



U. S. Department of Housing and Urban Development
Washington, D.C. 20410-3000

FY 1997
Misc Draft

JUL 29 1997

OFFICE OF THE ASSISTANT SECRETARY
FOR ADMINISTRATION

MEMORANDUM FOR: Dwight B. Robinson, Deputy Secretary, SD

FROM: Marilyn A. Davis, Assistant Secretary for
Administration, A

SUBJECT: ACTION -- Transfer of Function

ISSUE:

This is in response to a request from William E. Dobrzykowski, Deputy Chief Financial Officer for Finance, to transfer the Office of Budget (OB) function from the Office of Administration to the Office of the Chief Financial Officer (CFO).

FACTS/DISCUSSION:

The CFO provides leadership in instituting financial integrity, fiscal responsibility and accountability. The mission of the CFO is to lead the Department's Headquarters and Field Office Officials toward the understanding and practice of sound financial management in program development, operations and in the stewardship of public resources.

STAFFING/ORGANIZATION:

This action will transfer all Office of Budget employees to the CFO. It will result in a more efficient and effective organization and will bring the Department's CFO organization in line with other Federal agencies.

RESPONSIBILITIES:

The Office of Budget, after being transferred to the Chief Financial Officer, will continue to have responsibility for the Department-wide budget. This includes the preparation, justification and submission of the Secretary's budget to the Office of Management and Budget (OMB) and, consistent with the President's Budget proposals, to the Congressional Appropriations Committees. In addition, following the enactment of appropriations bills, the Office of Budget will continue to prepare and submit the Department's

OMB and, after receiving OMB approval, will provide allocations of funds to Assistant Secretaries and other officials as appropriate.

The Assistant Secretary for Administration will continue to have responsibility for funds managed by the Office of Administration prior to the transfer. These responsibilities include the budget formulation, justification, execution and monitoring functions related to the staffing, travel and other costs for the Office of Administration, as well as for functions and services provided by the Office of Administration to other programs and offices in the Department. This includes functions and services provided by the Office of Information Technology (funded from the Working Capital Fund), the HUD Training Academy, the Office of Administrative and Management Services, and the Administrative Service Centers.

RECOMMENDATION:

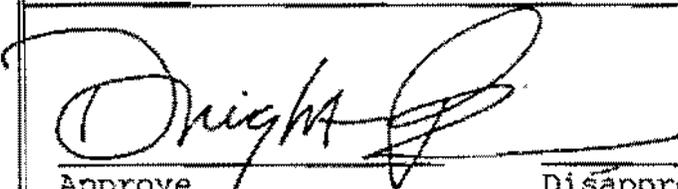
I recommend your approval of the transfer of the Office of Budget from the Office of Administration to the CFO.

CONTACT:

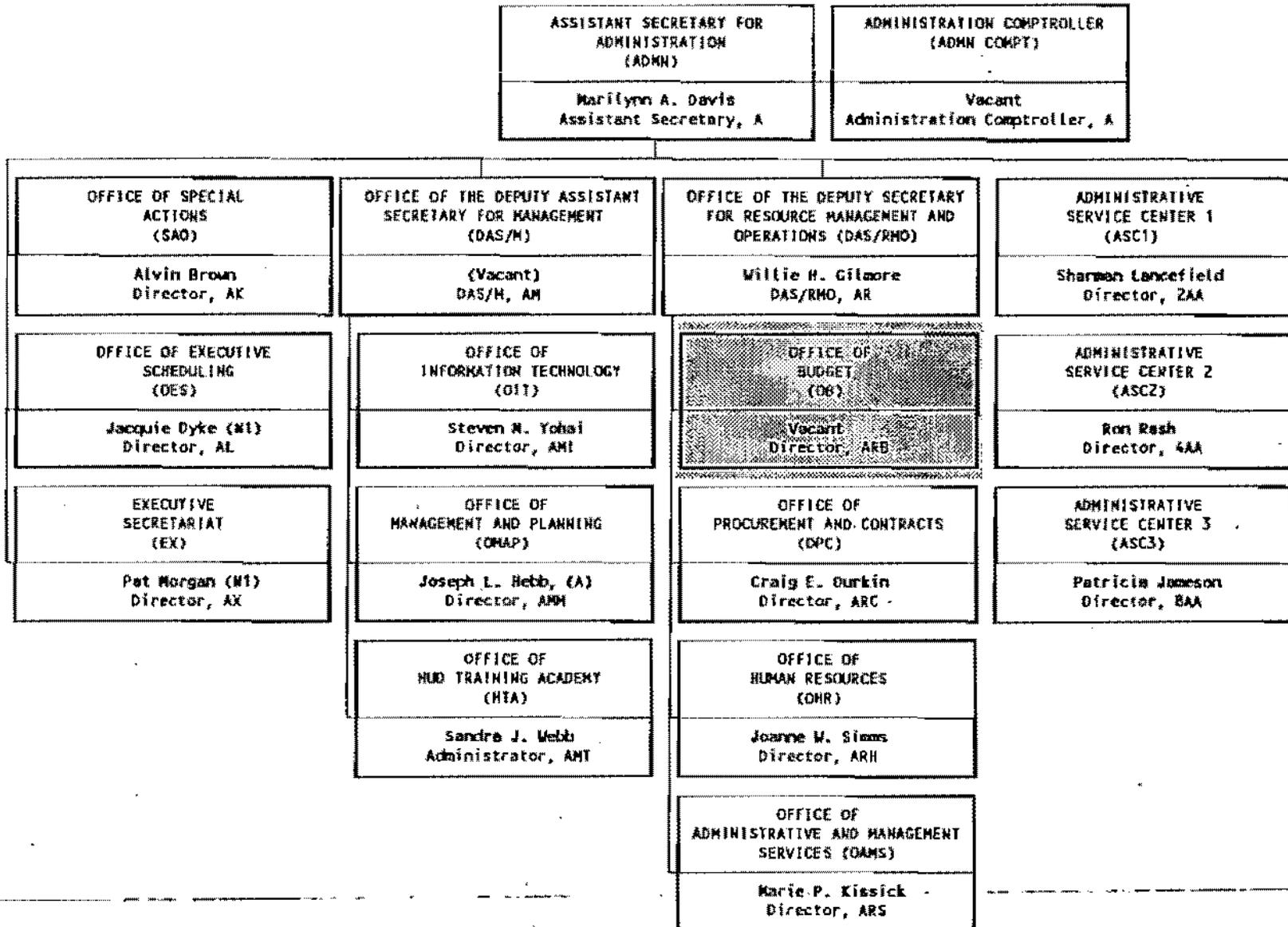
For further information, contact A. Elizabeth Simms, Chief, Employment, Classification & Performance Management Branch, on 708-9114.

Attachments

DECISION:

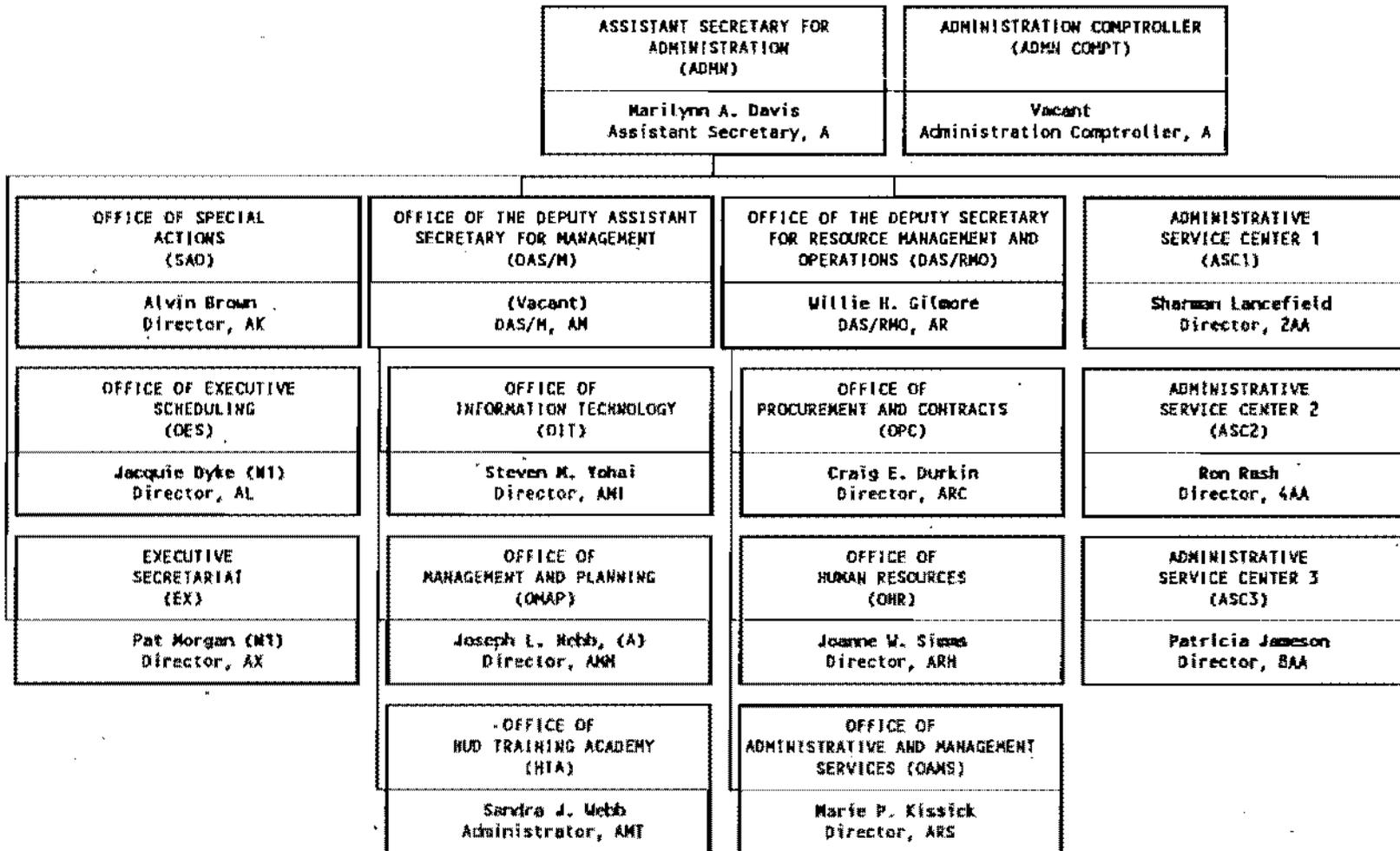
97-028: ADMN/CFO — Transfer of the Office of Budget function from the Office of Administration to the Chief Financial Officer		
		JUL 30 1997
Approve	Disapprove	Date

U.S. Department of Housing and Urban Development
 Headquarters — 451 Seventh Street, S.W. — Washington, DC 20410
 — OFFICE OF ADMINISTRATION —



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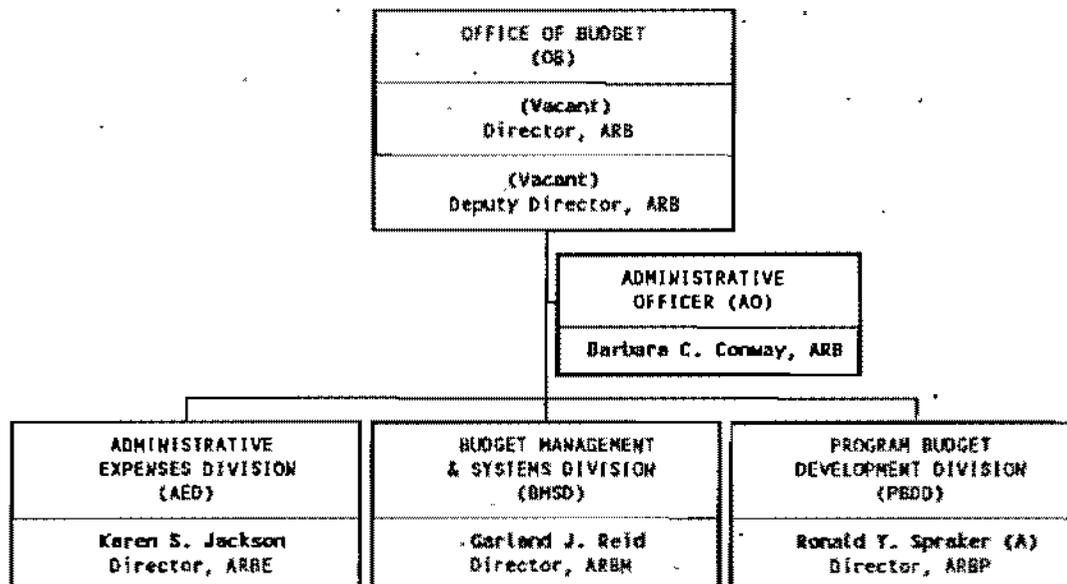
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 — OFFICE OF ADMINISTRATION —



