

POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
2006 Summary Statement and Initiatives
(Dollars in Thousands)

RESEARCH AND TECHNOLOGY	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2004 Appropriation	\$47,000	\$7,475	-\$277	\$54,198	\$49,220	\$42,566
2005 Appropriation	45,500	4,978	-364	50,114	50,214	43,000
2006 Request	<u>69,738</u>	<u>...</u>	<u>...</u>	<u>69,738</u>	<u>69,838</u>	<u>56,000</u>
Program Improvements/Offsets	+24,238	-4,978	+364	+19,624	+19,624	+13,000

Obligations in fiscal years 2005 and 2006 include \$100 thousand in recoveries. The 2006 request includes \$29.038 million for the University Partnership Grants Programs.

Summary Statement

The Office of Policy Development and Research (PD&R) is requesting a total of \$69.7 million for the Research and Technology (R&T) account. Of the amount requested, \$40.7 million is for the core research activities that PD&R has historically performed on behalf of the Department. The balance of \$29.0 million is for the University Partnership Grants program. The University Partnership Grants program was previously funded through the Section 107 set-aside within the Office of Community Planning and Development's (CPD) Community Development Block Grant program. PD&R previously administered these grants on behalf of CPD. PD&R will continue to administer the program under the R&T account.

The 2006 request represents an overall decrease of \$4.4 million from the 2005 appropriation level of \$45.1 million for the Core Research and Technology funds. There is also a decrease of \$3.995 million from the appropriation level of \$33.033 million for the University Partnership Grants Program. These decreases result from the effort to provide necessary funding for the Section 8 program.

The 2006 budget continues funding for major PD&R initiatives including housing market surveys, program evaluations, housing finance studies, removal of regulatory barriers and other key housing research. Since the cost of the housing surveys will increase in fiscal year 2006, funding for core research and technology such as program evaluations will decrease. Specifically, in the fiscal year 2006 budget, the \$4.436 million decrease in budget authority combined with the increase to housing surveys of \$1.875 million is largely offset by the zero request of funding for the Partnership for Advancing Technology in Housing program (PATH) and a decrease of \$550 thousand in program evaluations from the fiscal year 2005 funding level of \$5.475 million. There is also no funding for approved demonstrations (Moving-To-Opportunity). The proposed funding will remain flat for homeownership/housing finance studies, research dissemination, housing technology studies, urban data systems research, university research and regulatory barriers removal research. Detailed information pertaining to these increases and decreases starts on page 14.

This 2006 request for the core research and technology area is focused on housing research and studies, program evaluations and policy analysis. The majority of the funding for the core research and technology area, in the amount of \$31.175 million, is devoted to fixed activities. Specifically, \$26.175 million of this fixed activity is for housing surveys, including the American Housing Survey. Other fixed activities include \$5 million for research dissemination and clearinghouse activities. The balance available of \$9.6 million funding is utilized for PD&R's research activities including \$4.9 million for program evaluations, \$1 million for research related to the removal of regulatory barriers to affordable housing, \$1.3 million for homeownership research, \$700 thousand for urban data systems research, \$550 thousand for university research, \$150 thousand for housing technology, and the balance for various small research initiatives. These research funds are administered by the Assistant Secretary for Policy Development and Research under the R&T account.

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The 2006 request for the University Partnership Grants program enables the Department to provide grants to colleges and universities to assist institutions of higher education in forming partnerships with the communities in which they are located to undertake a range of activities that foster and achieve neighborhood development and revitalization. Funds also support a work study program for disadvantaged and minority students in graduate level community building curricula. The \$29.038 million for these programs are distributed among six grant programs with funding proposed as follows: \$2.989 million for the Alaska Native and Native Hawaiian Serving Institutions program, \$2.562 million for the Tribal Colleges and University program, \$8.967 million for the Historically Black Colleges and Universities program, \$5.979 million for the Community Outreach Partnership Center program, \$5.979 million for the Hispanic Serving Institutions Assisting Communities program and \$2.562 million for the Community Development Work Study Program. These grant funds are administered by the Assistant Secretary for Policy Development and Research under the R&T account.

Initiatives

The Department will not request funds in 2006 for PATH from the R&T account. In 2005, the Department requested \$2.0 million for PATH from CPD's HOME account; there is no funding requested for PATH out of the HOME account in 2006.

In addition, the 2006 R&T budget now includes funding for the six University Partnership Grants programs. A complete description of the programs is on pages 11-12.

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POLICY DEVELOPMENT AND RESEARCH
 RESEARCH AND TECHNOLOGY
 Summary of Resources by Program
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Budget Authority</u>	<u>2003 Carryover Into 2004</u>	<u>2004 Total Resources</u>	<u>2004 Obligations</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2006 Request</u>
Core R&T	\$46,723	\$7,475	\$54,198	\$49,220	\$45,136	\$4,978	\$50,114	\$40,700
University Partnership Grants .....	...	...	...	...	...	...	...	<u>29,038</u>
Total Research and Technology	46,723	7,475	54,198	49,220	45,136	4,978	50,114	69,738

NOTE: Fiscal year 2004 and 2005 budget activity for the University Partnership Grants program is included in the Community Development Block Grants section of the Congressional Justifications.

<u>FTE</u>	<u>2004 Actual</u>	<u>2005 Estimate</u>	<u>2006 Estimate</u>
Headquarters	104	107	114
Field	<u>35</u>	<u>39</u>	<u>42</u>
Total	139	146	156

**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
Program Offsets
(Dollars in Thousands)**

Core R&T	<u>Amount</u>
2004 Appropriation	\$46,723
2005 Appropriation/Request	45,136
2006 Request	<u>40,700</u>
Program Improvements/Offsets	-4,436

Proposed Actions

The Department proposes \$69.738 million for Research and Technology in 2006. This request includes Core Research and Technology for \$40.7 million and the University Partnership Grants program for \$29.038 million. Previously, the University Partnership Grants program was funded from CPD's CDBG account. The Core Research and Technology request is \$6 million less than the 2005 budget request and \$4.436 million less than the 2005 enacted level. The University Partnership Grants program request is \$4.761 million less than the 2005 budget request and \$3.995 million less than the 2005 enacted level.

The following section describes the key aspects of PD&R's research program for fiscal year 2006 that advance HUD's mission and strategic objectives. Following this section is a description of the main categories of PD&R's core research programs and analytical work starting on page 14. PD&R's performance measurement table is on page 20.

