Agency Priority Goals

The APGs, outlined and illustrated below, directly support HUD's Strategic Goals to focus on ongoing responsibilities and priorities to address the following six Agency Priority Goals:

(1) **Prevent Foreclosures**: Assist 700,000 homeowners who were at risk of losing their homes due to foreclosure;

(2) **Reducing Vacancy Rates**: Reduce the average residential vacancy rate in 70 percent of the neighborhoods hardest hit by the foreclosure crisis relative to comparable areas;

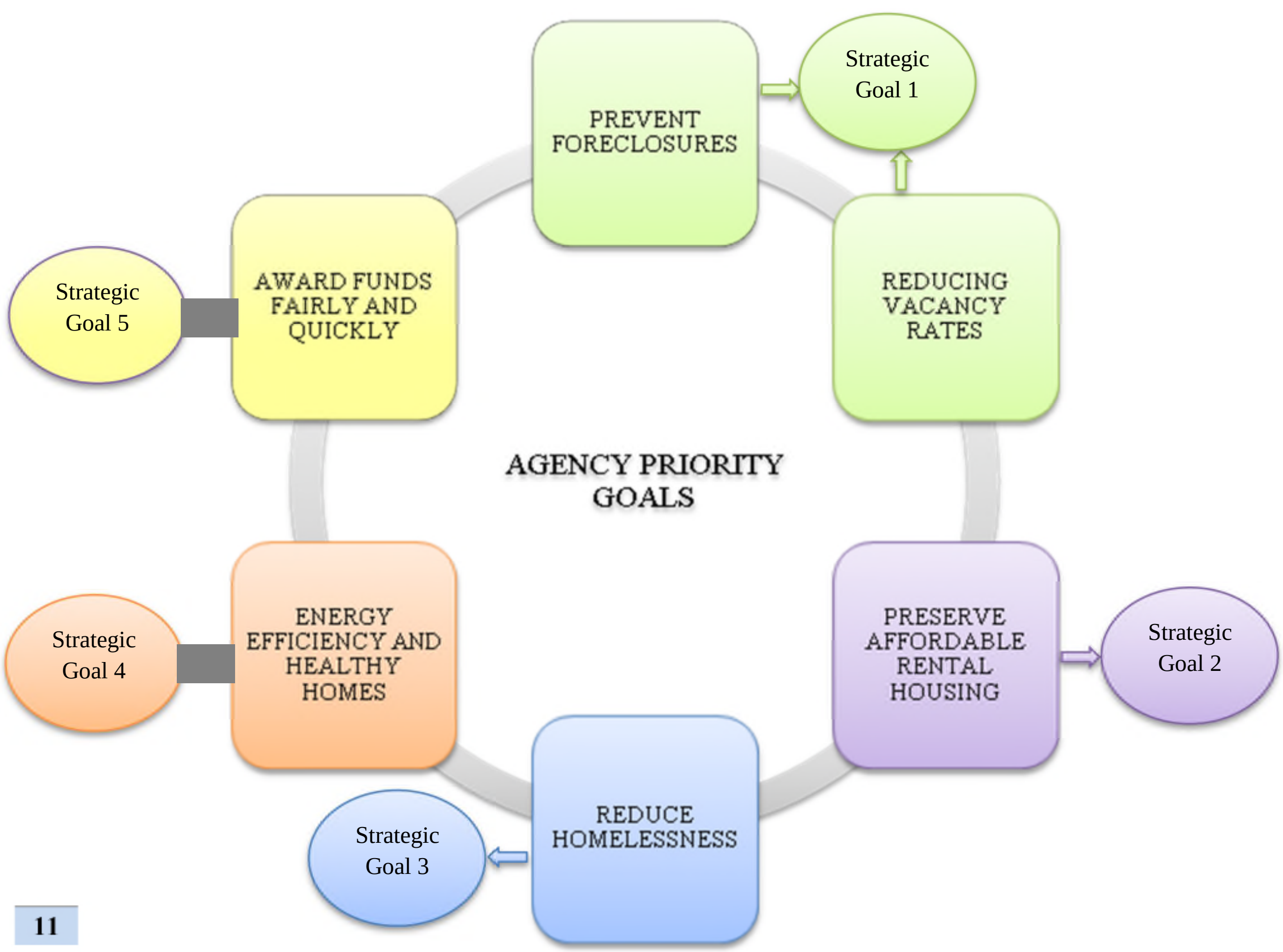
(3) **Preserve Affordable Rental Housing**: Preserve affordable rental housing by continuing to serve 5.4 million total families and serve 61,000 families through HUD's affordable rental housing programs;

(4) **Reduce Homelessness**: Reduce the number of homeless Veterans to 35,000 by helping them move into permanent housing, jointly with the Department of Veterans Affairs;

(5) **Energy Efficiency And Healthy Homes**: Enable the cost-effective green and energy retrofits of an estimated 159,000 HUD-assisted and public housing units.

(6) **Award Funds Fairly And Quickly**: Improve internal processes to ensure that it could obligate 90 percent of NOFA programs within 180 calendar days from budget passage, ensuring that America's neediest families have the shelter and services they need, when they need them.

Each of HUD's Strategic Goals are supported by one or more two-year Agency Priority Goals (APGs), which serve as key measures of success in furthering HUD's mission By monitoring progress on the APGs, HUD can analyze performance trends alongside related funding information to provide a comprehensible picture of its progress towards achieving its priorities.



AGENCY PRIORITY GOAL: PREVENT FORECLOSURES

By September 30, 2013, assist 700,000 homeowners who are at risk of losing their homes due to foreclosures.

OVERVIEW

The recession that began in December 2007 and ended in June 2009[1] was characterized by a shortage of credit, increased unemployment, diminished property values, and millions of home foreclosures. For the vast majority of Americans, their home is the single most expensive and valuable asset they own. As a result, losing a home through foreclosure is often a traumatic life experience that leads to significant deterioration in a person or family's living conditions, economic viability, neighborhood stability, and opportunities for improving quality of life. Foreclosure prevention and the recovery of the housing market are critical components of the Administration's broader plan for economic recovery. After serving over 900,000 homeowners in FY 2010 and 2011, the FY 2012 and 2013 goal committed HUD to serving an additional 700,000 homeowners by September 2013.