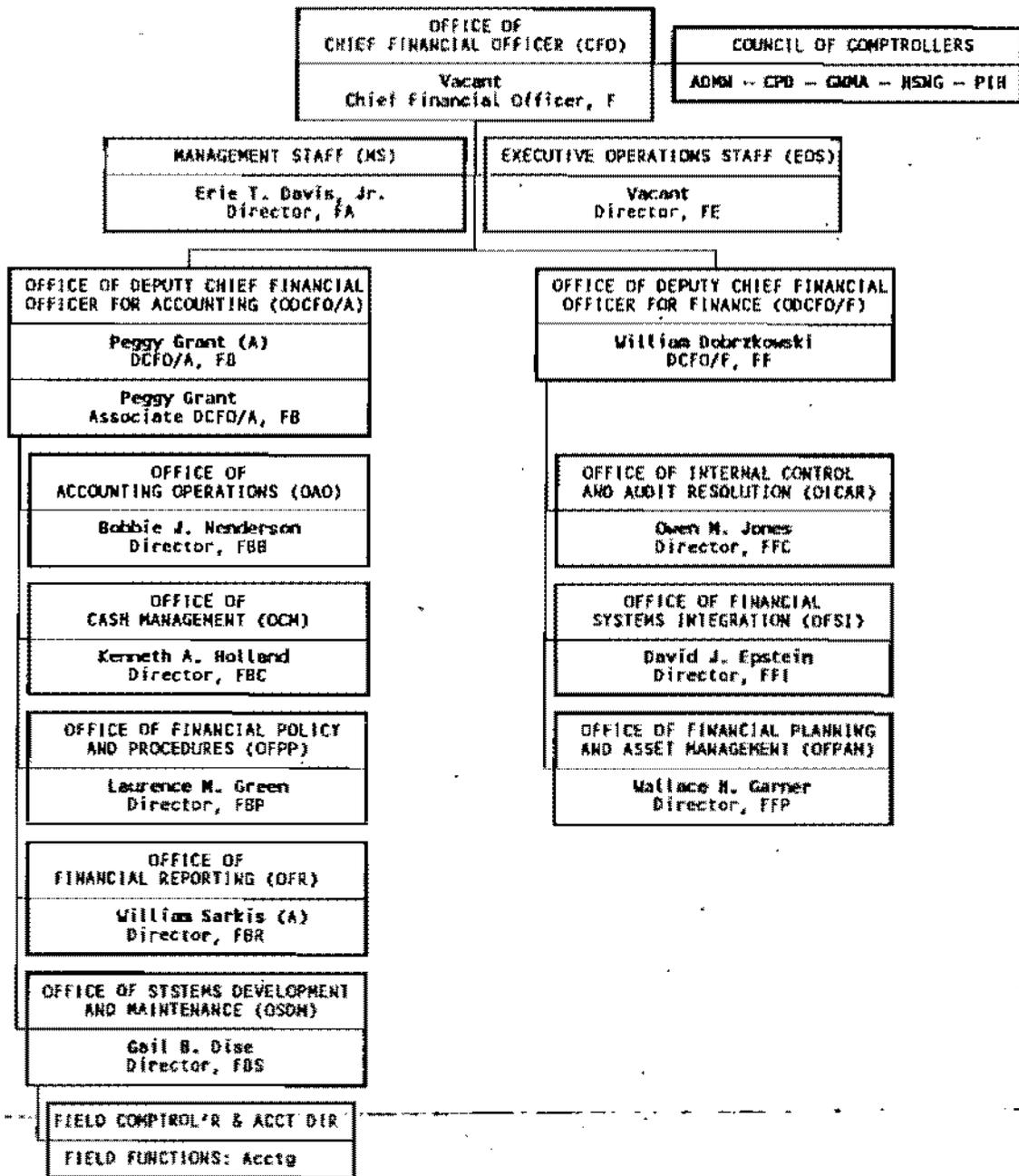
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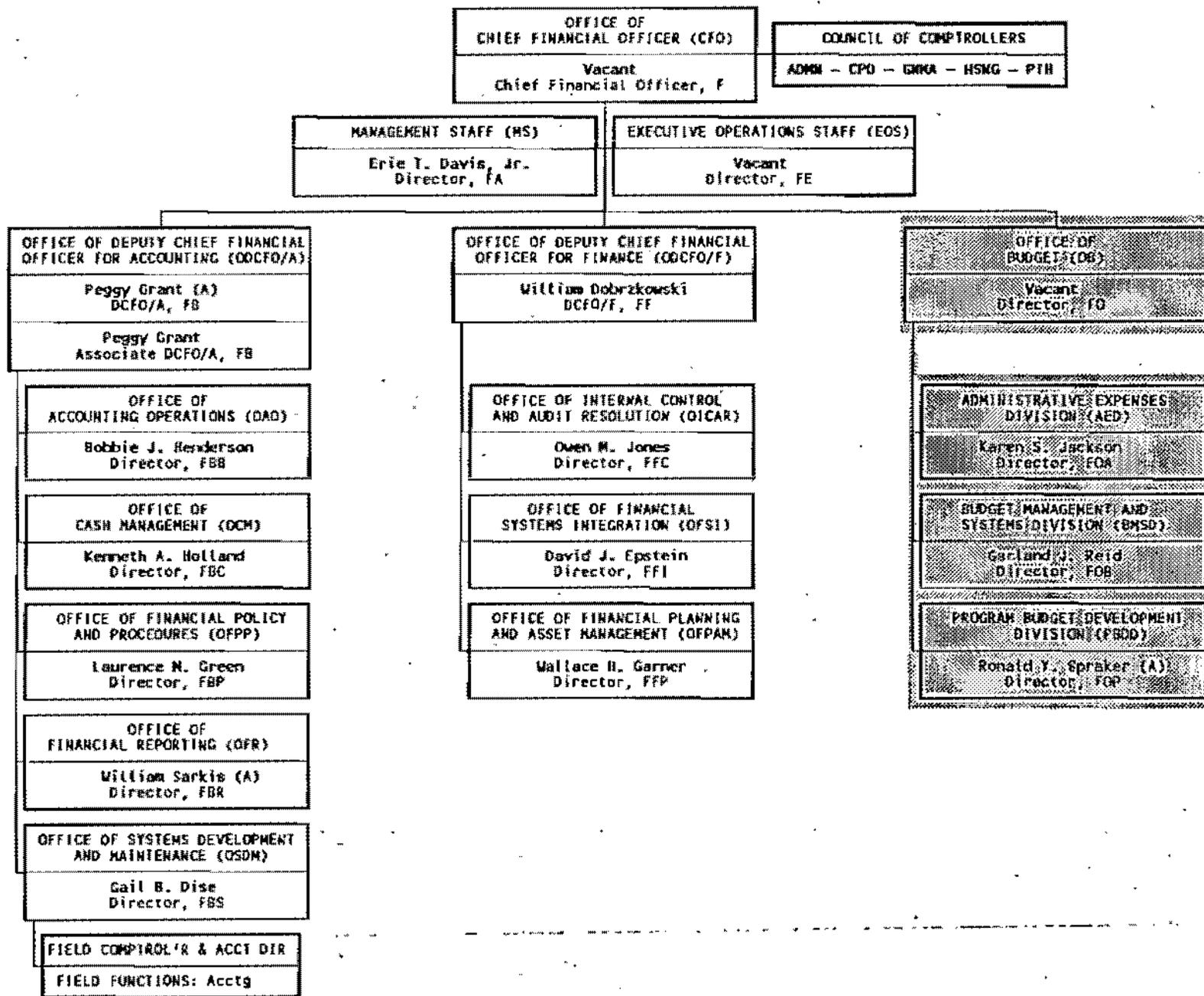
OFFICE OF ADMINISTRATION
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— OFFICE OF BUDGET —



U.S. Department of Housing and Urban Development
 — OFFICE OF THE CHIEF FINANCIAL OFFICER —



U.S. Department of Housing and Urban Development
 -- OFFICE OF THE CHIEF FINANCIAL OFFICER --





Washington, D.C. 20410

News Release

HUD No. 95-148
Aylin Gonen (202)708-0685 ext. 119
Bill Connelly (202)708-0685 ext. 115

FOR RELEASE:
Friday,
July 21, 1995

HUD'S REGULATORY REFORM EFFORTS YIELD SUBSTANTIAL RESULTS

WASHINGTON-As a result of President Clinton's Executive Order on regulatory reform issued on September 30, 1993 and the regulatory reform directives issued on March 4, 1995, the Department of Housing and Urban Development (HUD) has completed a page-by-page review of all regulations under its purview. That effort will result in the elimination of 65 of HUD's 223 Code of Federal Regulation (CFR) parts. In addition, 153 CFR parts will be reinvented. Approximately 2,800 pages of regulations will be eliminated. That represents 65% of the 4,340 pages of HUD regulations.

"A new era has been launched at HUD," said HUD Secretary Henry G. Cisneros. "We have taken a slow-moving, highly bureaucratic agency and moved it into the next century. We have challenged our staff to look beyond tedious rules and eliminate those which are clearly useless and outdated."

HUD already has been successful in reducing paperwork and information collection requirements in HUD programs and operations, and has moved itself further into the age of technology.

Among the programs and rules that have been reinvented to make them more effective and less burdensome to HUD's customers are:

- The application and reporting processes have been consolidated for Community Development Block Grants, HOME, Emergency Shelter Grants, and Housing Opportunities for Persons with AIDS. At the same time, HUD has provided software to the grantees which allows them to submit plans and reports more easily and with less paperwork and which will result in information being made available to the public through the Internet.

- * The consolidated Indian Housing rule simplifies and reduces the regulatory requirements by 40% and provides greater flexibility to Indian Housing Authorities and tribes. The rule was developed with the cooperation of program participants who contributed suggestions at both the proposed and final rule stages.

As part of HUD's reinvention, the Department has proposed further substantial streamlining of programs. The proposals in the American Community Partnerships Act, which calls for the reinvention and restructuring of HUD, would result in a total reduction of HUD's regulatory parts by 78%.

HUD also is in the vanguard of federal agencies in developing a performance measurement system which measures results rather than process. As part of the process of creating a customer-driven and results-oriented agency, all of the Secretary's Representatives and state and Area Coordinators are responsible for developing workable customer service plans. In addition, local Community Empowerment Teams made up of stakeholders in HUD programs provide feedback on customer needs and to work with the department on a variety of initiatives.

HUD has continually been reinventing its regulatory process since early in 1993. HUD is now putting major emphasis on involving program participants and the regulated community in the development of rules. In addition, HUD has published the first proposed rule developed through the formal negotiated rulemaking process - one dealing with operating subsidies for vacant public housing units. Other rules are being evaluated for development using negotiated rulemaking. In addition, HUD is making wide use of public meetings and other forms of consultation with stakeholders.

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Washington, D.C. 20410

News Release

HUD No. 95-98
Vivian Potter (202) 708-0685
Bill Connelly (202) 708-0685

FOR RELEASE:
Monday,
May 1, 1995

OLDER, DETERIORATING PUBLIC HOUSING DEMOLISHED AS HUD SEEKS TO TRANSFORM INNER-CITY COMMUNITIES

WASHINGTON--Some of the nation's worst public housing is being demolished this year, carrying out a commitment by the Department of Housing and Urban Development (HUD) to replace these buildings with more livable communities.

Today in St. Louis, Housing Secretary Henry G. Cisneros watched with local officials as wrecking balls demolished the aging Vaughn apartments. On Sunday in Philadelphia, Cisneros saw five towers at the Raymond Rosen Apartments destroyed in seconds by implosion.

HUD is working with local public housing authorities to tear down these unsightly, deteriorating, mostly vacant, and often crime-infested buildings. They will be replaced with smaller, safer units built to a more human scale and designed to look more like the rest of the community.

Some displaced residents will occupy the new or rehabilitated housing at the site or in surrounding neighborhoods. Others will receive portable rental certificates that they can use to seek private-market housing.

"One of our top priorities is to turn around the country's most distressed public housing," said Cisneros. "The American people will see some very dramatic changes in the months to come. The urban landscape will literally change before their eyes."

The buildings to be demolished, Cisneros said, "are places where the poorest of America's poor families have become concentrated on virtual reservations of poverty. They are places where abandoned units have been commandeered by drug dealers, where residents have been victimized by gang members and other criminals."

HUD No. 95-98

In Philadelphia, five vacant high-rise buildings of the 40-year-old Raymond Rosen Apartments were leveled in the implosion early Sunday morning. To replace these apartments, the Philadelphia Housing Authority will build 191 new low-rise row houses on the site and rehabilitate 308 existing low-rise row homes there. Another 319 townhomes and other units will be built in the surrounding community.

In St. Louis, the 656-unit Vaughn Apartments was demolished today to make way for a new 222-unit community mixing public housing with both market-rate and affordable housing. Current Vaughn residents have participated in designing the redeveloped neighborhood and the units they will occupy, and some have served as paid trainees in development, planning, and design. In addition, 434 residents will receive rental certificates to help them obtain their own private-market housing.

Under new HUD policies, nearly 3,000 units of deteriorated public housing at six sites have been demolished since March of 1994. More than 200 units will be demolished in Atlanta this month. And additional major demolitions are scheduled this year in Milwaukee, Baltimore, Charlotte, Newark, Chicago, San Antonio, New Orleans, Washington, D.C., and Puerto Rico.

By the end of next year, an additional 8,000 units will be demolished under HOPE VI, HUD's comprehensive program to tear down old buildings and revitalize public housing in the nation's largest cities. A total of 2,500 units in small and medium sized cities such as Bridgeport, CT, and Newport News, VA, have been demolished during the current Fiscal Year, which began last Oct. 1. Another 2,900 units are expected to be approved for demolition shortly.

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Washington, D.C. 20410

News Release

HUD No. 95-187
Vivian Potter 202/708-0685
Bill Connelly

FOR RELEASE
Wednesday,
October 4, 1995

HUD INDIAN HOUSING PROGRAM HELPS CREATE 1,000 NEW HOMEOWNERSHIP OPPORTUNITIES

Housing Secretary Henry G. Cisneros announced that HUD's new Section 184 Indian Home Loan Guarantee Program has assisted banks and mortgage companies in creating 1,000 new housing opportunities throughout Indian country after just one year of operation.

During fiscal year 1995, the Section 184 program provided new loan guarantees to 74 Native American families. The program also guaranteed loans to local Indian Housing Authorities (IHAs) to build 403 units of new housing, which will be sold to tribal members.

These new housing units, together with the units the new homeowners will vacate and make available to others, will create 1,000 new housing opportunities.

"This is a real success story," Cisneros said. "The flood of applications already received in anticipation of the next allocation for Section 184 clearly marks this initiative as the hope of the future for all Native Americans who want to own their homes," said Secretary Cisneros.

Tribal members and IHAs in 20 states joined with 20 banks and mortgage companies to obligate the entire \$22.5 million loan guarantee fund in FY 1995. An additional 155 banks and mortgage companies in 35 states now want to participate in FY 1996, according to Dom Nessi, HUD Deputy Assistant Secretary for Native American Programs.

Nessi said the response "from tribes, lenders and borrowers has been tremendous."

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Before the start of the Section 184 program, lenders had been reluctant to make loans in Indian country because they could not foreclose on land held in trust if a borrower defaulted. The Section 184 program guarantees 100 percent of the loan if a borrower defaults, freeing lenders from the fear of being unable to recoup their investment.

The loan guarantees also can be used by Native Americans from a federally recognized tribe to buy private property in Indian country. On many Native American reservations, Nessi explained, land may be owned by the tribe, by individual Indians or by individual non-Indians.

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Washington, D.C. 20410

News Release

HUD No. 95-220
Aylin Gonen (202)708-0685 ext. 119
Vivian Potter (202)708-0685 ext. 117

FOR RELEASE:
Tuesday,
December 5, 1995

NATIVE AMERICANS FORGE PARTNERSHIP WITH HOUSING LEADERS TO CREATE HOMEOWNERSHIP OPPORTUNITIES IN INDIAN COUNTRY

WASHINGTON-National housing leaders and Native American leaders today announced an unprecedented new commitment to increase homeownership opportunities for Native Americans. This new initiative was developed by the National Partners in Homeownership in response to the growing need to assist lower-and moderate-income Native American families become homeowners.

On June 5, 1995, President Clinton announced an innovative partnership to provide new homeownership opportunities for 8 million new homeowners by the end of the year 2000. Leaders from the housing industry, lending institutions and the public and nonprofit sectors developed the National Homeownership Strategy and then forged a national Partnership to undertake the initiative.

"We applaud the leaders of Native American tribes from around the country and the National Partners in Homeownership for creating a historic partnership to generate homeownership opportunities for Native Americans," said HUD Secretary Henry G. Cisneros. "HUD and the 55 other organizations participating in the Partnership have worked hard to develop this unprecedented alliance. There is much work to be done to make homeownership possible on tribal lands."

Rates of homeownership are low throughout Indian country due to many factors, including: trust land concerns; economic conditions; lack of private mortgage financing opportunities; and, remote or isolated rural locations. Urban Native Americans, although eligible for many conventional housing programs, face cultural barriers and lack a homebuying tradition.

FHA Commissioner/HUD Assistant Secretary Retsinas attended the Native American Homeownership Summit, which began today in San Diego, CA, to help introduce the Native American Homeownership Strategy and kick off the 1996 efforts of the Partners to meet two important objectives. These two strategies are specifically designed to assist Native Americans to become homebuyers. These strategies are:

- expand availability of financing for home construction and purchase; and,
- improve the understanding and collective response of housing and financing organizations to the homeownership needs of Native Americans.

In fulfilling these two objectives a number of Partners of the National Homeownership Strategy have pledged the following specific goals:

- Manufactured Housing Institute - MHI will educate manufactured housing retailers and lenders about HUD's Section 184 Indian Loan Guaranty Program and raise the level of awareness about manufactured housing among Native Americans.
- Neighborhood Reinvestment Corporation - The NRC will provide pre-purchase, post-purchase, or mortgage default counseling to 1,000 households on the Navajo Nation. A non-profit housing development corporation will be established on the Navajo Nation. Assistance to other tribes is under development.
- Fannie Mae - Fannie Mae will: 1) market a set of products for loans on Native American lands 2) conduct lender training on how to develop business in Native American communities 3) assist in adapting homebuyer education materials for the needs of Native Americans 4) support the development of educational courses for tribes on how to provide homebuyer counseling and 5) develop guidance for tribes on how to partner with mortgage lenders.
- Habitat for Humanity - Habitat has pledged to provide information to all Native American tribes about its model program for homeownership and will identify additional financial resources to augment local funding for American Indian Habitat affiliates.
- Department of Housing and Urban Development - HUD has pledged to increase availability of homeownership loan guarantees, to conduct a counseling program, and to continue sponsoring Native American summits sensitive to tribal homeownership needs.

(more)

- * Department of Agriculture - The Department of Agriculture pledges to establish a pilot program for the 502 loan guarantee program for a minimum of 250 homes on Reservation lands, as well as increase education and training of rural housing programs.
- * Department of Veterans Affairs - The VA will make direct loans to qualified Native American veterans to purchase, construct or improve homes on trust lands. The VA will also guarantee loans made by private lenders to Native American veterans for Homes on trust lands.

