



# **Second Report to the Congress**

## **Progress on HUD's Program Monitoring and Evaluation Initiative**

**April 1992**

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Monitoring and Evaluation Initiative**

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Prepared by  
Office of Policy Development and Research

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## OVERVIEW

The Department of Housing and Urban Development (HUD) has made significant progress over the last year in implementing and expanding its program monitoring and evaluation activities. Nearly \$8 million in direct Office of Policy Development and Research (PD&R) funding has been allocated since May 1991. This has supported a broad range of evaluation and monitoring efforts that have complemented ongoing and expanded activities of the various program offices. This report provides an update on projects reported in last year's report and indicates additional activities undertaken since May 1991.

Program monitoring efforts have produced concrete results in a broad range of areas. These include improving existing information systems, designing information systems for several new programs, and providing analytical support for program management and policy development.

Program offices have continued to focus on operational issues, especially related to Field Office operations, monitoring the efficiency and effectiveness of program operations, and keeping alert for early signs of program trouble points. Front-End Risk Assessments (FERAs) are being developed as a major tool in monitoring program performance for all new or substantially revised programs.

The Department's program evaluation capacity has been strengthened, with 13 new evaluations undertaken with the fiscal year 1991 allocation, and 17 new evaluations are scheduled to begin during fiscal year 1992.

## BACKGROUND

The HUD Program Monitoring and Evaluation Initiative was originally proposed as part of Secretary Kemp's REFORM proposal, enacted by Congress in 1989, and directed at eliminating or reducing the possibility of a recurrence of problems uncovered in programs such as Coinsurance, Section 8 Moderate Rehabilitation, and Single Family Property Disposition programs.

The Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act of 1991 (Pub. L. 101-507), which became law on November 5, 1990, provided funding for the initiative.

The Act appropriated \$10,160,000 for additional program monitoring and evaluation activities at HUD. Of this total, \$8,000,000 was designated for contracts and grants in PD&R and \$2,160,000 for salaries and expenses to be distributed among four HUD program offices and HUD's research office.

Senate Report 101-474 on HUD's 1991 appropriation required that "... the Secretary will report annually on the Department's effort on this new initiative." This is the second report under this initiative.

The Program Monitoring and Evaluation Initiative is designed to improve the accuracy, timeliness, and availability of the information used to make policy and operational program decisions. Program monitoring is the ongoing, periodic analysis of key indicators of HUD program activities so that the Secretary and program managers can be well informed as to what is occurring in their programs, detect problems at an early stage, and determine what steps might be taken to correct program

implementation problems. It is a continuous process that uses information gathered through well-designed program data systems.

Program evaluation is the formal, systematic, and comprehensive study of HUD program implementation and outcomes in order to determine whether the program fulfills its expressed policy goals. Program evaluations are directed towards such questions as whether programs are reaching the appropriate beneficiaries and providing them with intended benefits; whether program costs are reasonable, and whether programs are having any unintended effects. Program evaluations entail careful research design and make use of a broad array of information, including HUD records, special surveys, recipient information, and program observation.

The program monitoring and evaluation activities funded through this initiative are in addition to the increased emphasis on accountability monitoring and evaluations within the Department. The latter are focused on the financial safeguards and the efficiency of operations of HUD programs as well as assuring that correct benefits are going to legitimately qualified program recipients. Together, both forms of monitoring and evaluation are designed to dramatically improve the quality and effectiveness of HUD programs.

Five objectives have guided the implementation of the program monitoring and evaluation initiative

- To augment and improve existing data for program monitoring and evaluation,
- To monitor programs more effectively,
- To develop and track special samples of data to provide crucial information for policy and management decisions;
- To establish information systems which can be used for program monitoring and evaluation purposes before programs are implemented, and
- To expand the Department's capacity to evaluate its program activities

## **GENERAL PROGRESS**

The Department has focused on enhancing the program monitoring and evaluation capacity over the last year. This has taken the form of organizational improvements, improvements in information systems, and an increase in program monitoring and evaluation activities. The additional staff funded through the fiscal year 1991 appropriation strengthened the Department's program monitoring and evaluation capacity. The staff additions were allocated to develop in-house projects and supervise externally funded contracts and grants for evaluations that require special skills or staff-intensive efforts. These efforts have consolidated and expanded upon activities reported in the first report to Congress.

An interoffice working group, comprising representatives of each major program office and PD&R, has continued to provide coordinated oversight for the Department's program monitoring and evaluation efforts. It has established general priorities and standards for allocating contract and staff resources for specific projects.

The Offices of Housing, Public and Indian Housing (PIH), Fair Housing and Equal Opportunity (FH&EO), and Community Planning and Development (CPD) continued to focus on operational issues, especially related to Field Office operations, monitoring the efficiency and effectiveness of program operations, and keeping alert for early signs of program trouble points. FERAs have been developed as a major tool for monitoring programs.

PD&R has focused on providing technical assistance to the other program offices and ensuring the collection and analysis of policy-relevant monitoring and evaluation information. PD&R continues to concentrate on undertaking long-term evaluations, monitoring program outcomes, and identifying major improvements in data systems by providing reliable information that is timely and relevant to program managers, policymakers, and policy analysis staff.

Budget reductions for the current year, however, have required reductions or delays in initial plans for certain program monitoring and evaluation activities.

## **CURRENT PROGRAM MONITORING AND EVALUATION ACTIVITIES**

The Department has projects under way in each of the five program monitoring and evaluation objectives listed above. This section describes major projects, including information on projects identified in last year's report, as well as new activities.

### **Augmenting and Improving Existing Data Systems**

Longstanding weaknesses in many of HUD's information systems have required that improvements to these systems be identified and implemented. The Department is committed to modernizing its principal automated data systems, including designing data systems to meet all major financial, operational, and policy demands.

