

POLICY DEVELOPMENT AND RESEARCH  
RESEARCH AND TECHNOLOGY  
2008 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>
2006 Appropriation .....	\$56,350	\$4,245 <sup>a</sup>	-\$564	\$60,031	\$32,765	\$41,283
2007 Full-Year CR Estimate.....	33,000	27,367	...	60,367	60,367	43,000
2008 Request .....	<u>65,040</u>	<u>100</u>	<u>...</u>	<u>65,140</u>	<u>65,140</u>	<u>52,000</u>
Program Improvements/Offsets .....	+32,040	-27,267	...	+4,773	+4,773	+9,000

NOTE: The fiscal year 2007 full-year Continuing Resolution (CR) estimate of \$33 million reduces the Office of Policy Development and Research's (PD&R's) funding due to an anomaly in the formula for calculating the CR. If implemented, this level would necessitate drastic cuts to PD&R's programs. PD&R would not be able to fund any research and could only fund a portion of fixed costs such as the American Housing Survey. Carryover funds reflected of \$27.3 million are not available as they were committed in fiscal year 2006 and obligated in fiscal year 2007. The obligations in fiscal years 2007 and 2008 include \$100 thousand in recoveries.

a/ Includes \$30 thousand of Spending Authority from Offsetting Collections and \$30 thousand of Change in Unfilled Customer Orders.

**Summary Statement**

The Office of Policy Development and Research (PD&R) is requesting a total of \$65 million for the Research and Technology (R&T) account. The 2008 request represents a decrease of \$3 million from the 2007 requested level of \$68 million and an increase of \$32 million from a fiscal year 2007 full year Continuing Resolution estimate. Due to anomalies in the formula, a full fiscal year 2007 Continuing Resolution would reduce PD&R's funding by \$22.8 million or 41 percent, as compared to the 2006 enacted level. This anomaly is entirely due to the treatment of University Partnerships carryover, reflecting that University programs were funded in the Community Development Block Grants account in fiscal year 2005.

Of the amount requested for fiscal year 2008, \$39.7 million is for the core research on behalf of the Department, and the balance of \$25.34 million is for the University Partnership Grants program. Beginning in fiscal year 2006, the University Partnership Grants program was 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.

The main challenge in fiscal year 2008 with core Research and Technology is to provide enough funding for the primary areas of research such as program evaluations, as well as critical research and surveys supporting HUD, the Office of Management and Budget (OMB) and Congressional initiatives. In addition, PD&R conducts research and responds to inquiries regarding the Government-Sponsored Entities (GSEs), the Real Estate Settlements Procedures Act (RESPA), FHA Reform, CDBG formula effectiveness, predatory lending, asset-management, Hurricane Katrina/Rita related inquires, the removal of regulatory barriers to affordable housing and the PATH (Partnership Advancing Technologies in Housing) program. PD&R also funds the increased cost of the housing surveys. Detailed information pertaining to the funding of major research categories in fiscal year 2008 commences on page 16.

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### Core Research and Technology Program

The 2008 request of \$39.7 million for the core R&T area is \$50 thousand less than the fiscal year 2007 requested level and \$20.7 million more than the reduced full-year fiscal year 2007 Continuing Resolution level. The core R&T program is focused on housing research and studies, program evaluations, policy analysis, and housing market data. The majority of the fiscal year 2008 request of about \$30 million, is devoted to fixed activities. Specifically, \$25 million of this fixed activity is for housing surveys, including the American Housing Survey, the Survey of New Home Sales and Completions, the Survey of Market Absorption of Multifamily Units, and the Survey of New Manufactured Housing Placements. Other fixed activities include \$5 million for research dissemination and clearinghouse activities. The balance available of \$9.7 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, \$850 thousand for housing technology/PATH, 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.

The 2008 budget continues funding for major PD&R initiatives including housing market surveys, program evaluations, housing finance studies, removal of regulatory barriers and other critical HUD, OMB and Congressional 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 and community development 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) Eliminate Improper Payments Initiative;
- Significant improvements in homeownership and housing finance - PD&R research has led to the development of mortgage scorecards for use in FHA's automated underwriting, improved understanding of the homeownership experiences of low-income and minority households and reasons why minority homeownership rates trail the non-minority homeownership rate, better understanding of the principal factors contributing to FHA single family default rates, 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 provide other information that is valued by Congress, cities, States, the housing industry and the public;
- Strengthening the Housing Choice Voucher program - PD&R's work in this area is helping fulfill the PMA Management and Performance 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; and
- CDBG Formula Effectiveness - PD&R's research in this area has identified problems with the current formula and led to a proposal from HUD to Congress that the CDBG formula be changed. PD&R continues to provide support in explaining the research and the proposed changes.

