

POLICY DEVELOPMENT AND RESEARCH  
RESEARCH AND TECHNOLOGY  
2007 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>
2005 Appropriation .....	\$45,500	\$5,393	-\$364	\$50,529	\$46,328	\$47,213
2006 Appropriation/Request .....	56,350	4,285	-564	60,071	60,071	48,500
2007 Request .....	<u>68,360</u>	<u>100</u>	<u>...</u>	<u>68,460</u>	<u>68,460</u>	<u>61,500</u>
Program Improvements/Offsets .....	+12,010	-4,185	+564	+8,389	+8,389	+13,000

The carryover column in fiscal year 2005 includes \$415 thousand and 2006 and 2007 include \$100 thousand in recoveries. The fiscal year 2006 carryover excludes \$16 thousand in expired funds. The 2006 enacted includes \$20.4 million for the University Partnership Grants Programs. The 2007 request includes \$28.71 million for the University Partnership Grants Programs.

**Summary Statement**

The Office of Policy Development and Research (PD&R) is requesting a total of \$68.36 million for the Research and Technology (R&T) account. The 2007 request represents an overall increase of \$12.574 million from the 2006 enacted level of \$55.787 million. Of the amount requested, \$39.65 million is for the core research activities that PD&R has historically performed on behalf of the Department. The balance of \$28.71 million is for the University Partnership Grants program. Beginning in fiscal year 2006, the University Partnership Grants program is funded through the R&T account. In fiscal year 2005 and previous years, the University Partnership Grants program was funded from 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 continues to administer the program under the R&T account for the purposes for which they were established.

In fiscal year 2007, the increase in budget authority of \$12.574 million is the result of an increase of \$4.258 million in Core Research and Technology, as well as an increase of \$8.316 million in the University Partnership Grants Programs. The \$4.258 million increase in the Core Research and Technology is the net result of a \$9.208 million increase in non-PATH (Partnership for Advancing Technology in Housing) program research and a \$4.95 million decrease in PATH funding.

The main challenge in fiscal year 2007 with the Core Research and Technology is to provide enough funding for the primary areas of research such as program evaluations and the removal of regulatory barriers to affordable housing and also support the increased cost of the housing surveys. Detailed information pertaining to the funding of major research categories in fiscal year 2007 commences on page 15.

This 2007 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 \$30 million, is devoted to fixed activities. Specifically, \$25 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 \$9.75 million is utilized for PD&R's research activities including \$5 million for program evaluations, \$850 thousand for research related to the removal of regulatory barriers to affordable housing, \$1.4 million for homeownership research, \$300 thousand for urban data systems research, \$550 thousand for the doctoral research program, \$800 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 fiscal year 2007 request for the University Partnership Grants program is \$8.316 million more than the fiscal year 2006 enacted level (\$20.6 million net of the 1 percent rescission). These grant funds enable 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 \$28.710 million for these programs are distributed among 6 grant programs with funding proposed as follows: \$2.97 million for the Alaska Native and Native Hawaiian Serving Institutions program, \$2.574 million for the Tribal Colleges and Universities program, \$8.91 million for the Historically Black Colleges and Universities program, \$5.94 million for the Community Outreach Partnership Center program, \$5.94 million for the Hispanic-Serving Institutions Assisting Communities program and \$2.376 million for the Community Development Work Study Program. The increase is primarily attributable to the request for the Community Outreach Partnership Center and the Community Development Work Study program, neither of which were funded in fiscal year 2006. PD&R seeks to restore funding for these two programs that have a high demand in the university community. Detailed information pertaining to the increases and decreases commences on page 16.

The 2007 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. PD&R's research is essential to the Nation because it provides critical information that improves the efficiency and the delivery of housing programs to Americans. Specific examples of the importance of PD&R's research follow:

- Reducing assisted housing subsidy errors - PD&R's studies and research in this area directly contributed to the Department's "green" rating under the President's Management Agenda (PMA);
- Significant improvements in homeownership and housing finance - PD&R research has led to the institution of new FHA loss mitigation tools, the development of mortgage scorecards for use in FHA's automated underwriting, restructuring of FHA mortgage insurance premiums and down payments, and information on alternative claim resolution strategies, such as the 601 Accelerated Claim and Asset Disposition Demonstration.
- Information on America's housing - PD&R's work on the American Housing Survey and other surveys provide critical information on the entire flow of all new and existing housing. The surveys measure homeownership gains and challenges, evaluate the supply of affordable housing, assess the condition of America's neighborhoods and other information that is valued by Congress, cities, States, the housing industry and the public; and
- Strengthening the Housing Choice Voucher program - PD&R's work in this area is helping fulfill the PMA initiative to improve the performance of housing intermediaries through research studies focused on evaluation and improvement of the voucher program. Examples of this research include evaluating voucher success rates, analyzing the reason for underutilization of vouchers and helping PHAs respond to local concerns about the voucher program.