"It is our job to demonstrate to Native Americans that they can share in the bounties of homeownership," said FHA Commissioner/HUD Assistant Secretary Nicolas P. Retsinas. "There are many challenges to bringing homeownership to Native Americans which is why the President's National Homeownership Strategy is vital to this mission."

"I am excited about the role that USDA is playing as a partner in the President's National Homeownership Strategy, particularly for Native Americans," said Maureen Kennedy, Administrator for USDA's Rural Housing Services. "Creative partnerships, such as the pilot program we formed with Fannie Mae to put 250 houses on 25 reservations, are the key to increasing homeownership for Native Americans."

The Native American Homeownership Summit is sponsored jointly by the National American Indian Housing Council, the National Urban Indian Policy Coalition, and HUD's Office of Native American Programs (ONAP).

The Summit will feature a mix of presentations by National Homeownership Strategy Partners and individual meetings between those partners and conference participants. In addition, the conference will offer a series of training sessions focusing on important homeownership topics.

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Washington, D.C. 20410

News Release

HUD No. 94-47
ANGELINA ORNELAS 202-708-0685
SHARON MAEDA 202-708-0980

FOR IMMEDIATE RELEASE

Tuesday,
April 12, 1994

BILL TO ALLEVIATE BACKLOG OF HUD APARTMENT BUILDINGS IS SIGNED INTO LAW BY PRESIDENT CLINTON

A bill to reduce the number of apartment units held in inventory by the U.S. Department of Housing and Urban Development sailed through Congress and was signed into law yesterday by President Bill Clinton.

The "1994 Multifamily Property Disposition Reform Act," makes vital changes to the laws governing multifamily property disposition. The changes are a first step in reducing statutory and regulatory burdens that inhibit HUD's ability to effectively manage its assisted housing programs.

"We now have the tools to dispose of our troubled apartment units," Secretary Henry G. Cisneros said. "The reforms will help HUD solve its management problems, minimize the waste of taxpayer's dollars and help increase access to decent shelter."

The bill represents a collaborative effort on the part of HUD and Congress to address the need for improving the way the Agency manages and disposes of its multifamily rental housing loan and property portfolio. It takes steps to provide more flexibility for the HUD's asset management activities and will result in important savings over the long term.

Major features of the bill are:

- o The bill recognizes that private ownership is preferable to public ownership and contains provisions which allow HUD to more freely dispose of projects to the private sector, where appropriate, and replenish the General Insurance Fund.
- o The bill assures that the great majority of subsidized properties will be preserved and sets forth realistic subsidy requirements to achieve this objective.
- o The bill ensures that tenants receiving project-based assistance under current subsidy contracts will continue to do so, whether they live in subsidized or unsubsidized properties.
- o The proposal allows the Department to dispose of properties according to the purpose for which they were built. Market rate properties can be sold for market rate tenants; under the bill, and this will have the beneficial effect of returning a property to productive rental use while increasing the return to the insurance fund.
- o In disposing of any property, appropriate protections for all very low income tenants are included.
- o Much more flexibility is provided for the Department to respond to local conditions and affordable housing strategies when disposing of its projects. A range of subsidies and other assistance mechanisms are authorized to preserve units. In addition, alternative uses for projects are authorized, including use for low income homeownership.
- o The bill as a whole anticipates partnerships between HUD, the private and non-profit sectors, and State and local governments in managing and preserving properties.
- o The bill will enable HUD to reduce its inventory at great savings to the taxpayer. The savings are estimated at \$1.8 billion over a five year period.

- o The reduction in the inventory will free staff for other asset management and default prevention tasks. Important new default prevention measures are incorporated into the bill so that all aspects of asset management are addressed.

Taken as a whole, the bill restores the balance needed for HUD to fulfill its commitment to affordable housing and its obligation to manage the insurance funds in a prudent manner. HUD plans to move quickly to develop regulations implementing the new law and already is developing strategies for using new disposition tools and achieving the five year goals.

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Washington, D.C. 20410

News Release

HUD No. 94-31
Vivian Potter (202) 708-0685 x117
Bob Nipp (202) 708-0685 x115

FOR RELEASE:
Tuesday,
March 15, 1994

HUD OPENS "CONSULTATION 94"

The U.S. Department of Housing and Urban Development (HUD) opened a major phase of the "Consultation 94" series with a traditional Native American Luncheon. "Consultation 94" marks the first time any federal agency has devoted a major portion of its Native American Program staff resources for an entire year to the consultation process in delivering its federal housing programs to Native American communities.

During this week long phase of "Consultation 94," Native American housing officials focused on funding allocation systems, the HOME program, Community Planning and Development, new housing development, excellence in housing management, and reduction of Indian housing regulation.

HUD Deputy Secretary Terrence Duvernay welcomed the large gathering by noting that "this is not my conference room, it belongs to all of you as you address the important issues through the innovative Consultation 94 process which, for the first time in the Department, brings together all segments of Native American housing programs including Indian Housing Authorities,

Tribal governments, Regional Associations, the clients of Native American housing, and HUD in a year long series of scheduled meetings."

"This is an exciting time," said Robert Gauthier, Director of Housing and Community Development of Flathead Nation and former Chairman of the National Commission on American Indian, Alaskan Native and Native Hawaiian Housing. "This is the first time Indian tribes have been given the resources and flexibility under the existing regulations to make a meaningful reduction in the number Native Americans waiting for housing."

"Indian Housing is not the same as public housing," said William Estevan, Chairman of the All Indian Pueblo Housing Authority. "There are specific needs and concerns on account of the many regional and cultural differences among Native American communities. These meetings this week in Washington give us an opportunity to look at the regulations and statutes and conform them to better address the basic individual needs of the many diverse Native American communities."

The luncheon featured Native American foods from all parts of Indian country including caribou stew, musk ox sausage, smoked salmon, dried seaweed, corn and rice from the Northwest, fresh fruit pies and Native American bread from the Southwest, grape dumplings and sour cornbread from Oklahoma, and wild rice, Indian pudding, black turtle bean soup, Indian tacos, and Indian fry bread for the East and Hawaiian kahlua pork in addition to many other Native American casseroles and deserts.



Washington, D.C. 20410

News Release

HUD No. 94-70
Vivian Potter (202) 708-0685 x117

FOR RELEASE:
Monday,
May 9, 1994

SECRETARY CISNEROS TO ANNOUNCE WORKING GROUP FOR NATIVE AMERICAN FINANCE AUTHORITY

The formation of a working group to study the proposed Native American Finance Authority (NAFA) was announced before the National American Indian Listening Conference in Albuquerque, New Mexico by Department of Housing and Urban Development (HUD) Secretary Henry G. Cisneros.

NAFA was proposed by the National Commission on American Indian, Alaskan Native, and Native Hawaiian Housing to be a vehicle for financing housing and economic development for Native American communities.

"With this administration in office, now is an opportune time to broaden the approach for improving the economic status of Indian Country," said Secretary Cisneros. "I fully expect this working group to seek the input of the Commission and the Tribal leaders as it considers whether an entity like NAFA is needed to help finance housing and economic development."

The working group will be chaired by HUD Assistant Secretary for Public and Indian Housing Joseph Shuldiner, with

representatives from Treasury, the Attorney General's office, Veterans Affairs, Office of Management and Budget, and Council of Economic Advisers, and the Government National Mortgage Association to be chosen by the heads of those agencies.

At the National American Indian Conference in Albuquerque, Attorney General Janet Reno, Interior Secretary Bruce Babbitt and Secretary Cisneros discussed such topics as tribal land management, youth justice and law enforcement, and community development.

The primary purpose of the conference was for federal officials to listen to concerns, ideas and suggestions of tribal leaders on these and other issues where there are overlapping responsibilities among the federal agencies.

This conference comes one week after President Clinton hosted the historic meeting with tribal leaders at the White House for a series of talks that included Secretary Cisneros and other Cabinet members.

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Washington, D.C. 20410

News Release

HUD No. 96-90
David Egner (202) 708-0685 Ext. 147
Bill Connelly (202) 708-0685 Ext. 115

FOR RELEASE
May 8, 1996

HOUSE BILL ADVANCES KEY CLINTON PUBLIC HOUSING REFORMS BUT CISNEROS SAYS "HARMFUL PROVISIONS MUST BE DROPPED"

Housing Secretary Henry Cisneros today praised major provisions of a House public housing bill that codify President Clinton's transformation of public housing, but criticized parts of the bill that would hurt the poor.

"The House bill would make permanent the sweeping public housing reforms launched two years ago by the Clinton Administration, but at the expense of the very poor," Cisneros said. "Some provisions could drive poor children and families out of their homes by sharply raising their rents. These harmful provisions must be dropped."

The House bill makes permanent a series of Clinton Administration public housing reforms, enacted in appropriations laws over the last two years, which will expire on Sept. 30, 1996 unless extended by Congress.

The Clinton public housing reform plan includes:

- Demolishing and replacing high-rise public housing that is severely distressed. By the end of this year, HUD will have torn down an unprecedented 30,000 housing units that were vacant, unsafe or unlivable. The House bill would extend previously passed Administration measures to: repeal a rule requiring each demolished unit to be replaced; allow modernization funds to be used to demolish the worst public housing rather than restricting the funding to rehabilitation; and require the use of vouchers to provide housing for residents of the nation's most distressed public housing.

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• Intervening to improve the performance of the most troubled public housing authorities. In the past two years, HUD has assumed control of the Chicago and San Francisco housing authorities, entered into strong partnerships with the mayors of Detroit and New Orleans, and is actively assisting court-appointed receivers in Kansas City and Washington, D.C. The House bill gives HUD enhanced powers and resources to intervene in troubled public housing authorities.

• Emphasizing work and economic integration in public housing. In the past, the rules of public housing have discouraged work. The House bill would extend previously passed Administration measures to: change rent rules to help working families remain in public housing; encourage unemployed residents to get jobs; and allow housing authorities to accept more working families.

• Cracking down on crime, gangs and drugs in public housing. The House bill would continue tougher admission and eviction standards for public and assisted housing already being imposed by the Clinton Administration.

While making permanent the Clinton public housing plan, the House legislation proposes other changes opposed by the Administration that would drive up rents for families in subsidized housing and loosen income targeting in public housing and Section 8. These include:

• Repealing the 27-year-old Brooke Amendment, which limits rents in public housing and in housing supported by Section 8 vouchers to 30 percent of the resident's income. Cisneros said that even modest rent increases could be unaffordable to some poor families, and could force them out of public housing or Section 8 units.

• Raising income limits for public housing and Section 8 assistance so high that scarce Federal resources would be redirected, Cisneros said, from poor families with the greatest need for housing assistance to others with less need.

Cisneros said the House version of the Housing Act of 1996 could lay the foundation for negotiations with the Senate in conference committee to produce an acceptable bill. He said the version of the bill approved earlier by the Senate is free of many of the unacceptable provisions in the House bill.

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FACT SHEET ON PUBLIC HOUSING

- HUD provides funding to 3,400 local public housing authorities around the nation. The authorities operate 13,740 public housing developments that provide housing to low-income residents at rents they can afford.

- About 3 million people live in 1.25 million units of public housing. 49% are families with children, 34% are elderly, 9% are disabled, and 8% are in other categories. The median income for a resident household is \$6,420. Residents pay an average monthly rent of \$169.

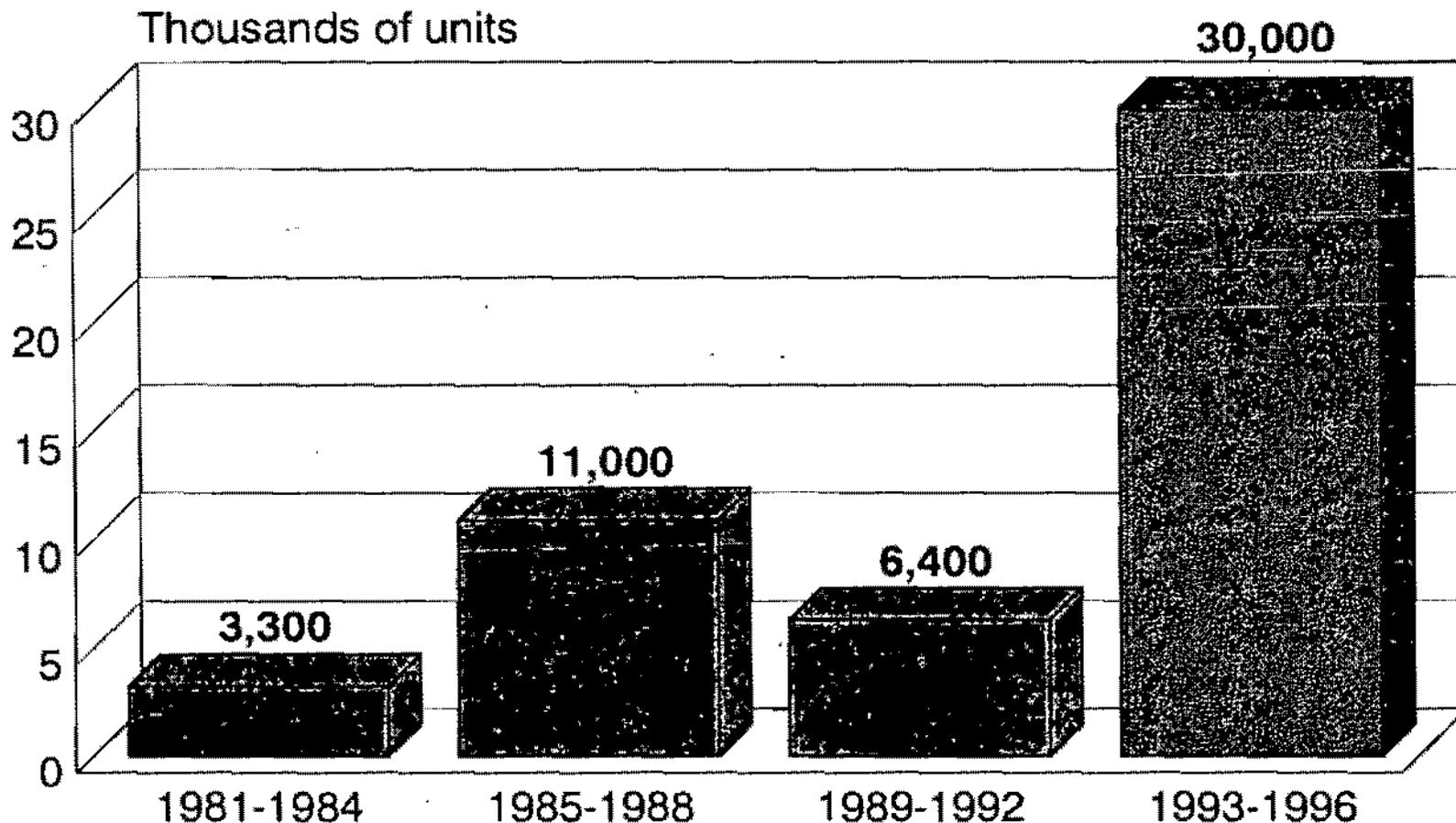
- The vast majority of public housing authorities manage their developments exceedingly well. Less than 1% of 3,400 authorities are classified as "troubled" by HUD.

- The median length of stay for a resident in public housing is four years. 40% of residents stay for three years or less. Many of those staying longest in public housing are elderly and disabled people who often have no other source of housing.

- Most public housing residents do not draw their main source of income from welfare assistance. 40% are primarily supported by Social Security and pensions, 33% by welfare assistance, 21% by wages and 6% by assets and other sources.

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Bringing Down the Nation's Worst Public Housing and Replacing It with Quality Affordable Homes



The Clinton Administration will tear down an unprecedented 30,000 units of public housing, nearly 50 percent more than the previous-12 years combined, and will replace these units with quality affordable housing and rental vouchers.



