Status of CHA

- HUD's made some good progress – secity, cleanup, repairs . . .

- But initial promises too grand

  + resc, budget obstacles ($34M resc)

  + slow in picking new exec dir.

- Still on track for Dec. pullout

HUD / housing

THE PRESIDENT HAS SEEN

A Place to Live is a Place to Start

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Explaining to Americans What HUD is Doing to Advance President Clinton's Hopes for the Nation's Communities

November 1994

THE WHITE HOUSE

WASHINGTON

November 3, 1994

The Department of Housing and Urban Development touches the lives of millions of people and thousands of communities every day. HUD has the potential to give low-income families a chance to achieve self-sufficiency; to give all families access to homeownership; to ensure equal housing opportunity; to create safe, secure, affordable housing environments, and to bring private sector investment to communities throughout the nation.

This document discusses how that potential can be realized under the innovative leadership of Secretary Henry Cisneros. New links between the public and private sectors are being forged, new ways of developing affordable housing are being developed, fair housing and fair lending laws are being enforced vigorously, and the resources of all levels of government are being pooled with private investment to create jobs and opportunity for people and to provide communities with the means to help themselves.

This report to the American people, outlining the guiding principles Henry Cisneros and I have established for the Department of Housing and Urban Development, is a blueprint for the future as well, describing in plain terms what HUD does, enumerating HUD's successes, and presenting the goals HUD is committed to meeting in 1995. I am proud this report is a product of my Administration, and I recommend it to all who want to play a constructive role in building stronger, healthier communities.

Bill Clinton

A Message from the Secretary

This report is designed to answer the question, "What is HUD doing to advance President Clinton's goals for America's communities?"

It can also help in dealing with other questions about HUD's work, such as:

- What is the logic or philosophy at the center of HUD's efforts?
- Is there a single phrase or core message that defines HUD's work in this Administration?
- What does the team at HUD stand for and believe in about America's community challenges?

These are difficult questions to answer because they suggest there can be a single phrase or theme for problems that are diverse and cover a broad range of community challenges. By simply listening to people across the nation -- citizens, service providers, state and local government officials, various experts on urban issues -- and by working to solve problems with them, we have focused on common sense solutions to the principal problems they have identified. We are not driven by predetermined themes or pre-established solutions but rather by what it will take to get results in the areas that have emerged as our priorities:

- Reducing Homelessness,
- Changing Public Housing,
- Expanding Homeownership,
- Expanding the Stock of Affordable Rental Housing ,
- Preserving the Stock of HUD-Assisted Rental Housing,
- Opening Housing Markets,
- Empowering Communities, and
- Managing for Performance and Results.

Together with community leaders and activists, we are putting forward thoughtful solutions in each of these areas, solutions that are not so much philosophical or ideological as they are a straightforward commitment to helping people live better lives.

One important insight that does serve as a building block for our worl is that all people need a place to live, and that people with troubles m solve the problem of where to live before they can make much progre on the other challenges they face. When nightfall comes or exhaustic sets in, every single American must have a place to lay his or her hea and a place to eat, to refresh, to store possessions. The achievement that stability makes it possible to begin meeting life's other challenge hence, the title of this report, "A Place to Live is a Place to Start."

A second thought that flows from the notion of a "start" is the idea of people moving upward in life, of a series of transitions to better life; of a dynamic, forward-moving quest -- not a static ending place. We don't view the housing products we help make possible -- homeless shelters, public housing, assisted rental housing, or even "starter" ownership homes -- as final destinations. We view them instead as steps from which people can advance if they are presented education, health services, training, and income-improving opportunities.

That is the key idea here -- opportunity. We at HUD are working with other federal agencies and with local leaders to create communities of opportunity. And that means we have to thin not simply in terms of services, of how we can provide one more program that converts people into clients or recipients, but we have create the conditions of real opportunity where people can take acti improve their own lives.

We are convinced that there is a middle ground between the bureaucratic mindset that regards citizens as passive recipients and the market approach that treats citizens as autonomous consumers. The lessons of recent history teach us that there are many human problems which the practices, behaviors, and attribut large bureaucracies make it impossible for government to solve.

The nation has also seen the effects of over-emphasizing the consumer culture, a legacy of disposable products, disposable communities, and disposable people. We believe strongly that there is a middle ground: that it is the combination of an individual stake in the future and a shared sense of responsibility for collective successes that creates communities of opportunity. We frequently use the word "empowerment" as a shorthand term for creating those conditions. At HUD we mean tl will listen to and work with local citizens, that we will encourage and support community initiatives, that we will dismantle the crushing practices of traditional bureaucracy, and most of all that we will strive to create opportunities for people who hunger for self-improvement and who have a stake in a hopeful future.

This is a big change for HUD. Imagine a public housing authority that sees itself not as a landlord or service provider for passive tenants but instead as a partner with engaged residents converting public housing into a starting point for job training, education, and work experiences. Imagine a metropolitan area where housing opportunities and financing are not denied to the residents of central city neighborhoods but are available to everyone who plays by the rules of work and saving.

There is a sense of reciprocity implied here: everyone plays by the rules. People learn, work, and prepare their children to make a contribution; the society in turn treats their hopes and aspirations with fairness.

The idea of fairness is a third unifying theme for our work. Nothing else we do can work if the essential ingredient of fairness is not there. The basic American formula is, work today and sacrifice now for tomorrow's gains. Nothing is guaranteed but the equation generally works. Except there are some Americans for whom the rules do not work. They have a job, they have saved money, they have a clean credit report. But they can't get a housing loan because of the neighborhood they live in, or because of the color of their skin, or some other discriminatory fact. Such discrimination is not only against the law but it is also devastating to our hopes for building a color blind society with true justice for all.

A fourth idea that pulls our work together is that HUD operates as a partner with communities, figuring out how federal authorities or resources can support local initiatives and plans. To my knowledge, not one HUD employee anywhere uses a hammer and nails daily to build or repair housing. Rather we principally provide funding for those who do. By virtue of that funding we set standards and directions. But we must never forget that we stand behind those doing the work in communities.

Listening to those working in communities gives HUD a focus on physical places -- on neighborhoods, communities and cities -- that forces us to keep an eye on the hard realities. It gives the Department an on-the-ground footing that serves as a discipline: that is, a community will either visibly improve or it will steadily decline. Ther is no hiding whether our programs are helping or not.

HUD can help communities turn around. For example, working together we can alter the face of public housing and replace aged, outmoded, overcrowded developments with housing that is small-scale, on sites of lower densities, designed for safety, and archite turally attractive. We can convert obsolete industrial sites that deter community investment -- the so -- called "brownfields" -- into locations for affordable homeownership and neighborhood business centers. With communities, we can remake the urban landscape and literally build solid reasons for hope. But, at HUD we must listen better, organize ourselves more appropriately, and simplify our procedures for use by the people doing the actual hands-on work of community-building.