The two most significant departmental efforts to augment and improve its data systems are those associated with the Tenant Rental Assistance Certification System (TRACS) and the Multifamily Tenant Characteristics System (MTCS). Major efforts have been undertaken by the Offices of Housing, CPD, PIH, FH&EO, and PD&R to develop, test, and begin the implementation of these large-scale information systems on the characteristics of tenants living in assisted project- and tenant-based housing.

### **CONTROL FILES SUBSYSTEM/TENANT RENTAL ASSISTANCE CERTIFICATION SYSTEM**

The Department is engaged in a multiyear action plan to completely overhaul the data collection and management process for the subsidies and operations of the Section 8 Assisted Housing Program. This represents one of the Department's most important management improvement initiatives.

The three-phase plan for the automated data systems for the Section 8 program included a Control Files Subsystem (CFS) to verify the accuracy of subsidy payments; a Tenant Rental Assistance Certification System to collect data on individual tenants and substantially improve control of the subsidy payment process; and, over the long term, a fully integrated financial system incorporating the interim improvements made under CFS and TRACS. The fully integrated system will permit the

Department to increase its financial and management control, operational monitoring, and ongoing evaluation of the Section 8 Assisted Housing Program

In May 1991 the Department convened a CFS/TRACS working group, under the direction of the chief financial officer, and a principal-staff-level steering committee, under the direction of the Deputy Secretary. Initial attention has been focused on the Control File Subsystem, which is designed to provide a master control file of project, contract, and other financial information needed to project budget needs and generally to implement TRACS. The design of a system to collect and process the rental assistance certifications and recertifications is in the later stages of development.

Part of the program monitoring and evaluation funds provided to PD&R have been used to support specific aspects of the CFS/TRACS effort. PD&R committed over \$250,000 to produce: (1) a video explaining the purpose of CFS/TRACS and provide the first formal training for the 500 new CFS information specialists, (2) a shorter version of the video for HUD managers, and (3) the CFS User Manual, which establishes CFS data collection procedures and describes the software to be used for data loading. The CFS User Manual and CFS software were made available to HUD field staff in November 1991.

PD&R also has committed over \$110,000 for quality assurance and quality control activities of the CFS data collection. This effort is ongoing and is expected to produce the first estimates of data quality during the summer of 1992 that will guide planned improvements of this system, as well as assure continual maintenance. Program monitoring resources will be used in 1992 and 1993 to help expedite implementation of these systems.

## **MTCS DATA COLLECTION**

The Department has expanded the coverage of the Multifamily Tenant Characteristics System, which collects data on individual households residing in public and Indian housing. The system became fully operational in October 1990 for all public housing agencies (PHAs) and Indian housing agencies (IHAs) having 500 or more units under management. This represents approximately 800,000 household records (or 57 percent of the total housing inventory). Small PHAs/IHAs (those with 1 to 499 units under management) began reporting in February 1992.

This information flows monthly from local agencies to National Computer Systems (NCS), the Department's database contractor for the operation of the MTCS. By early 1993 information on the entire public and Indian housing population will be contained in MTCS.

As a result of the success of MTCS in providing useful information on the conventional public housing program, the basic tenant data collection form, Form HUD-50058, is to be significantly modified to include Section 8 Existing, Housing Voucher, and Moderate Rehabilitation programs, thereby expanding MTCS' capability to provide tenant information for all Department-assisted housing programs. Data collection on these programs will begin during the summer of 1992.

Program monitoring and evaluation staff have conducted an assessment of the reliability and validity of MTCS data that has led to improvements in the management of this data system. In addition, a contract is under way to develop a User Guide and System Reports, as well as training sessions, to

increase the utility of the MTCS information to Field and Regional Office staff in their oversight responsibilities and integrating the MTCS data in their day-to-day program management activities.

## **ADDITIONAL AUGMENTATION EFFORTS**

A number of other important database development projects have been initiated by various program offices over the last year. These efforts to improve data systems are identified below.

### **Office of Policy Development and Research**

PD&R recently completed a project that matches the sample of households in the 1989 American Housing Survey (AHS) with addresses of HUD-assisted projects and PHA lists of voucher and certificate holders. This project provides the first detailed information since 1979 about the physical characteristics of HUD-assisted housing and the demographic and economic characteristics of their residents. This analysis includes an examination of the three major program types (public housing, certificates and vouchers, and other subsidized housing) separately and in comparison to each other. A report on this data analysis has been recently completed. This study will be repeated every 2 years as new national AHS data become available.

PD&R has a project under way to improve the Gross Flows Survey of Mortgage Lending and Commitment Activities. This survey compiles information on mortgage originations, purchases, sales, and repayments, including security holdings by major institutional investors. The data from the survey are widely used to monitor changes in primary and secondary mortgage markets, including the nature of the market shares accounted for by major lending groups in the various loan categories (Federal Housing Administration [FHA], Veterans Affairs [VA], and conventional). PD&R is reviewing and assessing the current survey design and the utility of the information provided to improve this important information source.

### **Office of Finance and Accounting**

The Office of Finance and Accounting (OFA) is in the process of completing development of a Department-wide single disbursement system. Various program offices will utilize the new Line of Credit Control System/Voice Response System (LOCCS/VRS) for program disbursements. LOCCS/VRS will substitute for the existing PC-based system for controlling disbursements of advances under both the development and modernization programs. PIH, for example, expects to put all disbursements under LOCCS/VRS and eliminate existing and duplicative systems, resulting in increased efficiency and accountability. CPD has provided assistance to OFA in developing this new system, which will provide CPD field staff the ability to stop payments on Special Needs Assistance Programs (SNAPs) projects until full compliance with program requirements is achieved. LOCCS/VRS is an important new tool to improve the effectiveness of program monitoring.