KEY RESEARCH PLAN FOR FISCAL YEAR 2006

Through its research and policy analysis, and the grant programs, PD&R provides broad support for the full range of policy objectives of the Department. These policies serve as the cornerstones of PD&R's budget request. In fiscal year 2006, PD&R will conduct or initiate work that supports HUD's mission and strategic objectives. Specific areas of PD&R's research and the linkage to the mission and strategic objectives of the Department follow:

STRATEGIC OBJECTIVE: EMBRACE HIGH STANDARDS OF ETHICS, MANAGEMENT AND ACCOUNTABILITY

PD&R's commitment to program evaluations, performance management, the Government Performance and Results Act (GPRA) and other efforts significantly support the Department's management and accountability of programs. PD&R also places an emphasis on housing research for other HUD program offices, Congress, the Office of Management and Budget and the public. PD&R staff continues to attend and participate in relevant conferences as well as prepare papers on policy related topics. Examples of PD&R's commitment in this area follow:

- **Program Evaluations.** PD&R has a broad support role in HUD, evaluating the Department's programs and informing policy decisions to make programs more effective. Recently the demand for program evaluations has increased significantly as program offices throughout HUD seek these evaluations to assist in their OMB PART reviews. PD&R is committed to the effort to strengthen the accountability of HUD programs for results and promote the integration of budget and performance information. The program evaluations underway and under consideration in fiscal years 2005 and 2006 are discussed on pages 16 and 17 of this Justification.

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- **Performance Management (GPRA).** PD&R provides analytical and staff support for the Department's performance management processes. PD&R takes the lead role in developing the Department's Strategic Plan, and works closely with the Chief Financial Officer and program offices to develop appropriate measures for the Department's Annual Performance Plans. PD&R will continue its research program to improve HUD's ability to measure the direct effects of HUD's programs and show how performance measures relate to long-term impacts. The American Housing Survey, program evaluations and special-purpose research efforts provide and validate performance data about program impacts. In addition, as a means of measuring HUD's performance, there is currently a survey underway by PD&R of HUD's partners on their level of satisfaction with HUD's programs and how they are managed.
- **President's Management Agenda (PMA)--Reducing assisted housing subsidy errors.** PD&R activities support the PMA initiative to reduce assisted housing subsidy errors. Reports on these errors are required in the Department's financial statements and are a priority for the Department. The goal in the PMA is to reduce these errors by 50 percent by 2005 and to continue to increase error reduction into fiscal year 2006. In support of this goal, PD&R manages what are now annual studies of the accuracy of local income and rent determinations used as the basis for subsidy billings. These studies provide information on the magnitude and source of errors, and are used as the basis for developing corrective actions and measuring their effectiveness. The two other subsidy payment error components studied are deliberate tenant income misreporting and program sponsor billing errors other than those caused by incorrect tenant subsidy determinations. The tenant subsidy error measurement study sample cases are used for income matching to measure intentionally unreported income, and to estimate the related subsidy cost. PD&R supplies the sample and does the analysis for the income matching effort. It also provides the samples and does the analysis associated with measurement of errors caused by subsidy billing discrepancies unrelated to tenant subsidy errors. The aforementioned studies are funded out of PD&R's Salaries and Expense account or through funding from other Offices.
- **President's Management Agenda--Expanded Electronic Government.** PD&R resources support the governmentwide eGovernment initiative in the PMA. PD&R's work to enhance the availability and use of geospatial data makes local geographic information more readily available and more useful to state and local partner organizations. Geographic Information Systems (GIS) provide better analysis tools for revealing program opportunities and results. PD&R's GIS experts provide assistance across HUD programs and coordinate geospatial data sharing with other Federal agencies.
- **Targeting Benefits and Funds.** Because of its expertise in the fields of statistics and economics, PD&R performs a number of functions that help to support the administration of the Department's housing programs. These include calculating the key parameters used in ensuring the right benefits go to the right people, such as establishing HUD's income limits (which are also used by several other agencies), setting Section 8 Fair Market Rents, designating Difficult Development Areas and Qualified Census Tracts for the Low-Income Housing Tax Credit Program, assessments of targeting under the CDBG formula and calculating the formula funding allocations for the Section 8, Section 202, and Section 811 programs. PD&R also manages the HUD field economist function, which is responsible for advising if there is a sufficient market for multifamily housing projects applying for FHA insurance or HUD assistance. PD&R also administers fair market rent and customer surveys, although the funding for these two program support functions has been provided through the Public Housing Capital Fund starting in fiscal year 2001.

STRATEGIC OBJECTIVE: INCREASE HOMEOWNERSHIP OPPORTUNITIES

More than half of PD&R's core research and technology budget request supports increasing homeownership. This is due to PD&R's substantial research program focused on low-income and minority homeownership, including funding for the American Housing Survey and the Survey of New Home Sales and Completions. Areas of research in support of increased homeownership follow:

- **Providing essential data on homeownership and other housing issues.** A significant portion of PD&R's budget is dedicated to funding major ongoing housing market surveys that provide critical data on the state of the nation's housing stock and markets. These surveys include the American Housing Survey, the Survey of New Home Sales and Completions, the Survey of Market Absorption, and the Survey of New Manufactured Homes Placements.
- **Evaluations of HUD Homeownership Programs.** To better understand the impact of HUD homeownership programs and determine how they can advance national homeownership more effectively, PD&R will initiate or continue work on a number of program evaluations. These include evaluations of Housing Choice Voucher homeownership, Housing Counseling, FHA single-family insurance and programs that concentrate homeownership investments in particular neighborhoods. Past PD&R activity in this area has led to significant improvements in HUD's homeownership programs. For example, PD&R's evaluation of the FHA assignment program led to termination of that program and institution of new FHA loss mitigation tools. PD&R analysis has also contributed to the development of mortgage scorecards for use in FHA's automated underwriting and to the restructuring of FHA mortgage insurance premiums.
- **Increasing Minority Homeownership.** In support of the President's ambitious goal to create 5.5 million more minority homeowners by 2010, PD&R is studying the reasons for the racial and income gaps in homeownership, the early homeownership experiences of low-income families and the special problems found by Hispanics in the mortgage market. Other work includes such topics as the extent of any supply side constraints on lower-income homeownership opportunities and the effectiveness of policies and programs aimed specifically at boosting minority homeownership and helping low-income and minority families to remain homeowners.
- **RESPA Analysis.** Since the passage of the Real Estate Settlements Procedures Act in 1974, PD&R has helped to shape its implementation and enforcement. PD&R economists have been working to help the Department simplify and improve the mortgage origination process so that consumers can benefit from lower settlement service prices. PD&R staff helped the Department evaluate comments, analyze changes, and together with others in the Department develop improved RESPA regulation. If new RESPA regulations are adopted, PD&R economists will work to assess their impact.
- **Reducing Closing Costs.** Closing costs contribute to the upfront cost of buying a home, but there is little empirical work in this area because of the lack of a useful database. PD&R is developing a database from FHA mortgage closing documents that can provide reliable information on closing costs for the nation as a whole, for each of the 50 states, and for certain cities and metropolitan areas. Analysis of this database will help to inform policy makers on strategies for reducing closing costs.
- **Predatory Lending.** PD&R will continue its analysis of the sub-prime lending market to help policy makers distinguish between legitimate sub-prime lending activity that helps to expand homeownership opportunities for low-income and minority families, and predatory lending that takes advantage of these families. PD&R will also continue examining the role of mainstream lenders in our inner cities.
- **The Affordable Housing Goals for GSEs.** PD&R research and analysis supports the review and establishment of new Affordable Housing Goals for the Government-Sponsored Enterprises (GSEs), Fannie Mae and Freddie Mac, monitoring of performance under the goals, and research on the effectiveness of the goals. These performance goals play a significant role in ensuring that the GSEs do their part to expand homeownership opportunities for low-income and minority families. A regulatory process to revise the goals, reflecting recent market developments and 2000 Census data was completed in early fiscal year 2005. In fiscal year 2006, PD&R will monitor and evaluate the effects of the new goals as they take effect. Prior PD&R analyses have provided the foundation for establishing the GSE housing goals to ensure they do their utmost to help make housing affordable.