### Initiatives

The Department will not request specific set-aside funds in fiscal year 2007 for PATH from the R&T account, however, it is proposed that PATH remain an eligible activity under the R&T account and it is proposed that PATH be administered by PD&R in fiscal year 2007. PATH staff and research have been essential to HUD's response to Hurricanes Katrina and Rita and PD&R seeks the ability to fund related PATH efforts from within the R&T account in fiscal year 2007. A description of the efforts is provided on page 20.

The 2007 R&T budget includes funding for the 6 University Partnership Grants programs. In fiscal year 2007, PD&R is requesting \$100 thousand per program (\$300 thousand total) in technical assistance funds for the Hispanic Serving Institutions Assisting Communities program, the Tribal Colleges and Universities Program, and the Alaska Native and Native Hawaiian Serving Institutions program. In addition, up to \$500 thousand is requested in technical assistance for the Community Outreach Partnership Center program. A complete description of the University programs commences on page 12.

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

<u>Budget Activity</u>	<u>2005 Budget Authority</u>	<u>2004 Carryover Into 2005</u>	<u>2005 Total Resources</u>	<u>2005 Obligations</u>	<u>2006 Budget Authority/ Request</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2007 Request</u>
Core R&T .....	\$45,136	\$5,393	\$50,529	\$46,328	\$35,392	\$4,285	\$39,677	\$39,650
University Partnership Grants .....	[33,034]	[34,972]	[68,006]	[29,450]	20,394	[38,555]	20,394	28,710
Total .....	45,136	5,393	50,529	46,328	55,786	4,285	60,071	68,360

NOTE: Fiscal year 2005 budget activity for the University Partnership Grants program is included in the Community Development Block Grants section of the Budget. The 2005 carryover for University Partnership Grants are fiscal year 2004 grants that were awarded in early fiscal year 2005. The 2006 carryover for University Partnership Grants are fiscal year 2005 grants that were awarded in early fiscal year 2006. Fiscal year 2005 carryover includes \$415 thousand in recoveries and fiscal year 2006 carryover includes \$100 thousand in recoveries.

A summary of PD&R's staffing is provided in the table below. The request for PD&R's staffing and other administrative costs is contained the Salaries and Expense justification.

<u>FTE</u>	<u>2005 Actual</u>	<u>2006 Estimate</u>	<u>2007 Estimate</u>
Headquarters .....	106	107	105
Field .....	35	38	38
Total .....	141	145	143

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

<b>Core R&amp;T</b>	<b><u>Amount</u></b>
2005 Appropriation .....	\$45,136
2006 Appropriation/Request .....	35,392
2007 Request .....	<u>39,650</u>
Program Improvements/Offsets .....	+4,258

**Proposed Actions**

The Department proposes \$39.65 million for Core Research and Technology. This request is \$4.258 million more than the 2006 appropriation and \$5.486 million less than the 2005 enacted level.

The following section describes the key aspects of PD&R's research program for fiscal year 2007 that advance HUD's mission and strategic objectives. Following this section is a listing and description of the main categories of PD&R's core research programs and analytical work starting on page 15.

**KEY RESEARCH PLAN FOR FISCAL YEAR 2007**

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 2007, 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 Program Assessment Rating Tool (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, 2006 and 2007 are discussed on pages 18 and 19 of this Justification.
- **Performance Management (GPRA).** PD&R provides analytical and staff support for the Department's performance management processes. PD&R teams with the Office of the Chief Financial Officer to develop the Department's Strategic Plan, which will be updated during fiscal year 2006, and works closely with the Office of the Chief Financial Officer and program offices to develop appropriate measures for the Department's Annual Performance Plans. PD&R is providing focused assistance to program offices that were unable to fully demonstrate results under OMB's PART. For example, PD&R's studies

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of the HOME program and the Housing Choice Voucher program have contributed to their receiving "moderately effective" PART scores. PD&R's work on CDBG evaluations was cited in the Department's response to its PART review. PD&R work will also affect the PART ratings for FHIP, FHAP, housing counseling, SHOP, Historically Black Colleges and Universities (HBCU) and Sections 202 and 811. 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, during fiscal year 2006, PD&R will complete a survey of the Department's partners to measure and assess their satisfaction with HUD's programs and how they are managed.