### University Partnership Grants Program

The fiscal year 2008 request of \$25.34 million for the University Partnership Grants program is \$3.370 million less than the fiscal year 2007 requested level and \$14.34 million more than the reduced full year fiscal year 2007 Continuing Resolution level. These 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. The \$25.34 million for these programs are distributed among 5 grant programs with funding proposed as follows:

- \$2.825 million for the Alaska Native and Native Hawaiian Serving Institutions program;
- \$2.449 million for the Tribal Colleges and Universities program;

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- \$8.476 million for the Historically Black Colleges and Universities program;
- \$5.94 million for the Community Outreach Partnership Center program; and
- \$5.65 million for the Hispanic-Serving Institutions Assisting Communities program.

The decrease in funding is primarily attributable to the elimination of funding for the Community Development Work Study program, which was not funded by Congress in fiscal year 2006. Even though it was not funded in fiscal years 2006 or slated for funding in 2007, PD&R continues to seek funding for the Community Outreach Partnership Center (COPC) program. Detailed information pertaining to the increases and decreases commences on page 14.

### Initiatives

As in fiscal year 2008, the Department will not request specific set-aside funds in fiscal year 2008 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 activities be administered by PD&R in fiscal year 2008. 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 2008. A description of the efforts is provided on page 22.

The 2008 R&T budget includes funding for the 5 University Partnership Grants programs. In fiscal year 2008, 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 14.

In fiscal year 2006, \$743 thousand was appropriated for an evaluation of HUD's research program by the Academy of Sciences/National Research Council. The funds were obligated in September 2006, with an 18-month period until report publication in March 2008.

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Summary of Resources by Program  
(Dollars in Thousands)

<u>Budget Activity</u>	<u>2006 Budget Authority</u>	<u>2005 Carryover Into 2006</u>	<u>2006 Total Resources</u>	<u>2006 Obligations</u>	<u>2007 CR Estimate</u>	<u>2006 Carryover Into 2007</u>	<u>2007 Total Resources</u>	<u>2008 Request</u>
Core R&T .....	\$35,392	\$4,245	\$39,637	\$32,765	\$22,000	\$6,973	\$28,973	\$39,700
University Partnership Grants .....	<u>20,394</u>	<u>[38,555]</u>	<u>20,394</u>	<u>[35,018]</u>	<u>11,000</u>	<u>20,394</u>	<u>31,394</u>	<u>25,340</u>
Total .....	55,786	4,245	60,031	32,765	33,000	27,367	60,367	65,040

NOTE: Fiscal year 2005 carryover 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 2005 grants that were awarded in fiscal year 2005 and obligated in early fiscal year 2006.

Fiscal year 2006 R&T carryover budget activity for the University Partnership Grants program is included in the fiscal year 2007 R&T account. The 2006 carryover for University Partnership Grants are fiscal year 2006 grants that were awarded in fiscal year 2006 and obligated in early fiscal year 2007.

<u>FTE</u>	<u>2006 Actual</u>	<u>2007 Estimate</u>	<u>2008 Estimate</u>
Headquarters .....	110	105	107
Field .....	<u>35</u>	<u>38</u>	<u>34</u>
Total .....	145	143	141

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

<b>Core R&amp;T</b>	<u><b>Amount</b></u>
2006 Appropriation .....	\$35,392
2007 Full-Year CR Estimate.....	22,000
2008 Request .....	<u>39,700</u>
Program Improvements/Offsets .....	+17,700

**Proposed Actions**

The Department proposes \$39.7 million for core Research and Technology. This request is \$4 million more than the 2006 appropriation, \$50 thousand less than the 2007 requested level and \$17.7 million more than the reduced full fiscal year 2007 Continuing Resolution level.

The following section describes the key aspects of PD&R’s research program for fiscal year 2008 in support of 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 16.

**KEY RESEARCH PLAN FOR FISCAL YEAR 2008**

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. PD&R also places an emphasis on housing research for other HUD program offices, Congress, the Office of Management and Budget and the public. These policies serve as the cornerstones of PD&R’s budget request. In fiscal year 2008, 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 GOAL: 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 staff continues to 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, recently completed in fiscal year 2006 and those underway and under consideration in fiscal years 2007 and 2008, are discussed on pages 20 and 21 of this Justification.
  