HUD works with servicers and borrowers to encourage early intervention and to facilitate loss mitigation actions that prevent foreclosures and keep more Americans in their homes. Many loss mitigation programs aim to lower monthly mortgage payments. However, homeowners must still earn enough monthly income to afford the modified payments. Individuals who have lost their jobs or who have faced significant reductions in their income may still not be able to afford even modified monthly payments.

All loss mitigation programs rely on cooperation with and implementation through third party mortgage servicers and lenders. As such, the rate and volume of assistance provided to eligible homeowners is subject to the infrastructure and customer service administered by these third parties. The Department and the Administration as a whole have acted to partner with and assist the industry to help as many homeowners as possible.

Despite HUD's efforts, sustained unemployment, underwater mortgage loans, and restrictive mortgage credit prevent refinancing and remain significant barriers to mitigating the crisis. These factors are subject to macroeconomic conditions that cannot be controlled by the Department.

STRATEGIES

The Office of Single Family Housing's targeted efforts to help struggling homeowners via the Loss Mitigation and Early Delinquency Intervention Programs have assisted hundreds of thousands of homeowners who are at risk of losing their homes due to foreclosure. Strategies have included improvements like establishing a network of Relationship Managers as a point of contact for borrowers in need of assistance, or implementing new communications tools, such as texting, to reach delinquent borrowers in the very early stages of delinquency when the delinquency is the easiest to cure.

Loan servicers (i.e. banks or lending institutions) most often offer early delinquency intervention assistance to homeowners who are less than 90 days in default. Providing assistance to homeowners who

[1] Bureau of Labor Statistics, "BLS Spotlight on Statistics," February 2012, "The Recession of 2007-2009." From http://www.bls.gov/spotlight/2012/recession/pdf/recession_bls_spotlight.pdf.

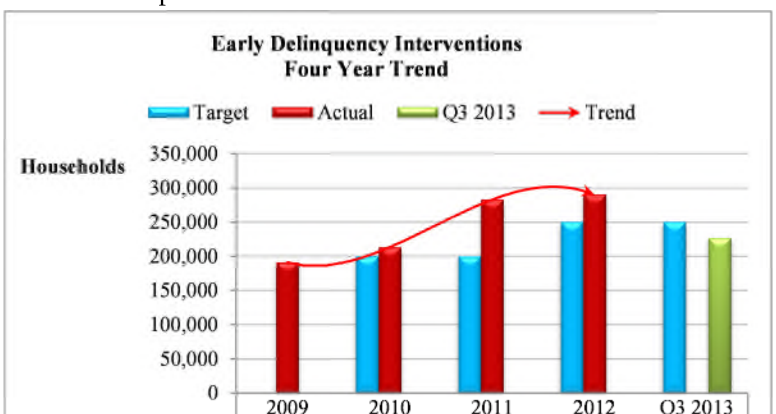
are in the early stages of mortgage payment distress averts the potential for more serious delinquencies, defaults, and foreclosures at a later date. Types of early delinquency interventions include:

- **Repayment**. An agreement in which the borrower agrees to repay delinquent amounts to bring the mortgage current, but is not a special forbearance.
- **Trial Modification**. A repayment plan set up for a borrower who has been conditionally approved for an FHA Home Affordable Modification Plan.

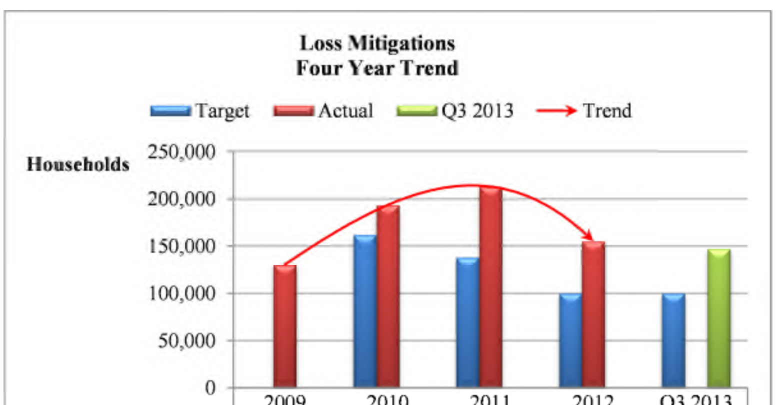
Early delinquency interventions have been effective over the years, but as the housing crisis expanded, HUD implemented both new and improved loss mitigation programs to better assist homeowners most in danger of losing their homes. These loss mitigation products include:

- **FHA Home Affordable Modification Plan**. This program reduces the monthly mortgage payment for eligible homeowners, who have FHA-insured mortgages, bringing the delinquency current and deferring principal in some cases to reach an affordable payment.
- **Special Forbearance**. A repayment plan that allows a borrower who is unemployed to reduce or suspend mortgage payments for a period of time to give payment relief while they seek employment.
- **Mortgage Modifications**. This program permanently changes one or more of the terms of a loan to make the mortgage payment affordable. Mortgage modifications can be combined with a special forbearance action.
- **Partial Claims**. This option allows the lender to advance funds to make a delinquent loan current when a borrower is unable to pay the delinquency through special forbearance or loan modification options. Partial claims can be combined with a special forbearance action.
- **Preforeclosure Sales**. This program allows a borrower in default to sell the home and use the sales proceeds to satisfy the mortgage debt, even if the proceeds are less than the amount owed.
- **Deeds in Lieu**. This option allows a defaulting borrower, who does not qualify for any other HUD loss mitigation option, to sign the house back to the mortgage company without going through the foreclosure process.

In FY 2013 through Q3, HUD exceeded cumulative targets for early delinquency interventions and loss mitigation actions by 21 percent and 96 percent, respectively, for a total of 374,083 homeowners assisted. Our success on this goal is due to our



	2009	2010	2011	2012	Q3 2013
Target		200,000	200,000	250,000	250,000
Actual	191,351	213,403	282,794	290,216	
Q3 2013					227,003



	2009	2010	2011	2012	Q3 2013
Target		162,015	137,985	100,000	100,000
Actual	130,358	193,344	212,890	154,933	
Q3 2013					147,080

continued work with lenders to find ways to help borrowers at risk for foreclosure as well as outreach to borrowers to ensure they are aware of their options when facing foreclosure. Although our performance is strong, HUD continues to closely monitor the high number of defaults longer than 90 days that may go into foreclosure. For detailed quarterly assessments, and to continue to track HUD's progress on this measure, readers may consult Performance.gov.