- **President's Management Agenda (PMA)--Reducing assisted housing subsidy errors.** The PMA goal is to reduce these errors by 50 percent by 2005 and to continue to increase error reduction into fiscal years 2006 and 2007. Recent studies show that HUD already achieved the 50 percent goal. In support of this goal, PD&R manages what are now annual studies of the accuracy of program sponsor local income and rent determinations used as the basis for subsidy billings. The Department was recently given a "green" PMA rating by OMB for its error measurement and error reduction efforts in this area. These studies provide information on the magnitude and source of errors. They are also used as the basis for developing corrective actions and measuring their effectiveness. The aforementioned studies are funded by the Salaries and Expenses account.
- **President's Management Agenda--Expanded Electronic Government.** PD&R resources support the governmentwide Geospatial One Stop 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 that 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 proposed multifamily housing projects applying for FHA insurance or HUD assistance. PD&R also administers fair market rent and customer surveys. 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.** Sixty-three percent of PD&R's core research and technology budget request 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. Taken together, the housing market surveys provide critical information on the entire flow of all new and existing housing. New housing information includes starts of new homes, sales of new homes, new apartments leased or absorbed, and new manufactured housing units placed

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into service. Information on the cost and affordability of new housing is also collected. In addition, the size, community surroundings, cost/value and quality of the existing housing stock are assessed and losses from the stock are measured. The characteristics of housing occupants are also measured with special attention to housing adequacy and housing affordability. The surveys also provide critical information on the Department's goals. The surveys monitor homeownership gains and challenges; and measure the amount, distribution, and shortages of decent affordable housing. Perceptions of and conditions of America's neighborhoods and communities are also assessed by the surveys. The surveys also assess the extent to which all groups have an equal opportunity for homeownership, affordable housing and community resources. Critical data provided by these surveys are:

- The American Housing Survey is the only continuously available source of information on the housing situation of American families. Information is collected on the number and size of housing units, the condition of housing units, characteristics of the communities, financial characteristics and affordability of housing, features and amenities of housing units, and numerous other information on how American families are housed.
- The Survey of New Home Sales and Completions and the Survey of Construction is used to produce two OMB-designated Principal Federal Economic Indicators - New Residential Construction (Housing Starts) and New Residential (Home) Sales.
- The Survey of New Manufactured Homes Placements is the only source of information concerning the number, location, size, amenities, price and installation costs of new manufactured (mobile) housing units put into service.
- The Survey of Market Absorption on new multifamily rental apartments is the only source of information on the production and leasing of new apartments. This data includes numerous characteristics--size, amenities, location, furnishings, structures type, rents, etc.
- **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, SHOP, 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 analysis has contributed to the development of mortgage scorecards for use in FHA's automated underwriting, restructuring of FHA mortgage insurance premiums and down payment requirements, loss mitigation tools, and information on alternative resolution strategies, such as the 601 Accelerated Claim and Asset Disposition Demonstration.
- **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 in developing 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

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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. Housing Finance--Primary and Secondary Mortgage Markets.** PD&R research and analysis focuses on the roles of primary lenders (prime, subprime, and jumbo) and secondary market enterprises--Fannie Mae, Freddie Mac, and private-sector securitizers--in providing conventional mortgage credit supporting homeownership. PD&R research also addresses the market relationships between these institutions in the conventional sector and the Federal Housing Administration and Government National Mortgage Association (GNMA), which jointly enable mortgages to be created whose financing instruments are backed by the full faith and credit of the U.S. Government. In fiscal year 2007, PD&R will monitor and evaluate the effectiveness of new Fannie Mae and Freddie Mac housing goals as they take effect. Regulations were issued in 2004 to increase the goals in stages between 2005 and 2008, reflecting recent market developments and 2000 Census data, and to establish subgoals for home purchase mortgages. Prior PD&R analyses provided the foundation for establishing the GSE housing goals to ensure they do their utmost to help make housing affordable. These performance goals were expected to play a significant role in ensuring that the GSEs do their part to expand homeownership opportunities for low-income and minority families.

### STRATEGIC OBJECTIVE: PROMOTE DECENT AFFORDABLE HOUSING

- **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 2006 and 2007, 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 Fair Market Rent (FMR) estimation process was extensively evaluated by GAO in late fiscal year 2004 and early fiscal year 2005. GAO found the FMR estimation process to be accurate, but recommended that HUD make the process more transparent, rapidly integrate the American Community Survey (ACS) into the FMR estimation process, and develop tools for verifying accuracy of FMR estimates. In response, HUD has developed web-based documentation systems for FMRs that allow users to trace and fully replicate FMR computations. Starting in fiscal year 2007, increasing reliance will be placed on using ACS data to revise most FMR estimates. PD&R is investigating several avenues of verifying ACS-based FMR computations in small geographic areas where ACS information will only be available on 3- or 5-year bases, and in highly dynamic rental housing markets. In addition, PD&R is currently developing software for PHAs to use to help them determine how many vouchers to issue to optimize their use of program resources.