- **Performance Management (GPRA).** PD&R provides analytical and staff support for the Department’s performance management processes under the Government Performance and Results Act (GPRA). PD&R teamed with the Office of the Chief Financial Officer in 2006 to manage the strategic planning and stakeholder consultation process and prepared the Department’s fiscal years 2006-2011 Strategic Plan. During fiscal year 2008, PD&R will be working closely with the Office of the Chief Financial Officer and program offices to develop appropriate outcome-oriented measures for the Department’s Annual

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Performance Plans. On a parallel track, PD&R is providing focused assistance to program offices that were unable to fully demonstrate results under OMB's PART. For example, PD&R is conducting an in-depth study of the impacts of the Section 202 Elderly Housing program and the Section 811 Housing for Persons with Disabilities program on residents' health and other outcomes, and also identified performance measures to track these impacts and strengthen future program results. PD&R's studies of the HOME program and the Housing Choice Voucher program have contributed to their receiving "moderately effective" PART scores. PD&R is working closely with the Office of Community Planning and Development to develop and validate measures of the community impact of CDBG expenditures, an effort that complements the strengthened grantee outcome reporting framework for community development programs. PD&R provides stronger program operations and improved PART ratings for Fair Housing Initiatives Program (FHIP), Fair Housing Assistance Program (FHAP), housing counseling, Historically Black Colleges and Universities (HBCU) and Sections 202 and 811 programs. PD&R will continue its research program to improve HUD's ability to measure the direct effects of HUD's programs and link performance measures to long-term impacts. The American Housing Survey, program evaluations and special-purpose research efforts provide and validate performance data about program outcomes. In addition, to provide quantifiable independent evidence of HUD's performance, 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. Also, in fiscal year 2008, more than 7.6 million files related to housing and community development topics will be downloaded from PD&R's website.

- **President's Management Agenda (PMA)--Reducing Assisted Housing Subsidy Errors.** The PMA goal was to reduce these errors by 50 percent by 2005 and to continue to increase error reduction into fiscal years 2006, 2007 and 2008. Recent studies show that HUD already achieved the 50 percent goal. In support of this goal, PD&R manages annual studies of the accuracy of program sponsor local income and rent determinations used as the basis for subsidy billings. The Department was given a "green" PMA rating by OMB for its error measurement and error reduction efforts under the PMA Eliminate Improper Payments Initiative. 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, conducting 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 HUD's field economists, who are 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 surveys of market rents and customer satisfaction. The funding for these two program support functions has been provided through the Public Housing Capital Fund starting in fiscal year 2001.

**STRATEGIC GOAL: INCREASE HOMEOWNERSHIP OPPORTUNITIES**

More than half of PD&R's core research and technology budget request supports work on 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, the Survey of New Home Sales and Completions and other surveys. 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 into service. Information on the cost and affordability of new housing is also collected. In addition, the size, community surroundings, and the cost, value and quality of the existing housing stock are assessed; losses from the housing stock are also measured. The characteristics of housing occupants are 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 assessed by the surveys. The surveys 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 the American Dream Downpayment Initiative (ADDI), Housing Counseling, SHOP, and 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, the redesign of FHA's loss mitigation tools, and information on alternative default resolution strategies, such as the 601 Accelerated Claim and Asset Disposition Demonstration.
- **Increasing Minority Homeownership.** In support of the President's goal to create 5.5 million more minority homeowners by 2010, PD&R has recently completed studies on the reasons for the racial and income gaps in homeownership, the early homeownership experiences of low-income families and the special problems faced by Hispanics in the mortgage market. This work includes such

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topics as 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.

