



## U.S. Department of Housing and Urban Development 2018 Accomplishments

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### Advancing Economic Opportunity

Under Secretary Ben Carson, HUD is advancing economic opportunity for low-income families through homeownership, workforce training, educational advancement, and health and wellness programs and services. Specifically, HUD:

- In FY 2018, through HUD's Federal Housing Administration (FHA), served nearly **669,000 mostly first and low- to moderate income, single-family homebuyers** through home loans; supported the **production and preservation of 121,600 multifamily units**; and provided **\$2.45 billion in insurance** for hospital and residential care facilities.
- Ginnie Mae served **1.84 million households** by attracting global capital to the nation's housing market through its mortgage-backed security (MBS) in conjunction with the government's lending programs, such as the FHA and Veterans Affairs (VA).
- Announced the **first round of 'EnVision Center' designations in 17 communities** around the country. Located on or near public housing developments, EnVision Centers will be centralized hubs that serve as an incubator to support four key pillars of self-sufficiency – (1) Economic Empowerment, (2) Educational Advancement, (3) Health and Wellness, and (4) Character and Leadership.
- Continued to implement the expansion of the Moving To Work demonstration program from 39 to **139 public housing authorities** across the country, encouraging innovative, locally-designed strategies for housing choice, self-sufficiency, and economic opportunity for low-income families.
- Awarded **\$75 million to public housing authorities** through HUD's Family Self-Sufficiency (FSS) program to continue helping public housing residents increase their earned income, save for the future, and reduce their dependency on welfare assistance and rental subsidies.
- Revived HUD's Section 3 jobs program by:
  - Committing to the publication of a final rule after 24 years as an interim rule; and
  - Conducting the first national Section 3 training conference in 50 years with over 350 participants representing entitlement communities, HUD contractors and subcontractors, Public Housing Agencies, Section 3 coordinators, Section 3 residents and residents councils, and Section 3 businesses.
- Expanded HUD's Book Rich Environments Initiative to provide **more than 400,000 new books to low-income children in 37 HUD-assisted communities** across the country.

## Protecting Taxpayers

HUD is protecting taxpayers by reducing the FHA's exposure to risk and promoting sustainable homeownership. Specifically, HUD:

- **Exceeding the statutorily mandated 2.0% capital ratio** in the Mutual Mortgage Insurance (MMI) Fund in fiscal years 2017 and 2018 by not implementing a premium decrease announced by the previous administration.
- Making several needed changes to the Home Equity Conversion Mortgage (HECM) program to improve its financial health and ensure it remains a resource for future senior borrowers.
- Reducing inflated appraised values on HECM properties to further reduce risk to FHA's Mutual Mortgage Insurance Fund, which should reduce the claim amounts FHA may be paying out unnecessarily for HECM mortgages.
- Introducing the Disaster Standalone Partial Claim to assist victims of disasters stay current on their mortgage payments. This allows borrowers to stay in their homes, and reduces the number of foreclosures and subsequent claims paid by FHA.
- Announcing it would stop insuring mortgages on homes encumbered with Property Assessed Clean Energy (PACE) obligations.
- Providing American taxpayers who stand behind FHA with a clear window into FHA's financial condition through an enhanced Single Family Mutual Mortgage Insurance Fund annual report that has improved transparency, consistency and accountability.

Ginnie Mae (GNMA), through the vision outlined in Ginnie 2020, implemented changes for mortgage Issuers to protect taxpayers:

- Helping curb abuses in connection with certain mortgage refinance programs utilized by veterans.
  - Developing analytical and enforcement capability to address abusive practices leading to abnormally high **prepayment rates of VA loans in Ginnie Mae Mortgage Back Securities (MBS)**.
- Improving Ginnie Mae's counterparty risk oversight and monitoring to proactively minimize future market disruption or taxpayer liability by:
  - Implementing the Default Management Playbook;
  - Developing stress testing methodology for all Issuers; and
  - Establishing the requirement that Issuer participation in the MBS program meets acceptable risk parameters.

HUD's Office of the Chief Financial Officer (OCFO) has also taken several steps to reduce risk and streamline agency operations, by establishing a Department-wide "Integrity Task Force" to improve HUD's finances, IT systems, acquisition process, risk assessment capability, grant processes, and HR processing. Other efforts include:

- Forming an Enterprise Risk Committee to introduce a new risk governance mechanism for the agency.