STRATEGIC OBJECTIVE: PROMOTE DECENT AFFORDABLE HOUSING

- **Reducing Barriers to the Production of Multifamily and Single-Family Housing.** State and local regulations may operate as a significant barrier to the production of affordable housing. Various studies estimate that construction and development costs can be reduced by as much as 35 percent through new regulatory tools and processes. To address findings from a recent nationwide regulatory barriers research conference, PD&R plans to devote \$1 million, in fiscal year 2006, to research, policy analysis, information dissemination and other activities directed at reducing regulatory and other barriers to affordable housing. PD&R's research efforts are in support of "America's Affordable Communities Initiative"--a HUDwide effort to work with state and local governments to remove and reduce regulatory barriers. Among other impacts, past PD&R work in this area has identified opportunities for streamlining rehabilitation codes to stimulate greater rehab activity to preserve existing housing. Elimination of these obsolete building standards, land use controls and processes will streamline the provision of both market and HUD-assisted housing in America's communities. In fiscal year 2006, PD&R will continue studies on the impact of specific regulatory and other barriers on the production of affordable housing, develop options for reducing these barriers, and work with a wide variety of stakeholders to ensure that information regarding effective strategies to remove regulatory barriers is widely disseminated.
- **Monitor Low-Income Housing Tax Credit activity.** The Low-Income Housing Tax Credit (LIHTC, section 42 of the Internal Revenue Code) constitutes the largest federal subsidy for the construction and rehabilitation of affordable rental housing. Since the LIHTC is not a HUD subsidy program and HUD has no role in the program's administration, HUD has no internal source of data on activity resulting from the program. Therefore, as it has in the past, PD&R will use external data sources to collect information on rental housing projects placed in service and financed with the LIHTC.
- **Improving the quality and management accountability of public and assisted housing.** Improving the performance of housing intermediaries is an initiative of the President's Management Agenda, established with specific performance goals for housing quality and accountable management. PD&R recently completed a number of program evaluations that will help to advance this objective, including evaluations of the SEMAP system for assessing PHA management of the housing choice voucher program and the Mark-to-Market program. PD&R has currently undertaken a project to develop procedures to advise PHA's on the number of vouchers to issue to optimize utilization. In fiscal years 2005 and 2006, PD&R will also conduct a cross-cutting analysis of housing quality in HUD's various rental housing programs--public housing, Housing Choice Vouchers, and the project-based Section 8 program--utilizing a tenant survey that PD&R jointly developed with the Office of Public and Indian Housing.
- **Strengthening the Housing Choice Voucher Program.** PD&R is helping fulfill the President's Management Agenda initiative to improve the performance of housing intermediaries through a long-standing research program focused on evaluation and improvement of the voucher program--HUD's largest affordable rental housing program. Recent studies have focused on evaluating voucher success rates, analyzing the reasons for underutilization of vouchers, and helping PHAs respond effectively to local concerns about the voucher program. HUD's FMR estimation process was extensively evaluated in fiscal year 2004 using decennial Census data. The 2000 Census data provided a means of evaluating the accuracy of past estimation methodologies and the impacts on accuracy of alternative approaches. Based on this analysis, changes were made in the adjustments for assisted and substandard housing and the methodology used to calculate FMRs for low population areas. Work is also being done on how best to integrate forthcoming Census American Community Survey (ACS) data into the FMR estimation process. Starting in fiscal year 2006, increasing reliance will be placed on using ACS data to revise most FMR estimates.

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- **Helping HUD-assisted renters make progress towards self-sufficiency.** PD&R is presently evaluating a number of initiatives designed to advance this objective, including the Family Self-Sufficiency Program; the Welfare-to-Work Housing Voucher program; the Jobs Plus demonstration; and the Moving-to-Opportunity demonstration. PD&R is also closely analyzing HUD administrative data to establish a benchmark for assessing the efficacy of future efforts to increase the incomes of families in public and assisted housing. Work on these priorities will continue in future years.
- **Evaluation of Housing for those with Disabilities.** PD&R recently completed a study of the advantages and disadvantages of projects of different sizes for serving people with disabilities.
- **Senior Housing.** PD&R has underway an evaluation of the Assisted Living Conversion Program that is intended to enable the frail elderly to live longer in Section 202 developments.
- **Building Technology.** A major focus of the Building Technology and Regulatory Studies research category in fiscal year 2006 will be research in support of the Office of Housing's technology issues and HUD technical standards and requirements.
- **PD&R's Field Economists.** The economists serve as the Department's primary source of information on local economic and housing conditions particularly in the multifamily assisted housing areas.