Washington, D.C. 20410

News Release

HUD No. 96-68
David Egner (202) 708-0685 Ext. 147
Bill Connelly (202) 708-0685 Ext. 115

FOR RELEASE
10 a.m. Wednesday
April 3, 1996

REPORT FINDS MAJOR IMPROVEMENTS CREATE A NEW DAY IN PUBLIC HOUSING

WASHINGTON -- Public housing developments around the nation are undergoing a historic transformation that is giving residents better living conditions and new opportunities, a new report by Housing Secretary Henry G. Cisneros concludes.

The report, issued today, says the Department of Housing and Urban Development is succeeding in implementing ambitious proposals that President Clinton made to overhaul and remake federal housing policy.

"For years, government officials have talked about making major improvements in public housing, but the Clinton Administration is the first in decades to actually do it," Cisneros said. "These changes are the most important developments in public housing since the federal government began the program in 1937."

The report says HUD has made progress on three fronts to better meet the needs of the 3 million low-income residents of public housing:

- **Tearing down aging high-rise buildings plagued by crime and deterioration.** Since 1993, HUD has approved the demolition of over 30,000 units of public housing that served as warehouses for the poor. In the 12 previous years, only 22,000 demolitions were approved. As old units continue to come down over the rest of this decade, HUD will replace them with thousands of townhomes and garden style apartments that create successful residential communities. Some of the new developments will be designated Campuses of Learners, where children and adults will pursue educational opportunities that will help adults find jobs and

youngsters do better in school. In addition, residents of some demolished public housing units will be given vouchers under the Section 8 program to rent housing in the private market.

- **Creating partnerships with the worst-performing local housing authorities to help them improve their operations.** The report identifies eight large housing authorities being given special assistance by HUD. In addition, the report says HUD is now embarking on a recovery strategy with 75 smaller housing authorities that are performing below acceptable levels. The vast majority of the 3,400 public housing authorities around the nation are already well managed.

- **Creating incentives for public housing residents to get jobs, along with tough new sanctions against criminals.** Congress enacted rent reforms at HUD's request that allow public housing residents who get jobs to keep a bigger share of their income, thereby encouraging them to work. In addition, Congress repealed rules that restricted public housing primarily to the very poor, enabling more struggling working families to live in public housing. In a crackdown on criminals, President Clinton issued guidelines to local housing authorities last week to keep drug dealers and other criminals from moving into public housing and to evict those already there. In addition, HUD is working closely with federal and local law enforcement agencies on Operation Safe Home, a campaign against gangs, drugs and violent crime in public housing. Operation Safe Home has resulted in thousands of arrests of gang members and drug dealers, and confiscation of their guns and drugs.

"Our new initiatives are creating a new day in public housing," Cisneros said. "The new day promises residents better and safer lives, and brighter futures."

"Our message to the good, hard-working residents who are the overwhelming majority in public housing is an encouraging one," Cisneros said. "The message says: 'We want to help you climb the ladder of opportunity so that you can get a job and eventually move from public housing to a home of your own. We want public housing to be a temporary way station on your road to self sufficiency -- not the final destination.' "

"Our message to drug dealers and violent criminals is certain eviction after the first offense -- 'One Strike and You're Out,' " Cisneros said.

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Washington, D.C. 20410

News Release

HUD No. 96-45
Jack Flynn (202) 708-0277 x113
Bill Connelly (202) 708-0685 x115

FOR RELEASE:
Wednesday, 10:00 AM
February 14, 1996

HUD'S DRAMATIC CHANGES IN PUBLIC HOUSING MAKING A DIFFERENCE IN LIVES OF AFRICAN AMERICAN FAMILIES

HUD is streamlining programs and transforming public housing, and these changes are helping improve the lives and communities of African American families, Secretary of Housing and Urban Development Henry G. Cisneros said today.

"We are tearing down the worst housing units and replacing them with safer, more livable, townhouse developments," Cisneros said. "We are forming partnerships with troubled public housing authorities to improve their performance. We are changing rules to encourage work. We are cracking down on crime, drugs and violence.

"These changes have had a positive effect on African American communities across the country," Cisneros noted, "and we will continue to make the kinds of changes that improve the lives of the families who live there."

He pointed out that one of the first problems he addressed when President Clinton named him HUD Secretary was troubled public housing. Cisneros said that "only a skeptic would argue that the transformation has not been dramatic.

"The first part of our plan, changing the physical environment, is in evidence everywhere across the country. Over the last year, we've seen demolitions in Baltimore, Columbus, Philadelphia, Chicago, New Orleans, Atlanta, and other cities. Thousands of dilapidated, high-rise units have been torn down and thousands of replacement units are going up," he said.

"Reconstruction at these sites began only after we had lengthy consultations with residents, community leaders, and interested local institutions," Cisneros stressed. "Community partnerships have been developed to provide job opportunities and social services for residents, so we've done more than just change the physical setting."

The resources of the Department also were directed at the underlying causes of troubled public housing, and Cisneros said that this second part of the HUD plan actually improved accountability to taxpayers as well.

"From the HUD takeover of the Chicago Housing Authority last summer to the partnership HUD announced last week to strengthen the Housing Authority of New Orleans, we are moving aggressively to improve local management capabilities, and accountability for public funds," the HUD Secretary said.

Some public housing authorities that historically have been the worst-performing in the country--the District of Columbia, Philadelphia, Detroit, Atlanta, Newark and San Francisco--are now operating under partnership agreements with HUD. In addition, HUD is working with Congress on reform legislation that would give HUD enhanced powers to help deeply troubled public housing agencies, he added.

"The third part of HUD's plan promotes work and self-sufficiency," Cisneros said. "By encouraging changes in rules that help working families, we help the entire community, both directly and by example. For example, by changing the rules to help working families keep more of the money they make at jobs, we encourage work and reward the worker.

"We can provide incentives for exemplary tenants who, for instance, create a contract with their local school to make sure the kids attend class and do their homework, and meet with their teachers regularly," he said. "This might give the resident a chance at a better apartment, or a Section 8 rental certificate."

Finally, Cisneros said, the fourth part of HUD's plan was to take a strong stand against drugs and crime to help the decent, hard working families who play by the rules.

"President Clinton in the State of the Union address called for a 'one strike and you're out' strategy. If we find drugs and guns and gangs operating out of a public housing unit, the family responsible for that unit will lose their right to housing," Cisneros said. "We cannot allow the majority of people, who want a better life for themselves and their families, to have their dreams derailed by drug pushers and violent criminals.

"We'll also continue to fight crime through Operation Safe Home by collaborating with federal, state, and local law enforcement agencies. This has already resulted in the arrests of thousands of gang members," Cisneros added. "We're encouraging community policing, because we think this is one of the best steps local residents can take to keep crime out of their developments."

#

40 LARGEST PUBLIC HOUSING AUTHORITIES

scores as of 12/20/95

PUBLIC HOUSING AUTHORITY	NUMBER OF UNITS	PHMAP SCORE	PHMAP STATUS	
			T= TROUBLED	S= STANDARD H= HIGH PERFORMING
ST PAUL	4,349	98.64	H	
DENVER	4,081	98.49	H	
RICHMOND	4,461	98.30	H	
SEATTLE	6,667	96.99	H	
LOS ANGELES	8,750	94.61	H	
LOUISVILLE	5,971	94.15	H	
DALLAS	7,343	92.95	H	
NASHVILLE	6,429	92.86	H	
MOBILE	4,125	92.86	H	
MILWAUKEE	4,749	92.76	H	
SAN ANTONIO	8,230	92.73	H	
TAMPA	4,936	91.67	H	
NEW YORK CITY	115,017	91.60	H	
NORFOLK	4,457	90.13	H	
BIRMINGHAM	6,811	88.57	S	
DADE COUNTY, FL	11,260	87.11	S	
MINNEAPOLIS	6,785	84.05	S	
COLUMBUS	5,445	84.05	S	
EL PASO	6,268	80.53	S	
CLEVELAND	12,068	79.03	S	
AKRON	5,126	78.18	S	
DAYTON	4,524	77.98	S	
CINCINNATI	7,618	76.83	S	
HAWAII	5,263	74.11	S	
BALTIMORE	17,993	70.27	S	
SAN FRANCISCO	6,486	70.12	S	
BUFFALO	5,047	70.00	S	
NEWARK	10,814	69.77	S	
MEMPHIS	7,089	68.63	S	
ST. LOUIS	6,769	67.92	S	
BOSTON	12,750	62.19	S	
PUERTO RICO	57,800	54.00	T	
ATLANTA	14,722	49.77	T	
PITTSBURGH	9,344	47.65	T	
CHICAGO	40,119	44.97	T	
DETROIT	8,744	37.60	T	
PHILADELPHIA	22,766	35.15	T	
DISTRICT OF COLUMBIA	11,786	33.33	T	
NEW ORLEANS	13,414	27.53	T	

PHMAP = Public Housing Management Assessment Program

** New score after PHMAP appeal process

A REPORT TO THE PRESIDENT

**A Promise
Being
Fulfilled**

**THE
TRANSFORMATION
OF
AMERICA'S
PUBLIC
HOUSING**

U.S. Department of Housing & Urban Development
Administration History Project
December, 2000
DOCUMENT #17

U.S. Department of Housing and Urban Development



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hud NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary
Office of Public Affairs, Washington, DC 20410

HUD No. 00-76
(202) 708-0685
<http://www.hud.gov/news.html>

FOR RELEASE
Thursday
April 13, 2000

HUD CONFERENCE TO ADDRESS NATIVE AMERICAN HOUSING NEEDS

WASHINGTON – Housing and Urban Development Secretary Andrew Cuomo today announced that HUD will hold its sixth annual Native American Housing Summit May 1-3 in Portland, Oregon.

The three-day conference is called *Building a Strong Foundation*. It is designed to bring housing groups, lenders and the Native American community together to discuss ways to expand the supply of affordable housing and increase homeownership in Indian Country.

The summit will feature a series of hands-on technical training sessions on the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA). It will also provide a platform for discussing successful program administration, financing, self-monitoring, grant writing, and construction methods.

"HUD is working in partnership with Indian nations to improve housing conditions for Native American families," Cuomo said.

"Building a strong and effective tribal housing program is vital to self-determination," said Jacqueline Johnson, Deputy Assistant Secretary of HUD's Office of Native American Programs. "Training and knowledge of resources is an essential element."

Many housing resources, lenders and economic development entities will be in the exhibit hall with displays, information on their products and services, and will be available for one-on-one sessions with conference participants.

Since the enactment of NAHASDA, the number of tribes receiving federal housing assistance has increased significantly. The act reorganized the system of federal housing assistance to Native Americans by eliminating several separate programs and replacing them with a single block grant program that recognizes the right of Indian self-determination and tribal self-governance. It provides for tribal governing bodies to name a tribally designated housing entity – which may be the former Indian Housing Authority – to prepare an Indian Housing Plan.

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U.S. Department of Housing & Urban Development
Administration History Project

December, 2000
DOCUMENT # 18

HUD No. 00-76

Page Two

NAHASDA is the principal grant program assisting more than 450 grantees in Indian Country. In his Fiscal Year 2001 budget, President Clinton has proposed increased funding for HUD's Indian programs to \$730 million -- a jump of \$37 million from the Fiscal Year 2000 budget. The budget request increases funding for existing programs and for new, innovative initiatives that will provide important opportunities for Indian tribes.

For more information about the summit, including a brochure and to register online, visit the ONAP Web page at <http://www.codetalk.fed.us/> or call the Summit Information Line at (703) 902-1236.

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hud NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary
Office of Public Affairs, Washington, DC 20410

HUD No. 00-200
(202) 708-0685
<http://www.hud.gov/news.html>

FOR RELEASE
Thursday
August 3, 2000

Report Details Significant Progress; More Needed

CUOMO RELEASES ONE-YEAR REPORT ON PINE RIDGE IMPROVEMENTS

PINE RIDGE, SOUTH DAKOTA – U.S. Department of Housing and Urban Development Secretary Andrew Cuomo today returned to the Pine Ridge Indian Reservation to release a one-year progress report that details improvements on the reservation in housing, education opportunities and facilities, and economic development. The improvements are a result of the “Shared Visions Summit,” a public/private partnership launched last year by President Clinton.

Joining Cuomo on releasing the report at the reservation, home to the Oglala Sioux Tribe, were U.S. Department of Agriculture Deputy Secretary Richard Rominger and officials from the Department of Defense.

The report found that the partnership has resulted in:

- Increased mortgage lending on the reservation
- Rehabilitation and construction of homes
- Improved education facilities
- Corporate commitments to the reservation.
- Economic development opportunities
- Educational opportunities
- Corporate commitments at Pine Ridge and throughout Indian country

“We still have work to do here in Pine Ridge and throughout Indian Country, but with President Clinton’s leadership and the cooperation of our partners, we have come a long way,” Cuomo said. “But today’s report show just how far we have come.”

Cuomo met with Paul Iron Cloud, Executive Director of the Oglala Lakota Housing Authority, Roger Campbell, Executive Director of the Oglala Sioux Tribe Partnership for Housing, and representatives of Wells Fargo Home Mortgage.

**U.S. Department of Housing & Urban Development
Administration History Project
December, 2000
DOCUMENT #19**

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HUD No. 00-200

Page Two

Robert Skjonsberg, Program Consultant for Wells Fargo Home Mortgage said, "On behalf of Wells Fargo, we are excited and honored to be involved with this historic initiative on Pine Ridge. We would like to thank the Oglala Sioux Tribe, OST Partnership for Housing and Secretary Cuomo for setting the format for future housing development in Indian Country. We look forward to developing additional partnerships and providing our Native American customers with improved access to private mortgage capital."

In August 1998, Tribal leaders invited Cuomo to visit Pine Ridge to view first-hand the critical needs of tribal members. What Cuomo found bordered on conditions in the Third World. There was little economic activity on the reservation, which was not eligible to even apply for HUD's economic development funds. Also, there was virtually no mortgage lending on the reservation, and only one resident had been able to build a home using a HUD 184 loan.

In July 1999, President Clinton joined Cuomo, Agriculture Secretary Dan Glickman, federal and Congressional representatives, Tribal leaders from across the nation and non-profit and private partners for the kick-off of the "Shared Visions Summit," to discuss what help could be provided not only to the Pine Ridge Reservation, but throughout all Indian country.

Following the President's intervention, a not-for-profit "Oglala Sioux Tribe Partnership for Housing" was established that now makes the region eligible to apply for HUD economic development funding. Now, 17 Pine Ridge residents have secured 184 loans, and more than 80 others have been pre-approved. No other reservation comes close to those numbers for families on their reservation.

Shannon County, site of the reservation, is consistently ranked as the poorest county in the nation. The unemployment rate exceeds 70 percent. Few commercial businesses operate on the reservation, which is second only to the Navajo Nation in size.

According to Cuomo, "the challenge is to expand our success to the rest of Indian Country. "If we can make our innovative programs work here -- where some of the most difficult conditions exist -- we should be able to make it work virtually anywhere."

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Note to editors: The report is accessible on the web at www.hud.gov and available via fax upon request.



NEWS



Department of Housing and Urban Development
Andrew Cuomo, Secretary

Department Of The Treasury
Lawrence H. Summers, Secretary

HUD No. 00-286
202-708-0685
<http://www.hud.gov/news.html>

Treasury LS-949
202-622-2960
<http://www.treasury.gov>

FOR RELEASE
Friday, October 13, 2000

HUD, TREASURY EXPAND ACCESS TO CAPITAL IN INDIAN COUNTRY

SANTO DOMINGO PUEBLO, NM – Native Americans will now find it easier to buy homes on tribal land, thanks to extensive changes in federal lending policies announced today by the U.S. Department of Housing and Urban Development and the U.S. Department of the Treasury.

HUD Secretary Andrew Cuomo and Treasury Secretary Lawrence H. Summers unveiled a report today detailing a series of revisions to streamline how Native Americans apply for, qualify for, and secure mortgages. Cuomo and Summers issued the report during a trip through New Mexico Indian Country.