The ultimate success of HUD's efforts is dependent upon HUD's orga zational ability to change. This large government bureaucracy is slow converting itself into an enterprise that is accessible and responsive t communities. There are practical constraints, of course, on how far a Washington-based agency can reinvent itself, but there are steps that are taking to enforce the discipline of performance and accountability For example, we are using our budget and automated data systems to track progress toward our program goals, nudging HUD toward beco ing a performance-driven organization. We have flipped the organiza tional structure "right-side up," so that our 81 field offices across the nation -- the HUD people who work daily in communities -- are conv ing those communities' needs and forcing the central bureaucracy to respond. And our new emphasis on pre-decisional involvement of o unions, on workplace conditions, on full opportunity, and on training career development is creating a team atmosphere where people are valued not for their positions in the hierarchy but for their talents and contributions to HUD's mission.

Returning to the original questions about what HUD does and about the logic at the center of HUD's efforts, people across

America have pointed out realities that are too diverse to tie together with a single phrase. Yet, they have also identified unifying ideas:

- Housing is a starting place for self-improvement.
- Housing and self-improvement are tied to education and work in communities of opportunity.
- Fairness is essential in creating a society where people play by the rules, accepting and expecting a sense of reciprocity, of responsibilities but also of rights.
- And, HUD does best when we stand supportively behind community energies. We will do that by converting the very organization of HUD into a government enterprise that is accessible and responsive.

Beyond these ideas, we are simply trying to use common sense to help people. This report sets forth the common sense in our proposals for the priority areas where communities tell us they need action.

We have tried to present in one place for the first time an explanation of what HUD is doing to advance President Clinton's goals for communities. We have prepared this report in the hope that everyone who cares will try to understand what we are doing and will sign on to help.

Henry Cisneros

Henry G. Cisneros

Priority: Reducing Homelessness

Principle

The true extent and character of homelessness must be acknowledged, and the Federal government must do its part to ensure that men, women, and children in America need not turn to streets, parks, and subway stations to live.

Approach

HUD's strategy is to address the root causes of homelessness through a "continuum of care" that has as its goal the availability of permanent, affordable housing and services, where needed, so that homeless persons can become self-sufficient.

How HUD Defines Homelessness

A. According to Priority Home! *The Federal Plan to Break the Cycle of Homelessness:*

1. Approximately 600,000 persons are homeless on any given night.

2. About 7 million persons experienced homelessness at some point in the latter half of the 1980s.

B. The fastest growing group in the homeless population is women with children.

C. There are two broad, sometimes overlapping, categories of problems that cause homelessness:

1. Crisis poverty, which is the result of economic and social changes in the job and housing markets and in family structures.

2. Chronic disabilities, including mental illness, substance abuse, AIDS, Tuberculosis, and other health-related disabilities.

What is HUD Doing to Reduce Homelessness?

A. Helping communities develop a continuum of housing and services necessary to address the root causes of homelessness by:

1. Improving aggressive, but sensitive outreach to the streets.

2. Ensuring appropriate number of shelter beds and quality needs assessment upon entry to shelters.

3. Providing substance abuse treatment at appropriate community facilities.

4. Providing transitional housing with support services such as job training, child care, and health care, when needed.

5. Ensuring supportive housing for persons requiring mental health treatment.

6. Increasing permanent housing options through single room occupancy housing, vouchers, construction and rehabilitation.

7. Stemming the flow of people into homelessness throug prevention efforts and traditional housing programs.

Other Elements of HUD's Plan

A. Not every homeless family and individual will need all steps o the continuum, but communities should develop the full range of services to meet the varying needs of the homeless population.

B. HUD seeks to replace six burdensome McKinney programs with one flexible block grant.

C. The 1995 HUD budget for homeless programs is double the 1994 level of $823 million to $1.7 billion.

D. HUD is encouraging community planning of homeless efforts address local needs in 319 cities and in communities in all 50 States and the District of Columbia:

   1. Formula grants will extend funding in order to allow planning predictability and flexibility in communities.

   2. Local homeless planning boards will be established.

E. Nonprofit providers lead in delivering housing and services:

   1. At least 51 percent of funds will go to nonprofits.

   2. Nonprofits will serve on local homeless planning boards.

3. HUD supports strengthening the capabilities of nonprofits to deliver homeless services.

F. HUD encourages bringing mainstream institutions (e.g., businesses) and resources (e.g., Community Development Block Grants) to local efforts through local homeless boards.

G. Permanent housing for homeless families will be offered through set-asides of Section 8 rental certificates.

H. HUD encourages serving families together in homeless shelters.

I. Special efforts are underway to ensure that the needs of hard-to-serve homeless persons are addressed.

J. The Homeless Initiatives Cities program recognizes examples of innovative homeless networks:

- It is designed to reward community initiative (e.g., Miami sales tax, Denver-Lowry Air Force Base reuse).

K. HUD seeks to define community reciprocity so that public spaces used by the homeless are returned to the public and the homeless are given viable alternatives.

L. Federal interagency collaboration is a vital element of the President's national plan to reduce homelessness.

What Has HUD Accomplished to Reduce Homelessness in 1993-94?

- President Clinton issued an Executive Order in May 1993 calling for a single, coordinated Federal plan to break the cycle of homelessness; 17 Federal agencies are now working together to implement the plan.

- In May 1994, HUD, HHS, VA and 14 other agencies released Priority Home! The Federal Plan to Break the Cycle of Homelessness. The agencies are now implementing the plan, which has received widespread support for its assessment of the problem and its proposals to reduce homelessness.

- The Administration requested and Congress approved the Innovative Homeless Initiatives Demonstration Program in June 1993 at $100 million. HUD has selected the District of Columbia, Los

Angeles, Denver, Miami, the San Francisco-Bay Area, and Phila delphia as demonstration areas. HUD awarded an additional 48 grants for innovative projects in 26 states.

- The Administration achieved a 44% increase in HUD homeless funding for 1994. This has enabled HUD to fund hundreds of nonprofit organizations and city homeless programs.

- Congress funded President Clinton's request for a doubling of HUD's budget in fiscal 1995 to assist homeless individuals and families -- from $823 million to $1.7 billion.

- HUD established a National Office of HIV/AIDS Homeless Ho ing and has set aside Section 8 certificates to provide housing fc persons with HIV/AIDs who are homeless or at-risk of being homeless.

- HUD initiated a $10 million effort for 250 Section 8 certificates aggressive outreach to help the homeless in New York City's subway system.

What are HUD's Homeless Priorities for 1995?

- Work with Congress to pass the consolidation of McKinney programs in order to:

  - Consolidate 6 programs into a single, flexible program.

