
August 1998

Housing and Community Development Issue Area

Active Assignments

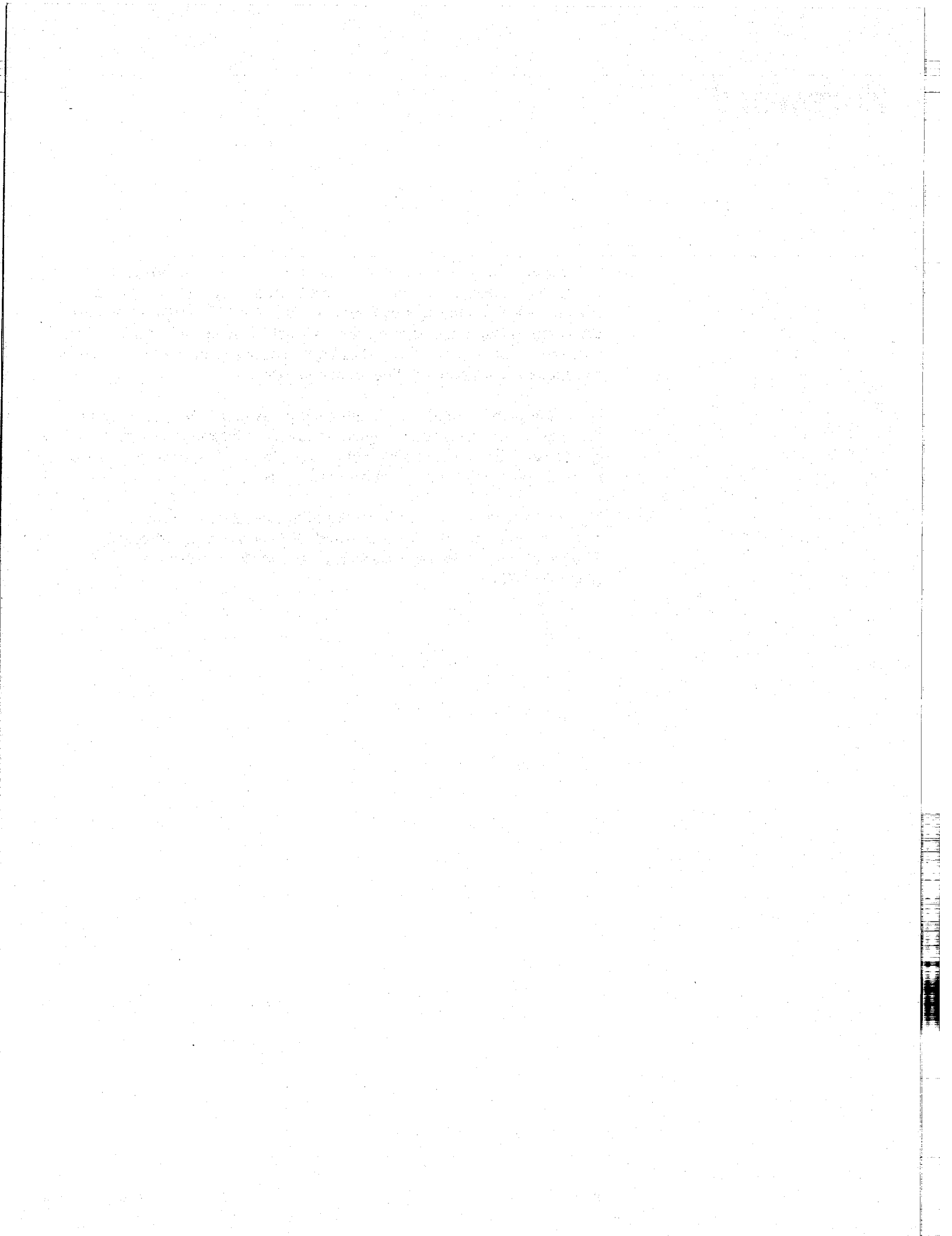
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Foreword

This report was prepared primarily to inform Congressional members and key staff of ongoing assignments in the General Accounting Office's Housing and Community Development issue area. This report contains assignments that were ongoing as of August 17, 1998, and presents a brief background statement and a list of key questions to be answered on each assignment. The report will be issued quarterly.