As supporting measures of the Department's effectiveness in preventing foreclosures, HUD closely follows the Consolidated Claim Workout Ratio and the 6-Month Re-default Rate. The Consolidated Claim Workout Ratio measures the portion of FHA claims paid out as loss mitigation from the total of loss mitigation and foreclosure claims paid out. A high ratio is desirable, because loss mitigation claims are better than foreclosure claims for both the borrower and for FHA. The 6-Month Re-default Rate measures the tendency for homeowners who have received loss mitigation assistance to re-default on their mortgages within the first six months, which is the most vulnerable period for homeowners at risk of foreclosure.

MEASURING OUR PROGRESS

The performance indicators in the following table are used to track our progress in preventing foreclosures. Trends for the first two indicators are shown on charts above.

INDICATOR	FY 2012 Target	FY 2012 Actual	FY 2013 Target	Q3 FY 2013 Actual*
Early Delinquency Interventions	250,000	290,216	250,000	227,003
Loan Modifications	100,000	154,933	100,000	147,080
• Consolidated Claim Workout Ratio	50.00%	62.58%	50.0%	63.00%
• 6-Month Re-default Rate	13.00%	13.00%	10.00%	9.00%

*As of June 30, 2013

The Department's efforts to mitigate the foreclosure crisis have been led by the Assistant Secretary for Housing – Federal Housing Administration (FHA) Commissioner – and also extend to its close relationships with Treasury. Contributing programs include the FHA Home Affordable Modification Program (HAMP) and the Housing Counseling program. The FY 2012 actuals and the FY 2013 Q3 actuals together exceed the two-year goal of serving 700,000 additional homeowners.

AGENCY PRIORITY GOAL: REDUCING VACANCY RATES

By September 30, 2013, 70 percent of Neighborhood Stabilization Program 2 Neighborhood Investment Clusters will reduce the average residential vacancy rate relative to at least one comparable neighborhood.

OVERVIEW

One result of the downturn of the housing market—with high rates of foreclosure, increases in the number and proportion of vacant properties, and plummeting home values—has been to de-stabilize neighborhoods with high foreclosure rates. As HUD reported to Congress in 2010, "Foreclosures can depress property values, lower local property tax revenue, and impose additional costs on cash-strapped public agencies in the form of additional police, fire, and other municipal services needed to respond to the blighting influence that vacant and foreclosed properties can have on local communities."[2] For communities with high rates of foreclosure, the goal of the Neighborhood Stabilization Program (NSP) is to repurpose properties to stabilize neighborhoods.

STRATEGY

- **Mitigate the effects of the foreclosure crisis on neighborhoods by assisting communities that have high rates of foreclosure.**

HUD engaged the Reinvestment Fund under the NSP technical assistance program to analyze areas across the nation that received NSP investments. The purpose was to:

1) analyze how markets treated with NSP investment have changed over time compared to similar markets that have not been touched by these investments;
2) identify "outstanding performers," markets treated with NSP investment where home sale price and vacancy indicators have trended better than their comparable markets;
3) develop a systematic process and automated report for updating this analysis on a quarterly basis using new home sales and vacancy statistics; and,
4) provide technical assistance to grantees on the relative effectiveness of their programs in achieving program goals.

The Department has three programmatic tools for mitigating the de-stabilizing effects of foreclosures on neighborhoods:

Neighborhood Stabilization Program 2. The Neighborhood Stabilization Program 2 (NSP2) is HUD's primary tool for stabilizing neighborhoods whose viability has been and continues to be damaged by the economic effects of properties that have been foreclosed upon and abandoned. The NSP2 references the specific grant funds provided by the American Recovery and Reinvestment Act of 2009 (P.L. No. 111-5) to states, local governments, nonprofits, and a consortium of public and/or private nonprofit entities on a competitive basis. On January 14, 2010, HUD awarded a combined total of $1.93 billion in grants to 56 grantees nationwide, including 33 consortiums at a regional level and four national consortiums carrying out activities in target areas throughout the country. These grantees were selected on the basis of foreclosure needs in their selected target areas, recent past experience, program design, and compliance with rules.

HUD measures NSP2 target areas' units of service, which represent the number of units produced within each eligible activity. The term "units of service" is distinct from unique housing units or households because units of service may be produced through multiple activities (e.g., acquisition and rehabilitation). The activities reported on are the underlying Community Development Block Grant (CDBG) program activity groups that have emerged as the predominant uses of NSP funds.

[2] U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Report to Congress on the Root Causes of the Foreclosure Crisis, January 2010. http://www.huduser.org/portal/publications/Foreclosure_09.pdf.

Because NSP2 grantees' 100 percent expenditure deadline was February 11, 2013, there will be no NSP2 contribution to this APG after September 30, 2013. Production updates will be provided after this date, but no targets have been set beyond this quarter.

Single Family Housing Asset Management. HUD acquires 1-to-4 unit residential properties when owners default and lenders foreclose on FHA-insured mortgages. These acquired properties become departmental assets, and are referred to as Real Estate Owned (REO) properties. The Office of Single Family Housing continues to reduce residential vacancy rates by decreasing the cycle time associated with selling its REO properties. In FY 2011, HUD sold its Single Family REO properties on average in 192 days, while in FY 2012 REO properties were sold on average in 136 days. Additionally, the Office has developed the National First Look Program.

National First Look Program. The National First Look program is a first-ever public-private partnership agreement between HUD and the National Community Stabilization Trust. To help rebuild neighborhoods that have been struggling with blight and declining home values due to foreclosures, the First Look program gives Neighborhood Stabilization Program grantees a brief exclusive opportunity to purchase bank-owned properties in target neighborhoods so these homes can either be rehabilitated, rented, resold or demolished. In collaboration with national servicers, FHA, Fannie Mae, and Freddie Mac, the nation's leading financial institutions, representing approximately 75 percent of the REO market, are participating in this program.

MEASURING OUR PROGRESS

The following performance indicators track our progress towards this priority goal:

INDICATOR	FY 2012 Target	FY 2012 Actual	FY 2013 Target	Q3 FY 2013 Actual
• Percent of NICs* with improved vacancy rate outcomes over at least one comparable area	70%	75%	70%	74%
• NSP2 target areas units of service	6,157	5,185	19,462	9,011
• Average days to list REO properties to market	44	22	23	21
• Average time in inventory for REO properties	188	136	133	121

* Neighborhood Investment Cluster

Through Q3 of FY 2013, HUD was exceeding its target with Neighborhood Investment Clusters (NICs) beating at least one comparable area by 4 percentage points. Although more completions still need to be reported, 74 percent of all NICs trended better than at least one of their comparable markets when it came to vacancy rate change between the first half of FY 2008 and the third quarter of FY 2013. This indicator identifies NICs (neighborhoods with at least two NSP investments per 100 houses) and tracks their vacancy rates against comparable (in terms of vacancy rate, home price, and market conditions pre-2008) neighborhoods that received no investment.