- Forming the Mortgage Risk Review Committee to oversee risk and related processes in FHA and GNMA.
- Developing a process to improve HUD's GONE Act compliance resulting in the number of open grants that should be closed being **reduced from 186,000 to under 6,000**.
- Reducing delinquent Congressional reports **from 121 to under 10**.
- Fixing issues that prevented HUD's Office of the Inspector General (OIG) from auditing Ginnie Mae financials.
- Developing detailed workplans for five of material weaknesses, as follows:
  - Reconciliations, FHA credit subsidy calculations, governance, GNMA close process, grant accruals.
- Developing a new OCFO Oversight Process for the Community Development Block Grant-Disaster Recovery (CDBG-DR) funds for Puerto Rico and the U.S. Virgin Islands.
- Partnering with the U.S. General Services administration as part of the Centers of Excellence (CoE) initiative to modernize agency information technology (IT) systems and operating procedures.

HUD's Office of the General Counsel is successfully closing pending litigation, resulting in significant taxpayer savings.

- Winning a significant legal victory in *Anaheim Gardens v. United States*, a case that has been pending for 25 years and presented HUD and the Federal government with potentially **more than \$100 million in liability exposure**.

### **Reducing Regulatory Barriers**

HUD is reducing regulatory burdens that stifle investment in distressed communities. Specifically, HUD:

- Withdrew the Affirmatively Furthering Fair Housing (AFFH) assessment of Fair Housing Tool for local governments. The tool was confusing, difficult to use, contained errors, and frequently produced unacceptable assessments, and otherwise required an unsustainable level of technical assistance. Jurisdictions that failed the assessment were at risk of losing HUD funding.
- Reopened HUD's 2015 AFFH rule for public comment. The existing rule discourages reinvestment and the building of affordable housing in distressed communities.
- Published an advanced notice of proposed rulemaking (ANPR) and is seeking public comment on whether the agency's 2013 Disparate Impact Regulation is consistent with the 2015 U.S. Supreme Court ruling in [Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc.](#)
- Completed review of regulations and made recommendations to reduce regulatory burdens for manufactured housing production, to increase affordable housing for millions of American.

- Created a Department-wide “Landlord Task Force” to reduce burdensome administrative requirements and encourage more landlords to participate in HUD’s Housing Choice Voucher program.
- Began efforts in conjunction with the Department of Justice to reduce the dampening effects of the False Claims Act on home loan originators.

### Funding Disaster Recovery at Historic Levels

HUD has responded to natural disasters with historic funding levels and assistance to support the long-term recovery of affected communities. Specifically, HUD:

- Announced it would allocate more than **\$35 billion in *Community Development Block Grant - Disaster Recovery (CDBG-DR)* funding to 16 states and local governments** in FY2018 following several natural disasters to support long-term recovery efforts.
  - HUD will invest nearly **\$20 billion to Puerto Rico** for long-term housing, infrastructure and economic development on the island – the largest grant of its kind in the Department’s history.
- Offered **19 regulatory waivers to state and local governments** in the wake of natural disasters, giving state and local governments increased flexibility to quickly get recovery resources to the families that need them most.
- Extended a **foreclosure moratorium for struggling homeowners** with FHA-insured mortgages in areas impacted by natural disasters.
- Introduced **new FHA financing options**, including the “Disaster Standalone Partial Claim,” for disaster victims who are rebuilding or buying another home following a disaster. This option covers **up to 12 months of missed mortgage payments** via an interest-free second loan on the home.

### Serving the Nation’s Most Vulnerable

HUD is working to break the cycle of poverty by encouraging self-sufficiency among work-able families and administering programs that serve our most vulnerable populations. Specifically, HUD:

- In FY2018, awarded over **\$2 billion** in Continuum of Care (CoC) program grants, **\$270 million** in Emergency Solutions Grants (ESG) program funds, and **\$43 million** in funding for Youth Homelessness Demonstration Program (YHDP) grants to communities working to end homelessness.
- Launched a lead-based paint enforcement initiative, “Protect Our Kids!” which has resulted in six penalty and pre-penalty notices to an Illinois housing authority, two local governments in New York, property managers in New Jersey and North Carolina and individual landlords in Iowa.
- Initiated a sexual harassment in housing enforcement campaign in conjunction with the Department of Justice. The initiative will:

- Drive a shared strategy between the two agencies for combatting sexual harassment in housing;
- Provide a toolkit for housing authorities and landlords; and
- Make it easier for victims all over the country to find resources and report harassment through a public service announcement and social media campaign.

### **Spurring Reinvestment in Communities**

HUD is spurring reinvestment and the construction of affordable housing in our nation's neediest communities. Specifically, HUD:

- Preserved affordable housing options by **converting 100,000 public housing units** through the Rental Assistance Demonstration (RAD) program, which has generated close to \$6 billion in construction investment.
- The Administration established the White House Opportunity and Revitalization Council, covering 13 federal agencies and led by Secretary Carson, which will work to prioritize Opportunity Zones in a variety of federal efforts, including grant funding, loan guarantees, infrastructure spending and crime prevention.
- Worked to streamline projects that utilize Low-Income Housing Tax Credits (LIHTC) and invest in distressed neighborhoods, including Opportunity Zones.

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