### **Office of Community Planning and Development**

CPD has been working on a major redesign of its basic database, FORMS/CPD, over the last year. The new system, called CIMS (CPD Information Management System), will replace existing Field Office-based PC systems and the Headquarters-based mainframe system. The goal of CIMS is to provide automated support to CPD field staff in conducting monitoring activities. The system will



assist in tracking assignments, managing grants, monitoring grants and projects, and reviewing documents. The ultimate goal of CIMS is to provide an integrated, automated data source for all of CPD, including Field, Regional, and Headquarters Offices.

CIMS is being pilot tested in seven Field and Regional Offices during the spring of 1992. Full implementation of the first phase—Field Office grant and program management—is scheduled for the first quarter of fiscal year 1993

CPD has developed an automated application management system for competitive Community Development Block Grant (CDBG) awards for American Indian tribes and Alaska Native villages.

CPD has also developed a SNAPs postawards monitoring system for tracking homeless activities and accomplishments for all competitive grants to assist the homeless.

### **Office of Public and Indian Housing**

PIH is developing a new Public Housing Management Assessment Program (PHMAP) information system designed to monitor PHA performance on a 12-point indicator system. PHMAP is designed to assist the Department in ensuring that PHAs improve management operations and performance. Information needed to evaluate PHA performance will be derived from three sources: existing data modules, PHA certifications, and HUD field staff site visits. PHMAP was implemented as one part of the System for Management Information Retrieval—Public Housing (SMIRPH) modules during March 1992. During the initial years of PHMAP, PIH will evaluate the data used in the assessment to determine if reporting requirements from the PHAs meet the PHMAP information needs.

PIH is also developing an Executive Information System, which will permit instant access to standard reports on program indicators, as well as a capacity to develop specialized analyses and reports using information from Department-wide systems.

PIH is developing a Policy and Procedures Manual for field and Headquarters staff to manage the integrity, validity, and timeliness of data in the PIH automated systems. The manual is being drafted and tested, with a completion date of September 1992.

### **Office of Housing**

For single-family housing, the Single-Family Accounting Management System (SAMS) provides property disposition data. Housing is now in the process of assessing the system's reliability.

The Single-Family Insurance System and the Single-Family Claims System were automated last year. Further efforts are under way to implement an automated accounts receivable system and an electronic claim payment system to provide more accurate and timely claim information.

The Consolidated Single-Family Statistical System has been modified to address Home Mortgage Disclosure Act (HMDA) reporting requirements, as well as recent National Affordable Housing Act (Section 335) requirements regarding FHA default and claims data. An analysis of the quality of data in the Single-Family Default Monitoring System is also under way.

The FHA First-Time Homebuyers Program database has had difficulties in obtaining accurate reports from lenders on the first-time homebuyer status of buyers in FHA transactions. A major effort was made by Housing to improve reporting, as well as adjust existing automated systems. A quality check was conducted of 81 Field Offices that indicated improved compliance and accurate monthly reporting.

Housing is developing a new multifamily FHA information system that will combine all of the existing multifamily systems and permit the reporting of needed multifamily management information.

Also, for multifamily operations, Housing has issued a contract to obtain baseline data on error rates in the administration of HUD rental assistance subsidies to permit tracking of planned reduction in any errors. A pretest of this system has been completed. Following Office of Management and Budget approval, the project will generate information in fiscal year 1993.

### **Office of Fair Housing and Equal Opportunity**

FH&EO has developed a Civil Rights Information System (CRIS) to automate the collection of data and report the racial and ethnic characteristics of persons eligible for, assisted by, or otherwise benefiting from the Department's major programs. This database of civil rights information will provide online access to Headquarters, Regional, and Field Office staff for monitoring adherence by recipients of HUD assistance to civil rights laws and requirements, certification reviews; monitoring program effectiveness, and determining the beneficiaries of housing assistance programs.

CRIS will centralize civil rights information that is currently maintained in several automated systems, including MTCS. The data from CRIS will also be used in preparing FH&EO's two annual reports to Congress. CRIS is scheduled to be online at the end of the fiscal year.

### **Monitoring Programs More Effectively**

Although monitoring has always been a feature of departmental activities, the Program Monitoring and Evaluation Initiative has served to emphasize its systematic importance at all levels and to create increased receptiveness for more effective monitoring. Program offices have undertaken a number of projects over the last year to improve program performance monitoring.

PD&R is examining information collected under the 1990 Home Mortgage Disclosure Act to analyze the usage of different types of mortgages and loan denial rates by racial and ethnic groups, as well as an assessment of the neighborhood characteristics associated with different rates and types of mortgage lending. The analysis will compare FHA and conventional lending patterns. This information is also being used by FH&EO to develop a process for targeting lenders for possible investigations of mortgage lending discrimination or redlining.

PD&R has examined the comprehensive modernization expenses for public housing projects over the last 10 years to determine the extent to which there has been recurring modernization at the same projects.

The Offices of PD&R, PIH, and FH&EO are using the MTCS data for a number of policy, budgetary, and program monitoring purposes, including

- To monitor program participants' compliance with income reporting requirements and related eligibility factors. This system has also been used to identify those whose primary source of income is public assistance (useful, for example, for the design of the Family Self-Sufficiency program created by the National Affordable Housing Act),

- To plan for the future use of the housing inventory, with emphasis on the housing needs of special groups, such as the elderly and handicapped. For example, the data were used to identify the numbers of families with children, including the States, PHAs, and projects where they are located (useful for analysis of issues pertaining to lead-based paint, child care, or issues involved in targeting housing assistance), and to identify numbers and locations of residents of public housing who are over 75 years of age (useful for developing regulations for the Revised Congregate Housing Services program created by the National Affordable Housing Act),

- To monitor the degree of targeting of units that become available for new admissions (can be used to assess whether the lowest income families are receiving the units and whether families are being admitted on the basis of the Federal preferences),

- To identify racial and ethnic characteristics of the residents of individual public housing projects (useful for civil rights related monitoring), and

- To provide demographic information describing the characteristics of public housing residents to Congress and other Federal agencies

Additionally, plans are under way to begin computer-assisted income matching, comparing resident incomes reported to HUD with information on file with State employment security offices.