By statute, NSP2 grantees were required to expend all grant funds by February 11, 2013, but units are not counted until they are occupied. Therefore, the production estimates will lag expenditures by six to eighteen months, which will also delay impacts on reducing vacancy rates.

The continued provision of technical assistance (TA) relies on the use of NSP3 TA funds, which are not authorized to serve NSP2 grantees—an issue that CPD is currently working to address. Market conditions are a large factor for NSP2 grantees, which face still-declining property values, competition from investors, reluctance from lenders, and local capacity issues related to tight budgets, and TA may be needed to help these grantees successfully implement their programs.

The indicators for REO properties include all FHA REOs, not just those in NSP2 treatment areas.

For detailed quarterly assessments of progress, readers may consult the archived quarterly updates on Performance.gov.

AGENCY PRIORITY GOAL: PRESERVE AFFORDABLE RENTAL HOUSING

Between October 1, 2011 and September 30, 2013, one of HUD's priority goals was to preserve affordable rental housing by continuing to serve 5.4 million total families and serve an additional 61,000 families through HUD's affordable rental housing programs.

OVERVIEW

In an era when more than one-third of all American families rent their homes, we face a housing market that does not create and sustain a sufficient supply of affordable rental homes, especially for low-income households. In many communities, affordable rental housing does not exist without public support.

Affordability problems have been exacerbated by the recession and the increasing demand for rental housing generated by the foreclosure crisis. According to the 2011 Worst Case Housing Needs report published in February 2013, HUD found the number of renters with worst case housing needs grew from 5.9 million in 2007, to 7.1 million in 2009, and 8.5 million in 2011, representing an increase of 44 percent over these four years. Individuals and families were considered to have worst case housing needs if they were very low-income renters with incomes below 50 percent of the Area Median Income (AMI), who do not receive government assistance, and who either paid more than one-half of their income for rent, lived in severely inadequate conditions, or faced both of these challenges. At the same time, only about one in four very low-income families eligible for HUD/Federal rental assistance programs receives assistance. Federal housing programs have been financially unable to keep up with this demand over the years to help offset the limitations of the private rental market in providing housing that all families can afford. Given the current fiscal climate, it is critical that HUD maximize existing resources to maintain our current support to families and seek opportunities to expand that support where possible.

Funding from the HUD Community Planning Development Supportive Housing Program assists homeless families at the St. Lawrence Place emergency shelter in Columbia, South Carolina. The program helps families move from homelessness to a life of self-sufficiency and stability. One mother is an example of the program's success. After a separation from her husband and a loss of her job, she was unable to pay the rent. Consequently, she and her boys had to move in with family, but then she heard about St. Lawrence Place and applied. Once in St. Lawrence Place, their family life began to turn around. The mother was able to earn a college degree and get a job. She now works for the regional transit authority and has given her boys something they have never had before - a home of their very own.

STRATEGY

- **Preserve affordable rental housing and serve additional families through HUD's affordable rental housing programs.**

All of HUD's programs that provide affordable rental assistance are integral to achieving the goal, including programs administered by the Offices of Public and Indian Housing (PIH), Housing Choice Vouchers (HCV), the Indian Housing Block Grant and Indian Community Development Block Grant (CDBG), HOPE VI and mixed finance transactions); Housing (privately-owned housing in multifamily programs, including 202, 236, BMIR, Section 8, Rent Supplement, RAP, 202 and 811 PRAC); Community Planning and Development (CPD) (HOME Investment Partnerships Program (including the Tax Credit Assistance Program [TCAP]) and Tenant-Based Rental Assistance (TBRA), HOPWA, McKinney-Vento homeless programs, a portion of the Neighborhood Stabilization Program, and CDBG-Disaster Recovery (CDBG-DR)). In addition, FHA Multifamily mortgage insurance supports the preservation of affordable housing when used in conjunction with Low Income Housing Tax Credits (LIHTC), tax-exempt bonds, and other state/local resources. Because of the cross-cutting nature of the goal, the efforts of the responsible program offices will be coordinated centrally by the Office of the Secretary.

MEASURING OUR PROGRESS

To track our progress towards this agency priority goal, HUD has tracked the following suite of performance indicators. Wherever available, historical information has been included.

- **TBRA occupied rental units**

This indicator tracks the number of occupied rental units within the HCV program, including tenant-based and project-based vouchers.

- **Public Housing occupied rental units**

This indicator tracks the number of occupied rental units within the Public Housing stock.

- **Office of Native American Programs (ONAP) occupied rental units**

This indicator tracks the number of rental units in the ONAP housing stock.

- **Multifamily Housing (MFH) occupied rental units**

This indicator tracks the number of MFH occupied rental units, including Section 8 Project-Based Rental Assistance, Sections 202 and 811, legacy housing programs like the Rental Assistance Program (RAP) and Rent Supplement properties, and units converted under the Rental Assistance Demonstration Program. Also included are some tax credit/LIHTC financed units, which are tracked by the Office of Policy Development and Research.

