

United States General Accounting Office

**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 October 2, 1995, 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.

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## *Housing and Community Development*

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### **MORTGAGE FINANCING**

**TITLE: EFFECTS OF MORTGAGE ASSIGNMENT PROGRAM ON AVOIDING FORECLOSURES AND REDUCING RISKS TO THE FHA FUND (385399)**

**BACKGROUND :** FHA borrowers who have defaulted on their loans can enter HUD's Mortgage Assignment Program to bring their loans current. Since 1980 the value of HUD-held loans has increased to \$3.3 billion, over 1000%. Defaulted loans are paid for from FHA's insurance fund. Only a small percentage of borrowers in the program ever get current on their loans.

**KEY QUESTIONS :** (1): Is the program successful in helping borrowers avoid foreclosure? (2): Does the program reduce financial losses to the insurance fund?

**TITLE: OVERVIEW OF THE SINGLE-FAMILY HOUSING FINANCE SYSTEM (385460)**

**BACKGROUND :** The single-family housing finance system has become an increasingly complex web of interrelated players, including lenders, mortgage insurers, and securitizers, from both the government and private sectors. Understanding the system is critical for policy makers revising the role of players in the system, such as the FHA.

**KEY QUESTIONS :** (1) What products does each player in the single-family housing finance system offer and how many mortgages is each involved with? (2) How are the different players related? (3) What types of customers does each player serve? (4) What housing finance needs have been reported among prospective homeowners? (5) What initiatives are underway to expand the customers served?

**TITLE: ACTUARIAL SOUNDNESS OF FHA'S MUTUAL MORTGAGE INSURANCE FUND FOR FISCAL YEAR 1994 (385463)**

**BACKGROUND :** In 1990, legislative changes were made to FHA's \$315 billion single-family Mutual Mortgage Insurance Fund to make it actuarially sound. A GAO analysis in 1994, however, showed that, while the financial health of the Fund has improved, it still had not met the capital ratio targets established in the legislation as of the end of fiscal year 1993.

**KEY QUESTIONS :** (1) What was the economic value of the Fund as of the end of fiscal year 1994? (2) Is the Fund actuarially sound under the law (2% of insurance-in-force)?

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### **MORTGAGE FINANCING**

**TITLE: COMPARISON OF SINGLE-FAMILY BORROWERS ASSISTED BY FHA VS PRIVATE MORTGAGE INSURANCE COMPANIES (385487)**

**TITLE: HOUSING FINANCE: ASSESSMENT OF THE RISK SHARING DEMONSTRATION PROGRAM AT THE FEDERAL HOUSING ADMINISTRATION (385489)**

**BACKGROUND :** Section 542 of the Housing and Community Development Act of 1992 directed FHA to create risk sharing programs that will demonstrate the effectiveness of a variety of new forms of federal credit enhancements for multifamily loans. GAO was mandated to prepare a status report on the effectiveness of these programs. Congress will use this report in considering program expansion.

**KEY QUESTIONS :** (1) Have there been any major impediments to implementing the programs? (2) How are credit enhancement premiums and credit subsidies calculated? (3) What are the benefits to program participants and beneficiaries? (4) How has FHA protected its insurance fund from losses? (5) What is FHA doing to monitor participant compliance with risk sharing agreements?

### **COMMUNITY DEVELOPMENT**

**TITLE: STUDY OF FEDERAL, STATE, AND LOCAL PLANS TO MONITOR AND EVALUATE EMPOWERMENT ZONES (385477)**

**BACKGROUND :** The Empowerment Zone and Enterprise Community (EZ/EC) Program, authorized in 1993, is a major initiative to help revitalization efforts in urban and rural areas. The program provides \$1 billion in Title XX Social Service Block Grants to 6 designated urban and 3 rural empowerment zone cities, and 65 designated urban and 30 rural enterprise communities.

**KEY QUESTIONS :** (1) What are current federal, state, and local plans to monitor and evaluate the outcomes of empowerment zone and enterprise community initiatives? (2) What information and ideas do recognized community development experts have that can be used by federal, state, and local officials to assess the economic and social outcomes of these initiatives?

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### COMMUNITY DEVELOPMENT

**TITLE: ELIGIBILITY FOR PUBLIC ASSISTANCE FOLLOWING NATURAL DISASTERS (385501)**

**BACKGROUND :** Congress is searching for ways to reduce federal disaster assistance costs. Post- disaster "public assistance" projects (rebuilding roads, parks, schools, government bldgs, etc.) represent a large share of those costs, accounting for more than \$13 billion since 1977. The Federal Emergency Management Agency (FEMA) is responsible for determining the eligibility of specific project costs.

**KEY QUESTIONS :** (1) What specific categories of facilities or functions account for public assistance costs? (2) How does FEMA determine eligibility for specific public assistance costs? (3) How does FEMA ensure that only eligible costs are funded? (4) What options have been identified to potentially reduce public assistance costs?

### LOW INCOME HOUSING

**TITLE: ANALYSIS OF OPPORTUNITIES FOR RESTRUCTURING RURAL HOUSING PROGRAMS MANAGED BY THE FARMERS HOME ADMINISTRATION (385456)**

**BACKGROUND :** The Rural Housing Act of 1949 authorizes a variety of rural housing programs, including single- and multifamily rural housing programs administered by the Rural Housing and Community Development Service (RHCDS). These programs, as currently structured, may not represent the best way to meet rural housing needs.