STRATEGIC OBJECTIVE: STRENGTHEN COMMUNITIES

- **Engaging universities in community revitalization.** PD&R funds and administers five college and university partnership programs designed to help institutions of higher education apply their human, intellectual and institutional resources to the challenge of revitalizing distressed communities. The communities surrounding the colleges and universities benefit directly from these grants. Funds also support a work study program for disadvantaged and minority students in graduate level community building curricula.
- **Ending Chronic Homelessness.** PD&R is actively engaged in research designed to support the Presidential and Secretarial goal of ending chronic homelessness by 2012, a key component of this Strategic Objective. Research and reliable data are crucial to achieving this goal, and we continue to build on HUD-sponsored and externally sponsored research to inform means and strategies. Among other projects, PD&R is assessing transitional housing for homeless families and evaluating the effectiveness of HUD-funded permanent housing for homeless persons with disabilities.
- **Preventing Homelessness.** To effectively address the challenge of homelessness, it is essential to focus on preventing families from becoming homeless in the first instance. To help develop more effective policies for preventing homelessness, PD&R is researching the causes of homelessness, with a focus on procedures for discharging individuals from various publicly funded institutions, including jails and mental health institutions. PD&R also has underway an assessment of local homeless prevention programs.
- **President's Management Agenda--Improving the Usefulness of the Consolidated Plan.** PD&R is actively involved in the Presidential Management Agenda goal of streamlining the Consolidated Plan to reduce compliance burdens and make it more useful to communities. Among other activities in fiscal years 2005 and 2006, PD&R will help to assess the efficacy of pilot strategies to streamline the consolidated planning process and improve the usefulness of data that HUD provides communities for use in analyzing housing and community needs through the development of improved Geographic Information Systems (GIS) templates.

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- **Evaluating the Formulas for Distributing Community Development Block Grant Funds (CDBG).** PD&R completed two reports on the CDBG formula. These reports consider how changes in the formula approach might improve targeting to needy communities.
- **Evaluating Economic and Community Development.** In 2003, PD&R completed program evaluation research to assess the Department's Section 108 third party lending program in communities and to assess the impacts of the Department's Youthbuild program. PD&R has underway an assessment of how CDBG grantees manage sub-recipients to promote good performance. In 2006, PD&R will work with program offices to explore how its program of research can enhance the Department's community development programs.
- **Improving the lives of residents of the Colonias.** PD&R is engaged in an ongoing research effort to support the Secretary's goal of helping to improve the lives of residents of the poor areas along the U.S./Mexico border known as "Colonias." PD&R's research program is designed to better understand the nature of the problems faced by residents of the Colonias and analyze policy options for addressing these problems. PD&R is launching a "model colonias" project in one New Mexico community to create a replicable model, for creating and implementing a master revitalization plan and to coordinate resources from a variety of Federal, State, local and private partners.
- **State of the Cities Data Base.** PD&R maintains and updates the State of the Cities Data System. The data system provides community and economic development practitioners with a centralized source of a variety of economic, demographic, and housing data. Practitioners and researchers use the data system to track local conditions in cities and suburbs across the nation.

STRATEGIC OBJECTIVE: ENSURE EQUAL OPPORTUNITY IN HOUSING

- **Housing Discrimination.** PD&R, in partnership with FHEO, has an active research program designed to better understand the extent and nature of housing discrimination. Among other activities, PD&R recently completed national estimates of discrimination against African Americans, Hispanics and Asians and statewide estimates for Native Americans in three states. PD&R will soon complete exploratory studies related to housing discrimination against persons with disabilities. We expect that the disabilities studies will generate interest in further research for this population. PD&R recently sponsored a national conference on the policy implications of recent research on fair housing. Additionally, we expect to begin work to assess changes since recent studies were done.
- **Housing Accessibility.** In fiscal year 2006, PD&R plans to use R&T funds to estimate the extent to which newly constructed rental housing meets the accessibility requirements of the Fair Housing Act. PD&R will continue to support the efforts of FHEO in this area in future years.

STRATEGIC OBJECTIVE: PROMOTE PARTICIPATION OF FAITH-BASED AND COMMUNITY ORGANIZATIONS

- **Building the capacity of faith-based and grassroots nonprofits.** Prior PD&R research has identified lack of capacity as a key obstacle to the funding (or expansion of funding) of many smaller nonprofit groups. Working closely with HUD's Center for Faith-Based and Community Initiatives in support of this President's Management Agenda item, PD&R will continue to support research, education and outreach on effective strategies for strengthening these groups' capacity. PD&R recently worked with the Office of Community Planning and Development to develop estimates of the level of participation by faith-based organizations in the CDBG program. PD&R has underway a survey of faith-based organizations on their capacity to access HUD program funding. Other ongoing research includes evaluating methods to enhance the ability of these groups to set goals, measure their own performance, and access a wider variety of funding sources.

**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
Program Offsets
(Dollars in Thousands)**

University Partnership Grants	<u>Amount</u>
2004 Appropriation.....	...
2005 Appropriation/Request .....	...
2006 Request	<u>\$29,038</u>
Program Improvements/Offsets	+29,038

Fiscal years 2004 and 2005 budget activity for the University Partnership Grants program is included in the Community Development Block Grant section of the Congressional Justification and the table located on page 15 of this Justification.

Proposed Actions

University Partnership Grants Programs. This Budget requests \$29.038 million for University Partnership Grant programs. HUD currently provides grants to colleges and universities under six programs: Historically Black Colleges and Universities (HBCUs), Community Development Work Study (CDWS), Hispanic-serving Institutions Assisting Communities (HSIAC), Alaska Native/Native Hawaiian Institutions Assisting Communities (AN/NHIAC), Tribal College and University Program (TCUP), and the Community Outreach Partnership Center (COPC) program. Funds are used to assist institutions of higher education in forming partnerships with the communities in which they are located to undertake a range of activities that foster and achieve neighborhood development and revitalization. Funds also support a work study program designed to enroll economically disadvantaged and minority students in graduate level community building curricula. All college and university partnership programs are announced through HUD's competitive Notice of Funding Availability (NOFA) process. Applications are rated and ranked in a rigorous peer review system. Below is a brief description of each program:

Historically Black Colleges & Universities (HBCUs). For fiscal year 2006, a total of \$8,967 million is being requested for funding under this program. Up to \$1 million of this amount is requested for technical assistance. The HBCU program has provided funding to HBCU's since 1980, to assist HBCU's in expanding their role and effectiveness in addressing community development needs in their localities, including neighborhood revitalization, housing, and economic development.

Community Development Work Study (CDWS). For fiscal year 2006 the Budget proposes \$2.562 million for the CDWS program. There is a large, untapped source of students for this program, e.g., students enrolled at minority-based institutions. These institutions have only recently started applying for CDWS grants. With additional outreach a greater number of minority and economically disadvantaged students can be attracted into the program. The program is designed to attract more minority and economically disadvantaged students into graduate-level programs in urban planning, public administration, and community development.

Hispanic-Serving Institutions Assisting Communities (HSIAC). The Budget proposes \$5,979 million for the HSIAC program. The program is designed to help Hispanic-Serving colleges and universities expand their role and effectiveness in addressing community development needs. Rapid changes in domestic demographics have given rise to a dramatic increase in the number of institutions achieving the "Hispanic-Serving" designation.

