate that 70% of funds are used for activities which benefit low and moderate income persons	4	Replaced by Indicators 4.2.d, 4.2.e, 4.2.f.
O: Increase the percentage of families with children moving towards self-sufficiency while residing in Public Housing	3	Replaced by more clearly delineated indicators under Strategic Objective 3.2
I: Percentage of families with children residing in public housing deriving most of their income from work	3	Became Indicator 3.2.3
I: Percentage of families with children who move from welfare to work while residing in Public Housing	3	Became Indicator 3.2.4
I: Percentage of families with children who move from welfare to work while assisted by tenant-based Section 8	3	Became Indicator 3.2.5
G: Increase Homeownership Opportunities, Especially in Central Cities, Through A Variety of Tools, Such As Expanding Access to Mortgage Credit	1	Became Indicator 1.1.4
O/I: Increase the overall rate of homeownership to 67.5% in the year 2000	1	Became Indicator 1.1.1
O/I: Increase the homeownership rate in Central Cities to 52.5% in the year 2000	1	Became Indicator 1.1.4
O/I: Increase the share of first-time home-buyers in each HUD Field Office by 1% per year over FY 1995	1	Individual field office goals moved to BOP; replaced in APP with Indicator 1.1.2
G: Reduce FHA's cost of providing mortgage insurance	1	Replaced by clearer indicators under Objective 1.1.
I: Percentage of single family properties sold that were on hand as of 10/1/98 (less leased properties)	1	Moved to BOP
I: Percentage of projected acquisitions for 10/1/98 to 5/31/99 sold	1	Moved to BOP
I: Increase in net recovery on REO sales	1	Became Indicator 1.1.d
I: Percentage of mortgage defaults and claims resolved by the use of loss mitigation and alternatives to foreclosure	1	Became Indicator 1.1.b
O: Stabilize homeownership in older and distressed urban neighborhoods	4	Replaced by Indicator 4.2.1
I: Number of single family properties rehabilitated by a revamped 203(k) program	4	Became Indicator 4.2.h
I: Success in revamping the direct Title I Home Improvement Loan Program and increasing its usage	4	Moved to BOP
O: Maintain liquidity in the market for mortgage credit	1	Objective dropped in favor of clearer indicators under Strategic Objective 1.1
I: Percent of FHA and VA loans securitized, maintaining liquidity in the market for single family mortgages	1	Became Indicator 1.1.a

FY 1999 Goal, Objective or Indicator ***Listed in the order they appear in the FY 1999 Annual Performance Plan***	**Found here under Goal #**	**Comments**
I: Percent of multifamily mortgages securitized over two years to maintain liquidity in the market for multifamily loans	1	Became Indicator 1.2.j
I: Revenue from multiclass security credit enhancement	1	Became Indicator 1.2.k
I: Percent of increase in lending in distressed communities	1	Moved to BOP
I: Number of units of Native American homeownership financing guaranteed	1	Became part of Indicator 1.2.d
O/I: FHA/MMI fund will remain Solvent and Self Sustaining	1	Became Indicator 1.1.c
G: Promote Equal Housing Opportunities For Those Protected By Law	2	Became Strategic Goal 2
O/I: Ensure that 20 communities undertake fair housing audit-based enforcement to develop local indices of discrimination, which will highlight the need for expanded enforcement efforts.	2	Moved to BOP
O/I: Reduce discrimination in housing by doubling over four years the volume of HUD enforcement actions	2	Became Indicator 2.1.a
O/I: Expand housing opportunities by developing and implementing strategies to increase the number of lenders doing business in core urban areas or areas of high minority and ethnic concentration and who provide loans to racial and ethnic minorities	2	Did not continue; one year program
O/I: Increase the number of substantially equivalent agencies that enforce state and local government laws and are substantially equivalent to the Fair Housing Act, as amended	2	Became Indicator 2.1.c