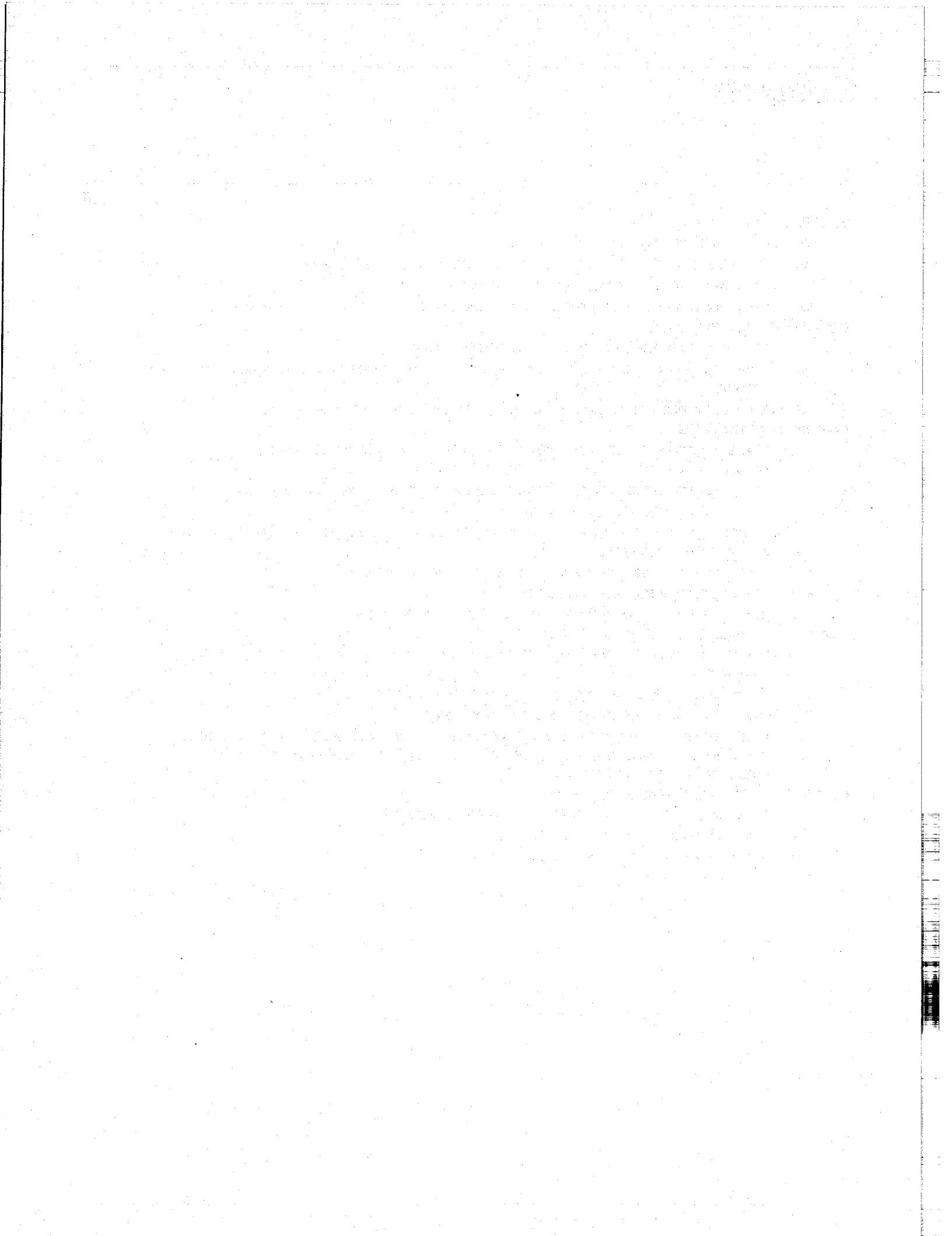
This report was compiled from information available in GAO's internal management information systems. Because the information was downloaded from computerized data bases intended for internal use, some information may appear in abbreviated form.