  - Allocate funds for the consolidated program through a needs-driven formula to States and cities.

  - Foster comprehensive homeless systems in America's citi enabling homeless persons to leave the streets and achiev self-sufficient lives.

- Use vouchers for homeless families by setting aside Section 8 vouchers to provide the permanent housing component of com nities' continuum of care. This will increase housing options f homeless families.

- Work with communities to help ensure that homelessness is a central part of a community's development plan. This wil integrate the solutions to homelessness into the overall plan fo community growth.

- Implement specific initiatives to help ensure that the neediest homeless populations are helped. For example, HUD will work with community-based groups and cities to help ensure that persons living with HIV/AIDs, mental health needs, and other needs have appropriate housing options.

- Implement the Federal Plan on Homelessness. The Clinton Administration will work to implement the Plan's recommendations. The Plan calls for, among other things, reorganization of HUD McKinney Homeless programs, enactment of Health Reform and Welfare Reform.

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Priority: Changing Public Housing

Principle

Public housing should be a starting point for personal and family mobi ity, not a permanent destination. With residents and community leaders we can and will turn public housing developments around and transfor them into safer, more promising places to live and raise families, whic fully participate in the larger community.

Approach

HUD is changing the basic idea of public housing so that the nation thinks of it not as a service that is provided residents but as a partnersl between people who have a stake in a hopeful future.

Public Housing Today

There are 1.4 million units of public housing and the majority are in good condition. But many are isolated both physically and socially from the larger community. Our goals for public housing are twofold we want to change the face of public housing and replace distressed, overcrowded and poorly designed developments with housing that is small-scale, less dense, safely designed, and architecturally attractive and we want to emphasize work and self improvement as the route tc personal mobility.

What is HUD Doing to Change Public Housing?

A. Harnessing resident responsibility by:

1. Supporting the organizing of more active, engaged resident groups and leaders.

2. Involving residents in meaningful decision-making.

3. Administering tenant selection and eviction policies more firmly with the involvement of residents.

4. Expanding family support strategies by utilizing community-based services.

5. Encouraging young residents' potential by every mea possible, emphasizing recreational and educational development.

B. Empowering and retaining role models among residents anc reinstituting work as an achievable and necessary goal by:

1. Ensuring an income-mix among residents by emphasizing the importance of working families as role models.

2. Rewarding work by changing the rent rules.

3. Making work pay by maximizing employment of residents by PHA grant recipients.

C. Putting a higher priority on jobs and economic development by:

1. Using public housing funds to employ residents for the essential tasks of a housing authority.

2. Capitalizing on training programs for residents and creating incentives and support, such as child care.

3. Encouraging entrepreneurship through joint ventures between resident groups and public housing contractors.

D. Pioneering new approaches to the governance of public housing authorities (PHAs) by:

1. Assuring that housing authorities are not bureaucratic impediments to full empowerment of residents; the present conception of PHAs has too often served to isolate residents.

2. Encouraging and supporting new models of entrepreneurial public housing authorities particularly by freeing up good performing housing authorities from counter-productive regulations.

3. Strengthening troubled PHAs with guidance, training and resources.

4. Sharing meaningful decision-making with organized, involved residents.

5. Using HOPE VI revitalization grants as demonstrations of new techniques in comprehensive approaches to housing and services for poor people.

6. Utilizing neighborhood-based and resident-based alliances for services and partnerships.

7. Using private partnerships for management innovation, including contracting the management of developments

to private managers and building new units and partnerships with private specialist and community development groups.

8. Insisting that mayors, community leaders, and neighborhood groups accept responsibility for weaving public housing into communities.

E. Creating a sense of safety by:

1. Redesigning public housing to create safe space.

2. Increasing patrol presence to reduce crime and fear.

3. Involving residents to a greater degree in an effort to take back their communities.

F. Insisting on an effective management system that maintains quality buildings by:

1. Ensuring the quality of regular maintenance and cleaning.

2. Making refurbishment and readiness of vacant units : critical priority.

3. Scheduling systematic large scale improvements.

4. Developing a supportive connection between public housing and adjacent neighborhoods.

G. Undertaking massive replacement and new development by

1. Demolishing obsolete units to reduce density.

2. Building new units on a smaller, architecturally appropriate scale, including scattered site homes, th are better integrated into the neighborhoods in whic they are located.

3. Expediting replacement and development by innov: use of project management methods.

4. Leveraging private capital for added units in mixed-income settings.

5. Using certificates and counseling and other mobility tools to enable residents to move throughout the metropolitan area.

6. Building public housing connections to metropolitan-wide institutions and networks.

H. Creating new transitions to homeownership on a large scale by:

1. Developing ways to move residents from public housing to homeownership.

2. Emphasizing single-family homes.

3. Developing homeownership certificates and lease-purchase programs.

What has HUD Accomplished to Change Public Housing in 1993-94?

- HUD created an Office of Distressed and Troubled Housing Recovery (ODTHR), to intervene aggressively with housing authorities in Washington, D.C., Philadelphia, New Orleans, Chicago, Baltimore, Houston, Detroit and Kansas City to turn around specific developments.

- Under the HOPE VI demonstration program, $630 million in grant agreements have been executed for 24 severely distressed developments in order to enable their comprehensive revitalization.

- The Youth Apprenticeship Program has been initiated, making funds available for job training and career opportunities for 500 public and assisted housing residents between the ages of 16 and 30.

- Admissions policies have been revised to give housing authorities greater flexibility in setting selection preferences based on local housing needs and priorities.

- The Indian Home Loan Guarantee Program has been implemented, giving Native American families and Indian Housing Authorities access to sources of private financing previously unavailable for

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the construction, acquisition, or rehabilitation of family dwellings on restricted Indian land.

- The Tenant Opportunities Program (TOP) was created to help public housing residents take enhanced leadership roles and build stronger public housing communities. TOP is designed to create a working partnership among resident groups, local housing authorities, and HUD. This year's $25 million in TOP grants going to 257 resident organizations is five times the previous year's funding. The TOP grants will be used for job training and employment opportunities, to address needs such as substance abuse treatment, health care, the establishment of day care centers, and resident security patrols.

- HUD helped public housing residents working to make their communities crime and drug-free:

    1. Operation Safe Home is a new interagency initiative to combat violent and white collar crime and fraud in public and assisted housing. HUD's Inspector General's Office, Justice, Treasury and the Office of National Drug Control Policy -- along with state and local law enforcement agencies and public housing authorities -- are cooperating to make public and assisted housing free from criminal activity and drugs.

    2. In FY 94, HUD awarded over $228 million to 520 public and Indian housing authorities to combat drug abuse. These funds can be used for the employment of security personnel; reimbursement of local law enforcement agencies; employment of investigators; voluntary tenant patrols; and drug prevention, intervention, and treatment.