- **Analysis of FHA's Market Role.** In cooperation with the Office of Housing, PD&R recently undertook an industry analysis of FHA's market role with a special emphasis on subprime and other special interest groups. PD&R is also conducting a study of lender use of automated underwriting for FHA loans.
- **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. 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 metropolitan areas. Analysis of this database will help to inform policy makers on strategies for reducing closing costs.
- **High Cost and Predatory Lending.** PD&R will continue to study high cost lending and the sub-prime 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.
- **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 2008, PD&R will monitor and evaluate the effectiveness of new Fannie Mae and Freddie Mac housing goals and subgoals as they are increasing from year-to-year. 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 GOAL: 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 PMA Management and Performance Initiative, established with specific performance goals for housing quality and management accountability. 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 year 2008, PD&R will continue to 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 PMA Management and Performance 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, increased 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 basis, and in highly dynamic rental housing markets. PD&R and PIH will consider beginning research to find better ways of determining the amount of administrative funds PHAs need to manage Housing Choice Vouchers effectively. 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.
- **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. Regulatory barriers constitute the greatest impediment to "work force" housing; that is, housing for income groups above those traditionally receiving subsidies and below that which the current market provides. Regulatory barriers also impede the development of lower-income housing. Started in fiscal year 2004, PD&R plans to continue its comprehensive coordinated initiative of research, policy analysis, information dissemination and other activities directed at reducing regulatory and other barriers to affordable housing. PD&R plans to devote \$850 thousand, in fiscal year 2008 to research efforts 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 obsolete building standards, land use controls and processes will streamline the provision of both market and HUD-assisted housing in America's communities. Recent PD&R research has developed a methodology for conducting a "housing impact analysis," a tool to assess potential impacts of rules and regulations on affordable housing. Other recently completed research includes guidebooks on impact fees and the cost of land development. In fiscal year 2008, 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 110,000 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 30 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

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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 the first rigorous assessment of the extent to which people with disabilities encounter differential treatment when they seek to rent housing. PD&R is beginning an in-house assessment of the Section 811 program for people with disabilities. PD&R has an on-going major study that will estimate the extent to which newly constructed rental housing meets the accessibility requirements of the Fair Housing Act.
- **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. In addition, PD&R is completing a project with HHS to explore options for combining supportive services with assisted housing to improve the quality of life for low-income seniors. PD&R is also beginning a project to assess the extent to which those in assisted housing for the elderly are serviced by elderly coordinators.
- **Building Technology/PATH.** A major focus of the Building Technology and Regulatory Studies research category in fiscal year 2008 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. The PATH program is part of Building Technology research effort. This coordinated effort of basic and applied research, demonstrations and dissemination will continue to advance the acceleration of innovation in the homebuilding industry. PATH's two websites (PATHnet and Toolbase) now constitute the world's most visited non-commercial housing technology sites. PD&R will also conduct research in support of other program offices in support of HUD's Energy Action Plan, a departmental priority to significantly reduce the consumption of energy in the Department's programs.
- **Disaster Research.** Since Hurricane Katrina a significant portion of the Building Technology and Regulatory Studies research category has been devoted to research and policy analysis on building better more disaster resistant housing and techniques for reconstruction after a disaster. Utilizing PATH, other Building Technology research as well as regulatory research, policy advice on reconstruction technologies is being provided to programs within the Department, affected State and local governments, and the larger Administration. Recent research has been directed at developing guidebooks on wind and water resistant construction, prevention of and remediation of moisture intrusion (and resulting mold). For fiscal year 2008, Building Technology and Regulatory research will expand its disaster research to develop new technologies and standards to address events other than Katrina including housing that can be quickly erected and serve as starter homes for reconstruction.
- **PDR's Field Economists.** The economists serve as the Department's primary source of information on local economic and housing conditions. 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 FHA's multifamily insurance programs. Last year, the field economists reviewed nearly 350 applications valued at over \$2 billion. They play a key role in setting the Fair Market Rents at the

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correct level and 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.

- **Addressing high energy costs.** HUD spends more than \$4 billion each year on energy—more than 10 percent of its budget — primarily through utility allowances to renters, operating grants to public housing agencies, or housing assistance payments to private building owners. As Co-Chair (with CPD) of HUD's Energy Task Force, PD&R has been directed by the Secretary to take major responsibility for coordinating the implementation of HUD's Energy Action Plan. The goal of this Departmentwide effort is to reduce utility costs by at least 5 percent or \$200 million/year, or \$1 billion over 5 years. This effort also fulfills the requirement of Subtitle D, Section 154 of the Energy Policy Act of 2005, which requires HUD to develop and implement an integrated energy strategy for public and assisted housing, and supports the President's May, 2001, National Energy Policy. In fiscal year 2008, PD&R will develop sound and credible estimates of savings achieved through various program activities, and undertake policy analysis and evaluation to remove regulatory barriers to, and identify incentives for, incorporating energy efficiency in HUD programs.