If you have questions or would like additional information about assignments listed, please contact Judy England-Joseph, Director, on (202) 512-7631; or Stanley Czerwinski, Associate Director, on (202) 512-6520.



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Housing and Community Development

MORTGAGE FINANCING

TITLE: HRA:18 HUD'S OVERSIGHT OF FHA SINGLE-FAMILY APPRAISALS (385738)

KEY QUESTIONS : Appraisals are an important part of the underwriting process for single-family mortgages insured by the Federal Housing Administration (FHA) because they influence the amount of the loan and FHA's corresponding financial exposure. Since December 1994, FHA lenders have been able to select appraisers from FHA's roster of 31,000 state-licensed or -certified appraisers. Before that time, most FHA appraisals were conducted by a panel of 6,000 fee appraisers whom FHA assigned to lenders on a rotational basis. (1) What are HUD's procedures and guidance for conducting FHA single-family appraisals? (2) How well is HUD monitoring the performance of FHA appraisers? (3) To what extent is HUD holding appraisers and lenders accountable for poor-quality appraisals?

TITLE: HRA:18 REVIEW OF HUD'S 203(K) PROGRAM CONTROLS AND LOAN PERFORMANCE (385744)

KEY QUESTIONS : The section 203(k) program is the Department of Housing and Urban Development's (HUD) primary program for rehabilitating single-family homes. Recent audits by HUD's Office of Inspector General disclosed numerous cases of program abuse by investors and nonprofit borrowers of program loans. In response to these audits, HUD implemented measures aimed at preventing further abuses in the program. Most of the reforms made by HUD rely primarily on the program's lenders to implement. (1) What weaknesses, if any, exist in HUD's oversight of the 203(k) program and to what extent are lenders complying with HUD's underwriting guidelines for making program loans? (2) What are the costs of the program and what is the performance of program loans?

TITLE: ADEQUACY OF FHA'S MUTUAL MORTGAGE INSURANCE FUND RESERVES (385766)

KEY QUESTIONS : The Mutual Mortgage Insurance Fund (the Fund) finances insurance for most FHA single family mortgages. Insurance-in-force is about \$361 billion as of FY 1997. The Omnibus Budget Reconciliation Act of 1990 advises HUD to maintain a reserve of at least 2% of the Fund's insurance-in-force. GAO reports that HUD has reached its 2% reserve target. Price Waterhouse estimates that by the year 2000 reserves will exceed 3%. (1) Assuming no change in policy, how adverse would future economic conditions have to be for the Fund's value to fall below 2%? below 0%? (2) How likely are those conditions? (3) How does the Fund's reserve target compare to requirements imposed on private mortgage insurers? (4) How do recent FHA losses compare with its historical experience?

TITLE: REVIEW OF FHA'S METHODOLOGY AND DATA SOURCES FOR DETERMINING MORTGAGE LOANLIMITS. (385768)

KEY QUESTIONS : FHA's maximum loan amount is legislatively set at the greater of 95 percent of the median house price in the area or 38 percent of the conforming loan limit for Freddie Mac (but not higher than 75 percent of the limit). While the Federal Housing Finance Board annually compiles data used to determine the conforming loan limit, HUD staff compile data used to determine median house prices. (1) To what extent is FHA complying with current legislative requirements for setting loan limits using median price data?; (2) What issues are associated with developing more reliable data for measuring local housing costs?; (3) What additional data sources might HUD use to measure local housing costs?; and, (4) What are the pros and cons of any additional data sources HUD might use?

Housing and Community Development

TITLE: COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND (385685)

KEY QUESTIONS : The Community Development and Financial Institutions Fund was established to expand the availability of credit, investment capital and other services to distressed communities. Appropriations for the Fund: \$50 million in FY 1995, \$45 million in FY 1996, \$50 million in FY 1997, and \$80 million for FY 1998. (1) Does the system used by the Fund to measure its performance reflect legislative intent and GPRA criteria and guidance? (2) How is performance measured and monitored in the CDFI Program, and what performance has been reported to date? (3) How is performance measured and monitored in the Bank Enterprise Award (BEA) Program, and what performance has been reported to date? (4) Can the Fund's performance measurement be improved?

