

**GAO**

Resources, Community, and Economic  
Development Division

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# **Housing and Community Development Issue Area**

## **Active Assignments**

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# Foreword

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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 September 3, 1996, 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, or Lawrence Dyckman, Associate Director, on (202) 512-7631.

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### **MORTGAGE FINANCING**

**TITLE: REVIEW OF THE EFFECTIVENESS OF HUD'S HOUSING COUNSELING DEMONSTRATION PROGRAM (385633)**

**BACKGROUND :** P.L. 101-625 authorized a demonstration program in three locations to test the effects of mandatory pre-purchase counseling for first-time home buyers seeking an FHA mortgage and foreclosure-prevention counseling for home owners delinquent on their FHA mortgage. The law requires that program outcomes be compared to three similar locations which lacked counseling.

**KEY QUESTIONS :** (1) Did HUD implement the demonstration as prescribed in the law? (2) Were the HUD-designated control areas (i.e., locations which lacked counseling) similar to the counseling target areas? (3) What data has HUD collected on potential home buyers and home owners with delinquent mortgages in the control areas?

**TITLE: REVIEW OF REDUCING THE FEDERAL HOUSING ADMINISTRATION'S INSURANCE COVERAGE (385641)**

**BACKGROUND :** FHA has insured single-family loans valued at about \$365 billion. Lenders are covered for 100 percent of the loss when an FHA loan goes into foreclosure. While losses to the program are covered by borrower premiums, foreclosures make it more difficult for the program to maintain financial self-sufficiency. Proposals have been made to reduce FHA insurance coverage.

**KEY QUESTIONS :** (1) What is the estimated financial impact to FHA of reducing its insurance coverage? (2) What will be the anticipated impacts on lenders and homebuyers? (3) What are the implications for the Government National Mortgage Association's (GNMA) secondary mortgage market operations?

**TITLE: REVIEW OF FORECLOSURE RATES FOR FHA-INSURED SINGLE-FAMILY MORTGAGES IN DISTRESSED CHICAGO COMMUNITIES (385643)**

**BACKGROUND :** A study by a Chicago community group indicates that foreclosures on FHA single-family mortgages are concentrated in certain low-income areas and are attributable to a small number of lenders. The vacant homes that result from this problem can contribute to neighborhood blight.

**KEY QUESTIONS :** (1) What Chicago communities have the highest FHA foreclosure rates and what are the income characteristics of these communities? (2) What are the foreclosure rates and total number of foreclosures for lenders serving these communities, and how do these lenders perform in other communities?

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### COMMUNITY DEVELOPMENT

**TITLE: REVIEW OF HUD'S IMPLEMENTATION STRATEGIES FOR EMPOWERMENT ZONES, EMPOWERMENT COMMUNITIES AND ECONOMIC DEVELOPMENT INITIATIVES (385605)**

**BACKGROUND :** HUD oversees the urban Empowerment Zone (EZ) program, which is funded with \$1 billion in Health and Human Services (HHS) Social Service Block Grants (SSBG) and \$5 billion worth of tax credits. Plans to spend total program (a 10-year effort) funding must be in place within 2 years and, therefore, pressure exists to show quick results.

**KEY QUESTIONS :** (1) What are the characteristics of the EZ program? (2) What obstacles have federal and local entities encountered in implementing the program and how can those obstacles be overcome? (3) What role have EZ residents, specifically public housing residents, had in planning and implementing EZ program activities? (4) How will the program be evaluated?

**TITLE: REVIEW OF THE 7(A) LOAN GUARANTEE PROGRAM'S ROLE IN FINANCING SMALL BUSINESS CREDIT NEEDS (385609)**

**BACKGROUND :** The 7(a) loan program is the Small Business Administration's (SBA) primary vehicle for providing small businesses with access to credit. To date, SBA has guaranteed about 603,000 loans, or nearly \$80 billion. Some question how and to what extent 7(a) borrowers and credit instruments differ from non-7(a) borrowers and credit instruments.

**KEY QUESTIONS :** (1) How do the characteristics of 7(a) loans compare to those of non-7(a) loans? (2) How do the characteristics of 7(a) borrowers compare to those of non-7(a) borrowers? (3) What reasons underlie lenders' participation in the 7(a) program?

**TITLE: IDENTIFICATION OF OVERSIGHT MECHANISMS FOR CONSOLIDATED COMMUNITY DEVELOPMENT/HOUSING GRANTS (385644)**

**BACKGROUND :** HUD and others have proposed consolidating the \$4.5 billion Community Development Block Grant (CDBG) program with certain housing grants. Pressured to allow grantees flexibility and minimize federal dictates, the Congress needs assurance that federal dollars achieve intended outcomes. The potential for inadequate and ineffective oversight is great.

**KEY QUESTIONS :** (1) What generic block grant oversight options have GAO and others reported on? (2) What work should the Housing and Community Development Issue Area perform to adequately respond to congressional concerns and questions about consolidated CDBG/Housing grants?