The Department has initiated a process, Front-End Risk Assessment, to examine new or substantially modified programs, systems, or functions. The purpose of this assessment is to plan the implementation or modification of the programs with sound management controls, including adequate monitoring systems or resources. By its nature, the FERA process is completed in stages as regulations are finalized and directives developed.

The Offices of Community Planning and Development, Housing, and Public and Indian Housing have all used an adaptation of the FERA process on several new and revised programs. Selected preliminary reviews of program risks have been performed on such new programs as HOME, Shelter Plus Care, the HOPE grant programs, HOPE for Elderly Independence, and the Public Housing Drug Elimination Grant program. Other reviews are either in process or planned.

The chief financial officer, who administers the FERA process, in a February 1992 response to Inspector General audit recommendations, committed his Office to providing comprehensive program guidance and processes to ensure consistent and timely completion of the preliminary risk analyses performed to date, as well as for future FERA reviews. It is expected that the modified FERA process will be utilized for assuring improved emphasis on program monitoring efforts.

## **OFFICE OF POLICY DEVELOPMENT AND RESEARCH**

PD&R has formally established a Program Monitoring Division to ensure that the Department can carry out its monitoring objectives. This division conducted the assessment of MTCS mentioned previously

PD&R has undertaken a Random Digit Dialing (RDD) effort to improve the determination of Section 8 Fair Market Rents (FMRs) and Annual Adjustment Factors (AAFs). RDD surveys of the metropolitan and nonmetropolitan portions of the 10 HUD Regions were completed during the first quarter of fiscal year 1992 and will be used in the fiscal year 1993 FMR and AAF publications. RDD will also be used to provide local rent survey results for approximately 200 specific FMR areas with high levels of program activity. The results will be reflected in the proposed fiscal year 1993 FMRs published for these areas. These activities should result in more accurate and timely FMRs/AAFs.

PD&R is completing an analysis of the third year data from the voucher and certificate demonstration study to see if program outcomes change as program participants become more familiar with the program

## **OFFICE OF PUBLIC AND INDIAN HOUSING**

PIH has been working with Price-Waterhouse's Office of Government Services on an extensive effort to improve HUD's oversight of PHAs, including the monitoring of its field organization and implementation of specific programs. The efforts are focused on moving HUD away from a broadly applied, check-list oriented review toward a risk-based and problem-solving approach. This program includes PIH's new responsibilities for Comprehensive Grants, PHMAP, resident initiatives, and Section 8 tenant-based programs. PIH and Price-Waterhouse are proceeding with a phased approach addressing PHA performance oversight, assurance of program compliance, and coordination of technical assistance, Field and Regional Office organization, and institutionalizing resident initiatives programs. Work plans for fiscal year 1992 have been revised to assure that they address internal control, material weakness, and other priorities of the Department.

PIH established a task force in early 1991 to review existing handbooks and to develop guidelines for the development of future handbooks. Several iterations of the guidelines were sent to the Field Offices for review and comment, and those field comments, as well as comments from Headquarters program staff, were incorporated in the final guidelines. The final handbook guidelines were published in a memorandum from the Assistant Secretary to PIH principal staff on July 29, 1991.

The PIH comptroller has a contractor working on both internal control reviews and self-assessment guides on major PIH programs—operating subsidies, modernization, and development. These tools will assist program managers in identifying risks of fraud, waste, and mismanagement and in developing and implementing corrective strategies.

PIH will conduct an assessment of the relation between the costs of modernizing a project and ongoing operating costs. This assessment will use information collected under the project-based accounting initiative, which has a statutory due date for implementation of January 1993. This project has been delayed pending completion of project-based accounting.

PIH is developing a series of program monitoring reports to be used in evaluating the quality and timeliness of data entered into its two major databases: SMIRPH and MIRS. Under SMIRPH, the Department collects data in 14 "modules" covering development, operation, and modernization. This database is the foundation for nearly all PIH monitoring and analysis of public housing program operations. The complementary database program for Indian housing is MIRS (Management Information and Reports System). In addition to reporting capability specific to the separate modules, both systems support comprehensive housing authority performance evaluation programs (PHMAP) and the Indian housing programs' Administrative Capabilities Assessment.

PHMAP was implemented as a SMIRPH module during the spring of 1992. PHMAP will include information needed to evaluate PHA performance on 12 indicators. The information derives from three sources: existing SMIRPH modules, PHA tenant certifications, and HUD field staff site visits.

Both SMIRPH and MIRS also support the new (modernization) Comprehensive Grant Program. PIH has identified funding formula characteristic data elements and is verifying data for PHAs eligible to participate in the fiscal year 1992 program, which will be in calculating the funding formula based on the data. Data from SMIRPH and MIRS are being used in the formula calculation. In addition, reports are being developed for Field Office managers to evaluate and correct data elements among PIH computer systems.

## **OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT**

CPD has completed an assessment of all CDBG recordkeeping and reporting burdens and is taking steps to implement an action plan based on the recommendations of the assessment.

CPD has developed a CPD Grants Management Handbook, to be issued shortly, that provides field staff comprehensive guidance in awarding grants and reviewing grantee performance.

CPD also has issued instructions for Special Needs Assistance Programs on compliance management and monitoring, startup conferences, reports and reporting requirements, and program payments and progress. This guidance constituted the initial written direction on managing certain aspects of the Supportive Housing Demonstration Program (SHDP) and the Supplemental Assistance for Facilities to Assist the Homeless (SAFAH) program.