    3. President Clinton announced a policy to give public housing authorities, residents, local law enforcement, and others guidance on the range of lawful techniques available to combat violent crime in public housing developments.

- HUD has revamped its modernization program to make it more flexible and easier to use, has reduced paperwork and oversight, and increased the PHAs ability to expedite funds from the modernization pipeline. Over the past year PHAs have obligated almost $3 billion and expended $2.3 billion.

What are HUD's Public Housing Priorities for 1995?

- Work with Congress to enact legislation that will create work incentives for residents of public housing. We will resubmit legislation to Congress that will: 1) permit housing authorities to set ceiling rents for their projects at a reasonable rental value; and 2) disallow increases in rent for 18 months for any family whose income increases as a result of employment of a family member previously unemployed for one or more years.

- Pursue legislation that would allow housing authorities to use modernization funds for the development of replacement housing, giving them the flexibility to determine whether replacement and/or deconcentration, rather than rehabilitation, would be a preferable option economically and socially.

- Seek legislative overhaul of the Public Housing Drug Elimination Program by replacing it with the Community Partnerships Against Crime (COMPAC) program. COMPAC would broaden the level of community involvement and cover all types of criminal activity, not just drug-related crime.

- Support legislation that deregulates public housing authorities, with an emphasis on waiver of regulations for high performing and smaller housing authorities.

- Continue to send "recovery teams" consisting of HUD staff and staff from qualified PHAs to assist troubled housing authorities in the management and operation of their programs.

- Encourage PHAs to take bold, comprehensive, and coordinated steps to transform their public housing communities into vibrant living environments.

- Encourage the leveraging of public funds to promote mixed-income communities and scattered site housing by cultivating public/private partnerships with HOPE VI grantees.

- Encourage the use of Section 8 certificates to help speed the relocation of tenants from projects which should be demolished. All residents of these projects will be offered Section 8 certificates and intensive counseling on how they can be used, including the benefits of moving to private sector housing.

- Substantially increase through housing authorities the jobs, trai ing and economic opportunities available to low-income reside and direct contracting opportunities to businesses owned by or employing low-income residents.

- Introduce a Public Housing to Work initiative, through which HUD will join forces with the Department of Labor and the Bu ing and Construction Trades Department of the AFL-CIO to identify job and apprenticeship opportunities in the constructio trades for public housing residents.

- Follow up on lead-based paint testing to assure that PHAs not meeting the December 1994 deadline are planning to complete this testing in FY 1995.

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Priority: Expanding Homeownership

Principle

Increase the number of new homeowners annually and reaffirm homeownership as one of the central missions of HUD.

Approach

HUD is fostering a new partnership in the nation's housing sector to ensure unprecedented cooperation toward achievement of national homeownership goals.

What is HUD Doing to Expand Homeownership?

A. Designing a National Homeownership Strategy and preparing to lead it by:

1. Setting national homeownership goals through a housing sector working group that has been formed with public and private sector leaders.

2. Building a new coalition of industry lenders, local and state governments, and housing advocates to act upon the homeownership goals.

3. Cutting financing and transaction costs and increasing the availability of financing.

4. Cutting production costs.

   a. Encouraging and facilitating large developments of affordable homes to achieve economies of scale.

   b. Reducing the costs of producing housing units by promoting land contribution, development fee waivers, and pro bono services.

   c. Investigating land use and zoning requirements to determine their effect on costs.

5. Opening up housing opportunities to underserved populations.

   a. Ensuring fair housing goals are achieved as homeownership opportunities are created.

   b. Using programs such as the new Section 8 for Homeownership Program to help tenants in assisted housing buy their homes.

6. Focusing on specific communities as <u>targeted areas</u> for homeownership.

    a. Developing <u>community-wide</u> strategies for promoting homeownership.

    b. <u>Targeting distressed communities</u>, and communities with concentrated rental units, for homeownership opportunities and conversion.

7. Raising the general public's <u>awareness</u> of the importance of homeownership.

B. <u>Reorganizing and revitalizing</u> the Federal Housing Administration to help attain homeownership goals by:

1. Implementing a national demonstration to provide downpayment and <u>second mortgage assistance</u> for homebuyers in partnership with cities, States, and nonprofit entities.

2. Redefining and expanding <u>counseling</u> for homeownership.

3. Working to secure the passage of legislation <u>increasing loan limits</u>.

4. Developing programs that <u>convey FHA-owned properties for homeownership</u>.

5. <u>Creating new partnerships</u> with mortgage lenders, local ar State governments, and housing advocates to expand the availability of homeownership opportunities to underserv and unserved populations.

6. Promoting <u>rehabilitation</u> programs such as 203(k) and Tit to improve the condition of housing units available for ownership.

C. Fully utilizing <u>sources of capital</u> and resources <u>within HUD</u> by

1. Maximizing <u>Ginnie Mae's</u> participation in homeownershi strategies.

2. Exploring new uses for the HOME program and identifying ways to marry HOME dollars with FHA programs.

3. Creating partnerships with Fannie Mae and Freddie Mac -- to expand homeownership opportunities.

4. Establishing a regulatory framework for the GSEs to ensure that they meet Congressionally mandated housing goals.

What Has HUD Accomplished to Expand Homeownership in 1993-94?

- The upfront premium for Federal Housing Administration (FHA) insured mortgages has been reduced. For a $75,000 mortgage, upfront costs will be reduced by $563.

- HUD has insured 3,358 Section 203(k) loans in FY 93 and approximately 3,700 in FY 94. FHA's 203 (k) Program, HUD's primary tool for rehabilitation and repair of single-family properties, has been streamlined to make it more efficient and useful to low- and moderate-income families who use the loans to buy and fix their homes.

- FHA has insured more than 1.3 million single-family loans in FY 94 -- compared to 940,000 mortgages insured in 1993. Of the '94 total, some 450,000 were for first-time homebuyers.

- Last year, FHA sold 1663 properties to 325 nonprofits and units of local government. FHA's efforts to discount and work in partnership with nonprofits and local governments is active in 100 communities.

- The FHA Single Family Property Disposition Program has been broadened to expand homeownership opportunities and strengthen communities.

- In September 1994, HUD began allowing government agencies to purchase HUD-owned properties for resale to public safety employees, such as police officers, firefighters, and emergency medical technicians.

- The Government National Mortgage Association (Ginnie Mae) began a new multiclass securities program, which helps to increase affordable housing opportunities by reducing financial costs for FHA and VA borrowers. The multiclass program establishes a platform for the design of state-of-the-art world class securities, enabling HUD to broaden its scope in the affordable housing market.