TITLE: REVIEW OF THE PROGRESS MADE IN IMPLEMENTING THE EMPOWERMENT ZONE BENCHMARKS AND ACTIVITIES (385732)

KEY QUESTIONS : In 1994, 104 communities were designated to receive \$1 billion in Social Services Block Grants (SSBG) to revitalize distressed conditions over a 10-year period. Most funds were allocated to nine communities designated as Empowerment Zones (EZs). The EZs combined will receive a total of \$720 million in SSBG, can provide tax incentives to businesses locating or expanding in the EZs, and receive preference for other federal, state, and local funding. As of March 31, 1998, the EZs had used \$196 million in SSBG. In 1997, the Congress authorized the designation of 22 additional EZs. (1) What progress have existing EZs made in implementing their economic development program? (2) What is the status of efforts to implement the Round II of the EZ program and how is this different from Round I?

TITLE: IMPACT OF FEDERAL PROGRAMS ON URBAN SPRAWL AND METROPOLITAN GROWTH (385763)

KEY QUESTIONS : While local and state governments are responsible for determining patterns of growth between cities and suburbs, Congress needs to understand whether patterns of growth are driven or significantly affected by federal policies and subsidies in a way that encourage sprawl or growth with negative consequences. (1) How does current literature define urban sprawl? (2) What does the literature say about how major federal programs or policies impact urban sprawl and metropolitan growth?

LOW INCOME HOUSING

TITLE: HRA:18 REVIEW OF HUD'S FUNDING PROCESSES FOR SECTION 8 PROJECT-BASED HOUSING ASSISTANCE CONTRACTS (385694)

KEY QUESTIONS : Public Law 105-18 mandated that GAO evaluate HUD's Section 8 rental assistance programs. This review focuses on the project-based program. (1) What are the funding trends associated with the Section 8 project-based program? (2) What are the categories and amounts of unexpended section 8 project-based rental assistance funds? (3) Does HUD have effective policies and procedures in place to (a) evaluate unexpended Section 8 project-based balances, ensure they do not reach unreasonable levels, and are spent in a timely manner, and (b) take unexpended balances into account when determining funding needs as part of its budget process.

Housing and Community Development

TITLE: HRA:18 REVIEW OF HUD'S OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING (385712)

KEY QUESTIONS : P.L. 105-65 authorized the "mark-to-market" program for restructuring HUD's insured section 8 portfolio, established an Office of Multifamily Housing Assistance Restructuring (OMHAR) within HUD to administer the program, and mandated that GAO review OMHAR's operations. Our review will describe the status of OMHAR's development, focusing on (1) how it will be organized and staffed and how it relates to HUD's overall structure; (2) if it is on schedule to meet key operational and reporting requirements; (3) what procedures and systems it will use to oversee the implementation of mark-to-market and the status of their development; (4) how it plans to use information from the mark-to-market demonstration programs; and (5) what actions has it taken to obtain feedback from affected parties.

TITLE: HRA:18 REVIEW OF HUD'S UNINSURED PROJECT-BASED SECTION 8 PROGRAM (385713)

KEY QUESTIONS : The uninsured Section 8 portfolio is not subject to the Department's portfolio reengineering program aimed at reducing excess Section 8 subsidy costs, and a number of these properties are managed for HUD by state and local housing agencies. Because information about these properties is limited, the Congress mandated a GAO review of them. (1) What are the key characteristics of the properties in the uninsured Section 8 portfolio; (2) What financial benefits have state and local financing agencies received from the Section 8 project-based rental assistance program; and 3) Have state and local housing finance agencies provided adequate oversight of the physical and financial management condition of properties receiving rental assistance.