Alaska Native and Native Hawaiian Serving Institutions. The Budget proposes \$2.989 million for the Alaskan Native/Native Hawaiian Institutions Assisting Communities (AN/NHIAC) program. This program is designed to assist Alaska Native/Native Hawaiian institutions of higher education expand their role and effectiveness in addressing community development needs in their localities. AN/NHIAC grantees carry out projects designed primarily to benefit low- and moderate-income residents, help prevent

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or eliminate slums or blight, or meet an urgent community development need in the community where the Alaska/Native Hawaiian institution is located.

Community Outreach Partnerships Centers (COPC). A total of \$5.979 million is being requested in this Budget proposal for the COPC program. The COPC program provides grants to encourage institutions of higher education to join in partnership with their communities. The Budget request reflects a greater interest on the part of colleges and universities in community outreach. Greater numbers of applications from minority-based institutions as well as community and junior colleges speak to this increased interest. Attempts to interest professional schools (architecture, business, medicine) have also heightened awareness of partnership opportunities. There is also greater emphasis being placed on service learning as a tool to bring the resources of the campus to the community.

Tribal Colleges & Universities. This Budget includes \$2.562 million in competitive grants to tribal colleges and universities to assist them in building, renovating, expanding, and providing equipment for their own facilities, including those that serve these communities and to expand the role of the colleges into the community through the provision of needed services such as health programs, job training and economic development activities.

Legislative Authority. Title V of the Housing and Urban Development Act of 1970, as amended, authorizes and directs the Secretary to undertake programs of research, studies, testing and approved demonstrations relating to the missions and programs of the Department. Work under this authority is a principal source for Departmental program and policy changes. In order to ensure effective use of the results of these activities, the Secretary is authorized to disseminate significant reports, data, and information to Departments and agencies of Federal, State and local governments, Congress, industry, and the general public.

The authority for the University Partnership Grants programs is provided by authorizing and appropriations statutes, including the Housing and Community Development Act of 1992 (Public Law 102-550) and the Housing and Community Development Act of 1974. The grants are awarded competitively to colleges and universities. The grant process is initiated with the Super Notice of Funding Availability (SuperNOFA) announcing the grant competition to the colleges and universities.

Policy Development and Research. The Assistant Secretary for PD&R is responsible for the development, planning, and execution of HUD research, program evaluations, conducting approved demonstration programs, assisting in the formulation of Department policy and disseminating HUD research results. The Assistant Secretary for PD&R is also responsible for the administration of the University Partnership Grants programs.

Access to PD&R's research is available through the website www.huduser.org. PD&R offers independent, objective review by highly qualified research professionals of programs and issues critically important to housing and community development. In addition, the PD&R organization has principal responsibility for providing economic and policy analysis and staff assistance to the Secretary in determining national housing and community development goals, program priorities, and objectives; funding major ongoing housing market surveys; and supporting the Secretary's role in overseeing the GSEs--Fannie Mae and Freddie Mac.

Given the expertise in the field of economics, PD&R performs a number of functions that help to support the administration of the Department's housing programs. These include calculating the key parameters used in housing programs such as income limits and Fair Market Rents and overseeing the field economists who review the market for multifamily housing projects applying for FHA insurance. While PD&R administers Fair Market Rent and customer surveys, the funding for these programmatic functions has been provided through the Public Housing Capital Fund starting in fiscal year 2001.

In line with the Department's small business goals, PD&R now procures more of our research with small businesses. PD&R's small business awards have increased from under 2 percent in fiscal year 2001 to 56 percent in fiscal year 2004. PD&R conducted extensive outreach to the small business community and numerous awards have been made to small firms for a variety of our research efforts. It is anticipated that the small business procurements will be a catalyst for innovation and diversity of thought in our research products.

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Classification of Activities. PD&R activities under the core research and technology account may be classified as either fixed or variable:

- Fixed Activities. PD&R expects to commit \$31 million for fixed activities in fiscal year 2006. The largest of these is the Congressionally mandated American Housing Survey, which provides policy makers and researchers with basic information on the U.S. housing market. Housing surveys are estimated at \$26.175 million in fiscal year 2006, an increase of \$1.875 million over the estimated fiscal year 2005 survey costs. Survey costs are increasing due to the higher wages of Census employees, enhancement of the sample to better track senior housing, improved coverage of manufactured housing and improvements of software used to conduct computer-assisted personal interviewing. The increased cost of the surveys impacts the total funding for other research, resulting in less funding for program evaluations and other core research. Besides the American Housing Survey, other fixed expenses include the Survey of New Home Sales and Housing Completions, the Survey of New Manufactured Housing Placements, and the Survey of Market Absorption of New Multifamily Units. Other fixed activities, totaling \$5 million, include those related to research dissemination and clearinghouses including HUDUSER, support services, the Congressionally mandated regulatory barriers clearinghouse and the university/community partnerships clearinghouse.
- Variable Activities. The remaining \$9.6 million includes \$4.9 million for program evaluations and \$1 million for the removal of barriers to affordable housing. The balance of funds is committed for the analysis of urban problems, research on low-income and minority homeownership, studies supporting the Department's regulation of Fannie Mae and Freddie Mac, examination of the impact of the Department's Real Estate Settlement Procedures Act (RESPA) reform initiatives and other research on housing, community and economic development issues.
- The University Partnership Grants program funds of \$29.038 million are for six competitive grant programs.

Information pertaining to increases and decreases are provided on the following table:

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**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
Summary of Obligations by Budget Category**

(Dollars in Thousands)

The table below shows obligations for fiscal years 2004, 2005 and 2006.

<u>Budget Activity</u>	<u>2004 Obligations b/</u>	<u>2005 Budget Estimate</u>	<u>2005 Current Estimate b/c/</u>	<u>2006 Estimate b/</u>	<u>2006 vs 2005 Increase+ Decrease-</u>
Core Research and Technology Funds:					
I. Market Surveys (Fixed)	\$26,291	\$26,500	\$24,300	\$26,175	+\$1,875
II. Other Fixed Activities	4,302	5,000	5,000	5,000	0
Subtotal Fixed Activities	30,593	31,500	29,300	31,175	+1,875
III. Program Evaluations	4,679	7,500	5,475	4,925	-550
IV. Homeownership/Housing Finance Studies	1,728	1,700	1,300	1,300	0
V. Housing Technology/ Regulatory Studies	135	1,000	150	150	0
VI. Urban Data Systems Research	445	1,000	700	700	0
VII. University Research a/	947	1,100	962	550	-412
VIII. Approved Demonstrations	0	0	250	0	-250
IX. Removal of Regulatory Barriers to Affordable Housing	1,072	2,000	1,000	1,000	0
X. Other Housing/Community Development/Urban Research	1,576	1,000	1,000	1,000	0
Subtotal Variable Activities	10,582	15,300	10,837	9,625	-1,212
Total non-PATH R&T	41,175	46,800	40,137	40,800	+663
XI. PATH d/	<u>8,045</u>	<u>0</u>	<u>10,077</u>	<u>0</u>	<u>-10,077</u>
Total Core R&T	49,220	46,800	50,214	40,800	-9,414

a/ Fiscal year 2005 current estimate for University Research includes carryover funds of \$513 thousand for fiscal year 2004 grants awarded in early fiscal year 2005.