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- **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 \$850 thousand, in fiscal year 2007, 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 2007, 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 1997, between 80,000 and 100,000 units of new or rehabilitated affordable rental housing have been produced each year with the LIHTC. New LIHTC units have accounted for about 20 to 25 percent of all new multifamily completions during this time period. 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. HUD needs, however, to understand how the LIHTC program is operating in order to assess its effect on, and interaction with, HUD's own rental housing subsidy programs, both tenant-based and project-based. 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. In addition to the basic counting exercise, this project provides analysis of important trends in LIHTC activity including various aspects of location as well as on the incidence of multiple Federal subsidies used by developers of LIHTC projects.
- **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; 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. PD&R recently completed the Jobs Plus Demonstration.
- **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. This Congressionally mandated study illustrates some of the trade-offs in building housing for people with disabilities. For example, projects with more units may be cheaper to build, and therefore result in more units. However, such economies may be offset by a lower quality of life and satisfaction for the residents of such developments. Moreover, different sized projects may be appropriate for people with different types of disabilities, and may have implications for the ability to provide needed services to residents.
- **Senior Housing.** PD&R has underway an assessment of the Section 202 Supportive Housing for the Elderly program. Section 202 is the Department's only active program that targets benefits exclusively to very low-income persons age 62 and older. This study reviews available evidence and provides new information on whether the program has been effective in meeting the needs of elderly Americans. An important aspect of the study is the use of participant data, to describe the characteristics of persons who are admitted to the program, and to assess the ability of the program to allow persons to age in place and help avoid institutionalization. The study proposes performance measures that can be used to track the effectiveness and efficiency of the program.



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- **Building Technology.** A major focus of the Building Technology and Regulatory Studies research category in fiscal year 2007 will be research in support of the Office of Housing's technology issues and HUD technical standards and requirements. This research will, in part, address technical issues and needs with respect to the HUD building code for manufactured housing. In addition to this focus on standards for the performance of manufactured housing in support of HUD's regulatory mission, PD&R will also conduct research into housing performance of current housing construction such as building materials in common use today. Work of this nature was performed in the past under PROVE (Program for Research and Optimum Value Engineering), which examined strategies to improve the quality of housing through targeted research on housing performance and engineering. PD&R will conduct research in support of other program offices in support of HUD's Energy Action Plan, a departmental priority.
- **PDR'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. The field economists promote decent affordable housing by providing HUD leaders with critical intelligence on local economic and housing market trends, detailed recommendations for HUD program applications, and advice on the allocation of Departmental resources. Their independent view of local housing market demand-supply market conditions and trends is necessary for controlling credit (default) risk in our FHA multifamily insurance programs. Last year, the field economists reviewed nearly 500 applications valued at over \$3 billion. They play a key role in setting the Fair Market Rents at the correct level, ensuring program viability while controlling costs in the Section 8 program that has outlays of over \$10 billion. They also provide valuable data on homeownership trends in local markets to improve outreach.

### STRATEGIC OBJECTIVE: STRENGTHEN COMMUNITIES

- **Ending Chronic Homelessness.** PD&R is actively engaged in research designed to support the goal of ending chronic homelessness, 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, assessing the housing first approach, studying the costs of providing homeless services, 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 recently completed an assessment of local homeless prevention programs.
- **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. PD&R research developed the CDBG formula in the 1970s. Since then, PD&R has evaluated the impact of new census data on the ability of the formula to target appropriately to community need. These studies assess the effect of the 2000 census. They offer alternatives for making needed improvements to the formula so that scarce CDBG dollars are allocated most effectively to needy 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

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level community building curricula. PD&R has underway a study of the Historically Black Colleges and Universities (HBCU) program.

- **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 and 2007, 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 has undertaken a "model colonia" 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. The project has generated nearly \$13 million in state and local funding. PD&R has also identified the location of all border Colonias in Arizona, California and New Mexico and is in the process of estimating census demographic data for these communities, similar to what the Texas Attorney General's Office has done in Texas.
- **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. Congress specifically appropriated \$19 million for the conduct of these housing discrimination studies. These represent the third round of such studies carried out by PD&R since the late 1970's. PD&R is beginning a project to assess the efficacy of different approaches to processing fair housing complaints. Additionally, we expect to begin work to assess changes since recent studies were done.
- **Housing Accessibility.** In fiscal years 2006 and 2007, PD&R will continue a study 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 non-profits.** 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 completed a survey of faith-based organizations on their capacity to access HUD program funding. PD&R is working with the Faith-Based Office and PIH to assess the effect of services provided by faith-based organizations to HOPE VI residents. 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)**

<b>University Partnership Grants</b>	<b><u>Amount</u></b>
2005 Appropriation .....	[\$33,034]
2006 Appropriation/Request .....	20,394
2007 Request .....	<u>28,710</u>
Program Improvements/Offsets .....	+8,316

NOTE: Fiscal year 2005 budget activity for the University Partnership Grants program was funded under CPD's Section 107 set-aside of the Community Development Block Grant Program. Fiscal years 2005 and 2006 are net of rescissions for those years.

