

HUD FY 2013 Agency Financial Report

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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.

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.

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.



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>

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.

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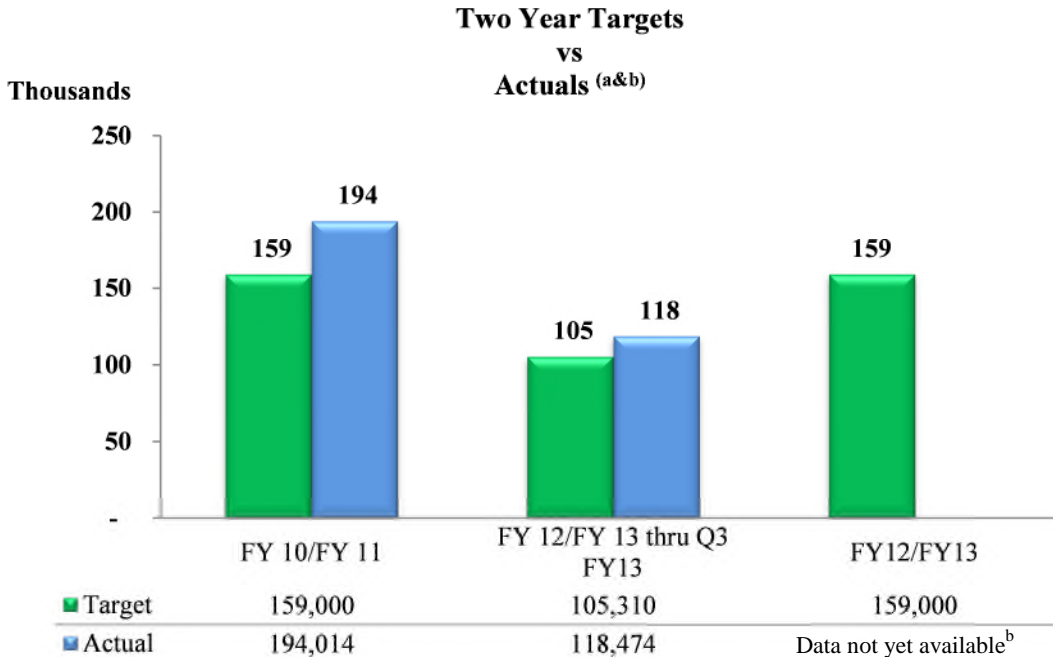
MEASURING OUR PROGRESS

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



^aIncludes the use of a “unit equivalent” method approved by OMB for certain programs to reflect the ten most cost effective Energy Conservation measures.

^bData 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 3⁵.

⁵ DOE reported an estimated 603,995 energy retrofits in FY 2012-13 through FY 2013 Quarter 3; HUD counted 96,498 non-OHHL 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 completed 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 \$2-3 billion for community planning and development, public housing, housing counseling and family self-sufficiency.