CPD has developed guidance for monitoring SNAPs grantees and subgrantees in the Emergency Shelter Grants (ESG) program.

CPD has issued a new annual reporting form to SHDP grantees that provides enhanced information for program monitoring and evaluation on the two SHDP component programs: Transitional Housing and Permanent Housing for the Handicapped Homeless.

CPD has also undertaken a year-long study of CPD Uniformity of Sanctions and Remedies. The study, conducted in seven Field Offices, examined the characteristics of almost 1,000 findings. The final report is scheduled for release in the third quarter of fiscal year 1992 and will report on the degree to which Field Offices are consistent in their use of sanctions and remedies in monitoring grantees for all CPD programs.

## **OFFICE OF FAIR HOUSING AND EQUAL OPPORTUNITY**

FH&EO is undertaking a trend analysis of housing discrimination complaints filed since implementation of the Fair Housing Amendments Act in 1989. The analysis includes reviewing complaints received by HUD and State and local agencies in order to assess the volume, variations, and sources of complaints by all protected groups. The initial analysis will compare complaint data for selected quarters of fiscal years 1990, 1991, and 1992.

FH&EO allocated two staff years in fiscal year 1991 to three Regions to undertake pilot projects involving fair housing enforcement and compliance activities in HUD Field Offices. The three Regions, which were experiencing a high volume of Fair Housing Act complaints, were requested to carry out Field Office compliance and enforcement activities normally performed by Regional Offices. In addition to these three Regions, two other Regions voluntarily undertook pilot Field Office enforcement and compliance activities. FH&EO program monitoring and evaluation staff will assess the effectiveness of this pilot demonstration project to determine the impact that the additional responsibilities have upon the administration of other programs for which these offices are responsible.

## **OFFICE OF HOUSING**

Under contract to the Department, Price-Waterhouse in fiscal year 1991 completed internal control reviews of all FHA programs. While FERAs are conducted for new or substantially changed programs, internal control reviews establish and confirm the procedures and provisions needed to protect ongoing programs from unnecessary financial loss and from scandal. All programs and activities are documented in accordance with Federal internal control requirements.

Housing has completed the development of an integrated database linking information from five current systems to prioritize lenders for monitoring reviews based on their defaults and claims. This will permit the targeting of staff resources to more efficiently address default and foreclosure problems.

Housing is also developing a comprehensive structure for reporting to senior management the status of FHA's operational and financial activities. The project sets the stage for routine reporting on program and organizational performance, including Headquarters, Regional and Field Office activities. The reports will provide needed management information for planning and controlling all of FHA's programs and activities.

## **Developing and Tracking Special Samples of Data to Provide Crucial Information for Policy and Management Decisions**

The Program Monitoring and Evaluation Initiative has resulted in improved information being available for policy and management deliberations and decisions within the Department. Special samples of data have been compiled from existing information systems, as well as special data collection efforts that have helped guide policy deliberations and management decisions.

## **OFFICE OF POLICY DEVELOPMENT AND RESEARCH**

The multifamily stock study, currently under way within PD&R, is collecting detailed information on the physical condition, financial status, neighborhood and market setting, nature of the tenants, and owner characteristics and intentions for a representative sample of 1,000 projects from the HUD-insured multifamily stock. This sample will be used in the coming years to track and assess changes in the HUD stock over time and to answer other policy and management questions.

Preliminary information from this study is already being used to develop baseline information on the realistic costs of managing, operating, and maintaining low- and moderate-income housing. This information is providing guidance for policy considerations concerning improved and flexible approaches to funding low-income multifamily housing.

PD&R has worked closely with PIH to develop an information system on the troubled public housing authorities to support the Department's fiscal year 1993 legislative initiatives. This includes compiling and integrating information from numerous sources into a coherent project-level database.

PD&R staff have created and provided information and analysis in support of the development of the congressionally mandated program of testing and mitigating radon hazards in HUD-assisted housing. This included generating information on the number and characteristics of all HUD-assisted and owned properties in high radon areas from multiple data systems and estimating the costs of this initiative for the first 2 years.

PD&R has continued to access information from a 1989 modernization needs of public housing study to identify policy decisions regarding comprehensive programs of lead-based paint abatement and handicapped accessibility in public housing. Extensive technical assistance and information from this database have been provided to the independent Commission on Distressed Public Housing to aid its deliberations.

## **OFFICE OF PUBLIC AND INDIAN HOUSING**

PIH has entered into an Interagency Agreement with the National Institute of Mental Health for an examination of four special program variations under the Section 8 Existing and Voucher Programs. These programs have significant potential for use by the homeless mentally ill and by mentally ill public housing residents currently in violation of their leases. HUD has identified 73 PHAs where there is some activity involving Section 8 programs for special needs populations, and a contractor for the Department of Health and Human Services is developing a survey instrument for application in a sample of those PHAs. The field work will be completed by the summer of 1992, with a report due in the second quarter of fiscal year 1993.

PIH is assessing the incidence of air conditioning in low-cost/low-income housing, based in large measure on information in the 1989 American Housing Survey. This background information, together with cost estimates and analyses, will be the basis for an assessment of whether air conditioning might be approvable in low-income public housing developments. PIH is also developing a feasibility study for a water consumption/conservation policy in public housing.

PIH has reviewed and analyzed survey data on lead paint testing and abatement gathered in connection with the Georgia Institute of Technology training programs for PHAs during the summer of 1991. This information represents a useful tool in examining the Department's implementation of the lead-based paint testing and abatement guidelines. A summary of that analysis was presented by the Assistant Secretary at a congressional hearing in October 1991.