**Proposed Actions**

**University Partnership Grants Programs.** This Budget requests \$28.71 million for University Partnership Grant programs. In fiscal year 2006, HUD provides grants to colleges and universities under four programs: Historically Black Colleges and Universities (HBCU), Hispanic-serving Institutions Assisting Communities (HSIAC), Alaska Native/Native Hawaiian Institutions Assisting Communities (AN/NHIAC) and the Tribal College and University Program (TCUP). In fiscal year 2007, PD&R proposes funding these aforementioned four programs, as well as, the Community Development Work Study (CDWS) and Community Outreach Partnership Center (COPC) programs. 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/or 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 and comparisons of historical funding levels are provided on page 16:

**Historically Black Colleges & Universities (HBCUs).** For fiscal year 2007, a total of \$8.91 million is being requested for funding under this program. Up to \$990 thousand 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 2007, the Budget proposes \$2.376 million for the CDWS program. There is a large, untapped source of students for this program. 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 \$5.94 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. In 2007, it is requested that \$100 thousand of the proposed funds be provided for technical assistance for AN/NHIAC grantees and potential grantees.

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**Alaska Native and Native Hawaiian Serving Institutions.** The Budget proposes \$2.97 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. These programs benefit low- and moderate-income individuals and are planned and implemented in partnership with local community entities. In 2007, it is requested that \$100 thousand of the proposed funds be provided for technical assistance for AN/NHIAC grantees and potential grantees.

**Community Outreach Partnerships Centers (COPC).** A total of \$5.94 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. In 2007, it is requested that up to \$500 thousand of the proposed funds be provided for technical assistance and clearinghouse funding for COPC grantees and potential grantees.

**Tribal Colleges & Universities.** This Budget includes \$2.574 million in grants to tribal colleges and universities to assist them in building, renovating, expanding, and providing equipment for their own facilities, including those programs 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. In 2007, it is requested that \$100 thousand of the proposed funds be provided for technical assistance for tribal grantees and potential grantees.

The requested Technical Assistance funding will be used to provided the following activities: 1) Planning and logistical support for meetings and seminars designed to improve the management and implementation of the program; 2) On-site technical assistance provided by subject matter experts; 3) Grant writing seminars to enhance the capability of unsuccessful applicants; and 4) Clearinghouse activities pertaining to the program.

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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.

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, of contract dollars, in fiscal year 2001 to 62 percent in fiscal year 2005. PD&R conducts 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.

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 \$30 million for fixed activities in fiscal year 2007. 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 \$25 million in fiscal year 2007, an increase of \$5.3 million over the current estimated fiscal year 2006 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. In addition, PD&R is proposing to conduct a housing survey of New Orleans. Survey obligations have increased from 2006 because of a one-time reduction realized in fiscal year 2006 from altered timing of contractual obligations on certain surveys. The increased cost of the surveys impacts the total funding for other research, resulting in less funding for 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 \$9.75 million includes funds for program evaluations, the removal of barriers to affordable housing studies, research on low-income and minority homeownership and other key research as detailed commencing on page 15.
- The University Partnership Grants program funds of \$28.71 million are for six competitive grant programs.

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

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

(Dollars in Thousands)

The table below shows obligations for fiscal years 2005, 2006 and 2007.

<u>Budget Activity</u>	<u>2005 Obligations</u> b/	<u>2006 Budget Estimate</u>	<u>2006 Current Estimate</u> c/d/	<u>2007 Estimate</u> c/	<u>2007 vs 2006 Increase + Decrease -</u>
<b>Core Research and Technology Funds:</b>					
I. Market Surveys (Fixed)	\$24,339	\$26,175	\$19,720	\$25,000	+\$5,280
II. Other Fixed Activities	4,812	5,000	5,474	5,000	-474
Subtotal Fixed Activities	29,151	31,175	25,194	\$30,000	+4,806
III. Program Evaluations	3,815	4,925	3,643	5,000	+1,357
IV. Homeownership/Housing Finance Studies	1,373	1,300	2,242	1,400	-842
V. Housing Technology/ Regulatory Studies/PATH e/	445	150	390	800	+410
VI. Urban Data Systems Research	135	700	0	300	+300
VII. Doctoral Research Program a/	512	550	539	550	+11
VIII. Removal of Regulatory Barriers to Affordable Housing	1,082	1,000	150	850	+700
IX. Other Housing/Community Development/Urban Research	1,050	1,000	516	850	+334
X. National Research Council	...	...	743	...	-743
Total non-PATH R&T	37,563	40,800	33,417	39,750	+6,333
XI. PATH e/	<u>8,765</u>	<u>0</u>	<u>6,261</u>	<u>...</u>	<u>-6,261</u>
<b>Total Core R&amp;T</b>	<b>46,328</b>	<b>40,800</b>	<b>39,678</b>	<b>39,750</b>	<b>+72</b>