TITLE: IMPACT OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992 ON ASSISTED HOUSING FOR PERSONS WITH DISABILITIES (385724)

KEY QUESTIONS : The Housing & Community Development Act of 1992 allowed owners of housing projects designed for the elderly to establish preferences for, or restrict occupancy to, the elderly. Congress is concerned that disabled persons may be negatively impacted as a result. 1. What is the impact of Section 651 of the act that allows owners of covered Section 8 projects to make preferences for elderly-only? 2. What is the impact of Section 658 that allows certain projects to restrict occupancy to the elderly in accordance to rules put in effect at time of the start of the project? 3. Has HUD taken any actions to determine number of projects restricting occupancy, know potential number of disabled people affected by these two Sections, and assist those disabled persons in finding alternative housing?

TITLE: ANALYSIS OF HUD'S SECTION 8 MODERATE REHABILITATION PROGRAM (385741)

KEY QUESTIONS : In 1997, HUD determined that \$9.9 billion in excess budget authority has accumulated in the Section 8 tenant-based program. At the direction of the Congress, HUD recaptured, or took back, \$7.7 billion of this excess budget authority. Now the Congress wants to know if there is excess budget authority in the Section 8 Moderate Rehabilitation Program that can be recaptured. (1) How did HUD estimate excess budget authority in the Section 8 Moderate Rehabilitation Program, and how accurate is that estimate? (2) What does HUD plan to do with the excess budget authority in the Section 8 Moderate Rehabilitation Program?

Housing and Community Development

TITLE: WELFARE REFORM FINANCIAL IMPACT ON HUD (385742)

KEY QUESTIONS : The welfare reforms the Congress adopted in August 1996 replaced an entitlement with Temporary Assistance for Needy Families (TANF). Because about 35 percent of HUD's clients depend on time-limited TANF for some or all of their income and assisted tenants generally pay 30 percent of their income in rent, welfare reform will likely affect HUD. HUD developed a preliminary national estimate of welfare reform's financial impact on its programs, but no longer stands behind this estimate because it recognizes the complexity of estimating welfare reform's impact. (1) What national or local estimates of welfare reform's financial impact on assisted housing have been developed? (2) What methodological and data issues, if any, arise when estimating welfare reform's financial impact on housing?

TITLE: REVIEW OF HUD'S INDIAN HOUSING FUNDING ALLOCATION SYSTEMS (385752)

KEY QUESTIONS : On October 26, 1996, the Native American Housing Assistance and Self-Determination Act of 1996 (NAHASDA) was signed into law. NAHASDA eliminated most of HUD's separate Indian housing programs and replaced them with a single block grant that allows tribes greater flexibility. (1) What factors did HUD use to allocate Indian housing funds prior to and after NAHASDA's enactment and what is the status of HUD's Indian housing block grant funding for fiscal year 1998? (2) What amount of funding did HUD allocate to tribes and their Indian housing authorities for the pre-NAHASDA programs for fiscal years 1995 through 1997? (3) What is the amount, type, and "age" of unspent Indian housing funds for pre-NAHASDA programs?

HOUSING & COMMUNITY DEVELOPMENT AGENCIES

TITLE: HRA:18 DATA RELIABILITY IN HUD'S MULTIFAMILY TENANTS CHARACTERISTICS SYSTEM (MTCS) DATABASE (385729)

KEY QUESTIONS : In 1994 we began reporting that the Department of Housing and Urban Development (HUD) had ineffective and generally unreliable information systems that did not satisfy HUD management needs. By that time recognition of this problem across federal agencies had resulted in the Government Performance and Results Act (GPRA) which required agencies to plan and report, using reliable data, on their performance. Recently, the reliability of data in HUD's Multifamily Tenant Characteristic System database has been questioned due to missing data. Therefore we will (1) assess the quality of HUD's computer system controls including those over the MTCS database and (2) determine the nature and extent of data testing required to assess the quality of significant data elements in the MTCS database.

TITLE: HRA:18 REVIEW OF CPD'S GRANTS MANAGEMENT INTERNAL CONTROL SYSTEM (385731)

KEY QUESTIONS : The Grants Management System (GMS) of HUD's Office of Community Planning and Development (CPD) brings together core administrative activities--including consultation with grantees, award processing, oversight of grantee compliance with regulations and statutes, evaluation, and technical assistance--for CPD's four major formula grant programs. The Integrated Disbursement and Information System (IDIS) is CPD's primary tool for assessing performance. (1) Is GMS able to ensure grantee compliance with program requirements, prevent fraud and abuse, and help grantees to achieve a high level of performance in serving their clients? (2) Will IDIS internal controls ensure that performance data are reliable and program funds are adequately safeguarded?