"The bottom line is we are significantly improving Native Americans' access to mortgage capital," Cuomo said. "Thanks to these changes, buying a home on tribal land can be more than just a dream; it can become reality."

"It takes a village to raise a child, but it takes capital to raise a village," Summers said. "Making access to capital universal is the central challenge of the 21st century."

"We appreciate Secretary Cuomo's continued commitment to Indian Country, and we're happy that he brought Secretary Summers, one of the most influential members of President Clinton's cabinet, to listen to and understand the critical housing finance needs of our communities," Santo Domingo Governor Tony Tortalita said.

For more than two years HUD and the Treasury Department have led a coordinated response to a 1998 presidential directive to streamline the mortgage lending process in Indian Country. To achieve the President's objective, the two departments convened a task force involving nearly 140 tribal, private, federal, state and local partners. A report on the task force's work is being delivered to the President today.

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U.S. Department of Housing & Urban Development
Administration History Project
December, 2000
DOCUMENT # 20

Thus far, the Task Force has implemented key suggested reforms, including:

- launched two pilot "One Stop" mortgage centers, at the Navajo Nation in Arizona and the Oglala Sioux Reservation in Pine Ridge, South Dakota;
- developed a standard lease that will be accepted by all federal agencies as well as adopted by private lenders to expand the availability of loans in Indian Country;
- created a model code, including standard procedures governing liens, evictions and foreclosures in federally sponsored loan programs;
- established training programs about federally sponsored loan programs for borrowers and lenders;
- streamlined the process for approving tribes' participation in federally sponsored loan programs;
- revised the Federal Housing Administration's handbook concerning appraisals of tribal lands held in trust by the U.S. government; and,
- produced the brochure, *Shared Visions: Guide to Creating a Nonprofit Homeownership Entity*, which provides step-by-step instructions for tribes to use in creating a one-stop mortgage information center.

The "One Stop" mortgage center pilot sites have confirmed the value of the information centers concept. In South Dakota, for example, the Oglala Sioux Tribe Partnership for Housing created a homebuyer program in which almost 200 tribal members participated in credit counseling and another 82 individuals have been pre-qualified for loans through HUD's Section 184 Indian Loan Guarantee Program. The program offers a federal guarantee to private lenders for home loans made to tribal members, tribes and Indian Housing Authorities on tribal and individual allotted trust lands and lands in Indian areas. Some 775 loans have been guaranteed under the program, which began in 1994.

"Change has come slowly to our lands and the Navajo people have suffered because of it," Edward T. Begay, speaker, Navajo Nation Council said. "These changes will expand homeownership opportunities for Navajo people. The Navajo Nation has a lot to benefit from if the changes are implemented in a timely fashion. I look forward to continuing a close and respectful working relationship with HUD and other federal agencies on community development and housing issues."

"The 'One Stop Mortgage Shop' concept epitomizes our vision for true partnerships and mutual respect," Robert Skjonsberg from Wells Fargo Home Mortgage said. "We have a special relationship with the Oglala Sioux Tribe Partnership for Housing in Pine Ridge. Together, we have made private sector financing a reality for the Oglala Lakota. We are committed to providing all Americans, including the first Americans, with improved access to private sector financing and we are excited about the opportunity to expand these types of partnerships in New Mexico and throughout Indian Country."

"These initiatives will help Native American communities take full advantage of the nation's robust economy," Summers said.

"By making the mortgage process more user-friendly and accessible to Native Americans and Alaskan Natives, as well as more attractive to private lenders, we plan to revolutionize homeownership in Indian Country," Cuomo said. "Never before has there been such an integrated effort involving HUD, Treasury, tribal governments and the private sector to raise Native American homeownership rates."

Homeownership in Indian Country is historically low. Though nearly 67 percent of Americans now own their homes, that number is less than 33 percent for Native Americans. Higher lender transaction costs, higher infrastructure costs and meager savings combined with a lack of credit history contribute to the low homeownership rate.

While in Santo Domingo, Cuomo and Summers also participated in a ribbon-cutting ceremony to celebrate the completion of an Indian housing development financed by the Low Income Housing Tax Credit program. The development contains 20 new rental units, and is the first housing development built on New Mexico Pueblo land using the tax credits.

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Note to Editors: The publication, *One-Stop Mortgage Center Initiative in Indian Country - A Report to the President*, is posted on the HUD website at <http://www.hud.gov/news.html>.

Update on the One-Stop Mortgage Center Initiative February 2000

Residents in Indian country face many challenges in their pursuit of homeownership because of the trust status of Indian land, issues related to the tribal sovereignty of Indian tribes, and multiple requirements for federal review of mortgage-related transactions.

On August 6, 1998 at the White House conference on "Building Economic Self-Determination in Indian Communities," President Clinton issued an Executive Memorandum directing HUD Secretary Cuomo and Treasury Secretary Rubin to develop partnerships with tribal governments, other federal agencies, and the private sector to initiate a project to help streamline the mortgage lending process in Indian country. The objective of the initiative is to improve access to mortgage loans on all Indian reservations, initially through pilot programs on the Navajo Nation and the Pine Ridge reservation.

Since the issuance of the Executive Memorandum, federal agencies, tribal officials and private sector representatives have met to identify barriers that limit homeownership opportunities in Indian country. This task force is examining all aspects of mortgage lending on Indian land, including administrative procedures, regulations and applicable federal statutes to identify specific lending barriers, develop recommendations to overcome those barriers, and plans to implement the recommendations. During this process, HUD and Treasury held a series of tribal consultation meetings to solicit input from tribal governments. In addition, the task force distributed draft recommendations to tribes, tribally designated housing entities, and other private and public partners for their review and comment. Now that these recommendations are finalized, the task force is developing implementation strategies with the goal of submitting a final report to the President in Spring 2000.

The intent of this initiative is to improve homeownership opportunities in Indian country by increasing the capacity of Indian communities to support private mortgage markets through tribal self-determination. The task force seeks to achieve this goal by recommending that the federal government explore options for financing one or more national Native American homeownership intermediaries. Other recommendations include:

- Streamlining several burdensome steps in the mortgage lending process in Indian country;
- Catalyzing the private mortgage market through improved training and outreach to lenders, private providers and tribes;
- Enhancing institutional development for Indian country by building capacity at the local level; and
- Facilitating the development and distribution of homeownership and financial literacy education in Indian country.

HOPE VI: Building Communities, Transforming Lives

**Innovations in American Government
2000 Semifinalist Application**

Application # 868

**U.S. Department of Housing & Urban Development,
Administration History Project
December, 2000
DOCUMENT # 22**

PROGRAM SUMMARY

1. Describe your innovation; include the specific problem it addresses, and how it has changed previous practice.

HOPE VI is transforming the fundamentals of public housing in the United States by using public and private development resources to replace the bleak, isolated public housing of the past with attractive new mixed-income communities. HOPE VI partnerships help residents achieve self-sufficiency and spur housing authorities to higher standards of housing design, finance, and management.

Years of misguided, though often well-intentioned public housing policies created vast, impersonal high rise and barracks-style "projects" and warehoused the poor inside them. These environments alienated and stigmatized their residents, isolated them physically and socially from the opportunity and diversity of the city beyond, and fueled a vicious cycle of deepening poverty and intractable social ills that ate away at the delicate fabric of entire urban neighborhoods.

At the same time, public housing was built and operated according to a top-down Federal model that gave housing agencies little flexibility or accountability. Paralyzed by rigid rules and inadequate resources, housing authorities were reduced to being caretakers, insulated from the risks and incentives of the real estate market and isolated from the means and the local support to respond to their tenants' burgeoning needs.

HOPE VI has dramatically changed the nation's approach to public housing. It offers a holistic response to these complex, entrenched problems by rebuilding distressed public housing properties while unleashing the positive potential of families that live in them and the agencies that administer them. The genius of HOPE VI lies in the *partnerships* it fosters, which utilize private sector and non-profit resources and expertise and enable HOPE VI initiatives to transcend the constraints of traditional public development.

HOPE VI employs an *innovative "mixed-finance" model* of public-private funding and participation that greatly expands the transformative power of public housing development. It makes it possible to replace the poverty monoculture of failed public housing with mixed-income communities where public and assisted housing residents live next door to market-rate homeowners and renters. Private capital and private partners also expose public housing authorities to market risks and industry practices, challenging them to achieve a competitive level of quality, service, and efficiency consistent with their public purpose. And mixed-finance development enhances the scale of HOPE VI initiatives and their power as catalysts for the revitalization of the larger community.

Partnerships with nonprofit groups, including resident organizations, community- and faith-based institutions, and local social service agencies enable HOPE VI initiatives to assemble the complex web of facilities, assistance, and services that poor families need to prepare for and seize opportunities in today's new economy. HOPE VI also provides a focus for engaging mayors, business and civic leaders, homeowners and public housing residents in a collaborative effort to create healthy, sustainable neighborhoods. Through HOPE VI, public housing has been transformed from a source of urban blight to an engine of neighborhood renewal.

DETAILED PROGRAM DESCRIPTION: RESULTS AND POLICY IMPACT

2. What is the single most important achievement of your program or policy initiative to date?

The signal achievement of HOPE VI is its ongoing, comprehensive transformation of some of America's most distressed public housing. Through 131 grants in 80 cities, this remarkable program is reshaping the face of public housing properties, creating accessible, appealing, human-scale communities that are functionally and aesthetically integrated into the urban fabric. It is reclaiming the lives and human potential of public housing families, helping them gain the skills and support to move from dependency to self-sufficiency. And it is reviving the fortunes of public housing communities, enabling projects once seen as dilapidated eyesores that drained economic and social vitality from their environs to emerge as engines of community-wide revitalization.

An architectural critic once described the style of American public housing as "penal-colony modern." The HOPE VI design aesthetic could not be more different. Drawing on the principles of the New Urbanism, HOPE VI partners create residential environments that are sensitive to the needs of their residents and the architectural character of the neighborhood. And HOPE VI promotes sustainable, pedestrian-friendly developments that are safe and accessible for all. HOPE VI neighborhoods in Baltimore and Washington, D.C. have received Honor Awards for Urban Design from the American Institute of Architects.

However, physical revitalization alone could not dramatically change the life course of residents who had been marginalized and cut off from life's opportunities. Thus, HOPE VI requires that each grantee propose a *comprehensive* plan that will address the social, economic and educational needs of residents and move families to self-sufficiency. Housing authorities have partnered in creative ways with school systems, mayors, social service agencies, and faith-based organizations to create sustainable networks of services. For example, the HOPE VI investment in Centennial Place in Atlanta convinced the Atlanta Public Schools, with the support of Coca-Cola and Georgia Tech, to build a \$12 million state-of-the-art magnet technical magnet school on site. In Baltimore, graduates of an intensive computer training course are eligible to receive a computer for use in their home – helping residents of all ages to bridge the "digital divide." The Seattle Public Library opened a branch in the HOPE VI community of NewHolly, where the number of books borrowed has tripled and crime has been cut in half.

HOPE VI recognizes that the destiny of public housing and its surrounding communities are inextricably linked. HOPE VI ensures that its investment contributes to wider economic renewal. Note three powerful examples of this commitment in action: In Columbus, HOPE VI's transformation of Windsor Terrace convinced a paint manufacturer in an adjacent neighborhood to spend \$32 million to upgrade its facility instead of moving to the suburbs, saving hundreds of well-paying, neighborhood jobs. Indianapolis divided the redevelopment of Concord Village into dozens of parcels so that small, minority contractors in the Near Eastside community would be able to compete for work. HOPE VI raised property values in the vicinity of Charlotte's First Ward Place, where real estate tax receipts have jumped tenfold during its HOPE VI revitalization.

3. What are the three most important measures you use to evaluate your program's success? In qualitative or quantitative terms for each measure, please provide the outcomes of the last full year of program operation and, if possible, at least one prior year.

Resident Self-Sufficiency. The guiding mission of HOPE VI is the transformation of people's lives. One of the most critical measures of the success of HOPE VI is its ability to move public housing residents from dependency to self-sufficiency. Although HOPE VI requires that housing authorities assemble a comprehensive network of services and programs to holistically address the needs of residents, it more importantly demands results. This infrastructure of supportive services spurred by HOPE VI has, in fact, delivered dramatic results: 3,447 residents have left welfare and 6,584 have found employment. Over 2,500 residents have completed job training.

These national figures translate into new hope and opportunity for residents in cities across the country. After the revitalization of Hillside Terrace in Milwaukee, the percentage of families with earnings from work shot up from 27% to 69% and the average income of residents rose 32%. In Lockwood Gardens in Oakland, young graduates of a pre-apprenticeship program are employed in the construction trades with salaries ranging from \$10 to \$30 an hour. In Kansas City, residents trained on HOPE VI construction crews now own their own firm, grossing more than \$1.5 million last year.

Leveraging of Resources. In 1993, each HOPE VI dollar attracted only about \$0.32 in non-HOPE VI public, private, and non-profit funds to each HOPE VI revitalization project. By 1999 that amount had increased nearly seven-fold, to \$2.07 per HOPE VI dollar. This trend reflects the program's growing use of the mixed-finance model. Only 19 out of 39 HOPE VI grants awarded from 1993 to 1995 used a mixed-finance approach, compared with 83 of 86 grants awarded since 1996. As a result, HOPE VI has turned HUD's \$3.5 billion investment into nearly \$8.1 billion in public housing and community revitalization. This expanded private-sector involvement has imposed greater fiscal discipline reducing the HOPE VI cost per public housing unit by 27%.

Diverse, Inclusive Communities. HOPE VI's success at leveraging resources has fueled the development of increasingly diverse, sustainable communities that provide housing opportunities for people of all incomes, ages, and needs. Totals from the first six years of HOPE VI—including grants made prior to the shift toward mixed-income, mixed-finance housing—reveal that 58% of new units will be conventional public housing, with the remainder divided equally between shallow-subsidy/market-rate rentals and for-sale units.

However, the 21 grantees from the HOPE VI class of 1999 project an even more robust mix of economically diverse households: 40% of the revitalized dwellings will be public housing rentals (primarily serving households with incomes of less than half the local median). Another 15% will be other subsidized rental units (mostly affordable to households earning up to 80% of median income), and 10% will be market-rate apartments. Fully 35% of the new units will be for-sale homes enhancing the stability of the neighborhood. These homes include affordable home ownership opportunities for 2,100 low- and moderate-income households. Enriching this diversity, 7% of all HOPE VI units will be fully accessible to disabled residents.

4. Please describe the target population served by your program or policy initiative. How does the program or policy initiative identify and select its clients or consumers? How many clients does your program or policy initiative currently serve? What percentage of the potential clientele does this represent?

As the "housing of last resort," public housing has long served the most vulnerable members of our society. In 1998 the average public housing household had an annual income of just over \$9000; 20 percent get by on less than \$5000 per year. Unemployment and underemployment remain endemic—only one-fourth of public housing households receive the majority of their income from wages. Three-fourths are headed by women, almost 70% are minorities, and a quarter are disabled. All too often, they and their neighbors form the greatest concentrations of poverty in our Nation's poorest enclaves. The average public housing resident lives in a census tract where 36% of the residents fall below the poverty line.

Though these numbers paint a stark picture, it is even more sobering to recall that HOPE VI is not tackling "average" public housing, but the worst developments in the most distressed places—bleak, desperate environments that exact from their residents a toll that defies simple statistics.

For residents of a public housing development to reap the benefits of HOPE VI, their housing authority must first be awarded a HOPE VI grant through a highly competitive application process. Although all 3,200 public housing authorities in the country are eligible to apply, they must show the severe distress of their targeted property and propose a strategy for its comprehensive revitalization. HUD selects the best applications in an annual competition.

In 1992, the National Commission on Severely Distressed Public Housing reported that 86,000 public housing units, or 6 percent of the public housing stock, were in immediate need of revitalization or demolition. Approximately 80 percent of these distressed units were occupied—the rest had deteriorated to such a degree that they lay vacant, unfit for habitation. Existing HOPE VI revitalization plans will demolish 60,000 of these units and rebuild 62,402 new units.