a/ Fiscal year 2006 current estimate for the Doctoral Research Program includes carryover funds of \$539 thousand for fiscal year 2005 grants awarded in early fiscal year 2006. There will not be a Doctoral Research Program in fiscal year 2006.

b/ Fiscal year 2005 obligations include 2004 carryover and 2005 recoveries (\$2.245 million for Core R&T and \$3.132 million for PATH).

c/ Fiscal years 2006 and 2007 estimates include \$100 thousand in recoveries. Fiscal year 2006 current estimate includes 2005 carryover (\$2.874 million for Core R&T and \$1.311 million for PATH).

d/ Fiscal year 2006 amount is net of 1 percent rescission.

e/ PATH expenses are eligible under R&T in fiscal year 2007.

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**Budget Activity**

<b>University Partnership Grants Programs</b>	<b>2005 Obligations</b>	<b>2006 Budget Estimate</b>	<b>2006 Current Estimate</b>	<b>2007 Estimate</b>	<b>2007 vs 2006 Increase+ Decrease-</b>
XII. Historically Black Colleges and Universities	[\$7,841]	\$8,967	\$8,910	\$8,910	0
XIII. Community Development Work Study	[450]	2,562	0	2,376	+2,376
XIV. Hispanic Serving Institutions	[6,959]	5,979	5,940	5,940	0
XV. Alaska & Hawaiian Serving Inst	[4,793]	2,989	2,970	2,970	0
XVI. Community Outreach Partnership Center	[7,013]	5,979	0	5,940	+5,940
XVI. Tribal Colleges and Universities	[2,394]	2,562	2,574	2,574	+0
<b>Total University Partnership Grants</b>	<b>[29,450]</b>	<b>29,038</b>	<b>20,394</b>	<b>28,710</b>	<b>+8,316</b>
<b>Grand Total R&amp;T</b>	<b>46,328</b>	<b>69,838</b>	<b>60,072</b>	<b>68,460</b>	<b>+8,388</b>

NOTE: In fiscal year 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 is funded under PD&R's Research and Technology account. In fiscal year 2007, the program is also proposed for funding under PD&R's Research and Technology account. No funds were appropriated for the Community Development Work Study or the Community Outreach Partnership Center programs in fiscal year 2006, however these programs are proposed for funding in fiscal year 2007.

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.

Sixty-three percent of the fiscal year 2007 budget for core 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 every 2 years to gather information on the condition of those units and the characteristics of their residents. About 10 to 11 smaller, longitudinal surveys are conducted every other year in each of the larger metropolitan



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areas. These surveys for each area are conducted on a 6-year cycle producing surveys for about 31 metropolitan areas every 6 years. (In the past, 47 metropolitan areas were surveyed on 4- to 6-year cycles but the level of fiscal year 2005 appropriations caused us to reduce the number and frequency of the surveys). Although conducted by the Census Bureau, these surveys are sponsored, funded and directed by PD&R. HUD, other government agencies, private entities, and researchers 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 American Housing Surveys also provide critical information on the Department's goals. The surveys monitor homeownership gains and challenges; and measure the amount, distribution, and shortages of decent affordable housing. Perceptions of and conditions of America's neighborhoods and communities are also assessed by the American Housing Surveys. The characteristics of housing occupants are also measured with special attention to housing adequacy and housing affordability. The surveys also assess the extent to which all groups have an equal opportunity for homeownership, affordable housing and community resources. The American Housing Survey is the only continuously available source of information on the housing situation of American families. Information is collected on the number and size of housing units, the condition of housing units, characteristics of the communities, financial characteristics and affordability of housing, features and amenities of housing units, and numerous other information on how American families are housed.

- 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. In addition, this survey is being upgraded with new software.
- 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](http://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 2005, an estimated 5.9 million files were downloaded by these users. During the same period, HUDUSER distributed approximately over 347 thousand copies of PD&R products. In October through December 2004, PD&R surveyed nearly 12,000 customers of the HUD User website, of whom 65 percent reported high satisfaction with the usefulness of PD&R information, and 21 percent reported moderate satisfaction. 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

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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 2007, 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. Also, the Government Performance Results Act (GPRA) requires a schedule for program evaluations. We anticipate carrying out an evaluation of major HUD programs on a 5 year schedule, including the following:

- Homeless Research and Program Evaluation;
- Public and Assisted Housing Research and Program Evaluation;
- Community Development Research and Program Evaluation;
- Fair Housing Research and Program Evaluation;
- Federal Housing Administration Programs; and
- Other Research and Program Evaluation.