- HUD and EPA published a proposed rule to increase consumer awareness and access to information before making housing choices. Under the rule, potential homebuyers and renters must informed of lead or lead hazards before purchase or lease of a home and be given an optional 10-day period to test for lead bas paint before purchasing a home.

- Final property disposition regulations were published in Septem 1994 giving owner-occupants initial preference for homeowners opportunities, and giving nonprofit organizations and governme agencies 30 percent discounts to purchase and rehabilitate HUD owned single family properties in revitalization areas.

- The Department issued regulations expanding consumer protect to subordinate lien mortgages; issued escrow regulations reduci the amount of money consumers are required to hold in escrow; and held a hearing and technical demonstration to examine issue related to controlled business arrangements and computerized lc originations.

What are HUD's Homeownership Priorities for 1995?

- Establish goals and aggressively promote a national homeownership strategy.

- Secure passage of legislation to expand use of FHA insurance i underserved markets by increasing maximum mortgage limits, conducting innovative demonstrations and entering into joint venture partnerships to serve more low-and moderate-income people.

- Expand FHA's single family property disposition initiative and increase the sale of HUD-owned homes to individuals, nonprofi organizations and local governments to promote local homeownership efforts and neighborhood revitalization.

- Implement two homeownership demonstrations to assist low-an moderate-income first-time homebuyers. In the first demonstra tion, HUD will work with public and nonprofit partners to prov downpayment and second mortgage assistance. In the second, HUD funds will serve as a catalyst for large scale development of affordable housing in designated "homeownership zones."

- Revise FHA underwriting guidelines to eliminate barriers to homeownership. Barriers include assumptions about family composition, work patterns, employment reliability, patterns of saving and other things that might have a discriminatory effect.

- Increase the level of homeownership nationwide by developing and implementing a comprehensive housing counseling program that includes extensive outreach to potential homebuyers.

- Set in place a flexible regulatory framework for the Government Sponsored Enterprises.

- Protect homebuyers by strongly enforcing the Real Estate Settlement Procedures Act (RESPA). RESPA enforcement already has resulted in 400 settlements requiring more than $4 million in consumer restitution, fines and penalties.

- Issue clear and fair RESPA guidelines affecting consumers, loan servicing rights, computer loan originations, controlled business arrangements, and other transactions.

Priority: Expanding the Stock of Affordable Rental Housing

Principle:

Because many Americans must rent housing and there is a shortage o affordable rental housing, HUD must work to enhance the production and restoration of quality, affordable rental housing.

Approach:

HUD is placing major emphasis on partnerships for production, financing, and innovation to produce quality, affordable rental housin

What is HUD Doing to Expand the Stock of Affordable Rental Housing?

A. Forming partnerships for production of rental units by:

1. Signing risk-sharing agreements with 33 State and local housing finance agencies, Fannie Mae, Freddie Mac, and th National Cooperative Bank for housing production.

2. Providing resources to enable six pension funds to finance the construction or substantial rehabilitation of about 1,000 low-income units throughout the country.

3. Using HUD's HOME program as the primary source of Federal dollars for the construction and rehabilitation of rental units for low-income tenants.

B. Revitalizing the multifamily housing finance system by:

1. Working with Fannie Mae and Freddie Mac to help create an active secondary market for multifamily loans and meet special affordable housing goals.

2. Actively pursuing non-traditional sources of capital for housing by seeking partnerships with foundations, church groups, universities, insurance companies, and public utility companies. New sources of multifamily financing are urgently needed.

3. Working with industry representatives to recommend priorities for available credit subsidies in the coming year.

4. Streamlining FHA's traditional insurance programs, making them more user friendly.

5. Developing more workable subsidy layering guidelines.

C. Overhauling the Section 8 program by:

1. Increasing funding for tenant-based Section 8 vouchers and certificates.

2. Providing additional flexibility for public housing agencies to use project-based rental certificates.

D. Pushing to attain higher production levels and to design more workable housing by:

1. Working with developers, local governments, and social service providers, ensuring that family support services -- training, education, and work opportunities -- are designed into projects to create a momentum for self-improvement and self-sufficiency.

2. Establishing a resident initiatives fund available to resident organizations for resident-related activities.

What has HUD Accomplished to Expand the Stock of Affordable Rental Housing in 1993-94?

- Signed risk-sharing agreements with 33 state and local housing finance agencies, Fannie Mae, Freddie Mac, and the National Cooperative Bank.

- Launched the Section 8 Community Investment Demonstration to encourage pension fund investment in multifamily housing production or preservation. HUD awarded $100 million to six pension funds selected to participate in a demonstration that will finance affordable housing development nationwide. This will create 5000 multifamily units, 1000 of which will be Section 8 assisted.

- HUD published guidelines that delegate subsidy layering authority to state and local agencies administering the low-income housing tax credit program. By taking HUD out of this process, owners can complete their financing packages in less time and at less cost.

- Funded 7,665 units (116 projects) of Section 202 Housing for the elderly, totaling $499 million. Of the 116 sponsors awarded funding, 39 (34 percent) were minority business enterprises.

- Funded 2,559 units of housing for the disabled under Section 811, totaling $157.8 million.

What are HUD's Affordable Rental Housing Priorities for 1995?

- Implement Phase II of FHA's risk sharing demonstration, expanding the number of partners and the types of risk share products. Requires passage of authorizing legislation.

- Increase assisted living opportunities for elderly tenants through increased production under the Section 232 program.

- Implement subsidy layering guidelines to effectively integrate the use of FHA insurance with the federal low income housing tax credits.

- Modify existing insurance programs to provide mortgage insuranc for the development and rehabilitation of small 12-30 unit rental properties.

- Prepare a proposed rule implementing the GSE Act of 1992 incluc ing an increased focus on rental housing.

- Seek out sources of capital not now invested in multifamily housing opportunities, identify products, programs and partnerships th will encourage the flow of capital to multifamily housing.

- Expedite the implementation of the Section 8 Community Investment Demonstration program that will create at least 2500 units o new and rehabilitated affordable housing financed by pension funds. At the same time, rapidly implement the 1995 program to attract more pension funds to the program.

Priority: Preserving the Stock of HUD-Assisted Rental Housing

Principle

Improve and maintain the quality of rental units owned and operated by private owners and managers under various HUD-FHA mortgage insurance and rent subsidy programs.

Approach

HUD is focusing resources on enforcing quality standards, removing non-performing owners and managers, repairing the housing stock and engaging the involvement of residents.

What is HUD Doing to Preserve the Stock of Affordable Rental Housing?