HOPE VI supportive services currently serve 40,000 current or former resident families from program sites. When completed, HOPE VI developments will house about 25,000 public housing renters, as well as more than 37,000 other families of various incomes. (Residents of the former public housing development are given priority in leasing new units in the revitalized community.)

Admittedly, the number of residents that could potentially benefit from HOPE VI or mixed-finance development is much larger than the Commission identified in 1992. In 1999, only one in four eligible HOPE VI applicants were funded and requests for funds totaled \$1.8 billion—over three times the amount available. HUD also estimated in 1999 that the nation's full public housing inventory suffers from unmet capital needs of varying distress totaling \$17.5 billion. At current funding levels, HOPE VI and other HUD capital programs are expected to erase only about \$1.0 billion of this unmet need each year. Thus, there is a continuing deterioration of older public housing developments and a demand for innovative, cost-effective approaches to address the needs of these buildings and their occupants.

5. What would you characterize as the program's most significant remaining shortcoming?

HOPE VI is a radical departure from "standard practice" in the public housing industry. As such, it challenges the traditional policies, practices and culture of local housing authorities. Many lack the institutional expertise and staff capacity to carry out complicated, mixed-finance development. Although they have vision for the revitalized development, many public housing agencies find themselves ill-equipped and ill-prepared to handle the demands of implementation. First-time grantees often lack key staff with expertise in development, complex financing, or social service coordination. Management structures and business practices tailored to the process-oriented world of regulatory compliance do not support the flexibility or incentives needed to compete in the real estate market. "We are looking at housing as a real estate asset and the need to maintain its long-term value while balancing that with our mission of servicing very low-income households," reflected one HOPE VI grantee. Another stated, "We are forced to look at ourselves differently. We are now talking about tax credits and the whole set of tools that have always been used before by the private-sector and real estate types."

After years as bystanders in the development game, many must rebuild working relationships with local government agencies, the business and financial community, civic groups, and other key stakeholders. No longer merely landlords, public housing authorities are the dynamic hub of a network of community building resources, coordinating as well as providing everything from educational resources to job training and childcare. Mistakes, false starts, and project delays are not uncommon as grantees retool themselves and negotiate this steep learning curve.

HUD and housing authorities are working together to meet these challenges. HUD helps build the capacity of housing authorities by providing technical assistance, creating forums for grantees to communicate with one another, and arranging conferences, web pages, video broadcasts, and publications to proliferate best practices. HOPE VI has also created an "expediter" program in which a cadre of the nation's leading private-sector experts in finance, real estate development, and community revitalization give grantees focused technical assistance helping them avoid missteps and maintain positive relationships with their development partners and communities.

Partnerships between HUD and the American Institute of Architects (AIA), The Congress for the New Urbanism (CNU) and The Urban Land Institute (ULI) provide a wealth of design and development expertise on which housing authorities can draw. For example, HUD and CNU published *Creating Communities of Opportunity: Principles for Inner City Neighborhood Design* in the February 2000 to help guide communities as they consider the design of their new neighborhoods. In the Spring of this year the first AIA/HUD Secretary's Housing and Community Design Awards will be unveiled promoting and rewarding good design in public housing development. Finally, ULI will provide a team of experts, on a fee for service basis, to work with HOPE VI grantees that need assistance in forming and implementing their redevelopment plans.

ADOPTION AND IMPLEMENTATION PROCESS

6. When and how was the program or policy initiative originally conceived in your jurisdiction? What individuals or groups are considered the primary initiators of your program? Please substantiate the claim that one or more government institutions played a formative role in the program's development.

HOPE VI has evolved through the leadership and commitment of individuals and institutions in the legislative and executive branches of the Federal Government, as well as key non-government allies. Congressional concern over the dire state of public housing led to the creation of the National Commission on Severely Distressed Public Housing in 1989. The Commission prepared the first comprehensive report on the nation's public housing in two decades documenting the need for critical attention to the problems of concentrated public housing.

Acting on the Commission's recommendations, Congress created a demonstration program at HUD in 1992 designed to remove and replace the worst units. Congressional support for HOPE VI has been led by Senators Barbara Mikulski (D-Maryland) and Christopher Bond (R-Missouri). A former social worker in Baltimore, Senator Mikulski has been a consistent and energetic advocate of using HOPE VI to address simultaneously the physical and human needs of public housing and its residents. Senator Bond has encouraged HOPE VI as a tool for economic development in which numerous stakeholders participate.

At HUD, Secretary Andrew Cuomo has institutionalized HOPE VI, guiding the program through its critical transformation from a demonstration program to a key HUD effort to generate reinvestment in places left behind in the nation's economic growth. Secretary Cuomo has established cost controls and other management reforms to give the program needed structure and greater fiscal responsibility. He has also spoken out widely about the mistakes of the public housing policies of the past and the need for effective partnerships today to reverse those errors.

Former HUD Secretary, Henry Cisneros, also played a pivotal role in the evolution of HOPE VI. As Mayor, Secretary Cisneros was impressed with the early HOPE VI grants' potential as a catalyst for broader economic development in poor neighborhoods. Secretary Cisneros supported HUD's departure from the traditional model of public housing and its move toward mixed-income, mixed-finance strategies. This move intensified after the success of mixed-finance developments in Atlanta and Louisville. Many private developers, like Richard Baron of McCormack Baron and Associates, also recognized the potential for fruitful public-private collaboration in the transformation of public housing and supported HOPE VI.

HOPE VI has also profited from the movement among urban planners and architects toward smaller scale development that fits into existing neighborhood patterns. Peter Calthorpe, a leading proponent of New Urbanist design principles has commented, "HOPE VI is the most significant and successful program in the last generation to rebuild our cities' most distressed neighborhoods. The vision of creating mixed-income neighborhoods that reconnect with their surroundings and the urban fabric is unparalleled in government efforts."

7. Please identify the key milestones in program or policy development and implementation and when they occurred (e.g., pilot program authorization enacted by state legislature in June 1986; pilot program accepted first clients, September 1986; expanded program approved by legislature in July 1987). How has the implementation strategy of your program or policy initiative evolved over time?

1989 - Congress establishes the National Commission on Severely Distressed Public Housing.

1992 - The National Commission releases its Final Report, recommending demolition or revitalization of 86,000 unlivable units and outlining critical problems in public housing.

1992 - Congress creates the Urban Revitalization Demonstration (URD), the precursor of HOPE VI, at the Department of Housing and Urban Development.

1993 - First URD grants awarded to PHAs to revitalize severely distressed public housing.

Spring 1996 - The first phase of the revitalized Teehwood Homes in Atlanta opens as Centennial Place. It is the first HOPE VI to use a leveraged-finance development strategy and becomes a model for other housing authorities.

Summer 1996 - The mixed-finance development approach becomes standard in HOPE VI – all subsequent grants include significant private sector leverage. This advance was made possible by changes in HUD policy that devolved more responsibility and flexibility to the local level and removed obstacles to public-private partnerships.

Spring 1997 - Andrew Cuomo is appointed Secretary of HUD and quickly establishes cost controls and management improvements within the HOPE VI Program.

October 1998 - Congress recognizes the unprecedented achievements of HOPE VI and rewards the program with its largest appropriation (\$625 million for FY 1999).

December 1998 - President Clinton and Secretary Cuomo visit Pleasant View Gardens in Baltimore, the revitalized site of a former high-rise public housing project. Clinton remarks, "... all I have done here, all Secretary Cuomo has done here, is to give you the tools to build a community out of chaos and give everyone a seat at the table."

September 1999 - The first HOPE VI commercial development in the country opens at The Terraces in Baltimore with a business development center and a free-standing Rite-Aid. It provides a model for HOPE VI mixed-use development. Units at The Terraces are each wired for high-speed Internet access creating the first HOPE VI "E-village."

February 2000 - Over 1,400 people attend *HOPE VI and Beyond: Creating Communities for the New Millennium*, a conference hosted by HUD, the American Institute of Architects, the Congress for New Urbanism, and the Urban Land Institute to discuss how to use the HOPE VI model for widespread, comprehensive community revitalization.

The implementation of HOPE VI has always been locally driven and responsive to local history, needs and vision. Seven years later, there is still no cookie-cutter model for HOPE VI. Each development is different as it addresses the unique challenges of a unique community. However, HUD has added greater structure and fiscal responsibility to the program through the establishment of cost controls and guidance. HUD has also pushed housing authorities to expand the vision of their revitalized communities. Today, all applicants for HOPE VI funds must leverage significant public and private resources, provide housing for families of a wide range of incomes and needs, and aggressively work to move residents to self-sufficiency.

8. Please describe the most significant obstacle(s) encountered thus far by your program. How have they been dealt with? Which ones remain?

Residents in many public housing projects initially greet HOPE VI revitalization proposals with skepticism and mistrust due to years of broken promises and disappointments suffered in the name of urban renewal. Some housing authorities did not adequately foster good relationships with residents and involve them fully as partners in their revitalization efforts. This painful mistake resulted in resident alienation, community opposition and project delays.

HUD was concerned that residents were being marginalized in the HOPE VI process in some cities due to poor relationships with some housing authorities and a lack of knowledge about the development process. Thus, in 1998 HUD issued Guidance on Resident Participation that clearly articulates the roles and responsibilities of residents in HOPE VI and reinforces the housing authorities' responsibility for involving residents. In addition, HUD has sponsored an ongoing series of resident trainings on real estate development, financing and community development so that residents can more fully participate in the HOPE VI process.

Each new grant brings with it a new community and its residents with their own history, concerns, and fears. As a result, the trepidation that residents often feel at the beginning of the process is sometimes unavoidable. However, with seven years of experience and results we can now show these new grantees the types of transformations that are not only possible, but are happening through HOPE VI. Together with the Guidance and the trainings, HUD has assembled important tools to address the genuine concerns and fears of residents and ensure their right to full participation.

9. What other individuals or organizations have been the most significant in (a) program development and (b) on-going implementation and operation? What roles have they played? What individuals or organizations are the strongest supporters of the program or policy initiative and why? What individuals or organizations are the strongest critics of the program or policy initiative and why? What is the nature of their criticism?

The following groups and individuals have been significantly involved in HOPE VI:

Public Housing Industry: As implementing agents, public housing authorities and their professional associations -- Council of Large Public Housing Authorities (CLPHA) and National Association of Housing and Redevelopment Officials (NAHRO)-- have been critical in shaping and expanding the HOPE VI model.

Planning and Design Community: HUD's partnership with Urban Land Institute (ULI), Congress for New Urbanism (CNU) and American Institute of Architects (AIA) has ensured that HOPE VI developments are integrated into the neighborhood and promote excellence in design.

Local Public Officials: Mayors, city council members and civic leaders are supporting the HOPE VI effort with vital city resources, including infrastructure and public services.

Accessibility Advocates: HUD is working with the Disability Rights Advocacy Coalition for Housing (DRACH) to promote visitability and home ownership access for individuals with disabilities. In January, HUD with DRACH, issued a brochure entitled, *Strategies for Providing Accessibility and Visitability for HOPE VI and Mixed Finance Homeownership*.

Residents: HUD is working with the Center for Community Change, a national resident

*HOPE VI Mixed-Finance Public Housing
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advocacy organization, and local resident councils to give voice to resident concerns.

Private Sector: HUD is partnering with major corporations, such as WalGreens, CVS, and Mills Corporation, to promote economic opportunities in HOPE VI communities nationwide. HOPE VI is also working with the National Council of State Housing Agencies (NCSHA) on increasing the availability and use of Low Income Housing Tax Credits in HOPE VI developments.

The most prominent supporters of HOPE VI are mayors and local leaders who view HOPE VI as a key engine of urban revitalization. Louisville's Mayor Dave Armstrong said, "You can take Park DuValle where it was 10 years ago. It was a notorious part of the city. Now it is a model for the rest of the nation. It's like the phoenix rising from the ashes."

Some of the strongest advocates are residents living in completed HOPE VI communities, many of whom were initially wary of the program. Jackie Massey, a former resident of Wheeler Creek in Washington, D.C., reflecting on the impact of HOPE VI on her life said, "HOPE VI means to me -- a chance, a choice, and a change. It made me feel like I was now a part of mainstream society. That I also could hold my head up a high and have respect for my community."

Despite HUD's emphasis on resident involvement, Legal Services and low-income advocates have been very skeptical of HOPE VI. They are concerned that demolishing units reduces the overall supply of low-income housing and that displaced residents are not always finding affordable housing in the area. To address these concerns, last year HUD committed to tracking the outcomes of the original public housing residents. Next year when this data is available, HUD will be able to more accurately and objectively evaluate the impact of demolition on residents, especially those who do not return to the site.

10. If your innovation is an adaptation or replication of another innovation, please identify the program or policy initiative and jurisdiction originating the innovation. In what ways has your program or policy initiative adapted or improved on the original innovation?

As its originators intended, HOPE VI has become a dynamic laboratory for innovation in public housing development. The original model of HOPE VI promoted mixed financing, diverse, mixed-income communities and supportive services for residents. Seven years later, HOPE VI has pushed the envelope on each of these principles and the results are unprecedented. The leverage ratio of 1999 HOPE VI grantees was six times that of grantees in 1993. HOPE VI developments have become more diverse and inclusive: families earning \$3,000/year live next to families earning over \$100,000/year. While HOPE VI initially had no accessibility requirements, today at least 7 percent of new units must be fully accessible to those with disabilities. HOPE VI is also encouraging communities to be "visitable" by disabled friends and relatives with walkways, entrances, and amenities that are accessible to all.

HOPE VI is no longer just providing supportive services to residents. It is creating truly enriched living and learning environments by embracing new strategies, technologies, and resources. Most HOPE VI developments are establishing state-of-the-art computer learning centers that help

residents, young and old, bridge the "digital divide." Some, such as The Terraces in Baltimore, are expanding this potential even further through e-villages in which every unit is wired for Internet access. And while every HOPE VI site includes a community center that brings together essential social service providers and programs under a single roof, a new generation of complexes such as Seattle's NewHolly Campus of Learners are able to integrate core civic institutions such as the public library and community college into this model, transforming a basic neighborhood facility into the locus of social and cultural life for the entire community.

EVALUATION AND REPLICATION

11. If your program or policy initiative has been formally evaluated or audited by an independent organization or group, please provide the name, address, and telephone number of a contact person from whom the materials are available. Please summarize the principal findings of the independent evaluator(s) and/or auditor(s).

1. **"An Historical and Baseline Assessment of HOPE VI"** (Prepared by Abt Associates for Office of Policy Development and Research, Department of Housing and Urban Development, August 1996). Volume I - Cross-Site Report; Volume II - Case Studies; Volume III - Technical Appendix

Summary: Eight early HOPE VI grant sites profiled as part of policy demonstration, noting importance of housing authority capacity and attention to community building. Volumes provide extensive baseline data and form the first part of a longitudinal study of HOPE VI sites. "If the HOPE VI investment in buildings, neighborhoods, and people is to attain the desired outcomes, the community partnerships must be forged in an atmosphere of collaboration and hope." (I-viii)

Available at <http://www.huduser.org/publications/pubasst/hopevi.html>; also from:

Wesley Edwards
Office of Public Housing Investments
U.S. Department of Housing and Urban Development
451 Seventh Street SW, Room 4130
Washington, DC 20410
(202) 708-0614 x6592

2. General Accounting Office Reports

- A. "Public Housing: Status of the HOPE VI Demonstration Program" (February 25, 1997); Report GAO/RCED-97-44.

Summary: Report to Congress on progress of 1993-95 HOPE VI grants; finds possible models in Cleveland's centralized social services provision, Milwaukee's innovative street layout, and Atlanta's public-private financial structure.

- B. "HOPE VI: Progress and Problems in Revitalizing Distressed Public Housing" (July 20, 1998); Report GAO/RCED-98-187.

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Summary: A positive assessment of the full HOPE VI Program, citing adequacy of management, success of grants, and fealty to program goals.

