



An Overview of the Department

HUD's Mission

As the Department embraces the new century, HUD's mission is to:

Promote adequate and affordable housing, economic opportunity, and a suitable living environment free from discrimination.

To fulfill this mission, HUD will be a high performing, well respected, and empowering partner with all levels of government, the private sector, and with families and individuals. This commitment to restoring competence and public trust permeates all Departmental planning and is an integral part of each strategic objective.

HUD's Strategic Objectives

HUD has seven strategic objectives that support the Department's mission. Each objective has several performance goals with measurable indicators identified in HUD's Annual Performance Plan. The strategic objectives follow:

1. Increase homeownership opportunities, especially in Central Cities, through a variety of instruments, such as expanding access to mortgage credit.

Other examples include maintaining liquidity in the market for mortgage credit, reducing Federal Housing Administration (FHA) cost of providing mortgage insurance, setting regulatory housing goals for government-sponsored enterprises, providing counseling to potential buyers, and directly subsidizing homeownership for low and moderate income households.

Many programs exist that use public sector funds to leverage the private market and enable low-and-moderate income Americans to buy and keep their own homes. The following list provides several examples: FHA programs, Homeownership Zones, Government National Mortgage Association's Targeted Lending Initiative, Homeownership Empowerment Vouchers, HOME Program Assistance to New

Homebuyers, Assistance to Habitat for Humanity and other self-help homeownership organizations, Public Housing Homeownership, and the Indian Loan Guarantee Program.

2. Increase availability of affordable housing in standard condition to families and individuals, particularly the Nation's poor and disadvantaged by:

- *Transforming Public Housing.*

This transformation has four major components:

- a. Tearing down and replacing the 100,000 worst public housing units;
- b. Aggressively intervening to improve troubled PHAs;
- c. Establishing incentives to reward working families, encouraging families to make the transition from welfare to self-sufficiency, and encouraging a diverse mix of incomes in public housing; and
- d. Cracking down on crime and illegal drugs.

- *Increasing the supply of affordable rental housing.*

HUD will construct or rehabilitate more than 400,000 units per year through a variety of programs. Continued Federal funding for public housing and renewal of expiring subsidies under the Section 8 programs will ensure that the overall number of families assisted by these programs does not decline and that the subsidies provide decent and affordable housing.

3. Empower communities to meet local needs.

The Strategic Plan for fiscal 1999 proposed to help communities solve their own problems by:

- a. Planning and executing housing and community development initiatives that are community-driven;

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- b. Coordinating comprehensive, sustainable solutions to urban problems;
- c. Streamlining housing and community development programs to make them more efficient and effective; and
- d. Increasing access by and communication between citizens and government at all levels.

4. 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.

HUD works with communities to establish cost-effective “continuum of care” systems in which gaps in the housing and services needed to move homeless families and individuals into permanent housing are identified and filled. The continuum of care system serves the specific needs of all homeless sub-populations within a particular community. With a continuum of care approach, each community can design a strategy that works best to assist local homeless persons and families achieve permanent housing and self-sufficiency.

5. Provide empowerment and self-sufficiency opportunities for low-income individuals and families, particularly the Nation’s poor and disadvantaged.

HUD is working with community organizations, States, cities, and other Federal agencies to effectively implement this objective. The Department proposes a four-pronged action plan:

- a. Creating and retaining jobs;
- b. Strategically using tenant-based rental assistance to link welfare recipients to jobs through innovative uses of incremental housing assistance and regional counseling;
- c. Coordinating housing assistance with Welfare Reform efforts; and

- d. Providing and leveraging services to help welfare recipients make the transition from dependency to work through expansion of the Bridges to Work initiative, funding for Public Housing Supportive Services, expansion of Neighborhood Networks learning centers in assisted housing and the Youthbuild program to provide access to education and job training.