b/ Fiscal year 2004 obligations include 2003 carryover (\$3.752 million for R&T and \$3.722 million for PATH). Fiscal years 2005 and 2006 estimates include \$100 thousand in recoveries.

c/ Fiscal Year 2005 current estimate includes 2004 carryover (\$3.133 million for PATH and \$1.845 million for core R&T).

d/ No funds are requested for PATH in fiscal year 2006.

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Budget Activity

	<u>2004</u>	<u>2005</u>	<u>2005</u>	<u>2006</u>	<u>2006 vs 2005</u>
University Partnership Grants Programs	Obligations	Budget Estimate	Current Estimate	Estimate	Increase+ Decrease-
XI. Historically Black Colleges and Universities	[\$8,141]	[\$10,438]	[\$9,920]	\$8,967	+\$8,967
XII. Community Development Work Study	[5,242]	[2,982]	[2,877]	2,562	+2,562
XIII. Hispanic Serving Institutions	[7,046]	[6,959]	[6,646]	5,979	+5,979
XIV. Alaska & Hawaiian Serving Inst	[4,770]	[3,479]	[3,968]	2,989	+2,989
XV. Community Outreach Partnership Center	[7,347]	[6,959]	[6,646]	5,979	+5,979
XVI. Tribal Colleges and Universities	[3,175]	[2,982]	[2,976]	2,562	+2,562
Total University Partnership Grants	[35,721]	[33,799]	[33,033]	29,038	+29,038
Grand Total R&T	49,220	46,800	50,214	69,838	+19,624

NOTE: In fiscal years 2004 and 2005, the University Partnerships Grants program was funded under the Office of Community Planning and Development's Community Development Block Grant program. In fiscal year 2006, the program will be funded under PD&R's Research and Technology account.

The following is a description of PD&R activities under each of the categories listed above:

FIXED ACTIVITIES:

I. Housing Market Surveys

Given the continuing changes in housing and housing finance markets, it is essential for policy makers to keep abreast of institutional and economic changes and understand their import for financial risk, credit, affordability of rental and owner-occupied housing, residential construction and home purchases. By sponsoring major housing market surveys and conducting research and analysis on housing market finance issues, PD&R provides this essential information to a wide range of policy makers and stakeholders.

Over half of the budget for research and technology is dedicated to funding major ongoing housing market surveys including the American Housing Survey (AHS), the Survey of New Home Sales and Completions, the Survey of Market Absorption, and the Survey of New Manufactured Homes Placements. These studies are described below:

- The AHS, a Congressionally mandated survey, is the Nation's primary source of information on the housing stock and housing conditions. Since 1973, the Census Bureau has surveyed a nationally representative longitudinal sample of approximately 60,000 housing units in odd-number years to gather information on the condition of those units and the characteristics of their residents. In even-number years, smaller, longitudinal samples are surveyed to provide similar data for each of 47 large metropolitan areas at 4- or 6-year intervals. Although conducted by the Census Bureau, these surveys are sponsored, funded and directed by PD&R. HUD, other government agencies, private entities, and researchers

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use this information to assess the housing needs of the country, evaluate the performance of national housing policy, and study the dynamics of the housing market.

- The Survey of New Home Sales and Housing Completions provides monthly, quarterly and annual data on sales, completions, and prices of new homes. Information on other characteristics of new homes is also collected. This survey provides the data for two leading national economic indicators every month.
- The Survey of Market Absorption of New Multifamily Units provides quarterly data on how quickly new multifamily units are rented, by rent level and number of bedrooms. The survey also provides information on other characteristics of new multifamily housing units.
- The Survey of New Manufactured (Mobile) Housing Placements compiles monthly and annual data on the number of new manufactured housing units sold or leased and placed on site by manufactured housing dealers for residential use. Information on other characteristics of newly placed manufactured homes are collected through this survey.

II. Other Fixed Activities (including Research Dissemination, Support Services, Regulatory Barriers Clearinghouse, and University/Community Partnerships Clearinghouse)

To ensure optimal use of the research and analysis conducted by PD&R, it is essential that these materials be made available to policy makers, researchers and policy analysts. This funding category supports activities necessary for disseminating and supporting PD&R research. PD&R's research information clearinghouse, HUDUSER, and PD&R's web site www.huduser.org, will continue to serve an impressive number of researchers, including policy analysts at all levels of government, the private sector, nonprofit housing advocates, and educators. During fiscal year 2004, over 5.3 million files were downloaded by these users. During the same period, HUDUSER distributed over 256,000 copies of PD&R products. Through its support services contract, PD&R will continue to have access to technical reviewers for reports and papers, writers, editors, conference planners and graphic designers. Experts in these areas will assist PD&R staff in the development and marketing of written products; organizing and implementing conferences, workshops and meetings; designing and staffing a PD&R exhibit at national conferences; and providing dissemination and distribution support for PD&R publications.

This funding category also includes two clearinghouses required by legislation. First, the American Homeownership and Economic Opportunity Act of 2000 required PD&R to establish a Regulatory Barriers Clearinghouse to serve as a national repository to receive, collect, process, assemble, and disseminate information to eliminate barriers to affordable housing. Second, the legislation creating Community Outreach Partnership Centers directed HUD to establish a clearinghouse on university/community partnerships to document and disseminate information about such grant programs that PD&R administers. As the number of these grant programs has grown, so too has the role of the clearinghouse in promoting the creation of university/community partnerships.

VARIABLE ACTIVITIES:

III. Program Evaluations

In fiscal year 2006, PD&R plans to continue its commitment to program evaluations. Based on input from the Secretary and program offices within HUD, PD&R develops a plan for its program evaluation activity to ensure that it advances key policy objectives, provides relevant program information for PART reviews as well as regular periodic evaluations of major HUD programs.

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PD&R has a full research agenda in the area of homelessness including research in support of the President's goal to end chronic homelessness by 2012. This agenda incorporates the following projects:

- a study of predictors of stability of housing for chronic homelessness and an evaluation of the interagency demonstration to assist the chronic homeless;
- an evaluation of the Housing First approach to chronic homelessness;
- an assessment of transitional housing for homeless families; and
- an assessment of homeless prevention strategies.