A. Enforcing quality standards for HUD-assisted rental housing by:

1. Declaring zero tolerance for wrongdoing and aggressively enforcing mortgage insurance and rental subsidy contracts with owners.

   a. Debarring unscrupulous owners and managing agents.

   b. If owners are unwilling or unable to provide funds for repairs, HUD is:

      (1) terminating Section 8 rental subsidy on units not meeting House Quality Standards;
      (2) seeking mortgagee-in-possession;
      (3) acquiring title through foreclosure or deed in lieu of foreclosure;
      (4) conveying property to community-based nonprofits that have the capacity to deal with the needs of the property and the residents.

2. Creating and using new enforcement tools such as expanded civil money penalties and expansion of the formerly coinsured loan asset management contract that handles properties from the failed Coinsurance Program.

3. Establishing the Special Workout Assistance Teams (SWAT) approach to provide a concentrated focus of skills and resources that will enforce rental subsidy and mortgage insurance contracts and rules.

4. Recapturing and re-using Section 8 subsidies being squandered on unlivable housing units.

B. Repairing the inventory by working to improve the physical anc financial health of properties by:

1. Deploying six SWAT teams to identify and cure the physic and financial conditions in targeted properties, thereby:

   a. Developing prototypes for improving HUD's organizational ability to cure troubled project conditic and take firm enforcement actions.

   b. Reducing loss and risk to the FHA insurance fund.

   c. Demonstrating ways that SWAT and Operation Safe Home can work together.

2. Negotiating action plans with private owners to repair and rehabilitate projects.

3. Requiring private owners to submit Comprehensive Needs Assessments (CNA).

4. Expanding HUD's capital repair resources by creating a Housing Quality Fund that merges several existing accoun in order to direct funding to "troubled" properties with approved CNAs.

5. Preserving Title VI (Low Income Housing Preservation an Resident Ownership Act) affordable multifamily housing b simplifying the program.

6. Forming partnerships with State Housing Agencies to purchase or finance and preserve HUD-owned multifamily properties.

7. Lowering the cost of the Section 8 rental assistance progra

C. Empowering residents of the HUD-assisted rental stock by:

1. Rewarding work and establishing support programs for working families.

2. Strengthening and expanding family support programs through the placement of service coordinators, funded thro the Housing Quality Fund.

3. Creating transitions to homeownership through the preservation of affordable housing.

4. Encouraging residents' involvement in improving the living environment in their communities.

D. Transforming HUD's internal organization for preserving the rental stock by:

1. Changing the way HUD does business; revamping and revising administrative policies; increasing the use of partnerships for preservation; and expanding contracting resources.

2. Supporting HUD preservation staff with training and resources.

3. Selecting new field office leadership.

4. Selling HUD-held mortgages out of HUD's inventory.

What has HUD Accomplished to Preserve the Stock of Affordable Rental Housing in 1993-94?

- A 24-member Special Workout Assistance Team (SWAT) has been organized to help field offices resolve physical, financial, and ownership problems on troubled assisted multifamily properties.

- Grants have been awarded to address drug-related criminal activity at 123 multifamily properties.

- In FY 94, over 700 action plans were negotiated with private owners to repair and rehabilitate housing complexes, including conversion of multifamily projects to homeownership.

- Formed partnerships with state housing agencies to purchase/finance and preserve HUD-owned multifamily properties.

- Nine HOPE 2 planning grants and 16 HOPE 2 implementation grants for homeownership of multifamily projects were awarded to residents and nonprofit organizations for a total of $57.7 million.

- HUD closed 97 property sales out of inventory and closed 78 foreclosure sales for a total of 175 closings this fiscal year. Clos-ings reflect an inventory reduction of 28 percent for the fiscal ye HUD replaced 400 managements agents and foreclosed on 102 individual owners. We are also aggressively pursuing enforceme against owners of multiple properties.

- Launched SNAP -- Safe Neighborhood Action Plan -- a new partnership with U.S. Conference of Mayors and the National Assisted Housing Management Association (NAHMA) to comb crime in HUD assisted housing.

What are HUD Priorities for Preserving the Stock of Affordable Rental Housing in 1995?

- Strengthen enforcement; remove unscrupulous owners and man-agement agents; extensively publicize HUD's zero tolerance standards.

- Intensify the SWAT effort to develop and implement strategies fc troubled real estate.

- Implement systematic methods for defining the physical conditic of the insured housing stock.

- More effectively involve tenants in the control of their housing through increased resident management opportunities, outreach and resident ownership.

- Significantly expand the use of resident service coordinators.

- Continue aggressive efforts to sell HUD-owned multifamily prop-erties and HUD-held notes.

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Priority: Opening Housing Markets

Principle

Make equal housing opportunity a reality for all Americans by expanding housing choice and affordability and by eliminating discriminatory barriers.

Approach

HUD is raising fair housing issues to a new level of national awareness by taking steps to make clear that fairness in the housing markets is essential to the nation's community goals and that discriminatory practices are against the law.

What is HUD Doing to Open Markets?

A. Vigorously enforcing the nation's fair housing laws:

1. Stimulating the growth and development of active private fair housing organizations across the nation by increasing funding for Fair Housing Initiatives Program.

2. Expanding the number and capacity of substantially equivalent state and local agencies that enforce fair housing laws by increasing funding for the Fair Housing Assistance Program.

3. Leading Federal efforts to further fair housing through the Secretary's chairmanship of the President's Fair Housing Council.

4. Reorganizing the enforcement effort in the field by creating 10 enforcement centers that will more efficiently and effectively enforce Title VIII and other civil rights laws.

5. Enhancing training to use the most up-to-date testing techniques for identifying unfair practices.

6. Ensuring that HUD programs do not discriminate and, indeed, affirmatively further fair housing by vigorously enforcing Title VI.

B. Expanding the scope of fair housing choice to include opportunities throughout metropolitan areas:

1. Ensuring that communities identify the local impediments to fair housing and take steps to eliminate those impediments by requiring fair housing planning.

2. Broadening the geographical availability of housing opportunities for low-income persons by expanding Section 8.

3. Enhancing true choice in residency by expanding mobility counseling for Section 8 recipients.

4. Enforcing Title VI, including monitoring compliance with site and neighborhood standards.

5. Creating desegregated housing opportunities and redeveloping public and assisted housing through the settlement of longstanding litigation.

C. Ensuring equal opportunity for homeownership by expanding fair lending and reducing discrimination in property insurance.

1. Establishing fair lending standards by signing "best practices" accords with lenders across the nation.

2. Developing a regulatory framework that defines "disparate impact," and lending and insurance discrimination under the Fair Housing Act.

3. Developing a coordinated Federal approach to fair lending policy and enforcement efforts through the Interagency Task Force on Fair Lending.

4. Investigating mortgage lenders and property insurers for violations of the Fair Housing Act, in coordination with Department of Justice where appropriate.

5. Developing fair lending regulations for use by the GSEs, Fannie Mae and Freddie Mac.

What Has HUD Accomplished to Open Housing Markets in 1993-94?