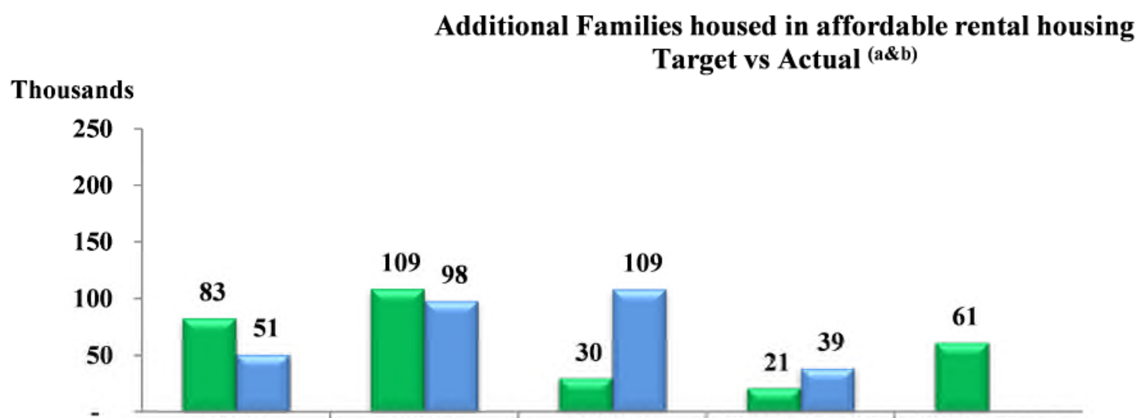
- **Community Planning and Development ~~(~~CPD~~)~~ occupied rental units.** This indicator tracks the number of occupied rental units within CPD programs, including HOME, HOME TBRA[3], the

[3] HOME TBRA is rental assistance, provided by Participating Jurisdictions (PJs), and is separate and distinct from assistance provided by Public and Indian Housing's TBRA (Housing Choice Voucher) program. Under HOME rules, PJs may provide individual households funds for rental assistance programs, self-sufficiency programs, homebuyer programs, targeted population programs, anti-displacement assistance programs, and security deposit programs.

Program TCAP, CDBG-DR, McKinney Supportive Housing, the Neighborhood Stabilization Program (NSP), and Housing Opportunities for Persons with AIDS (HOPWA).

- **Additional families housed in affordable rental housing**

This indicator tracks the total number of households served since the beginning of the performance period, an accumulation of the indicators above. Two additional programs (Mod Rehab and Mainstream Vouchers) are also included in this total.



	FY 10	FY 11	FY 12	FY 13 thru Q3	FY 12-FY 13
Target	82,849	108,859	29,869	21,135	61,460
Actual	51,160	98,267	108,614	38,812	Data not yet available[b]

[a] Due to continually improving and corrected data sets, actual figures may slightly differ than figures reported in previous performance reports.
[b] Data reported are through Quarter 3 of 2013, as Quarter 4 data is not yet available. HUD expects that the programs will meet their 2-year targets, once Quarter 4 data is added.

Through the third quarter of FY 2013, HUD has exceeded its FY 2013 target by 23 percent. Currently HUD expects to meet the two year target of 61,460 affordable rental units. Since this goal tracks the net change of occupied units added and lost, it remains possible that a net loss of units could occur by the end of FY 2013. Moving forward, HUD will work to preserve utilization rates in our voucher programs and occupancy rates in public housing to sustain our progress in this area.

For detailed quarterly assessments of progress, readers may consult the archived quarterly updates on Performance.gov.

AGENCY PRIORITY GOAL: REDUCE HOMELESSNESS

Between October 1, 2011, and September 30, 2013, HUD aimed to reduce the number of homeless Veterans to 35,000 by serving 35,500 additional homeless Veterans.

OVERVIEW

Veterans are overrepresented in the homeless population, consisting of approximately 12 percent of homeless individuals at a given point in time (PIT) in 2013, while only 7 percent of the U.S. adult population has veteran status. On a single night in January 2013, there were 57,849 Veterans reported as experiencing homelessness, which reflects a 24 percent decrease since 2009 of the total number of homelessness among Veterans. Causes of homelessness among Veterans are similar to causes of homelessness among non-Veterans. In terms of housing, renters in America already face serious difficulty finding affordable housing in a broad range of communities because of the dual problems of a shortage of units in some areas and a lack of income to afford units in the existing market. This is compounded for Veterans who may have additional challenges related to their service.

Researchers have identified certain factors that may increase a Veteran's risk of homelessness. Primary risk factors include adverse childhood events including having experienced homelessness prior to military service, mental illness and substance abuse (important to know if this occurred during military service), relationship breakdown and a history of abusive relationships, limited education and poor employment history, limited advancement during military service, transitions out of institutionalized care (prison/jail), poverty, and housing affordability problems. As for other populations, the complexity of navigating systems makes it difficult for Veterans to get their needs met.

Effectively transitioning homeless Veterans to permanent housing requires access to health care, employment, and benefits. Because homeless Veterans have medical and mental health needs greater than non-veteran chronic homeless, health care and the other benefits play a significant role in achieving and maintaining stability in permanent housing for Veterans experiencing homelessness. Employment and VA benefits are critical in providing homeless Veterans the income required to support housing and other daily living expenses.

STRATEGIES

Strategies to end Veterans homelessness address three subpopulations within the broader homeless Veteran population: 1) Veterans experiencing chronic homelessness who are eligible for VA services, 2) Veterans experiencing non-chronic homelessness who are eligible for VA services, and 3) all Veterans experiencing homelessness who are ineligible for VA services. For Veterans experiencing chronic homelessness who are eligible for VA services, HUD-VASH vouchers, jointly administered by HUD and VA, offer the most appropriate resources, as they couple intensive services with permanent housing. For Veterans experiencing non-chronic homelessness who are eligible for VA services, VA's Supportive Services for Veteran Families (SSVF) program offers prevention and rapid re-housing solutions to both keep Veterans in housing and quickly move short-term homeless Veterans back into permanent housing. For Veterans experiencing homelessness who are ineligible for VA health services, HUD's Emergency Solutions Grant dollars and Continuum of Care Program resources are the appropriate vehicles to offer services and housing packages needed to move Veterans who are ineligible for VA health services off the street and out of shelters and transitional housing.

- Dual focus on housing unsheltered (street) homeless Veterans and increasing exits to permanent housing of sheltered homeless Veterans
- Target Continuum of Care resources to serve homeless Veterans ineligible for VA health services
- Explore and implement systems changes for converting transitional housing programs to Permanent Supportive Housing or Rapid Re-housing
- Continue to advance Housing First models
- Collaborate across HUD, VA and USICH to align programs and efforts
- Continue to build place-based initiatives that align local, regional, state, and federal efforts to end Veterans homelessness
- Determine method of tracking exits from non-permanent HUD funded programs into permanent housing
- Improve the methodology and reporting of the HUD PIT data, with the primary intent to acquire timely, reliable, and detailed data regarding the number of homeless Veterans

MEASURING OUR PROGRESS

As of the third quarter of FY 2013, HUD has served 42,179 Veterans, surpassing its two-year goal of serving 35,500 Veterans, and aims to further exceed its goal by the end of FY 2013. A full calculation of HUD's two-year performance impact to reduce the number of homeless Veterans by the end of FY 2013 will be assessed during the annual PIT count which will take place on a single night in January 2014. HUD continues to work toward its end-of-year FY2013 goal of a reduction in Veterans' homelessness to 35,000 individuals, and based on the PIT count in January 2013, the number of homeless Veterans has decreased by 24% since 2009.