PD&R has developed a multi-year program evaluation agenda that it adjusts annually based on available appropriations and Congressional, Secretarial, and program office priorities. Listed below are recently completed projects, projects begun and ongoing, scheduled evaluations for 2006, and evaluations being considered for 2007. PD&R has had a particularly comprehensive research agenda in the area of homelessness in support of the President's goal to end chronic homelessness.

Evaluations completed in 2005 include:

- CDBG Formula Targeting to Community Development Need;
- Evaluation of the Family Self-Sufficiency Program;
- Evaluation of Mark to Market;
- Evaluation in Project Size in Section 811 and Section 202 Assisted Projects for Persons with Disabilities;
- Strategies for Preventing Homelessness; and
- Predictors of Length of Stay in HUD-Supported Permanent Housing for Homeless People with Disabilities.

Evaluations beginning with 2005 funds or ongoing include:

- Self-Help Ownership Program (SHOP) - Evaluation of the SHOP Program;
- CDBG - Evaluation of how CDBG grantees manage their subrecipients;
- Vouchers - Evaluation of what difference it makes to a household in poverty to get a housing voucher versus not receiving a voucher;
- Vouchers - Evaluation of the impact on poor families of receiving a voucher to live in a low poverty neighborhood versus living in a high poverty neighborhood;
- Family Self-Sufficiency (FSS) - Evaluation of the services families receive in the FSS program and the outcomes they realize;
- Historically Black Colleges and Universities (HBCU) program - Preliminary evaluation of the HBCU program;
- Housing Counseling - A major process and impact evaluation of Housing Counseling;

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- Fair Housing - Major impact evaluation of how HUD processes Fair Housing Complaints;
- Section 202 Program - In-house assessment of the Section 202 program;
- Public Housing - An assessment of the effect on residents in some Moving-to-Work sites that imposed time limits on the receipt of public housing assistance;
- Voucher Homeownership - An assessment of the Voucher Homeownership program;
- Asset Control Area (ACA) - A preliminary study of the Federal Housing Administration's ACA program;
- Transitional Housing for Homeless Families - The effect of transitional housing assistance and what works for homeless families;
- Permanent Housing for People with Disabilities - A study on why permanent housing frequently is not permanent and why;
- HUD-HHS-Veterans Homeless initiative - PD&R is working with two other Federal agencies on this study of predictors of stability of housing for chronic homelessness and an evaluation of the interagency demonstration to assist the chronic homeless;
- Housing First - An evaluation of the Housing First approach to chronic homelessness; and
- Cost of Homeless Services - A study of the cost of homeless services.

Some evaluations under consideration for 2006 and 2007 include:

- Housing Counseling - Additional funding for this major process and impact evaluation of Housing Counseling;
- Vouchers - Additional funding for the final evaluation of the impact on poor families of receiving a voucher to live in a low poverty neighborhood versus living in a high poverty neighborhood;
- Aging in Place - An overview study of programs to promote aging in place;
- Evaluation of the Moving to Opportunity program;
- Section 202/811 - An assessment of Section 202/811 properties as platforms for providing necessary social services;
- NAHASDA - Evaluation of the Native American Housing Assistance and Self-Determination Act (NAHASDA) program;
- FHIP - Evaluation of the Fair Housing Initiatives Program;
- Public Housing - Impact of revisions to the Public Housing Operating Fund;
- ICDBG - Evaluation of the Indian Community Development Block Grant program;
- ADDI - Impact evaluation of the American Dream Downpayment Initiative;
- CDBG - Evaluation of the CDBG State and Small Cities Program;
- CDBG - Evaluation CDBG Urban Counties;
- Continuum of Care - Evaluation of the Continuum of Care Program;
- Empowerment Zones/Enterprise Communities - Final evaluation of the first round of EZs/ECs;
- 203(K) - Evaluation of the 203(K) Mortgage Insurance Program;
- HECM - Evaluation of the Home Equity Conversion Mortgage Program;
- Project Based - Evaluation of the Capital and Financial Needs of Project-Based housing;
- Public Housing - Evaluation of the Capital Needs of public housing; and
- HOME - Evaluation of the impact of HOME project-based subsidies.

#### **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 different market sectors (such as FHA) 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.

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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.