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### LOW INCOME HOUSING

**TITLE: REVIEW OF HUD'S MARK-TO-MARKET SAMPLE (385496)**

**BACKGROUND :** HUD's "mark-to-market" proposal would restructure about 9,000 multifamily properties that house almost 1 million low-income households. The proposal could affect over \$200 billion in housing subsidy costs and FHA insurance claims over the next 25 years. Senate and House housing subcommittee staff believe this will likely be the number 1 housing issue in 1996.

**KEY QUESTIONS :** (1) What problem(s) is HUD's mark-to-market proposal designed to address? (2) What range of potential impacts could the proposal have on properties and residents? (3) How reliable are HUD's efforts to assess the impacts of mark-to-market on the universe of 9,000 properties? (4) How reliable are HUD's efforts to estimate mark-to-market's costs?

**TITLE: REVIEW OF HUD'S PROGRESS IN IMPROVING PUBLIC HOUSING MANAGEMENT AND ALTERNATIVE SYSTEMS FOR MEASURING AND IMPROVING PERFORMANCE (385602)**

**BACKGROUND :** The Public Housing Management Assessment Program (PHMAP) is HUD's main tool for assessing the management performance of public housing authorities (PHAs). HUD uses PHMAP to designate PHAs as troubled based on overall conditions or problems in specific areas. For PHMAP, all PHAs annually submit data on 12 key parts of their operations such as operating reserves and maintenance.

**KEY QUESTIONS :** (1) What are PHA PHMAP scores from 1992-1994, including trends, relationships, and other information that can be determined from analysis of the scores? (2) Should PHMAP be used as a basis for awarding additional funding; what are the views of PHA industry associations on this and other uses for PHMAP? (3) To what extent does HUD use PHMAP data to target assistance?

**TITLE: PUBLIC HOUSING STRATEGIES TO INCREASE PRODUCTIVITY (385617)**

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### LOW INCOME HOUSING

**TITLE: REVIEW OF HUD'S HOUSING OPPORTUNITIES FOR PEOPLE WITH AIDS (385649)**

**BACKGROUND :** The Housing Opportunities for Persons With AIDS Program (HOPWA) is authorized under the 1990 National Affordable Housing Act, as amended, to provide states/ localities with resources and incentives to meet housing needs of persons with AIDS/HIV and their families. The House Appropriations Committee recommended funding HOPWA at the FY 1997 budget request level of \$171 million.

**KEY QUESTIONS :** (1) Why is there a housing program specifically for people with AIDS? (2) What kinds of activities are being funded through the HOPWA program? (3) Who is the HOPWA program serving? (4) How does the HOPWA program work and is it effectively administered and coordinated?

### HOUSING & COMMUNITY DEVELOPMENT AGENCIES

**TITLE: IMPLICATIONS OF TRANSFERRING, ELIMINATING OR CHANGING SERVICE DELIVERY MECHANISMS FOR HUD'S MAJOR FUNCTIONS, PRIMARILY AS SPECIFIED IN S1145 (385625)**

**BACKGROUND :** Among the reform bills that have been proposed to change how federal housing and community development programs operate is a bill to completely dismantle the Department of Housing and Urban Development (HUD) and move its functions to other federal agencies and state and local governments. Proponents of this legislation believe the longstanding problems HUD faces cannot be solved.

**KEY QUESTIONS :** (1) What positions do proposals made since 1993 take regarding HUD's role in administering its programs? (2) What are the implications of S.1145 and other proposals to dismantle HUD? (3) What views do stakeholders have on state and local capacity to assume responsibilities associated with dismantling HUD? (4) What are the budgetary impacts of dismantling HUD?

### FEDERAL MANAGEMENT

**TITLE: HRA 18: DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT HIGH-RISK FOLLOWUP REVIEW (385627)**

**BACKGROUND :** In Jan. 1994, GAO identified the Department of Housing and Urban Development (HUD) as a high risk agency citing inadequate internal controls, organizational structure, information and financial management systems and insufficient mix of skilled staff. In Feb. 1995, GAO reported on the progress of HUD reforms to address these problems that put billions of dollars at risk.

**KEY QUESTIONS :** (1) What is the status of HUD's efforts to reduce its vulnerability to waste, fraud, and abuse, and what barriers exist? (2) Have HUD's actions to strengthen internal controls and its organizational structure lessened its vulnerability to waste, fraud and abuse? (3) Can any improvements in program administration and program results be attributed to HUD reforms?

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

**TITLE: HOUSING AND COMMUNITY DEVELOPMENT'S BIBLIOGRAPHY OF REPORTS AND TESTIMONIES FOR 1995 (385638)**

**BACKGROUND :** GAO's Housing and Community Development Issue Area offers an index of products issued from Jan. 1995 through Dec. 1995 that discusses housing and community development programs. The index also includes studies performed in other GAO issue areas on related topics.

**KEY QUESTIONS :** (1) What reports and testimonies related to housing and community development issues have been issued from January 1995 through December 1995?





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