6. Promote equal housing opportunities for those protected by law.

HUD is shaping a new strategy for promoting equal housing opportunity. This new strategy will replace approaches which have resulted in the spreading of scarce resources over widely dispersed areas of the country in an effort to battle discrimination and promote equal housing opportunity. Instead, resource use must be more focused and better coordinated to achieve a meaningful impact. There are four strategic components for reducing housing discrimination:

- a. Concentrating HUD’s Fair Housing and Equal Opportunity’s (FHEO’s) resources in a select number of communities;
- b. Expanding the impact of HUD’s and other agencies’ housing and urban development-related programs by focusing on greater housing choice;
- c. Partnering with “stakeholders” to seek and develop areas of common ground and shared interests; and
- d. Partnering with HUD recipients and other public and private housing organizations to promote open communities.

7. Reduce the isolation of low-income groups within a community or geographical area.

This spatial de-concentration is accomplished through the use of tenant-based rental certificates and vouchers and the revitalization of deteriorated neighborhoods. In addition, the Department desires to recruit large numbers of private landlords to participate in the Section 8

housing program and convince citizens, where Section 8 recipients reside, to see the program as a positive addition to their neighborhood rather than a negative.

The Discussion and Analysis (D&A) section of this report presents selected key indicators for the strategic objectives with the exception of the seventh objective, reduce the isolation of low-income groups within a community or geographical area, for which no performance measurement data is available. The D&A section also discusses the Department's consolidation of several major functions initiated with HUD's 2020 Management Reform Plan published in June 1997.

The Secretary's Personal Commitment – Restoring The Public Trust

Secretary Andrew Cuomo has made a personal commitment on behalf of HUD to restore the public trust by achieving and demonstrating competence. This commitment is an integral part of accomplishing every strategic objective.

In June of 1997, the Secretary introduced the HUD 2020 Management Reform Plan to ensure HUD's relevance and effectiveness into the 21st Century, and to address the management and operational deficiencies identified by the General Accounting Office (GAO):

- Organizational structure;
- Staffing and skills mix;
- Financial and management information systems; and
- Internal controls.

Positive reviews of the Management Reform Plan and its implementation have been coming in from outside the Department. In 1998, management expert David Osborne, author of *Reinventing Government*, wrote that management reform at HUD "as it is being implemented today represents one of the most ambitious, fundamental and exciting reinvention plans in the recent history of

the federal government." A review by management consultants Booz-Allen and Hamilton concluded in March 1998 that HUD has made "significant progress towards achieving the many management reforms that are critical to making the Department function effectively." And finally, a report in early 1999 by the GAO of Congress said: "HUD continues to make credible progress in overhauling its operations to correct its management deficiencies."

HUD's Components

HUD's organizational components fall into three main groups:

- 1) Major program areas;
- 2) Public trust offices and processing centers; and
- 3) Support staff and organizations. (See Organization Chart at the end of this section).

Five Assistant Secretaries, one corporation President, and numerous Office Directors administer the major components. Programs range from mortgage insurance and guarantees of mortgage securities; to enforcing fair housing legislation; to making grants, loans, and subsidy payments through cities, States, and other program participants. HUD has created new public trust offices to ensure that programs are operating correctly as well as new processing centers to handle administrative and financial duties. The remainder of HUD's organizations and staff exist to support HUD personnel, the program areas and processing centers, and the achievement of the strategic objectives.

Major Program Areas

HUD's major program areas fall into three primary categories: the FHA and Office of Housing; the Government National Mortgage Association (Ginnie Mae); and HUD's grant, subsidy and loan programs, which include the Offices of Public and Indian Housing, Community Planning and Development, Fair Housing and Equal Opportunity, Lead Hazard Control, Multifamily Housing Assistance Restructuring, and Federal Housing Enterprise Oversight.

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Federal Housing Administration (FHA)

FHA programs provide insurance on mortgages relating to one to four family residences, multi-family rental housing, condominiums, nursing homes, hospitals, manufactured housing, property improvement, and “special risk” units.

The Office of Housing

The Office of Housing administers various rental subsidy, homeownership subsidy, and grant programs designed to provide housing to low, very low, and moderate income persons.