Available <http://www.gao.gov/reports.htm>; also by phone at (202) 512-6000; by fax at (202) 512-6061; and, by letter at: General Accounting Office Publications
700 Fourth Street NW, Room 1100
Washington, DC 20013

12. To what extent do you believe your program or policy initiative is potentially replicable within other jurisdictions and why? To your knowledge, have any other jurisdictions or organizations established programs or implemented policies modeled specifically on your own?

As more mixed-finance HOPE VI developments are successfully completed, housing authorities, mayors, and city leaders around the country are increasingly recognizing the potential of HOPE VI as an engine of community revitalization and economic growth. For example, the successful transformations through HOPE VI of Earle Village in Charlotte's First Ward neighborhood and Windsor Terrace in the Greater Linden section of Columbus, Ohio have been praised by specialists in urban revitalization. In both cities, the housing authority worked in conjunction with the city, the private sector, and social service agencies not only to revitalize a distressed public housing development but also to spur reinvestment in the declining neighborhoods around them. Thus, the annual demand for HOPE VI grants exceeds the funds available.

Inspired and convinced by the success of HOPE VI, many housing authorities are adopting the mixed-finance model of HOPE VI, but no longer waiting for a grant from Washington before launching the revitalization process. Each housing authority in the country receives money annually from HUD to pay for capital improvements of its existing public housing developments. (In 1999 HUD awarded \$2.8 billion in capital funds to all 3,200 housing authorities.) To date, HUD has approved 40 mixed-finance developments using non-HOPE VI public housing capital funds.

As public housing continues to age, the need for major capital improvement will only increase, for the remaining worst-case 86,000 units cited by the Commission on Severely Distressed Public Housing, as well as for a growing number of units not on the Commission's lowest tier in 1992. HOPE VI is the leading exemplar of housing-focused urban revitalization. Its successes are being watched closely as the best working example of the new model for affordable housing and community revitalization. The anticipated demand for more affordable housing is also likely to put pressure on states to adopt a HOPE VI approach to housing and community development.

BUDGET

13. What is the program's current operating budget? What are the program's funding sources (e.g., local, state, federal, private)? What percentage of annual income is derived from each? Please provide any other pertinent budget information. Federal, state, local, or tribal government institutions must currently provide at least 50 percent of ongoing funding.

HOPE VI is funded through the yearly Congressional appropriations process. In the eight cycles since its creation, HOPE VI has averaged \$550 million per year. The appropriation for fiscal years 1999 and 2000 is \$625 million per year, which will allow the Department to award 20-25 new grants each year.

The rate of leveraging of non-HOPE VI sources has increased substantially since the beginning of the program. Each applicant for a HOPE VI grant proposes a financial structure, abiding by prescribed cost limits for public housing. HOPE VI grantees normally work with a complex financial structure that combines Federal, state, and local funds with tax-credit equity, private sources, and non-profit financial and in-kind contributions. For the full program, the following table shows relative amounts:

HOPE VI Grants	\$3,516,480,549	43.4%
Other HUD Funding	\$ 744,705,028	9.2%
Non-HUD Public Funds	\$ 845,920,224	10.4%
Private (including LIHTC equity)	\$2,988,609,451	36.9%
Total Sources	\$8,095,715,252	100.00%

For the HOPE VI Program since 1993, each HOPE VI dollar has yielded another \$1.09 in other sources. Leveraging was \$2.28 in 1998 and \$2.07 in 1999.

ORGANIZATION CHART

14. Please attach an organization chart after your answer to question 16 to show the current number, responsibilities, and reporting relationships of key program employees or staff.

See attachment depicting HUD's organization of the HOPE VI Program. Each Grants Management Team carries a specific portfolio of grantees and works with each housing authority and its development partners throughout the revitalization process.

PROGRAM AWARDS AND RECOGNITION

15. Has the program or policy initiative received any awards or other honors? Yes xx.
No _____. If yes, please list and describe the awards or honors and the sponsoring organizations.

Two HOPE VI developments, Pleasant View Gardens in Baltimore and Ellen Wilson Homes on Capitol Hill in Washington, DC, won Honor Awards for Urban Design from the American Institute of Architects (AIA) in 1997.

In 1998, HOPE VI was an Innovations in American Government Semifinalist.

16. Has the program received any press or other media coverage to date? Yes xx.
No _____. If yes, please list the sources and briefly describe relevant coverage.

The HOPE VI Program has received substantial media attention. Newspapers in each of the 80 HOPE VI cities track the local progress of HOPE VI. HOPE VI has also received national media attention for its innovative transformation of public housing communities. A sample of articles includes:

1. Richard W. Huffman. "A New Look at Inner-City Housing" *Urban Land* (January 1997): pg.37-42.
(Detailing the HOPE VI-supported public-private partnership that allowed the Seattle Housing Authority to revitalize the city's Holly Park neighborhood)
2. Michael Grunwald. "Public Housing's New Era" *Boston Globe* (September 9, 1997): A1.
(Describing plans to demolish Cabrini-Green in Chicago)
3. Elinor Bacon. "The Transformation of America's Public Housing" *State Housing Finance*. (quarterly publication of the National Council of State Housing Agencies) 5:3 (Spring 1998); reprinted in *Journal of Housing and Community Development* (publication of NAHRO, the National Association of Housing and Redevelopment Officials) 55:6 (November/December 1998).
(Clear statement of program goals and achievements as well as contrast with earlier model of low-income housing development)
4. Pam Belluck. "Razing the Slums to Rescue the Residents" *New York Times* (September 6, 1998): A1.
(Discussing the Robert Taylor Homes demolition and the changes faced by its relocating residents)
5. Michael Casey. "Be It Ever So Humble, the Housing Project Is Home" *Hackensack Record* (October 11, 1998): A1.

- (Discussion of the HOPE VI Columbus Homes revitalization in Paterson, New Jersey)
6. David Hawpe. "It's a Pizza Christmas in Park DuValle" *Louisville Courier-Journal* (December 20, 1998): F3.
(Applauding revitalization of the former Cotter and Lang housing projects; notes that at the new Park DuValle residents, for the first time in memory, can get a pizza delivered to their homes after dark)
 7. Gordon Hickey. "First HOPE VI Funds Coming to Richmond" *Richmond Times-Dispatch* (February 9, 1999): B1.
(Noting progress in revitalization of the Blackwell neighborhood, including first demolitions)
 8. Neal Pollack. "Will HOPE VI Work? Knocking Down the Past to Build the Future" *Enterprise Quarterly* (Autumn 1999): 10-15.
(Overview of HOPE VI Program and its track record)
 9. Michael Jones. "The Rebirth of Park DuValle" *Louisville* (November 1999): pg.50.
(Celebrating the transformation of one of Louisville's most notorious public housing developments.)
 10. Richard Wolf. "Public Housing Finds Space for Several Incomes" *USA Today* (November 10, 1999): 15A.
(Closer look at the HOPE VI community built on Capitol Hill in Washington, DC that has achieved a true mix of incomes.)
 11. Tatsha Robertson. "Change of Address: Newly Renovated BHA Developments, No Longer Crime-Riddled and Gang-Infested, Are Attracting a New Mix of Residents and Putting a New Face on Public Housing" *The Boston Globe* (February 11, 2000): B1.
(Discussion of how HOPE VI has transformed two notorious public housing projects in Boston, Mission Main and Orchard Park. Addresses how HOPE VI has prompted dramatic changes in the mindset, operations and culture of the Boston Housing Authority.)
 12. Charles Belfoure, "In Baltimore, Housing Comes Full Circle" *The New York Times* (March 19, 2000): Real Estate Section, pg. 32.
(Discussion of the HOPE VI transformation at Lexington Terrace in Baltimore.)
 13. Jay Tolson. "Putting the brakes on suburban sprawl." *U.S. News and World Report* (March 20, 2000): pg.64
(Discusses the influence of the Congress for the New Urbanism on the revitalization of urban neighborhoods, as demonstrated by HUD's HOPE VI program.)

PRESS RELEASE SUMMARY

Please provide us with a two sentence summary of your program. This summary will be used for distribution to the media, and on our web page. (Innovations program staff reserves the right to edit these summaries as they see fit).

17. Describe your innovation in no more than two sentences.

HOPE VI is transforming the fundamentals of public housing in the United States by using public and private development resources to replace the bleak, isolated public housing of the past with attractive new mixed-income communities. HOPE VI partnerships help residents achieve self-sufficiency and spur housing authorities to higher standards of housing design, finance, and management.

HOPE VI

*Building Communities
Transforming Lives*

hud

Andrew Cuomo, Secretary

U.S. Department of Housing and Urban Development

U.S. Department of Housing & Urban Development
Administration History Project

December, 2000

DOCUMENT # 23

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**U.S. DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT**

**Departmental Real Estate Assessment
Center**

Plan for Establishment

Draft - September 5, 1997

Section 1

Departmental Real Estate Assessment Center

Executive Summary

The U.S. Department of Housing and Urban Development (HUD) has undertaken a major reform effort. As part of this effort, HUD will establish a Departmental management center to assess its real estate portfolio. The Departmental Real Estate Assessment Center (AC) will be a newly-created, national management center to be located in Miami, Florida. It is designed to give the Department a more comprehensive vehicle for portfolio oversight, in general, and for prioritizing and directing its resources to troubled Public Housing Agencies (PHAs) and multifamily housing developments, in particular.

The AC will centralize and standardize the manner in which the Department evaluates the performance of both subsidized and insured (assisted) housing programs administered by the Office of Housing and the Office of Public and Indian Housing. It also will centralize and standardize the manner in which the Department assesses program compliance with Federal statutes and regulations.

The AC will collect data on all PHAs, multifamily housing developments, and developments administered by Contract Administrators (CAs). An overall score will be assigned annually or on some other regularly scheduled basis to each multifamily development, and to each PHA or CA that owns or administers a subsidized or insured housing development.

The score will be based on an analysis of performance in four general areas: (1) the physical condition of properties, (2) financial assessments of PHAs, properties and owners, (3) management performance of PHAs, agents, and owners, and (4) customer satisfaction. Both qualitative and quantitative data will be obtained from computerized protocols that will assign relative weights to each of the areas in the following manner:

physical condition (50%); financial condition (20%); management performance (20%); customer satisfaction (10%).

- **Physical Condition**

A computerized protocol will be developed for the systematic inspection of public and assisted housing developments and dwelling units. These physical inspections will be standardized and in many cases conducted by independent, third-party contractors, and by CAs in other subsidized housing programs. However, for unsubsidized insured developments, the inspections will be conducted by the mortgagee. HUD will contract for inspections for HUD-held mortgages, 202's and projects where HUD is the contract administrator.

(NOTE: The AC inspections will serve as a quality control of the annual inspections conducted by PHAs and CAs. All inspections will adhere to the newly-developed HUD inspection protocol.

- **Financial Assessment/Audit and Compliance**

A standardized, computerized protocol will be developed to measure the financial condition of PHAs, and properties. The protocol will include audited financial information and compliance requirements as defined by the Department. The audits will be conducted by Independent Public Accountants (IPAs). It is anticipated that the IPAs will be under contract directly to HUD or to the mortgagee.

- **Management Performance**

The Department will obtain input on performance measures that are beyond the scope of the standardized audit. The HUD Field Offices (HUBs and Program Centers) will also provide data on this component based on the results of program reviews. This input will be provided to the Assessment Center in a standardized, computerized format.

- **Customer Satisfaction**

Customer satisfaction will be measured by input from residents of HUD subsidized housing. The views of residents will be obtained through surveys administered at the time of recertification for assistance. Residents will be afforded an opportunity to participate in a telephone survey by calling a toll-free number and responding anonymously to questions asked by a third-party contractor or automated system.

The physical inspection and financial audit protocols are being developed in conjunction with KPMG-Peat Marwick, a private contractor.

For the Office of Public and Indian Housing, the four components of the overall score for PHAs will constitute a revised Public Housing Management Assessment Program as mandated by the Cranston-Gonzalez National Affordable Housing Act of 1990, as revised. PHA Section 8 administration will be evaluated under the four components through the adoption of the Section 8 Management Assessment Program (SEMAP).

Technology

The AC will utilize state-of-the-art technology. All professional certified inspectors will use a hand-held, computerized device to record and send reports electronically to the AC. In addition, IPA reports, Field Office staff reports and resident surveys will be forwarded to the AC electronically. Consequently, technology to be developed for the AC must have the capability to convert the data from four areas of assessment into a single score that would fall into one of three categories: a) High Performer (Pass with Distinction), b) Standard Performer (Pass), and c) Fail. Within the category of "Standard Performer," a PHA or multifamily development that scores within 10 points of the cut-off for this category will be designated "marginally standard" and targeted for special attention by HUB/Program Center staff. Those that receive scores that fall within the "Fail" category will be referred to either the Enforcement Center (EC) in the case of multifamily housing developments, or to the Troubled Agency Recovery Center (TARC) in the case of public and assisted housing administered by PHAs.

Headquarters (the Deputy Secretary and Program Assistant Secretaries), the Troubled Housing Recovery Centers (TARCs), and Field Offices (HUBs and Program Centers) will have viewing access to the database containing both overall and specific assessment scores. The AC will maintain all supporting documentation for future reference. The HUBs and Program Centers will have responsibility for issuing notification of passing scores to PHAs, CAs, agents, and owners. The TARC will be responsible for issuing failing scores to PHAs and CAs and scores moving failed PHAs and CAs to non-failed status. The EC would issue failing scores to multifamily property owners and agents. Overall assessment scores will be available to the public on the Internet. The AC will review and resolve all appeals of scores received by PHAs, CAs, and mortgagees.

Staffing

The AC will be under the direction of the Deputy Secretary. AC staff, consisting of 40 HUD employees, will be responsible for analyzing all of the variables that generate the overall score; periodically evaluating and revising, with input from the Deputy Secretary and Program Assistant Secretaries, the AC system; developing reports on performance outcomes and the achievement of Government Performance and Results Act (GPRA) goals; and monitoring the performance of AC contractor activities. HUD employees will be assisted by up to 10 contractors who will be housed on-site to perform support services as defined by HUD.

An organizational plan has been placed into Departmental Clearance. Pending approval, the Office of Public and Indian Housing, the Office of Housing, and the Office of FHEO will contribute staff to the Center. The positions will be occupied by skilled experts who will provide quality control and serve as Government Technical Representatives (GTRs) and Government Technical Monitors (GTMs) for all AC contracts. All AC staff positions will be merit-staffed.

Training Needs

Training is critical to the successful implementation of the AC. AC staff will need to be proficient in reviewing physical inspections and financial assessments, as well as in monitoring the performance of contracts and contractors. Training requirements will include general and specialized training in, among other things, contract administration, teamwork, systems operations, public and assisted housing programs, auditing and physical inspection systems. A Training Plan with estimated costs has been developed and is shown in Appendix A.

Implementation Timeline for Completion of Major Tasks

The proposed date for full implementation for the AC is September 30, 1998. Appendix B shows the major tasks that must be accomplished and the schedule of actions that need to be taken in order to fully implement the AC by September 30, 1998. It should be noted that the proposed date of implementation is dependent upon the timely development of systems. Preliminary cost estimates are shown in Appendix C.

Mission

The purpose of the Departmental Real Estate Assessment Center (AC) is to standardize the way the Department conducts assessments of HUD-funded agencies and agents who administer public and multifamily housing programs. The Center will generate an overall score for each PHA and property, incorporating performance and compliance concerns, to determine that programs are being operated in accordance with established standards for physical, financial and management integrity. The overall rating will provide the Department with a comprehensive instrument for targeting attention and resources.

Functional Statement

The AC will collect internal and external information (qualitative and quantitative) tailored to each program recipient in order to measure performance; compliance with Federal statutes, rules, regulations; and the management and operation of housing programs and initiatives. Factors that the Center will consider in the overall evaluation of agencies and agents include:

- Physical condition of structures, units and community spaces;
- Financial management and compliance, as measured through annual and periodic audits and/or financial statements;
- General management, project development, leasing and marketing management, and other information provided by program Field Offices;
- Customer satisfaction, as measured by resident surveys.