## **Building In Program Monitoring and Evaluation as Programs Are Implemented**

The Program Monitoring and Evaluation Initiative has permitted the Department to move quickly in designing program monitoring information systems and evaluations for new or substantially revised programs and their implementation. By quickly gathering data on and assessing new programs, the program monitoring and evaluation initiative is helping to guide program implementation, suggest needed program modifications, and inform policy and operational decisions. These objectives are an integral part of the 1992 program monitoring and evaluation agenda, as reflected below.

- Last year's \$8 million earmark enabled PD&R to begin evaluations of several programs upon program implementation or very soon thereafter. During 1991 the Department began implementing a series of major new programs, which were authorized by the National Affordable Housing Act of 1990. PD&R worked with the program offices from the earliest stages of implementation to begin the complex process of designing process and/or impact evaluations of each program. In each of these evaluations, the design was developed as part of program implementation. Reductions in staff and funding for this year, however, have resulted in delays or reductions in efforts regarding certain programs.
- PD&R, in conjunction with CPD, has designed Cash and Management Information (C/MI) Systems for the HOME and HOPE 3 programs. CPD allocated \$670,000 (in addition to funds from PD&R) to develop the HOME and HOPE 3 C/MI Systems for monitoring local activities under both programs. The C/MI System will show expenditures for all activities undertaken with HOME and HOPE 3 funds and local matching contributions. Based on this information, CPD will be able to monitor and evaluate the costs for acquiring, rehabilitating, and constructing affordable housing units. The C/MI System will also maintain data on the characteristics of properties, tenants, and homeowners assisted with HOME and HOPE 3 funds and track the affordability of units, low-income benefit, and timeliness of expenditures in accordance with the regulations for HOME and HOPE 3.
- PD&R has designed a special information collection and feedback system to help guide the implementation of the HOPE 1 program. This program monitoring system will chart the progress, provide for the early detection of startup difficulties, and encourage the exchange of information among program grantees nationwide.
- PD&R, in conjunction with PIH, is developing a program monitoring system for the Family Self-Sufficiency program so that program progress and performance can be effectively monitored and an adequate baseline information system be developed for program evaluation.



- PD&R is cooperating with PIH in designing and developing a program monitoring system for the Public Housing Drug Elimination Grant program to better track and monitor grantee and program performance.

- PIH is identifying the requirements for implementation of the Comprehensive Grant Program information system. Existing information systems will be modified, including funding formula data elements for the fiscal year 1992 allocations to PHAs.

- Passage of the Fair Housing Amendments Act led to an evaluation initiated last year by FH&EO. FH&EO undertook a study of the Fair Housing Act election process to determine why complainants or respondents elected the district court process or accepted the administrative law judge process to resolve housing discrimination complaints. The study, which was completed in February 1992, found that HUD could be more effective in providing information to persons involved in housing discrimination cases that would allow them to make a more informed choice between the two processes. As a result FH&EO is developing a brochure that will contain more detailed information on the election process.

## **Expanding HUD's Evaluation Capacity**

Since May 1991 the Department has undertaken evaluations of many programs to ensure that they meet the objectives of their authorizing legislation or other congressional requirements. The program evaluation program is a fundamental part of the process of examining the process of implementation and the effects of program initiatives, including costs and benefits.

The evaluation program now under way at HUD includes projects that were begun using fiscal year 1991 funds, projects being carried out in-house by PD&R staff, and projects that will be done under contract with the fiscal year 1992 allocation. In the period since May 1991, approximately \$8 million has been allocated for program monitoring and evaluation projects supported by PD&R.

## **STATUS OF EVALUATIONS FUNDED IN FISCAL YEAR 1991**

The following projects were begun in fiscal year 1991. For each there is a brief description and report on the current status.

### **Emergency Shelter Grant Program**

This evaluation will examine the implementation and impact of the ESG program. The study will document how grantees use program funds, examine implementation difficulties, and determine the extent to which the program has helped grantees meet the needs of the homeless. It also will help strengthen current and future strategies for addressing homelessness. The PD&R contract to conduct the study began in September 1991, and a final report is due in November 1992.

### **Fair Housing Initiatives Testing Program**

This congressionally mandated evaluation aims to determine benefits and limitations of standardized fair housing testing guidelines on fair housing case processing and outcomes. The PD&R contract to conduct the study began in March 1991, and a final report is due in the fall of 1992.

### **Supportive Housing Demonstration Program**

The evaluation of this McKinney Act program will examine both transitional housing for the homeless and permanent housing for the handicapped homeless. Among the areas to be covered in the final report are the characteristics of those assisted, types of housing and services provided, administrative problems, program costs per household assisted, and the impact of the assistance on addressing homelessness. The PD&R contract to conduct the study began in April 1991, and a final report is due in December 1992.

### **Operation Bootstrap Documentation**

This project will document the results of Operation Bootstrap in terms of progress toward meeting the objectives of the program, which intends to coordinate public and private resources to help low-income families achieve eventual independence from government assistance programs. The PD&R contract to conduct the study began in September 1991, and a final report is due in November 1992.

### **Nehemiah Housing Opportunity Program**

This project will evaluate the first round of the Nehemiah Housing Opportunity Program awards. The 2-year evaluation will assess the degree to which the program provides affordable homeownership opportunities, helps to rebuild depressed areas of cities and creates sound and attractive neighborhoods, and increases employment opportunities of neighborhood residents. The PD&R contract to conduct the study began in September 1991, and a final report is due in July 1993.

### **Supplemental Assistance for Facilities to Assist the Homeless**

The SAFAH evaluation will describe grantees and their programs, describe the implementation status of the programs, illustrate innovative characteristics of programs, document client progress toward self-sufficiency, and make recommendations for program improvement. The PD&R contract to conduct the study began in September 1991, and a final report is due in May 1992.