## STRATEGIC GOAL: STRENGTHEN COMMUNITIES

- **Measuring unmet disaster needs and developing formulas for allocating supplemental CDBG appropriations.** Since 1997, PD&R has assembled data on the level of damage sustained by communities due to disasters. PD&R has used those data to estimate the level of unmet needs requiring additional resources to facilitate long-term recovery. PD&R has used the data to develop formulas to quickly allocate supplemental CDBG funds to the communities that need them the most. In 2006, PD&R's analysis was used in the allocation of both the December 2005 \$11.5 billion and June 2006 \$5.2 billion supplemental CDBG appropriations for disaster recovery after Hurricanes Katrina, Rita, and Wilma. The state of Louisiana used the data provided by PD&R to develop their action plan for housing recovery. The Office of Federal Coordinator for Gulf Coast Rebuilding at the Department of Homeland Security cites HUD's data on housing damage as the official estimate.
- **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 prevention. 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 led to the development of 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. These studies formed the basis for proposals to reform the CDBG program. The recommendations are being considered by Congress.

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- **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. Two programs, the Community Outreach Partnership Center (COPC) grant program and the Community Development Work Study program (CDWS), were not funded by Congress in fiscal year 2006 or slated for funding in fiscal year 2007, however, grants from prior years are still active. PD&R requests restored funding for the COPC program in fiscal year 2008. The communities surrounding the colleges and universities benefit directly from all university grants.
- **Evaluating Economic and Community Development.** Since the CDBG program was enacted in 1975, PD&R has conducted many evaluations of different aspects of the program. In 2006, PD&R completed an assessment of how grantees manage the sub-recipients through whom they carry out many program activities. We have on-going assessments of possible alternatives to the CDBG formula to inform the current debate over CDBG reform. PD&R will assist CPD with assessments of CDBG performance data that will result from recent changes to the program reporting system. PD&R has underway an assessment of the systems States use to distribute CDBG funds to small communities. In 2007 and 2008, PD&R will work with CPD to identify aspects of community development programs that need to be examined.
- **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. During fiscal year 2008, PD&R will integrate the American Community Survey Data into the State of the Cities Database.

### STRATEGIC GOAL: 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.** As referenced in the bullet on Evaluation of Housing for those with Disabilities, PD&R recently completed the first rigorous study of the extent to which people with disabilities encounter differential treatment when they seek to rent housing. PD&R is beginning an in-house assessment of the Section 811 program for people with disabilities. PD&R also has an ongoing major study that will estimate the extent to which newly constructed rental housing meets the accessibility requirements of the Fair Housing Act.

### STRATEGIC GOAL: 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

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Office and PIH to assess the effect of services provided by faith-based organizations to HOPE VI residents. Other on-going 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>
2006 Appropriation .....	\$20,394
2007 Full-Year CR Estimate.....	11,000
2008 Request .....	<u>25,340</u>
Program Improvements/Offsets .....	+14,340

**Proposed Actions**

**University Partnership Grants Program.** This budget requests \$25.34 million for University Partnership Grant programs. In fiscal year 2006, HUD awarded 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 Universities program (TCUP). In fiscal year 2007, a full-year Continuing Resolution would require reductions of \$9.3 million, a 45 percent reduction, relative to fiscal year 2006 funding levels. Fiscal year 2007 funding decreases are spread proportionately among the four programs. In fiscal year 2008, PD&R proposes fully funding these aforementioned four programs, as well as, the Community Outreach Partnership Center (COPC) program that was not funded in fiscal year 2006 nor is slated for funding in fiscal year 2007. Funds are not requested for the Community Development Work Study (CDWS) program, which was not funded in fiscal year 2006.

Funds for the five programs are used to assist institutions of higher education in forming partnerships with the communities to undertake a range of activities that foster and achieve neighborhood development and revitalization. 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 18:

**Historically Black Colleges & Universities (HBCUs).** For fiscal year 2008, a total of \$8.476 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 HBCUs 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.

**Hispanic-Serving Institutions Assisting Communities (HSIAC).** The budget proposes \$5.65 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 2008, it is requested that \$100 thousand of the proposed funds be provided for technical assistance for AN/NHIAC grantees and potential grantees.

**Alaska Native and Native Hawaiian Serving Institutions.** The budget proposes \$2.825 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

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community entities. In 2008, it is requested that up to \$100 thousand of the proposed funds be provided for technical assistance and training for AN/NHIAC grantees and potential grantees.