In addition, PD&R is completing or has completed:

- an assessment of promising practices in performance measurement in community development programs;
- an assessment of the Family Self-Sufficiency program;
- an assessment of the Elderly Assisted Living Conversion Program;
- a continuation of the evaluation of welfare-to-work vouchers;
- an evaluation of promising performance practices of CPD grantees;
- an evaluation of the Asset Control Area initiative; and
- an evaluation of the Mark-to-Market program.

Other program evaluations under consideration for fiscal years 2005 and 2006 include:

- a study of programs to promote aging in place;
- an assessment of the Section 202/811 properties as platforms for providing necessary social services;
- an assessment of the Native American Housing Assistance and Self-Determination Act (NAHASDA) program;
- an evaluation of the Self-help Housing Opportunity Program (SHOP);
- an evaluation of the housing counseling program;
- an assessment of time limits in assisted housing; and
- an evaluation of the Fair Housing Complaint process.

Other program evaluations will be conducted as necessary to address major policy issues, measure the performance of HUD programs, and ensure that major program activity areas benefit from data and insights provided by program evaluations.

IV. Homeownership/Housing Finance Studies

While PD&R has a broad research and evaluation agenda in the housing finance area, many PD&R studies focus on the role of FHA and the GSEs in expanding affordable lending and increasing homeownership opportunities for low-income and minority families.

PD&R's housing finance research will continue to furnish sound analysis and support to the Department on: (1) prime, sub-prime, and secondary mortgage market trends, (2) FHA programs and other affordable lending and homeownership programs, (3) financing risks in single-family and multifamily mortgage lending, (4) mortgage default, loss, and risk-based pricing, and (5) credit scoring and FHA's mortgage scorecard technology for automated underwriting and risk rating FHA mortgages. Continuing emphasis will be devoted to research and analysis in support of the Administration's initiatives to increase first-time homeownership for minority and low-income households and to reform RESPA rules to simplify the process and cut the cost of getting a mortgage. Other work will focus on analyzing PD&R's database on mortgage closing costs to develop strategies for reducing closing costs and an update to the database for the Low-Income Housing Tax Credit (LIHTC) program.

Research and Technology

In addition, PD&R staff and contract resources will continue providing technical support in the joint HUD and USDA effort to develop a mortgage scoring and automated underwriting capacity for Rural Housing Service (RHS) guaranteed mortgage loans. Research intended to distinguish legitimate sub-prime lending practices from abusive, predatory practices will continue.

PD&R also provides research and policy analysis support to the Secretary in connection with his role in regulating the GSEs--Fannie Mae and Freddie Mac. In fiscal year 2006, PD&R's research program will emphasize monitoring and analyzing the effect of the new housing goals. PD&R will research the implications of current market developments on the GSEs, the secondary mortgage market, and the availability of mortgage funds for lower-income borrowers. Continued attention will be given to the evolution of sub-prime mortgage lending and markets and the increased use of risk-based pricing throughout the mortgage market. Research and policy analysis also will support the Department's oversight of GSE fair lending requirements.

V. Housing Technology and Regulatory Studies

This research aims to improve the safety, soundness and energy efficiency of the Nation's housing stock, while maintaining affordability. A major focus of the Housing Technology and Regulatory Studies research category in fiscal year 2006 will be research support for the Office of Manufactured Housing. Because HUD regulates manufactured housing, the Department requires sound objective research to develop and improve its standards. Research will continue with industry and other government agencies such as EPA and DOE, on developing new, cost-effective ways to improve energy efficiency in existing housing; HUD technical standards; support for consensus standards to assure safe, affordable housing; accessibility studies; environmental hazards; industrialized housing methods; and manufactured housing. In fiscal year 2006, HUD will continue to identify strategies to streamline the construction permitting and code approval process that can be applied at a local level. Through focused research, communities can develop a greater understanding of the options and benefit from the work of others in employing strategies to accelerate the process. Ultimately, the nation's homeowners will benefit from this research, as builders will be able to provide quality housing with fewer delays.

VI. Urban Data Systems Research

PD&R will continue to collect and make available basic data on the economic and social conditions of cities and to update the State of the Cities Database. Research for fiscal year 2006 will include incorporation into the database of additional standard and special tabulations from the 2000 census, and an examination of the spatial patterns of housing and economic development. Together these projects will provide insight into the causes and impacts of urban growth and decline and produce information relevant to regional cooperation among local governments. Further data collection and analysis projects include analyses of crime data, business establishment and jobs data, residential building permits, and current labor force statistics for metropolitan areas and central cities.

This category also includes research on the application of Geographic Information Systems (GIS) technology to the field of housing and community and economic development. Among other activities, PD&R will continue to fund research that will expand the use of GIS technology in analyzing housing and community and economic development issues. PD&R will improve the dissemination of the results of such research to the public through the use of web-based technologies. PD&R will also pursue the use of geographic data and tools to enhance collaboration among Federal agencies on common research interests.

VII. University Research

PD&R seeks to enhance HUD's overall capacity and knowledge base by encouraging more scholars to focus on research questions relevant to HUD goals. To help build broader attention to policy-relevant research on housing, urban development, and economic issues, PD&R offers incentives to promising researchers during the doctoral process. The Early Doctoral Student Research Grant and the Doctoral Dissertation Research Grant Programs enable top doctoral students to cultivate their research skills through the preparation of papers and dissertations, and the opportunity to present and publish their work. PD&R will not continue the Urban Scholars Fellowship program in fiscal years 2005 and 2006, and instead will focus resources on the early and doctoral programs.

VIII. Approved Demonstrations (Moving-to-Opportunity--MTO)

In fiscal year 2005, the Department will continue to track the families randomly assigned in the Moving to Opportunity (MTO) demonstration. This is a rigorous research project designed to measure the social and economic effects on voucher-assisted families from moving from a high poverty to a low poverty neighborhood. This activity was funded in fiscal year 2003; no funding was required for the MTO demonstration in fiscal years 2004. A limited amount of funding will be provided in fiscal year 2005 to begin to analyze the effect of MTO ten years after enrollment in the demonstration. Due to budget constraints, no funds will be provided to complete this analysis in 2006.