### **Single Family Property Disposition Demonstration**

The Single Family Property Disposition Demonstration provides government-owned homes to local governments and nonprofit organizations, which in turn convey them to first-time homebuyers. This evaluation will assess the initial implementation and early impacts of the program, including the characteristics of applicants, participants, and properties. The PD&R contract to conduct the study began in March 1992, and a final report is due in July 1992.

### **Public Housing Performance Funding System**

Section 524 of the National Affordable Housing Act of 1990 requires that HUD assess alternative methods of providing Federal funds to PHAs for the operation, maintenance, and modernization of public housing. In carrying out this directive, PD&R has executed a contract to update a 1982 report, "Alternative Operating Subsidy Systems for the Public Housing Program." The PD&R contract to conduct the study began in October 1991, and a final report is due in May 1992.

### **Prospective Payment Systems for Public Housing**

Section 525 of the National Affordable Housing Act of 1990 requires the Department to examine methods of prospective payment for allocating Federal subsidies to PHAs. Accordingly, the objective of this proposed research is to assess alternative approaches for a payment system based on predictable capitated payments, which PHAs could use for operating and modernization expenses. The PD&R contract to conduct the study began in July 1991, and a final report is due in the spring of 1992.

### **Public Housing Child Care Evaluation**

This congressionally mandated project will assess the operation and impact of the Public Housing Child Care Demonstration Program. There are two objectives of this study to profile the grantees, providers, facilities, parents, and children, and to determine the effect of child care provision on employment and training opportunities for parents. The PD&R contract to conduct the study began in May 1991, and a final report is due in August 1992.

### **Rural Rental Rehabilitation Demonstration Evaluation**

PD&R staff are nearing completion of a congressionally mandated evaluation of a demonstration to use Rental Rehabilitation Program funds in rural areas. This project was done in-house.

### **Public Housing Drug Elimination Grant Program**

This evaluation is examining the implementation issues involved in using PIH's Resident Initiatives Drug Elimination Grants to undertake anti-drug efforts. It also is assessing the impact of the program in eliminating drug-related crime from public housing. The PD&R contract to conduct the study began in August 1991, and a final report is due in August 1993.

### **Public Housing Resident Management Evaluation**

This congressionally mandated project is evaluating the role of resident management in a sample of public housing developments. The evaluation measures the impact on living conditions produced by those resident management corporations (RMCs) mature enough to have had an impact. It also measures the process of development for those RMCs that are still too new to have produced an impact on living conditions. The PD&R contract to conduct the study began in February 1990, and a final report is due in November 1992.

### **EVALUATIONS TO BE FUNDED IN FISCAL YEAR 1992**

*In addition, the following four evaluations will begin in fiscal year 1992 and will be conducted in-house by PD&R staff:*

#### **CDBG Program Formula Evaluation**

For a congressionally mandated evaluation of the effect of the 1990 census on the CDBG formula, PD&R has begun an inhouse evaluation. The study will examine community need as indicated by the

1990 data. It will evaluate alternative formulas to determine how program funds can be best targeted to community need. The report is due to Congress by June 1, 1993.

### **HOME Program Formula Evaluation**

PD&R has begun an inhouse evaluation of the formula used to distribute funds under the new HOME Program. The study will use 1990 census data to assess community need for affordable housing assistance. It will evaluate alternative formulas to determine how program funds can be best targeted to local needs for affordable housing assistance.

### **Housing Counseling Demonstration Program**

Section 577 of the National Affordable Housing Act of 1990 (NAHA) required that HUD carry out a program to demonstrate the effectiveness of prepurchase counseling and foreclosure-prevention counseling, primarily to first-time homebuyers. PD&R will assist the Office of Housing in the design and evaluation of the demonstration, which will involve three test and three control sites. The General Accounting Office will have responsibility for evaluating the results of this demonstration.

### **Unfit Homeless Transient Facilities**

This project is to identify the use of transient hotels/motels to shelter homeless families. The project will consist of two parts: (1) an estimation of amounts of Federal welfare (Aid to Families with Dependent Children) and Federal Emergency Management Agency moneys that are spent annually to shelter homeless families in transient hotels/motels; and (2) the identification, for a sample of cities, of the proportion of homeless families that are sheltered in hotel/motel facilities and the suitability of those facilities for families. A research design will be prepared by May 1992. The project is scheduled for completion in the fall of 1992.

*With fiscal year 1992 funds, the Department is developing the following projects to be carried out through contracts issued this year.*

#### **HOPE 1**

The HOPE programs were authorized by the National Affordable Housing Act of 1990. This project will evaluate the design and implementation of HOPE 1, which gives people the opportunity to purchase public and Indian housing units. The evaluation will measure the program impact on low-income homebuyers and organizations that help eligible families purchase units in public or Indian housing properties. It will also study the process of development for HOPE 1 programs.

#### **HOPE 2**

HOPE for Multifamily Homeownership (HOPE 2) funds homeownership programs for low-income families and individuals utilizing Federal, State, and local multifamily properties. Similar to the HOPE 1 evaluation, this effort will examine both how the program is implemented and its effects on low-income homebuyers. The planned evaluation will be primarily conducted by an outside contractor.

### **HOPE 3**

The HOPE 3 program funds homeownership programs for low-income families and individuals utilizing Federal, State, and local single-family properties. This evaluation will assess the effectiveness of HOPE 3 in providing homeownership opportunities and in involving nonprofit entities in the process.

### **HOME Program Evaluation**

HOME, authorized by NAHA and funded at \$1.5 billion in fiscal year 1992, allows participating jurisdictions to select from a variety of activities in making housing affordable to lower income families. PD&R expects to have a contract in place to begin a 3-year evaluation of the implementation and early outcomes of this program before the end of fiscal year 1992.