- President Clinton issued Executive Order 12892, directing HUD to promulgate regulations on mortgage lending and property insurance discrimination. The order also directs all executive departments and agencies to ensure that their programs affirmatively further fair housing; creates a cabinet-level Fair Housing Council.

- In a historic move, HUD took over a public housing authority in Vidor, Texas for failure to protect the civil rights of minorities. In early 1994, four African-American families moved to the development and 21 African American families currently live there.

- HUD has opened an office in Beaumont, Texas to oversee the integration efforts of 70 public housing authorities in the 36 counties of East Texas.

- In September 1994, HUD and the Mortgage Bankers Association of America signed a voluntary Best Practices Agreement that commits both organizations to work in partnership toward the elimination of lending discrimination and expansion of affordable homeownership opportunities.

- March 8, 1994, HUD, the Department of Justice, and the bank regulatory agencies adopted a joint Policy Statement on Discrimination in Lending, providing an unified federal approach to lending discrimination for the first time ever.

- In January 1994, HUD brought together more than 1,000 people representing Federal, state and local governments, public interest groups, industry associations, and others for the largest government-sponsored fair housing meeting ever.

- HUD launched a technical assistance initiative in 30 cities that will create economic opportunities for low-income residents pursuant to the previously neglected provisions of Section 3 of the Housing and Urban Development Act of 1968.

- The new Office of Program Compliance and Disability Rights has produced a design manual on construction requirements of the Fair Housing Act for use by builders and architects.

- The budget for the Fair Housing Initiatives Program has grown from $10.6 million to $26 million in FY 95, without significantly increasing the staff. Result: the creation of 24 new private fair housing organizations and the awarding of 117 grants.

- Reduced racial barriers in mortgage lending through increased Home Mortgage Data enforcement by the Mortgage Review Board.

What are HUD's Fair Housing Priorities in 1995?

- Reduce discrimination in housing through aggressive enforcement of Title VIII and all civil rights statutes.

- Promote choice in residency by providing mobility counseling for recipients of Section 8 certificates who are working or work-ready.

- Affirmatively further fair housing in HUD and other Federal programs by requiring fair housing planning for all HUD entitlement jurisdictions and by working with the President's Fair Housing Council.

- Reduce discrimination in lending and property insurance by issuing regulations on both subjects and by continuing HUD's leadership role on the Interagency Task Force on Fair Lending.

- Support the lending industry's voluntary efforts to increase fair lending by negotiating Fair Lending Best Practices Agreements with at least 75 lenders.

- Increase economic opportunities for low-income persons and small and disadvantaged businesses by publishing final regulations governing Section 3, providing extensive technical assistance, and enforcing Section 3 where appropriate.

- Promote the development of additional "substantially equivalent" state and local fair housing agencies who can aggressively and efficiently enforce the fair housing laws on behalf of the Federal government by expanding the Fair Housing Assistance Program.

- Enhance the impact and increase the number of private fair housing organizations by increasing funding for the Fair Housing Initiatives Program.

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Priority: Empowering Communities

Principle

HUD seeks to create vibrant communities by building on communities' housing assets, expanding job opportunities, providing more flexibility to local governments, expanding participation of non-profits and low-income people, and enabling the entire community to plan together comprehensively.

Approach

HUD's community empowerment strategies rely upon streamlining the application process, encouraging "bottom up" strategies and comprehensive planning, and the integration of the resources of multiple Federal agencies working together at the community level.

What is HUD Doing to Empower Communities?

A. Building upon examples of success.

1. Focusing on Empowerment Zones (EZs) and Enterprise Communities to show that Federal agencies can work together in areas that have suffered from years of neglect.
2. Initiating awards programs to draw attention to innovation and creativity in communities across the country.

B. Expanding job opportunities.

1. Focusing existing programs on maximizing economic opportunity for low-income persons.
2. Supporting neighborhood retail and industrial job producers through LIFT, Section 108, Economic Development Initiative (EDI), CDBG=Jobs, and the tax incentives of EZs.
3. Furthering job training through new CDBG economic development regulations and creative use of Section 108, Youthbuild, youth apprenticeship programs, and Section 3.
4. Increasing the availability of capital in low-income areas through community development banks.
5. Providing localities with new tools to remove obstructions that hinder job creation (e.g., land assembly, "brownfields") through expanded technical assistance and LIFT.

C. Providing more flexibility to local governments.

1. Eliminating burdensome reporting, planning, and application requirements for HUD programs through the consolidated plan.

2. Using HUD field staff to work proactively as problem-solve[r] with local governments and non-profits rather than as program enforcers.

3. Enabling local governments to produce substantial amounts new housing through improved operation of the HOME program and creation of a new HOME 108 loan guarantee program.

D. Expanding community-based participation.

1. Building neighborhood capacity:

a. Providing funding to create, expand, and operate neighborhood-based community organizations through HOME, special CDBG rules, and Community Viabilit[y] funding.

b. Improving housing production capacity in neighborho[ods] through improved implementation of HOME, CHDO Technical Assistance, and a new HOME 108 loan guarantee program.

c. Focusing technical assistance on grassroots efforts tha[t] bridge various HUD programs.

d. Supporting the development of housing production capacity in CDCs.

e. Institutionalizing alliances with foundations, churche[s] national community organizations, and CDCs.

2. Providing information to citizens and groups in order to strengthen their participation:

a. Creating a consolidated plan and software package to provide clear information about how communities ar[e] spending their money.

b. Coordinating technical assistance sessions for consolidated planning that bring together all elements of communities, including local governments, non-profits, housing organizations, and religious and business institutions.

E. Encouraging community action that links economic, human, and physical development.

1. Encouraging regional planning through metropolitan strategies.

2. Emphasizing physical design elements, open spaces, historic re-use and preservation, creative urban design, and other amenities that help enhance the quality of life in communities.

3. Encouraging comprehensive and coordinated approaches to community development through local consolidated planning.

F. Encouraging institutions of higher learning to participate in strengthening their communities and regional economies without sacrificing their core mission.

1. Recognizing, rewarding, and showing examples of university-community partnerships;

2. Helping finance the next generation of urban scholars;

3. Creating a postgraduate fellows program to convert housing developers and "dealmakers" into a cadre of highly skilled community transformation professionals.

4. Using HUD's Office of University Partnerships as the universities' point of entry into other federal community-related grant programs;

5. Creating partnerships with other Federal departments and agencies that support innovative university teaching, research, and service efforts, including the Department of Education, the National Endowment for the Humanities, the National Science Foundation and the Corporation for National Service.

G. Fostering collaboration among foundations, corporations, nonprofit groups, community-based groups, community organizing networks, advocacy organizations, religious organizations, arts and sports organizations, State and local governments, and other Federal agencies.