IX. Removal of Barriers to Affordable Housing

Numerous studies have demonstrated that state and local regulations pose a significant barrier to the production of affordable housing. Various studies estimate that construction and development costs can be reduced by as much as 35 percent through new regulatory tools and processes. To this end, the Department has created "America's Affordable Communities Initiative"--a HUDwide effort to work with state and local governments to identify and reduce regulatory barriers to affordable housing. In support of this effort in fiscal year 2006, PD&R plans to devote \$1 million to research, policy analysis, information dissemination and other activities directed at reducing regulatory and other barriers to affordable housing. PD&R works in coordination with the Departmentwide initiative to develop and conduct a research agenda. Among other impacts, past PD&R work in this area has identified opportunities for streamlining rehabilitation codes to stimulate greater rehab activity to preserve existing housing and eliminating of building standards that are duplicative of more modern and widely adopted building codes. Elimination of these obsolete regulations, including building standards, land use controls and permitting processes will assist in the provision of both market and HUD-assisted housing in America's communities. In fiscal year 2006, PD&R will continue studies on the impact of specific regulatory and other barriers on the production of affordable housing, develop options for reducing these barriers, and work with a wide variety of stakeholders to ensure that information about effective strategies to remove regulatory barriers is widely disseminated.

X. Other Housing, Community Development and Urban Research

This category covers a range of research on different housing, community and economic development issues. Among other topics, PD&R will continue examining strategies for improving the lives of families and communities in the Colonias, ways to enhance the capacity of faith-based and community organizations to perform housing and community development, and the nature and severity of housing problems among different populations and in different geographic areas. In fiscal year 2006, PD&R's Office of International Affairs will continue a small program of research studies to support the international exchange of data and information on housing and urban development topics.

UNIVERSITY PARTNERSHIP GRANTS:

The section starting on page 11 on University Partnership Grants discusses these programs.

**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
Performance Measurement Table**

One facet of PD&R's work involves providing quality research products to outside researchers and policy makers which is captured by objective EM.3 Improve accountability, service delivery and customer service of HUD and our partners, with the research-related performance indicator "At least 80 percent of key users (including researchers, State and local governments and private industry) rate PD&R work as valuable." PD&R conducted a survey and evaluation in 2001 to determine whether customers found PD&R research products relevant, useful and well prepared. HUD research was rated highly and cited frequently in academic literature. PD&R attained the performance goal in 2001 and initiated a similar survey to reassess our research products in fiscal year 2004. The results of this second survey will not be available until mid-2005. The magnitude of PD&R's influence is reflected by another performance goal, that the number of files downloaded from the HUD USER website will reach 4.8 million in fiscal year 2006.

Finally, PD&R's work under this goal support several aspects of the President's Management Agenda including expanding e:government, streamlining the consolidated plan, reducing overpaid rent subsidies and improving FHA Risk Management.

Program Name: RESEARCH AND TECHNOLOGY					
Program Mission: The mission of the Office of PD&R is to provide reliable facts and analysis to inform the policy decisions of HUD, Congress, and State and local governments. Research and Technology (R&T) funds enable PD&R to fulfill this mission by maintaining and expanding information on housing needs and market conditions, evaluating current HUD programs and proposed policy changes, and conducting research on a wide range of housing and community and economic development issues, including advances in housing technology.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2004 Plan	2004 Actual	2005 Plan	2006 Plan
At least 80 percent of key users (including researchers, State and local governments, and private industry) rate PD&R's work products as valuable.	Key User Surveys	NA	NA	80%	80%
More than 4.8 million files related to housing and community development topics will be downloaded from PD&R's website.	Files Downloaded	2.5 million files	5.3 million files	3.2 million files	4.8 million files

N/A = Not Applicable.

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Explanation of Indicators

Funds are included to support the American Housing Survey and related housing surveys, which are the largest activity in PD&R's budget and are key to assessing critical outcomes in the Nation's housing markets. A set-aside of \$4.9 million for program evaluations represents a commitment to use scientific methods to assess and improve program performance and establishes a strong linkage between program resources, program results and Departmental goals. In fiscal year 2006, PD&R will conduct or initiate work that supports HUD's six strategic goals:

- Strategic Goal H: Increase Homeownership Opportunities,
- Strategic Goal A: Promote Decent Affordable Housing,
- Strategic Goal C: Strengthen Communities,
- Strategic Goal FH: Ensure Equal Opportunity in Housing,
- Strategic Goal EM: Embrace High Standards of Ethics, Management and Accountability,
- Strategic Goal FC: Promote Participation of Faith-Based and Community Organizations.

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**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
Justification of Proposed Changes in Appropriations Language**

The 2005 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970, as amended (12 U.S.C. 1701z-1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968 [\$45,500,000] \$69,738,000, to remain available until September 30, [2006: Provided, That of the total amount provided under this heading, \$7,000,000 shall be for the Partnership for Advancing Technology in Housing (PATH) Initiative: Provided further, That of the amounts available for PATH under this heading, \$3,500,000 shall not be subject to the requirements of section 205 of this title]2007. Provided, That of the amount provided under this heading, \$29,038,000 is for grants pursuant to Section 107 of the Housing and Community Development Act of 1974, as amended, of which \$2,989,000 shall be to support Alaska Native serving institutions and Native Hawaiian serving institutions as defined under the Higher Education Act, as amended, and \$2,562,000 shall be for tribal colleges and universities to build, expand renovate and equip their facilities and to expand the role of the colleges into the community through the provision of needed services such as health programs, job training and economic development activities, and \$8,967,000 for the Historically Black Colleges and Universities program, of which up to \$2,000,000 may be used for technical assistance, and \$5,979,000 for the Community Outreach Partnerships Program, and \$5,979,000 for the Hispanic Serving Institutions Program, and \$2,562,000 for the Community Development Work Study Program.

Explanation of Changes

- (1) Deletes language providing funding for PATH. No funds are requested for the PATH program in 2006 from R&T or from the HOME account. In fiscal year 2005, the Department requested \$2 million for PATH from the HOME account of Community Planning and Development.
- (2) Adds language for the University Programs, which are being requested in the Research and Technology account instead of in the Community Development Block Grants account. They were located in CDBG through fiscal year 2005.

Research and Technology

POLICY DEVELOPMENT AND RESEARCH
 RESEARCH AND TECHNOLOGY
 Crosswalk of 2004 Availability
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2004 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2004 Resources</u>
Core R&T	\$47,000	-\$277	\$7,475	\$54,198
University Partnership Grants
Total	47,000	-277	7,475	54,198

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POLICY DEVELOPMENT AND RESEARCH
 RESEARCH AND TECHNOLOGY
 Crosswalk of 2005 Changes
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2005 President's Budget Request</u>	<u>Congressional Appropriations Action on 2005 Request</u>	<u>2005 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Core R&T	\$46,700	\$45,500	-\$364	...	\$4,978	\$50,114
University Partnership Grants .....	...	...	...	...	...	...
Total Changes	46,700	45,500	-364	...	4,978	50,114