The Rating and Ranking System

The Departmental Real Estate Assessment Center (AC) will standardize the assessment of Public Housing Agencies (PHAs) and the multifamily housing stock. The AC will generate an overall score, incorporating performance and compliance results to determine that programs are being operated in accordance with pre-established standards for physical, financial and management integrity, and customer satisfaction.

The overall rating and ranking would provide the Department a more comprehensive instrument for targeting its attention and resources to troubled agencies and developments. It will also generate an overall score of projects based on four components and their relative weights, which are shown below:

<u>Component</u>	<u>Allocated Percentage</u>
Physical Condition	(50%)
Financial Audit	(20%)
Management Performance	(20%)
Resident Satisfaction	(10%)

The scores generated for a specific PHA, CA, mortgagee, or development will fall into one of four categories: (1) High Performer (Pass with Distinction); (2) Standard Performer (Pass); or (3) Fail. Within the category of "Standard Performer," a PHA/CA or multifamily development that scores within 10 points of the cut-off for this category will be designated "marginally standard" and targeted for special attention by Program Field Office staff. Those that receive scores that fall within the "Fail" category will be referred to the EC in the case of multifamily housing developments, and to the TARC in the case of public and assisted housing administered by PHAs. As previously discussed, the EC and TARC will have responsibility for notification of this information to failing PHAs and properties.

Meeting the Goals of Management Reform

Mission #2 - Restoring the Public Trust

"For HUD to fulfill its mission, it must have credibility - with Congress, with local government and with the customer. They must all believe that HUD has the competence and the capacity to perform its functions."

Secretary Andrew Cuomo

To meet the test of this mission, the Implementation Team for the Departmental Real Estate Assessment Center (AC) has determined that the AC must:

- Address weaknesses identified by oversight entities, particularly the GAO and the IG.
- Ensure that the Assessment Center's performance designations are consistent with the public's perception of reality.

The AC Implementation Team is proposing an assessment and evaluation system that is consistent with the Department's overall management reform effort and the proposed Public Housing Management Reform Act of 1997. The system meets the test of Mission #2, Restoring the Public Trust, by changing the way that the Department measures performance and how a designation is determined. This proposed system also will address weaknesses identified by oversight entities. It also ensures that the AC's performance designations are consistent with public perceptions of reality. Specifically, the system address the following Government Accounting Office (GAO) concerns:

Performance Measurement Reality

The approach that is recommended by the AC Implementation Team addresses the weaknesses identified in GAO's 1997 report on PHMAP, as follows:

- **Failure to Validate Scores**

The proposed approach utilizes PHA self-certification for only two (One Strike/Security and Community Building) of approximately 20 inputs covered under the revised PHMAP indicators.

Field Office Public Housing HUBs will be required to perform confirmatory reviews on the two PHA-certified indicators for all PHAs with 500 or more LIPH units. These PHAs, representing only 13% of all PHAs, cover 72% of all units. This level of coverage is achievable because public housing staff will be concentrated in offices with jurisdiction over this subset of medium and large PHAs.

- **Failure to confirm scores on PHAs at risk of being troubled, i.e., near-troubled.**

As stated above, there will be minimal reliance on PHA self-certification and increased confirmatory coverage. During the transition to the revised PHMAP, greater confirmatory attention will be paid to near-troubled PHAs.

The underlying issue raised by GAO regarding the need to pay attention to PHAs on the border of receiving a Failed designation has been addressed. PHAs within 10 points of the Failed designation will be designated "marginally standard" and will trigger HUD managerial focus, which will include direct consultation and collaboration with PHA Boards, the locality, and PHA Executive Directors.

- **Inadequate use of audits as a source of information regarding the validity of PHA PHMAP certifications.**

The proposed approach places primary emphasis on the financial audit as the tool for obtaining specific quantified information regarding financial condition, performance, and compliance with laws and regulations. Part I of the proposed Audit Scoring Report contains this information as a direct input to the AC.

- **Lack of follow-up to ensure corrective action through development and monitoring of Memoranda of Agreement for Troubled PHAs and Improvement Plans for the failed indicators of Standard PHAs.**

For PHAs with a Fail designation, corrective action is focused through the TARC.

If a PHA has a designation above Fail, the PH HUBs will focus their problem-solving efforts on below par component results. The AC will implement a formal tracking system to measure follow-through by the PH HUBs. This information will be provided periodically both to the Deputy Assistant Secretary and to the appropriate Program Assistant Secretary. The proposed "marginally standard" designation, as

indicated above, will achieve greater focus by HUBs and Program Centers and will enable HUD to demonstrate due diligence.

- **Failure to address the quality of housing.**

This concern will be addressed through the Physical Inspection Component. The AC will collect physical inspection data to score PHAs and individual multifamily housing projects. The system will be user-friendly and will allow for a multi-user environment with differing levels of access to data. The AC Implementation Team proposes that all multifamily housing projects with HUD mortgages and rental assistance administered by the Office of Housing, and all public housing developments, Section 8 programs, and multifamily developments receiving any type of rental assistance administered by PHAs, be inspected at regular intervals to determine the physical condition of the developments. Those projects that fail will be referred to a TARC or EC for intervention and enforcement action.

Roles and Responsibilities

The Assessment Center (AC) is a service-oriented operation that supports HUD's program activities and Community Resource and Public Trust activities. Its primary functions are to collect data and conduct a front-end risk analysis of Multifamily (MF) developments, Contract Administrators (CAs), Public Housing Agencies (PHAs) and their programs that they administer. Specifically, the Center will standardize the way the Department conducts annual assessments of its Public and Assisted Housing portfolios.

Specific roles and responsibilities of the AC will include:

- Ensuring the completion of physical inspections of all MF and PIH properties and maintaining a database of the receipt of inspections and results.
- Centralizing and standardizing the way MF and PIH conduct front-end risk assessments.
- Generating an overall score, incorporating performance and compliance concerns for agencies/owners receiving HUD funding, FHA Insurance, grants, etc.
- Contracting for quality control review of contract administrators/contractors.
- Contracting for financial audit services or ensuring that project owners do so. Specifically, it will serve as a GTR on the contracts with auditors and ensure quality control of the audit process.
- Providing quality control over CA functions.
- Collecting specific internal and external information tailored for each program recipient. Both quantitative and qualitative information will be included.
- Using a revised evaluation assessment tool (i.e. revised PHMAP, SEMAP, RAMS) to provide inputs for other performance measures.

Organizational Relationships

In order to develop effective organizational relations, it is important to define the relationships between the AC, the Enforcement Center (EC), the Section 8 Financial Management Center (FC), Troubled Agency Recovery Centers (TARC), Field HUBs and Program Centers, the Secretary, the Deputy Secretary, Program Assistant Secretaries, Secretary Representatives and Coordinators, and external clients.

The AC will report directly to the Deputy Secretary or designee.

The Deputy Secretary will establish policy and delegation of authority for the AC.

The Program Assistant Secretaries, in coordination with the Deputy Secretary, will establish, and revise as necessary, the performance standards for High Performers, Standard Performers (including marginally standard performers) and Failed PHAs/projects.

The AC will provide the final evaluative assessment with supporting documentation for all projects and PHAs to the HUBs. In addition, the AC will provide this information to a TARC for failing PHAs and to the EC for failing properties. This will be done electronically.

Reporting Relationships

The AC Director reports assessment results to the TARC, EC, and FC. The AC will refer multifamily projects and PHAs rated as High Performers and Standard Performers (including marginally standard performers) to the HUBs for servicing and for issuance of final passing scores to PHAs, owners, and agents;

The AC will refer Failed Performers to the EC or TARCs, respectively. EC and TARCs will be responsible for notification of failed performance;

The AC will notify HUBs of the overall score for all projects and PHAs. Two maps reflecting the jurisdictions for both Housing and PIH HUBs and Program Centers are included as Appendix D.

The FC will refer all suspected fraud cases to the EC and concurrently will notify the AC, TARC, HUBs, and Program Centers.

The HUBs will make recommendations to the EC or TARC regarding borderline and emergency cases that otherwise have acceptable performance scores. (For example: off-cycle substandard reports, and PHAs and owners refusing to correct compliance deficiencies, etc.).

Contract Administrators (CAs), HUBs, Program Centers, and contractors will issue to PHAs, property owners and agents, physical inspection notification letters, including those which require corrective action and reinspection. Annual financial statement acknowledgment/deficiency letters will be sent by the HUB. The AC will provide each HUB with the evaluation data necessary to send the appropriate letter.

All component (physical, financial, management, customer satisfaction) evaluations will flow through the AC. If a component evaluation requires a CA's demand for corrective action, the EC and HUBs also will be notified. However, the EC will not be required to take action unless the CA's demands have not been satisfied.

Assumptions

Assumption #1: Secretary Representatives and Coordinators will be the single points of contact (SPOC) for handling congressionals and other community information needs.

Recommendation: The Secretary Representatives and Coordinators act as the communication's link throughout the Department. This responsibility requires that they be provided all necessary information expeditiously from the HUBs, Centers and other functional areas to address the community's needs and concerns (e.g. score, average for jurisdiction, national average, status of appeals, etc.).

Assumption #2: The Assessment Center will generate one final overall score.

Recommendation: There will be no initial review by program areas prior to issuance of the overall score. The intent is to provide an objective and independent assessment to address the material weaknesses identified by the Office of Inspector General (OIG) and the General Accounting Office (GAO).

Assumption #3: The Assessment Center will notify all internal clients of final overall score. In addition, the Assessment Center will provide Congressional notification.

Recommendation: The AC will provide Congressional notifications for both passing and failing scores. Support documentation will be made available to internal and external clients subject to applicable provisions of the Privacy Act. In the case of failed scores, a description/definition will be provided to support the score. In the case of Standard Performers (including marginally Standard Performers), the HUBs/Program Centers will provide the client with the necessary support documentation for their score and the technical assistance needed to improve the score.

Assumption #4: The AC will handle all recipient appeals.

Recommendation: Only the recipient will be able to appeal an indicator of the evaluation process.

Assumption #5: The Management Assessment Component Score will capture FHEO compliance issues in the form of program review findings.

Recommendation: The Program Areas (PIH & Housing) will assist FHEO to ensure that its compliance requirements are met (Section 504, Section 3, etc.).

Assumption #6: The AC staff will have responsibility for GTR/GTM related issues to assure successful operations.

Recommendation: Procurement activities for the AC will be performed by the Office of Procurement and Contracting.

Assumption #7: The receipt of the four data components (i.e. physical inspection, financial audits, management assessment, resident survey) should be scheduled to ensure that a meaningful overall annual score is generated.

Recommendation: Because the majority of the Audited Financial Statements for multifamily housing are due by March 1st each year, it is recommended that physical inspections be scheduled evenly over four quarters for all multifamily housing projects. The latest available physical inspection will be incorporated with the remaining three components to determine the overall annual score. The PHAs' management assessment, resident survey, and physical inspection, and financial assessment components should coincide with the PHAs' fiscal year end date. HUBs, EC, etc. will have the ability to request an unscheduled physical inspection for any project with justification. This approach minimizes the possibility of embarrassment to the Department since it eliminates the need for issuing a fragmented score. It also will balance the workload for related HUD staff and outside contractors.

Staffing Pattern and Positions

The Departmental Real Estate Assessment Center (AC) will be managed by a Director, two Division Directors (Director of Evaluation and Assessment, and Director of Operations), and support staff. The Evaluation and Assessment Division Director will be assisted by two Assessment Teams headed by Assessment Center Managers. Responsibilities are described below:

Office of the Director

The Office of the Director is responsible for the development, implementation and maintenance of the comprehensive system for evaluation. The Office of the Director also is responsible for directing the operations of two Divisions: (1) Evaluations and Assessment Division, and (2) Operations Division. A Program Analyst and Program Support Assistant (Office Automation) are assigned to the Office of the Director.

The Director will be delegated authority to issue score reports on properties, PHAs/CAs, make referrals (as appropriate) to the Enforcement Center and/or the Troubled Housing Agency Recovery Centers, and to review and make a determination on all appeals. Personnel Management authorities also will be delegated to the Director, similar to authorities existing for Assistant Secretaries of the Department.

The Director of the AC is responsible for the development of an annual strategic plan which includes, but is not limited to:

- Referring to the Enforcement Center (EC) for appropriate legal action (administrative or judicial), designated PHAs, CAs, and properties which fail to meet pre-established standards as measured by the overall evaluation score;
- Referring to one of the two Troubled Agency Recovery Centers (TARCs) Public Housing Agencies (PHAs) which receive a fail designation;
- Evaluating the effectiveness of strategies, plans, processes, and actions taken to procure and evaluate contract activity;
- Quality control strategies and plans for review of the performance of PHAs, Contract Administrators (CAs) and contractors.

Evaluation and Assessment Division

The Evaluation and Assessment Division uses state-of-the-art technology to assess agency/agent performance through a process that incorporates results from internal and external information-gathering and develops specific plans to meet pre-established performance standards set by the program offices and the Deputy Secretary.

Division staff develop analyses and evaluations of performance results to assist Headquarters Program Offices in the development of policy and procedures; communicate information and scores to other AC staff and the appropriate HUB, Troubled Agency Recovery Center (TARC), Enforcement Center, Headquarters staff and Congressional members; address and handle appeals of scores; provide compliance evaluations to the appropriate Program Offices and the timely provision of relevant information to assist field staff working directly with the agencies/agents.

The Evaluation and Assessment Division will be staffed with 22 FTPs composed of a Division Director, and a Program Assistant support position, as well as two Assessment Teams.

Division staff are responsible for generating and analyzing individual factors and the overall annual assessment scores of agencies/agents and for coordinating with the Contract Oversight Team on contract related issues.

Each Assessment Team, staffed with 10 FTPs, will be composed of senior technical positions including Engineers, Construction Analysts, Financial Analysts, Asset Managers and Public Housing Revitalization Specialists (PHRS) with technical expertise and specialties in multifamily housing, or public housing, as well as a Program Assistant and/or Real Estate Clerk. An Assessment Manager will supervise each team and report to the Division Director.

Operations Division

The Operations Division is responsible for the management, and evaluation of contractor performance and assessing the quality, usefulness, timeliness and completeness of contractor work in the areas of physical inspections, financial assessments and compliance audits, customer satisfaction, and other contracted activities of the Office.

The Operations Division also is responsible for the management of systems support functions which include the oversight and monitoring of the private sector systems contractors to ensure the accuracy and the timely availability of automated systems input and output information.

The Operations Division will be staffed with 15 FTPs composed of a Division Director, Program Assistant support positions, Systems Support Staff and a Contract Oversight Team. Division staff are responsible for the management, and evaluation of contractor performance, as well as the efficiency and maintenance of the Center's systems.

The Contract Oversight Team will be composed of Financial Analysts, Engineer(s), Construction Analyst(s), a Project Manager and a PHRS serving as Government Technical Representatives (GTRs)/Government Technical Monitors (GTM) with technical expertise and specialties in multifamily housing or public housing. A Program Assistant and/or Real Estate Clerk will support the staff. A Contract Oversight Manager will supervise the team.

The Systems Support Staff will be composed of two Management Information Specialists responsible for serving as liaison with and overseeing the private sector company handling the Center's system contract; ensuring the accuracy and the timely availability of automated systems input and output information; and providing support to all Center staff on automated systems needs.

The staff will maintain the Center's data systems, manage software updates, program ad hoc reporting, and maintain the Center's multiple interfaces with other PIH, Housing, and HUB systems.

The Proposed Organizational and Staffing Plans and Organizational Chart are included in Appendix E. It should be noted that all position descriptions have been classified and the Team is in the process of preparing merit-staffing packages.

Consideration will be given to non-competitive reassignment of supervisory positions. All other staff for the Center will be selected through merit-staffing. The proposed Organizational Plan, which incorporates the classified Position Descriptions for the Center, is currently in Departmental Clearance.