1. Demonstrating the tangible successes of the Department's strategies by focusing on specific communities, mediating stalemates, forging coalitions, and coordinating multi-agency resources.

2. Addressing the needs of underserved populations, such as migrant farmworkers, Americans living in the colonias and in rural areas, and Native Americans in tribal communities.

What Has HUD Accomplished to Empower Communities in 1993-94?

- January, 1994: HUD issued regulations for the Empowerment Zone application. June 1994: Communities submitted 292 applications for urban Empowerment Zones and Enterprise Communities.

- June 1994: HUD designated 20 innovative community development corporations to receive tax benefits for programs to create jobs and provide training for low-income residents.

- July 1994: HUD awarded $38 million in Youthbuild grants to help disadvantaged youth learn employment skills through constructing and rehabilitating housing for low-income and homeless people. Grants provide participating youths with education, support services, leadership development, and job opportunities.

- September 1994: HUD allocated $19 million in Economic Development Initiative grants, helping create jobs for low-income persons.

- Congress increased HOME funding from $1.275 billion in FY 94 to $1.4 billion in FY 95, permitting HUD to fund additional units for low-income persons. By September 1994, more than 93,700 units had received commitments under HOME -- 67,500 more units than a year ago.

- In 1994, the Office of Community Viability was established to empower neighborhood groups to participate in local community decision-making.

- Community Development Block Grant funding has increased from $4 billion in FY 1993 to $4.6 billion in FY 1995, which should produce an additional 37,000 rehabilitated housing units for low- and moderate-income persons and 19,000 jobs.

- HUD helped develop administration of the National Community Development Initiative, which uses HUD funds to leverage funding from private foundations for capacity building in community development corporations.

- HUD established an advocacy staff for Americans living in *the colonias* along the Mexican-American border and for farmworkers to assist them in understanding and gaining access to Federal programs. HUD is developing a program to support improved infrastructure and affordable housing in *the colonias*.

What are HUD's Community Empowerment Priorities in 1995?

- Work to ensure the success of the Empowerment Zones and Enterprise Communities selected. This will involve significant inter-agency cooperation, extensive waiver of rules, designation of additional funds for selected communities, and significant community participation.

- Enactment of the Neighborhood Leveraged Investment for Tomorrow (LIFT) program to provide needed assistance for community economic development projects that can serve as catalysts for neighborhood revitalization.

- Enactment of the Community Viability Fund to provide support for existing community-based organizations, to encourage the creation of new neighborhood organizations, and to support advances in metropolitan planning through incentives, technical assistance and recognition awards.

- Secure Congressional support for legislation to enable HUD to fund model projects in *the colonias* that lack the most basic infrastructure and necessities for housing development. This legislation should also authorize an initiative to grant aid for farmworkers whose housing needs have been too often ignored.

- Articulate metropolitan approaches and encourage regional solutions through recognition awards and incentives.

- Fully implement job programs, such as the CDBG=Jobs initiative to facilitate creation of jobs for low-income workers.

- Integrate key local housing tools like CDBG and HOME with other HUD housing initiatives.

- Fully implement the consolidated plan to improve the coordination of HUD programs.

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Managing for Performance and Results

Principle

The true success of HUD's programs will be measured by whether HUD's management of those programs produces results. It is essential to this performance-driven principle that HUD continue to streamline decision-making and improve customer service throughout the country.

Approach

In order to improve program performance, HUD is rebuilding its capacity to serve communities. HUD has begun this reinvention process by changing its organizational structure and instituting new systems to assure performance accountability.

What is HUD Doing to Manage for Performance and Results?

A. Building a <u>performance-driven organization</u> designed to achieve clear missions, committed to attaining measurable results and managed through a strategic performance system that integrates budget, policy, personnel, and organization to focus on performance.

B. Creating <u>a team-oriented setting</u> where team members are valued for their ideas, unique contributions, and the diversity of their strengths; and where unprecedented union/management collaboration involves workforce knowledge and experience.

C. Structuring a <u>"right-side-up" organization</u>, where field offices are the building blocks of the organizational structure and where the regional layer of administration is eliminated.

D. Working to be <u>a partner with communities</u>, respectful of the ideas of community providers with systematic consultation at all levels.

E. Insisting on <u>entrepreneurial government</u> that is leaner in staff positions and committed to enhancing productivity through training and investment in technology.

F. Constructing a <u>proficient management system</u> that includes upgraded financial systems, re-engineered programs and offices, and safeguards to minimize waste, fraud, and abuse.

G. Developing and implementing a department-wide framework to <u>correct longstanding deficiencies in resource management</u> practices.

H. Developing an <u>internal consulting capacity</u> to help managers implement changes in programs and support reinvention.

What Has HUD Accomplished to Manage for Performance and Results in 1993-94?

- HUD has invested heavily to support the workforce and to improve workplace conditions through collaboration with the Department's union partners.

- In accordance with the President's Executive Order, HUD signed national partnership agreements with the unions, AFGE in November 1993 and NFFE in April 1994.

- Placed a priority upon Equal Employment Opportunity and the Affirmative Employment Program to demonstrate respect for diversity.

- Implemented nationwide EEO Training for all managers, and Diversity Training for all field office staff.

- Invested heavily in training for employee productivity and performance by establishing a HUD Training Academy, Individual Development Plans, and partnerships with the University of Maryland and the University of the District of Columbia.

- Committed to automation improvements to support program goals, including streamlined FHEO Title VIII Housing Discrimination Complaints Process; the Competition Process for Awarding Empowerment Zone/Enterprise Communities; and establishing a Homeless Assistance Management Information System.

- Established a Strategic Performance System that tracks commitments and progress. One of the first agencies to develop a tracking system for measuring its performance, HUD is creating a budget structure more closely related to the program operations that allows the Department to track performance.

- Built systems to protect against fraud, waste and abuse. Since April 1993, HUD has closed over 50% of the material weaknesses identified by the IG, GAO, and Congressional oversight reports. "Management Control," once identified as a material weakness, is now an integral part of management planning.

- By streamlining the regulatory process HUD has reduced the time to implement rules by eight months.

What are HUD's Management Priorities for 1995?

- Reduce costs and improve outcomes of HUD's operations and services.
- Reorganize the Office of Administration to maximize scarce resources in support of the National Performance Review objectives, to enhance customer service, and to serve as an in-house consultant service for the Department-wide reorganization.
- Implement a new performance management system that is fully integrated with HUD's strategic and operational plans, and that assures management accountability for results.
- Develop and implement a mid-level career development program designed to expand the cadre of diverse, talented mid-level managers and supervisors.
- Upgrade all aspects of the technological infrastructure, including LANs, work stations and mainframes. Expand the capabilities of the current network to include enhanced use of multimedia.

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