Section 8 Project-Based Rental Assistance: This program encourages owners to rehabilitate rental housing for low and very-low income families, and is tied to specific units under an assistance contract with the project owner.

Section 202/811 Capital Grants: Capital grants are provided for the construction and long-term support of housing for the elderly (Section 202) and disabled (Section 811). Advances are interest-free and do not have to be repaid providing the housing remains available for low-income persons for at least 40 years. Prior to the Section 202 Capital Grant program, Section 202 loans were made to finance the development of housing for low-income elderly persons.

Development and Preservation: This program supports the Section 8 Program by providing rent subsidies to owners of FHA-insured and HUD-held projects and by preserving projects for low-income use.

Homeownership Subsidies: HOPE 2 subsidies help low-income families obtain homeownership. This effort is complimented by counseling designed to assist participants improve their housing conditions and meet their housing responsibilities.

Other Housing Programs: Housing also maintains manufactured housing construction and safety standards, administers the Real Estate Settlement Procedures Act (RESPA), and regulates interstate land sales. There are some terminated loan programs, such as the Section 202 Loan program, which still have outstanding loans. Additionally,

programs such as the Homeownership Assistance Program (Section 235) and the Rental Housing Assistance Program (Section 236) are inactive but insurance for the programs is still in force.

Government National Mortgage Association (Ginnie Mae)

Through its Mortgage-Backed Securities program, Ginnie Mae facilitates the financing of residential mortgage loans by guaranteeing the timely payment of principal and interest on privately issued securities backed by pools of mortgages insured or guaranteed by FHA, the Department of Veterans Affairs, and the Rural Housing Service. The Ginnie Mae guarantee gives lenders access to the capital market to originate new loans.

The Office of Public and Indian Housing (PIH)

PIH programs serve low and very low-income families and individuals who live in public housing, Section 8-assisted housing, and Native American housing. Major activities supported by the three largest PIH Funds are described below:

- **Housing Certificate Fund**

Section 8 Tenant-based Rental Assistance: Low and very-low income families receive rent subsidies to enable them to obtain decent, safe and sanitary housing in privately owned housing units. This tenant-based program is administered through State and local Housing Agencies (HAs).

- **Public Housing Operating Fund**

Operating Subsidies: Financial assistance in the form of subsidies is provided for project operation to approximately 3,200 HAs with approximately 1.3 million units under management.

- **Public Housing Capital Fund**

Funds are provided by formula for capital improvements (i.e., developing, rehabilitating and demolishing units), for replacement housing, and for management improvements .

- **Other Public Housing Programs**

Indian Housing Block Grants and Indian Home Loan Guarantees. Native Americans are assisted in building or purchasing homes on Trust Land;

obtaining affordable housing; implementing local housing strategies to promote home-ownership; and developing viable communities.

Services to Families and Individuals: Grants are provided for HAs to administer programs which help to stabilize the lives of families living in public housing.

HOPE VI: Funds are awarded to HAs for demolition of obsolete public housing; major reconstruction, rehabilitation, and new construction; management improvements; planning and technical assistance; and self-sufficiency programs for residents.

The Office of Community Planning and Development (CPD)

CPD administers the Department's major economic and community development grant programs, several housing programs, and HUD's homeless assistance programs.

Community Development: Community Development Block Grants are provided to units of local government and States for the funding of local community development programs which address housing and economic development needs, primarily for low and moderate income persons.

Affordable Housing Programs: HOME Investment Partnership Grants provide assistance to renters and first-time homebuyers, build State and local capacity to carry out affordable housing programs, and expand the capacity of nonprofit community housing organizations to develop and manage housing.

Homeless Programs: Programs developed under the Stewart B. McKinney Homeless Act of 1987 consist predominantly of grants to communities to establish comprehensive systems for meeting the needs of homeless people, and people with AIDS.

Homeownership: HOPE III offers homeownership opportunities to lower-income families by providing assistance to finance the purchase and rehabilitation of eligible single family properties.