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 2007, 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/PATH**

PD&R engages in general housing technology research, which has included the PATH program. General housing technology research aims to improve the safety, soundness and energy efficiency of the Nation's housing stock, while maintaining affordability. PATH's activities focused on the use of technical innovation that, working through a public/private partnership, can improve the affordability and quality of housing. As in prior years, a major focus of the Housing Technology and Regulatory Studies research category in fiscal year 2007 will be research in 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 2007, 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. PATH activities, following its operating plan will focus on research in support of roadmaps developed with industry, removal of barriers to innovation, and the widespread education of builders and consumers on new housing technologies.

### **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 2007 will include incorporation into the database of additional standard and special tabulations from the 2000 census and ACS, 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 principal 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

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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. Doctoral Research Program**

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 Doctoral Research Grant Program enables top doctoral students to cultivate their research skills through the preparation of papers and dissertations, and the opportunity to present and publish their work. In fiscal year 2007, PD&R is requesting \$550 thousand for the Doctoral Dissertation Research Grant Program and the Early Doctoral Grant program.

### **VIII. Removal of Barriers to Affordable Housing**

Numerous studies have demonstrated that many 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 HUD wide 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 2007, PD&R plans to devote \$850 thousand 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 2007, 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.

### **IX. 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. PD&R also has a graduate student research program under this category. In addition, in fiscal year 2007, 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 on page 12 on University Partnership Grants discusses these programs.

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

The 2007 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 [\$56,350,000] \$68,360,000, to remain available until September 30, [2007] 2008: Provided, [That of the total amount provided under this heading \$5,000,00 shall be for the Partnership for Advancing Technology in Housing (PATH) Initiative: Provided further, That of the amounts made available for PATH under this heading, \$2,500,000 shall not be subject to the requirements of Section 305 of this title. Provided further, That the Office of Housing shall administer PATH: Provided further, That of funds made available under this heading, \$750,000 shall be transferred to the National Research Council for a study in accordance with the statement of the managers accompanying this Act: Provided further,] That of the funds made available under this heading, [\$20,600,000] \$28,710,000 is for grants pursuant to Section 107 of the Housing and Community Development Act of 1974, as amended, as follows: [\$3,000,000] \$2,970,000 to support Alaska Native serving institutions and Native Hawaiian serving institutions as defined under the Higher Education Act, as amended; [\$2,600,000] \$2,574,000 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; [\$9,000,000] \$8,910,000 for the Historically Black Colleges and Universities program, of which up to [\$2,000,000] \$990,000 may be used for technical assistance, [and \$6,000,000] \$5,940,000 for the Hispanic Serving Institutions Program; \$5,940,000 for the Community Outreach Partnerships Program and \$2,376,000 for the Community Development Work Study Program: Provided further, That activities for the Partnership for Advancing Technology in Housing Initiative shall be administered by the Office of Policy Development and Research.

**Explanation of Changes**

- (1) Deletes language providing funding for PATH. A specific set-aside is not requested for PATH. Instead PATH is an eligible activity under the R&T account.
- (2) Adds language for the Community Outreach Partnerships Program and the Community Development Work Study Program.

**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 exceeded it in the results of a similar survey to reassess our research products in fiscal year 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 5.2 million in fiscal year 2007.

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: <b>RESEARCH AND TECHNOLOGY</b>					
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	
		2005 Plan	2005 Actual	2006 Plan	2007 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 - periodic	80%	87%	NA	80%
More than 4.8 million files related to housing and community development topics will be downloaded from PD&R's website.	Files Downloaded	3.2 million files	5.9 million files	4.8 million files	5.2 million files

N/A = Not Applicable.

## Research and Technology

### 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 \$5 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 2007, 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.

Efficiency Measure: Under the President's Management Agenda, an efficiency measure has been established for PATH that would measure the percent of increase in market share for PATH technologies/PATH funds directed to Research and Development and marketing agendas.



Research and Technology

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

<u>Budget Activity</u>	<u>2005 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2005 Resources</u>
Core R&T .....	\$45,500	-\$364	...	...	\$5,393	\$50,529
University Partnership Grants .....	[33,300]	[-266]	...	...	[34,972]	[68,006]
Total .....	45,500	-364	...	...	5,393	50,529

Research and Technology

POLICY DEVELOPMENT AND RESEARCH  
 RESEARCH AND TECHNOLOGY  
 Crosswalk of 2006 Changes  
 (Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 President's Budget Request</u>	<u>Congressional Appropriations Action on 2006 Request</u>	<u>2006 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Core R&T .....	\$40,700	\$35,750	-\$358	...	\$4,285	\$39,677
University Partnership Grants .....	<u>29,038</u>	<u>20,600</u>	<u>-206</u>	<u>...</u>	<u>[38,555]</u>	<u>20,394</u>
Total .....	69,738	56,350	-564	...	4,285	60,071