Through FY13 Q3, HUD-VASH program targets for serving homeless Veterans were exceeded by 23%, with participating PHAs serving 26,142 homeless Veterans. Contributing programs from the Office of Community Planning and Development report annually, so performance in FY13 is not yet known. In FY12, 11,962 Veterans were served by Continuum of Care funded Permanent Supportive Housing programs, exceeding FY12 targets by 58%. Also in FY12, 4,075 Veterans were served by Homeless Prevention and Rapid Rehousing (HPRP) dollars, exceeding FY12 targets by 9%. In order to meet the goal of ending Veteran's homelessness by 2015, HUD and the Department of Veterans Affairs have worked hard to target HUD-VASH vouchers and supportive services to chronically homeless Veterans.

The HUD-VASH program is jointly administered in communities by VA Medical Center (VAMC) and Public Housing Authority (PHA) staff, with help from Continuums of Care and other local partners. HUD and the VA participate in ongoing planning meetings to ensure that communications and strategies for the two agencies remain open and aligned. As part of their continued commitment to joint problem solving and improvement of efforts, HUD and VA jointly committed to pursuing a short-term goal of facilitating more effective information sharing between Continuums of Care and VA Medical Centers about the homeless Veterans they serve. For detailed quarterly assessments of progress, readers may consult the archived quarterly updates on [Performance.gov.](Performance.gov)

AGENCY PRIORITY GOAL: ENERGY EFFICIENCY AND HEALTHY HOMES

Between October 1, 2011 and September 30, 2013, HUD aimed to enable a total of 159,000 cost effective energy efficient or healthy housing units, as part of a joint HUD-DOE goal of 520,000 in FY 2012–2013 and a total goal of 1.2 million units in FY 2010–2013.

OVERVIEW

HUD has committed to creating energy efficient, healthy housing as part of a broader commitment to fostering the development of inclusive, sustainable communities. The residential sector is responsible for fully 21 percent of the nation's greenhouse gas emissions; creating energy efficient housing is part of a long-term strategy to reduce the environmental impact of these buildings and at the same time increase housing affordability by reducing utility costs for both owners and residents. HUD itself spends an estimated $6.4 billion annually on utilities (both water and energy)—either in the form of allowances for tenant-paid utilities, through direct operating grants for public housing or through housing assistance payments for in privately-owned assisted housing. Much of HUD's portfolio of public and assisted housing consists of older housing built before the advent of energy codes, and therefore does not have the level of energy efficiency that has resulted from newer, more efficient housing. Resulting utility costs account for around 22 percent of public housing operating budgets, and a similar share in the assisted housing sector. Costs are also high in much of Indian Country and in Alaska Native villages due to climate and housing conditions in these locations.

Near Tacoma, Washington and ancestral fishing grounds in Commencement Bay, the Puyallup Tribal Housing Authority is developing the NE Longhouse, a new, 20-unit housing complex with HUD funding provided under the Native American Housing and Self Determination Act and the American Recovery and Reinvestment Act. The U.S. Green Building Council certified the first phase of the NE Longhouse as LEED-Platinum, and selected the development as the Council's 2012 LEED for Homes Project of the Year.

Longhouse units have triple-pane windows, north-to-south exposures with natural cross-ventilation, structurally-insulated panels, Energy Star lighting and appliances, compact floor plans, and low flow plumbing. The siting maximizes the potential for solar panels, an integral element of phase 2, which is currently under construction. The most innovative feature is suggested in the name – *Cayalqwu*, which means "place of hidden waters." Thermal waters beneath the complex are used by ground-source heat pumps for hot water and hydronic heating systems. Thanks to thermal heat and solar panels, the Authority fully expects NE Longhouse to be a net-zero complex when completed. Link to a HUD YouTube: Puyallup Nation - Place of the Hidden Waters June 3, 2013 at http://portalapps.hud.gov/HUDMediaChannel/jqplayer.jsp?pid=BBj-hVfqVUE

In FY 2013, the Department undertook a range of actions aimed at making significant improvements to the energy efficiency, health and safety of this housing and sustaining the progress achieved in prior years through significant HUD investments of Recovery Act funds in lower-cost, energy efficient housing. HUD is also committed to improving the health and safety of homes for families and children by improving indoor environmental quality and addressing lead hazards and other conditions that threaten the life or health of residents.

Contributing Programs

This performance goal involves every HUD program that produces, manages, or finances HUD's portfolio of affordable housing. The Office of Housing contributed housing units completed through the Mark to Market Green Initiative, the Green Retrofit Program (through FY 2012), the PowerSaver pilot program, Green Refi Plus, the Section 202 and 811 supportive housing programs, and multifamily endorsements reporting energy efficient features. The Office of Public and Indian Housing includes energy efficient or green units reported through the Public Housing Capital Fund, Energy Performance Contracts, HOPE VI, Choice Neighborhoods and other new construction programs. The Office of Community Planning and Development (CPD) reports on new energy efficient units completed through HOME, CDBG, and the Recovery Act-funded Tax Credit Assistance Program (TCAP).

The Office of Sustainable Housing and Communities is the program lead for this Agency Priority Goal. The Office works with program offices to align energy standards and reporting across program offices, provides support in tracking progress against results, and coordinates activities as needed with the Department of Energy and the U.S. Environmental Protection Agency (EPA). The Office also administers the Sustainable Communities Initiative in partnership with the Department of Transportation and the U.S. Environmental Protection Agency.

Housing assisted by the Office of Healthy Homes and Lead Hazard Control (OHHLHC) also contributes to this goal through its Lead-Based Paint Hazard Control, and Lead Hazard Reduction Demonstration programs and other healthy housing programs, as well as its enforcement and compliance assistance efforts. The Office chairs the federal Healthy Homes Work Group that developed *Advancing Healthy Housing: A Strategy for Action.*[4] This strategy provides the framework for interoffice and interagency collaboration on making homes healthy and safe for residents, such as by having more housing authorities adopt smoke-free policies, more HUD-assisted homes tested for radon, and more cities participate in the asthma Medicaid pilot program allowing reimbursement of treatment of housing conditions, among other goals.