The Office of Fair Housing and Equal Opportunity (FHEO)

FHEO enforces the Fair Housing Act and other civil rights laws to identify and combat discrimination; to ensure the right of equal housing opportunity and free and fair housing choice without discrimination based on race, color, religion, sex, national origin, disability, or family status. FHEO endeavors to direct jobs, training, and economic opportunities to low-income residents in communities receiving housing and community development assistance.

Fair Housing Assistance Program (FHAP) provides grants to State and local agencies that administer fair housing laws which are substantially equivalent to the Fair Housing Act or Title VIII of the Civil Rights Act of 1968, as amended.

Fair Housing Initiatives Program (FHIP) provides funds competitively to private and public entities to carry out local, regional and national programs that prevent or assist in eliminating discriminatory housing practices and educate the public and housing providers on their fair housing rights and responsibilities.

The Office of Lead Hazard Control

The Office of Lead Hazard Control provides funds to State and local governments to develop cost effective ways to reduce lead-based paint hazards.

Office of Multifamily Housing Assistance Restructuring (OMHAR)

In order to meet the challenge of the impending expiration of Section 8 rental assistance contracts, Congress passed legislation to establish OMHAR. Its goal is to reduce the costs of over-subsidized Section 8 multifamily housing properties insured by FHA. By the time OMHAR sunsets on October 1, 2001, property owners will have been able to participate in restructurings that will require full or partial claim payments from FHA funds.

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The Office of Federal Housing Enterprise Oversight (OFHEO)

OFHEO is an independent office within HUD which provides oversight with respect to the financial safety and soundness of the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae).

Public Trust Offices and Processing Centers

An important part of HUD's 2020 Management Reform Plan has been to reorganize by function. Public Trust Offices have been created to provide consistent and comprehensive oversight and improvement of program performance. In addition, Processing Centers centralize repetitive "back-room" functions previously performed in field offices.

The Financial Management Center (FMC)

The FMC is a processing center reporting to the Assistant Secretary for Public and Indian Housing and is responsible for the financial management of the Public and Indian Housing (PIH) tenant-based and Office of Multifamily (MF) Housing project-based Section 8 programs which HUD administers with Annual Contributions Contracts (ACCs). FMC provides financial management support for approximately 10,400 ACCs. HUD uses annual budgets and requisitions/payment schedules to advance funds to the Housing Authorities and Contract Administrators (collectively "HAs/CAs") that administer these programs.

The Departmental Enforcement Center (DEC)

The Enforcement Center is the public trust office into which the bulk of HUD's enforcement efforts have been consolidated. Headed by an FBI agent, it addresses monitoring and internal control problems with responsibility for distressed multifamily properties; aggressive enforcement strategies for Public Housing Agencies (PHAs); enforcement of all regulatory and business agreements (including suspensions and debarments); and referral of civil cases to the Department of Justice and criminal cases to HUD's Inspector General.

The Real Estate Assessment Center (REAC)

REAC is a public trust office that assesses the physical and financial condition of HUD's multi-family and public housing real estate portfolio and enables the Department to improve targeting of monitoring and enforcement resources.

Other

The Department has also established other Public Trust Offices and Processing Centers to provide consistent and comprehensive oversight and improvement of program performance and to centralize repetitive "back-room" functions previously performed in field offices. These include:

- 18 Multifamily HUBS with 33 program centers;
- 2 Multifamily Property Disposition Centers (MPDCs) ;
- 4 Single Family Homeownership Centers (HOCs);
- 2 Public and Indian Housing Troubled Agency Recovery Centers (TARCs);
- Grants Management Center (GMC);
- Administrative Services Center (ASC);
- Employee Services Center (ESC); and
- The Accounting Center (AC).

Support Organizations

Virtually all of the remaining organizations and employees of the Department support the major program areas, Public Trust Offices and Processing Centers. This includes the Offices of Administration, Chief Financial Officer, Chief Information Officer, Chief Procurement Officer, General Counsel, Congressional and Intergovernmental Relations, and the Inspector General.