### **Family Self-Sufficiency**

The Family Self-Sufficiency program, which also was authorized by NAHA, combines housing assistance with supportive services for the purpose of enabling eligible families to achieve economic independence and self-sufficiency.

### **HOPE for Elderly Independence Demonstration**

Another HOPE program is the HOPE for Elderly Independence Demonstration. This evaluation, for which PD&R will issue a request for proposals (RFP) in the summer of 1992, will assess the effectiveness of the demonstration program in maintaining elderly independence. It also will determine whether tenant-based housing assistance can be used successfully to assure an appropriate range of housing services.

### **Comparison of the Revised Congregate Housing Service Programs and HOPE for Elderly Independence**

This evaluation will compare and contrast the cost and benefits of maintaining independence for persons through alternative programs, including a project-based program and a tenant-based program. PD&R will issue an RFP for a contract to conduct the evaluation during fiscal year 1992.

### **Community Development Block Grant Evaluation**

This is the first major evaluation of the entitlement portion of the CDBG program since 1983. Its principal focus is on the degree to which benefits are targeted to households and communities that are most in need of assistance. The study, which is just beginning under contract to PD&R, will produce a final report in the spring of 1994.

### **Shelter Plus Care Program**

This project will evaluate this new competitive grant program for hard-to-serve homeless persons with disabilities. HUD funds for shelter are to be matched by equal or greater amounts for support services. The evaluation will be in two phases: an assessment of the implementation stages and an

evaluation of the program impacts. The implementation assessment is to begin in the fall of 1992 and be completed by January 1993. The impact evaluation is to be completed by May 1994.

### **American Indian and Alaska Native Housing**

This study will involve an assessment of the housing needs of American Indians and Alaska Natives and an evaluation of HUD programs serving this population. The study also will examine possible program gaps and the extent to which American Indians living off reservations are served by Federal housing programs

### **Public Housing Comprehensive Grant Program**

The CGP allocates modernization funds on a formula basis to PHAs and IHAs. The evaluation will assess the impact the program has on the operations of these agencies and on the condition of the public housing stock. The evaluation will be carried out under contract to PD&R with funds to be obligated in fiscal year 1992

### **Moving to Opportunity Demonstration**

This demonstration, which was authorized in the 1992 HUD-Independent Agencies Appropriations Act, will allocate 565 Section 8 certificates to nonprofit organizations working with local PHAs to improve the opportunities of Section 8 waiting list applicants living in poverty neighborhoods to move to low-poverty areas. The objective of the evaluation will be to assess the process of implementing this demonstration in five metropolitan areas and to examine success in placing families in low-poverty communities. The evaluation, conducted under contract with PD&R, will begin in the fall of 1992. The final report will be completed in mid-1994.

### **Section 202 for Disabled Persons**

The Section 202 for disabled persons program is designed to provide long-term, low-interest loans to private, nonprofit sponsors to build, own, and operate housing for eligible elderly and disabled tenants. The evaluation will examine the effectiveness of the program in meeting the housing needs of persons with disabilities and examine the cost and benefits of the program. The evaluation is scheduled to begin in fiscal year 1992 as a small business set-aside contract.

### **Administrative Capacity to Carry Out the Program Monitoring and Evaluation Initiative**

In the last year program offices have developed appropriate administrative structures, including hiring and assigning staff to carry out the objectives of the Program Monitoring and Evaluation Initiative.

The Office of Policy Development and Research last year created two divisions—a Division of Program Monitoring and a Division of Program Evaluation. The Program Monitoring Division is located in the Office of Policy Development, and the Program Evaluation Division is located in the newly renamed Office of Evaluation and Research. New staff positions allocated to PD&R were assigned to each of these new divisions.

**The Office of Housing** During fiscal year 1991, the Program Evaluation Division and a staff of nine members were reassigned to the Office of the Housing-FHA Comptroller. Subsequently, the Office of Housing's program evaluation and quality control functions were expanded and reorganized into two branches within the Program Evaluation Division.

**The Office of Public and Indian Housing** was allocated five positions to support enhanced oversight and review activities. One position, Special Assistant to the Comptroller, has been assigned to the Office of the Comptroller. The other four positions have been assigned to the Office of Management and Policy, including a new Director and two new staff in the newly configured Division of Policy and Evaluation.

The three staff years allocated to the **Office of Community Planning and Development** have been assigned to the Policy Coordination unit of the Assistant Secretary's Executive Operations staff. They are charged with the responsibility of improving monitoring and oversight activities throughout CPD.

The **Office of Fair Housing and Equal Opportunity** assigned its two program-analyst staff years to its Office of Program Evaluation Standards and Evaluation to augment FH&EO's monitoring and oversight activities

As part of the expansion of HUD's program monitoring and evaluation capacity, program offices have initiated training efforts for staff. Housing and PIH, for example, are developing curriculums in program monitoring and evaluation research skills focused on developing analytical skills to supplement training activities already undertaken for field staff.

## **SUMMARY**

The Department has made important progress in identifying and implementing its program monitoring and evaluation agenda and putting in place the necessary administrative capacity to carry it out. Progress has also been made in the implementation of basic program monitoring data systems, including systems for gathering tenant characteristics and income data for both residents of project- and tenant-based programs. In addition the Department has undertaken a number of major program evaluations using both contract and inhouse resources

Reduced funding for program monitoring and evaluation activities, however, limits the scope of current and planned program monitoring and evaluation activities. Reductions in enacted fiscal year 1992 budget authority will constrain the Department in effectively monitoring and evaluating its programs to reduce fraud, mismanagement, and waste, as well as improving program performance. Proposed increases for fiscal year 1993 will restore the capacity of the Program Monitoring and Evaluation Initiative to address the intended scope of its activities.