STRATEGIES

- **Support and promote an energy-efficient, green, and healthy housing market by providing financing or strengthening incentives for retrofitting existing housing, and for energy-efficient new construction through HUD programs.**

HUD's energy strategy is designed to address the issue of residential energy costs, an aging public and assisted housing stock, and the growing fiscal demands on HUD's budget to cover rental property utility costs. The strategy aims to address the disproportionate energy cost burden on low- and moderate-income families, improve the health and quality of HUD-assisted housing for building residents, and support innovative financing for energy retrofits of both single family and multifamily housing. HUD made continued progress in FY 2013 in aligning energy efficiency standards across the Department and implementing more uniform tracking and reporting systems. For example, building on the Recovery Act Management and Performance System (RAMPS), the Office of Public and Indian Housing developed the Energy Performance Information Center (EPIC) to begin collecting data for energy investments made through the Public Housing Capital Fund grant program and Energy Performance Contracts.

[4] Federal Healthy Homes Work Group. *Advancing Healthy Housing: A Strategy for Action.* February 4, 2013. http://portal.hud.gov/hudportal/HUD?src=/program_offices/healthy_homes/advhh.

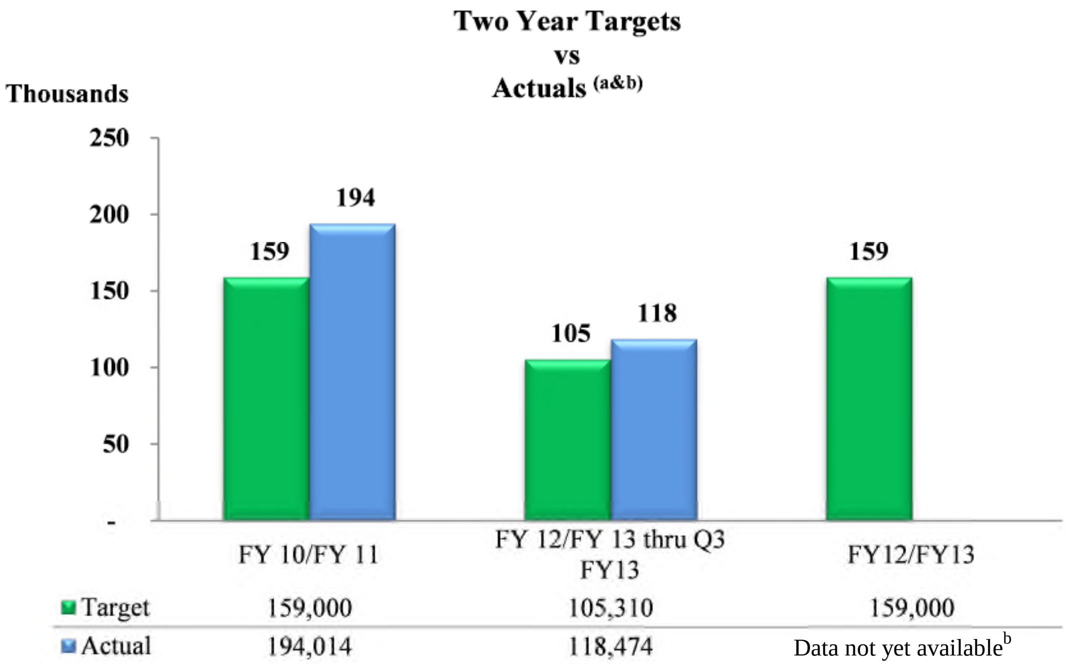
MEASURING OUR PROGRESS

Key Performance Measure:

- **Cost-effective, healthy, energy efficient and green retrofits and new housing**

To assess progress towards increasing the energy efficiency and health of the nation's housing stock, HUD tracks the number of new or retrofitted HUD-assisted or HUD-financed housing units that are healthy, energy-efficient, or meet green building standards.

Results: **Cost-effective, healthy, energy efficient and green retrofits and new housing**



[a]Includes the use of a "unit equivalent" method approved by OMB for certain programs to reflect the ten most cost effective Energy Conservation measures.

[b]Data reported is through Quarter 3 of FY 2013. Quarter 4 data is not yet available.

Through FY 2013 Quarter 3, HUD completed 118,474 energy efficient or healthy units, against its Quarter 3 target of 105,310 units. In FY 2012 HUD exceeded its target by nine percent, by completing a total of 82,992 energy-efficient and healthy units against the FY 2012 target of 75,670 units. In FY 2013, another 35,482 units were reported through Quarter 3, against the overall FY 2013 target of 83,330 units. Looking ahead to Quarter 4, HUD does not expect to meet the two year target of 159,000 units for the FY 2012 – FY 2013 performance period. However, we will exceed our target for the four-year period since this APG was established (FY 2010-2013)—with more than 300,000 energy-efficient and green units projected to be completed. The combined total with the Department of Energy over the four-year period is more than 1.64 million units, with a total of 700,493 units reported by the two departments in FY 2012-13 through Quarter 3[5].

[5] DOE reported an estimated 603,995 energy retrofits in FY 2012-13 through FY 2013 Quarter 3; HUD counted 96,498 non-OHHLC energy efficient units towards the joint goal.

The Office of Community Planning and Development and the Office of Housing will far exceed their FY 2013 targets (as well as their overall FY 2012-13 targets). The Office of Public and Indian Housing has exceeded its targets for four of five program areas, with Energy Performance Contracts (EPCs) the sole program under target with 10,507 units completed in FY 2012 and a total of 27,923 units projected to be competed in FY 2012-13.

For its lead hazard control grant programs, in FY 2012 HUD exceeded, at 102%, its production target of 12,100 homes. Work in most of these units was funded by FY 2009-2011 grants. In both FY 2012 and 2013, OHHLHC's funding was reduced, resulting in fewer lead hazard control grants. Grantees also experienced increased costs per housing unit, and less additional funding from local sources (leveraging), which resulted in fewer units being completed than projected. Through FY 2013 Quarter 3, production of 9,458 units was 101% of the target of 9,375 units, but 4th Quarter production is not expected to be sufficient to meet the FY 2013 target of 12,500 units, nor the two-year FY 2012-2013 goal of 24,600 units.