**KEY QUESTIONS :** (1) What are the purposes and costs of RHCDS' rural housing programs? (2) What unimplemented cost savings measures have GAO, RHCDS, OIG, and others proposed?

**TITLE: HUD'S PROGRESS IN RESOLVING PROBLEMS AT TROUBLED MULTIFAMILY HOUSING PROPERTIES (385491)**

**BACKGROUND :** In response to GAO testimony, HUD organized a Special Workout Assistance Team (SWAT) in November 1994 to take a focused, proactive approach to resolving long-standing physical and financial problems at troubled HUD multifamily housing properties. As of May 1995, the team was working on 171 properties with over 29,000 apartments and total unpaid mortgage balances of about \$700 million.

**KEY QUESTIONS :** (1) Does HUD have an effective process for identifying projects for SWAT, tracking progress of corrective actions, and ensuring problem resolution? (2) What is the disposition or current status of cases assigned to SWAT thus far? (3) What, if any, obstacles have impeded timely completion of necessary corrective actions?

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### LOW INCOME HOUSING

**TITLE: ISSUES AFFECTING THE FUTURE OF PUBLIC HOUSING (385494)**

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

**TITLE: PROPOSED PUBLIC HOUSING BUDGET REDUCTIONS: ALTERNATIVES TO RAISING RENTS FOR CURRENT TENANTS (385498)**

**BACKGROUND :** Public housing operating subsidies fund the difference between operating expenses and rental income; modernization funds are used to perform periodic capital projects. The House recently voted to reduce fiscal year 1996 operating subsidies to \$2.5 billion (\$2.9 billion in FY 1995) and modernization funds to \$2.5 billion (\$3.7 billion in FY 1995).

**KEY QUESTIONS :** (1) What statutory and/or regulatory changes will Public Housing Authorities (PHAs) need in order to adjust to reduced funding levels over a single fiscal year, or the next several fiscal years? (2) What affect will budget reductions of the magnitude passed by the House have on day-to-day and long-term PHA operations?

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### HOUSING & COMMUNITY DEVELOPMENT AGENCIES

**TITLE: REVIEW OF HUD'S "STANDING UP FOR COMMUNITIES" INFORMATION FORUMS (385480)**

**BACKGROUND :** In March and April 1995 the HUD Secretary spoke at eight information forums discussing HUD's blueprint for reinvention and the House-passed \$7 billion rescission. The Anti-Lobbying Act prohibits certain types of lobbying but has never been tested in the courts. Concerns have been raised that these forums may constitute lobbying efforts at the taxpayers expense.

**KEY QUESTIONS :** (1) What criteria must be met to be in compliance with the Anti-Lobbying Act and do the forums meet the Act's criteria? (2) How were the forums developed and what occurred at the forums and their breakout sessions? (3) What was the total federal cost, including to PHAs, of setting up and attending these forums?

**TITLE: HUD REFORM ISSUES (385490)**

**BACKGROUND :** Congress is attempting to radically transform the Department of Housing and Urban Development (HUD) because of severe management, programmatic, and budget problems. A bill has been introduced in Congress to dismantle HUD. HUD itself has proposed to radically reinvent its core functions.

**KEY QUESTIONS :** (1) What issues should be considered if HUD functions are transferred to other agencies? (2) Will administrative cost savings occur if categorical programs are transformed into block grants? (3) What issues should be considered in moving from project-based rental housing assistance to tenant-based assistance?

**TITLE: HRA 18: SURVEY OF HUD'S CONTRACTING OPERATIONS (385497)**

**BACKGROUND :** HUD spends over \$700 million annually contracting for services, information systems, and managing and disposing (over \$300 million) of HUD-owned housing. OMB, HUD and others have identified oversight of contractors as a major internal control weakness. In listing HUD as a high risk agency, GAO included contracting as an area vulnerable to waste, fraud, and abuse.

**KEY QUESTIONS :** (1) What type of data is available on HUD's contracting? (2) How does HUD ensure that there are adequate controls in awarding and monitoring contracts for single-family property disposition activities, including related information systems? (3) What areas should GAO focus on that are vulnerable to waste, fraud, and abuse in the sale of HUD properties?

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

**TITLE: REVIEW OF SBA EFFORTS TO RECOVER FUNDS OWED BY SBICS IN LIQUIDATION (385483)**

**BACKGROUND :** Approximately 192 Small Business Investment Companies (SBICs) are in liquidation. They owe the Small Business Administration (SBA) \$790 million--of which SBA expects to recover \$443 million. Because of the substantial amount of federal funds at risk, it is in the government's interests for SBA to maximize recoveries from liquidated SBICs.

**KEY QUESTIONS :** (1) How does SBA decide when to liquidate an SBIC and the method of liquidations? (2) Are liquidations that are conducted through a receivership process done in an efficient and timely manner? (3) What action does SBA take against SBICs involved in fraud, abuse, or mismanagement? (4) To what extent do weaknesses in program oversight affect recoveries?