Housing and Community Development

TITLE: HRA:18 REVIEW OF HUD'S STATUS AS A HIGH-RISK AGENCY (385747)

KEY QUESTIONS : In Feb. 1997, we reported that the Department of Housing and Urban Development (HUD) had made progress in addressing management deficiencies--inadequate internal controls, automated systems, organizational structure, and insufficient mix of skilled staff--but still remained high-risk. In June 1997, HUD announced its 2020 Management Reform Plan intended to, among other things, address identified management weaknesses. (1) What have been the results to date of HUD reforms to address internal control and information and financial management systems' weaknesses? (2) How have the latest organizational changes addressed organizational deficiencies? (3) How do field offices match staffing (skills & numbers) with assigned responsibilities?

TITLE: REVIEW OF THE PRIVATIZATION ACTIVITIES OF PUBLIC HOUSING AGENCIES (PHA) AND THE BASIS FOR THE OFFICE OF MANAGEMENT AND BUDGET'S PROPOSAL THAT THE MANAGEMENT OF PHAS BE COMPETED IN THE PRIVATE SECTOR (385755)

KEY QUESTIONS : HUD subsidizes the operating costs of 3,200 public housing agencies. Because resident income is not sufficient to cover the agencies' costs, the Congress has appropriated nearly \$3 billion annually to supplement the operating budgets of those agencies. To reduce costs, some agencies are turning to private management. OMB has also proposed introducing private management to public housing to save federal funds. (1) What is the basis and viability of OMB's proposal that \$200 million in annual savings could be realized by privatizing the management of public housing? (2) How are PHAs using privatization strategies and what have been the results? (3) What are the benefits and obstacles associated with privatizing the management and operation of public housing?

OTHER I.A. WORK - HOUSING & COMM. DEV.

TITLE: INVENTORY OF MAINSTREAM AND TARGETED HOMELESS PROGRAMS (385739)

KEY QUESTIONS : The Stewart B. McKinney Homeless Assistance Act of 1987 and other federal programs, including mainstream programs such as SSI and Medicaid, are available to assist the homeless. Congress is concerned whether these programs are actually designed in a way to impact on the homeless problem. (1) What are the primary characteristics of specific federal programs, including the McKinney Act programs, and mainstream programs that serve the homeless? (2) How much federal funding did these programs receive in fiscal year 1998 (or the most recent year for which data is available)? (3) To what extent did GPRA plans include performance measures and cross-agency coordination information on these programs?

TITLE: CROSS-OWNERSHIP IN MULTICHANNEL VIDEO MARKET (385749)

KEY QUESTIONS : A primary goal of the 1996 Telecommunications Act was to promote competition in the communications industry. Currently, the cable industry still maintains more than an 85-percent market share of the multichannel video market, and an increasing number of mergers and partial ownership relationships among cable companies, potential competitors, and content providers have raised concerns about increased concentration in the industry. (1) Is cross ownership among current and potential video providers inhibiting competition and the price and service benefits it could bring? (2) Is there increasing vertical ownership among cable/video providers and program producers that may have competitive or other public policy implications?

Housing and Community Development

TITLE: SPORTS PROGRAMMING COSTS AND CABLE TELEVISION RATES (385758)

KEY QUESTIONS : The Telecommunications Act of 1996 proposes to curtail FCC regulation of cable television in 1999. However, some consumer groups and policy makers have raised concerns about further deregulation in light of recent rate increases. Cable industry executives have contended that rate increases are due, in large part, to the higher cost of sports programming. (1) To what extent is the cost of sports programming contributing to higher cable rates? (2) To what extent do sports programmers require cable operators to bundle sports programming with other programming? (3) How does the costs of sports programming compare to the cost of other programming? (4) What is the extent of migration of sports programming from broadcast to cable?