The end of Recovery Act funding and more limited resources make sustaining of the levels of activity achieved in FY 2010 through FY 2012 difficult to replicate. Additional challenges faced by the APG include the complex regulatory requirements for updating minimum energy standards for new housing; limited tools to incentivize energy efficiency in some programs; the continuing need for a uniform baseline for residential energy consumption across the portfolio; reduced funding for grant programs; and limitations on the Department's ability to collect consistent energy consumption data.

To continue to track HUD's quarterly and annual progress on this measure, visit Performance.gov.

AGENCY PRIORITY GOAL: AWARD FUNDS FAIRLY AND QUICKLY

Between October 1, 2011 and September 30, 2013, HUD aimed to improve internal processes to ensure that it could obligate 90 percent of NOFA programs within 180 calendar days from budget passage, ensuring that America's neediest families have the shelter and services they need, when they need them. The timely obligation and subsequent disbursement of funds would positively impact the agency's ability to achieve all of our priority goals.

OVERVIEW

HUD's mission is to build strong, sustainable, inclusive communities, and quality affordable homes for all. In support of this mission, HUD aims to accelerate the obligation of grant funds directly by cutting down the time it takes to get through the Notice of Funding Availability (NOFA) process. The "NOFA process" refers to the steps that HUD takes to let grantees know that there is competitive funding available and to specify how the funds are to be used and to ultimately award funds. Before a NOFA can be posted on Grants.gov, it has to be cleared internally and by the Office of Management & Budget (OMB). After the NOFA is posted and the competition is closed, applications are scored and ultimately funds are awarded. Each year HUD awards $2-3billion for community planning and development, public housing, housing counseling and family self-sufficiency.

The obligation of HUD's competitive program funds has historically been slow. These delays sometimes lead to obligation of grant awards well after the fiscal year when the funds were appropriated. Failure to obligate and disburse funds in a timely manner can result in the rescission of funds or actual program de-funding (for example, Housing Counseling in FY 2011). In addition, these holdups directly affect HUD's mission, as recipients of funds are not able to spend funds in a timely manner, if at all.

HUD is addressing three opportunities to improve the NOFA process:

- Streamlining Processes and Establishing Protocols
- Improving Governance, Coordination, and Communication
- Automating Workflow Tracking and Processes

STRATEGIES

Standardizing and Streamlining Processes and Procedures:
The current Notice of Funding Availability (NOFA) process is hindered by a bottlenecks and delays. Standardizing and streamlining NOFA processes and procedures will address many of the known root causes including: the heavy reliance on institutional knowledge, the lack of process documentation, multiple layers of review and approval, and the lack of an effective procedure to resolve points of disagreement.

Improving Governance, Coordination, and Communication:
Congress, OMB, and HUD all contribute to the policies related to NOFA governance and development. While relevant HUD offices strive to promptly communicate updates or changes to the NOFA policies and procedures, the primary means of communication are still primarily in person or by email. This creates undue errors, oversights, and inefficiencies. The development of a more effective means to communicate, educate, and collaborate is essential.

Automating Workflow Tracking and Processes:
Currently, none of the NOFA processes are automated. Workflows, notifications and tracking are managed by various individuals using their personal Excel and PowerPoint files. This makes the processing and tracking of NOFAs unduly cumbersome and subject to error. It also hinders management's visibility into the process and status, impeding appropriate oversight. HUD is evaluating alternatives to automate workflows, provide improved document control, and improve NOFA tracking.

MEASURING OUR PROGRESS

HUD has tracked progress in the obligation of NOFA programs as follows:

Percent of NOFA programs obligated within 180 days of budget passage	Target	Actual	Target Met?
FY 2011	NA	56%	NA
FY 2012	90%	46%	No
FY 2013	90%	32%*	No

* There were 25 NOFAs in FY 2013, with 8 (32%) NOFAs making the 180 day goal (September 22, 2013). An additional 3 more NOFAs were fully obligated within a week of the 180 day goal and before the end of the fiscal year, bringing the rate to 44%. HUD anticipates to attain a 77% rate by the end of the calendar year, December 31, 2013.

It is important to note that HUD made substantial progress in transforming its business processes in FY 2014. HUD succeeded in advancing all of the strategies earlier in this section. HUD is automating the NOFA processes from NOFA development through obligation. The automation of these NOFA processes will allow for better tracking of progress to ensure funds are awarded in a timely manner. HUD has also contracted with a vendor to build a communications portal for its NOFA stakeholders to easily access current policies and procedures as well as provide a general communications portal to share best practices. Details of each success are provided below:

- In late September 2013, HUD entered into an agreement with the Department of Health and Human Services (HHS) Center of Excellence for Grants Management to obtain the use of two software application modules to automate and streamline the grants process. The Announcement Module fully automates the NOFA development process from development through the posting of the NOFA to Grants.gov. This allowed HUD to avoid the risk of an independent development effort and to leverage an existing government-owned product (a shared service) that was developed with substantially more funds than are available to HUD alone. This action translated into comparatively lower procurement costs, greater functionality than originally envisioned by HUD, and reduced risk.
- The Announcement Module also automates tracking, workflow, document control and approvals that need to be made at various decision points in the process. It provides OMB direct access to the system to facilitate the clearance process. This module will be integrated into the HUD's clearance calendar process for seamless operations. Use of this Module will result in HUD no longer relying on the use of email to facilitate the majority of the NOFA clearance process, eliminating current challenges of version control, tracking, and process deviations.
- Additionally, the General Section for all NOFAs was reviewed and edited by an independent source to greatly reduce the length and to improve the clarity of the stated requirements. The improvements are expected to reduce the number of questions from potential grantees concerning the application requirements and facilitate NOFA development internally.
- The second module, an Application Review Module will be available to Programs to automate their review process. This will move many programs from their current pen and paper or excel based reviews.
- As mentioned earlier, HUD procured assistance in late September 2013 to develop an internal communications portal for the NOFA community. This portal will be the central point of NOFA communications, containing consistent, clear, authoritative information on processes, policies, and contacts. HUD expects the easy access to this information will decrease the NOFA development time, improve compliance, and lead to higher quality products.
- HUD's Grants Management Office also prepared and distributed periodic reports on the status of OMB-approved information collection requests falling under the requirements of the Paperwork Reduction Act (PRA). This has helped HUD's various program offices to identify much earlier any potential obstacles that may delay their NOFA progress. This information will be integrated into the communications portal mentioned above.

To continue to track HUD's quarterly and annual progress on this measure, visit Performance.gov.