**Community Outreach Partnerships Centers (COPC).** A total of \$5.94 million is requested for the COPC program. The COPC program provides grants to encourage institutions of higher education to 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 2008, it is requested that up to \$500 thousand of the proposed funds be provided for technical assistance, training and clearinghouse funding for COPC grantees and potential grantees.

**Tribal Colleges & Universities.** This budget includes \$2.449 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 2008, it is requested that up to \$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 provide 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 workshops to enhance the competitiveness of unsuccessful first-time applicants; (4) Clearinghouse activities pertaining to the programs; and (5) training in a broad range of related subject areas.

**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.

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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 over 60 percent in fiscal year 2006. 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. A full-year fiscal year 2007 Continuing Resolution would have a significant negative effect on the surveys reducing them to \$16 million. This cut would require extensive reductions to all of the surveys. PD&R expects to commit \$30 million for fixed activities in fiscal year 2008. The largest of these is the Congressionally mandated American Housing Survey (AHS), which provides policy makers and researchers with basic information on the U.S. housing market. The American Housing Survey and other surveys are estimated at \$25 million in fiscal year 2008, an increase of \$4.92 million over the current fiscal year 2006 survey costs. The major reason AHS costs are proposed to increase in 2008 is to restore the AHS to its pre-fiscal year 2006 service levels. Fiscal year 2006 appropriations were so low that temporary suspensions and alterations were required. The fiscal year 2008 proposed appropriation assumes that such temporary suspensions and alterations will be eliminated and the AHS will be returned to the pre-fiscal year 2006 service levels. 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. Temporary alterations and possible permanent changes were made to the Survey of Market Absorption as a result of the fiscal year 2006 appropriations. The proposed fiscal year 2008 budget would eliminate those changes and restore these surveys to their pre-fiscal year 2006 levels. 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. If a full-year fiscal year 2007 Continuing Resolution is enacted there will be no funding for critical research such as program evaluations and other key research as described in the following sections. In fiscal year 2008, the request for variable activities is \$9.8 million and it 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 19.
- The University Partnership Grants program funds of \$25.34 million are for the aforementioned 5 competitive grant programs.



Research and Technology

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

Information pertaining to increases and decreases are provided on the following table. The table shows obligations for fiscal years 2006, 2007 and 2008.

<u>Budget Activity</u>	<u>2006 Estimate Obligations a/</u>	<u>2007 Budget Estimate b/</u>	<u>2007 Current Estimate b/c/</u>	<u>2008 Estimate</u>	<u>2008 vs 2007 Increase + Decrease -</u>
	(Dollars in Thousands)				
<b>Core Research and Technology Funds:</b>					
I. Market Surveys (Fixed)	\$20,078	\$25,000	\$16,000	\$25,000	+\$9,000
II. Other Fixed Activities	4,327	5,000	3,750	5,000	+1,250
<b>Subtotal Fixed Activities</b>	<b>24,405</b>	<b>30,000</b>	<b>19,750</b>	<b>\$30,000</b>	<b>+10,250</b>
III. Program Evaluations	1,644	5,000	1,900	5,000	+3,100
IV. Homeownership/Housing Finance Studies	855	1,400	437	1,450	+1,013
V. Housing Technology/ Regulatory Studies/PATH d/	300	800	161	800	+639
VI. Urban Data Systems Research	55	300	...	300	+300
VII. Doctoral Research Program	542	550	550	550	...
VIII. Removal of Regulatory Barriers to Affordable Housing	250	850	...	850	+850
IX. Other Housing/Community Development/Urban Research	763	850	25	850	+825
X. National Research Council	743	...	...	...	...
<b>Total non-PATH R&amp;T</b>	<b>29,557</b>	<b>39,750</b>	<b>22,823</b>	<b>39,800</b>	<b>+16,977</b>
XI. PATH set-aside e/	<u>3,211</u>	...	<u>6,050</u>	...	<u>-6,050</u>
<b>Total Core R&amp;T</b>	<b>32,768</b>	<b>39,750</b>	<b>28,873</b>	<b>39,800</b>	<b>+10,927</b>

a/ Fiscal year 2006 obligations include 2005 carryover and 2006 recoveries (\$2.874 million for Core R&T and \$1.311 million for PATH).

b/ Fiscal years 2007 and 2008 estimates include \$100 thousand in recoveries.

c/ Fiscal year 2007 current estimate column reflects full-year Continuing Resolution funding of \$19 million for Core R&T and \$3 million for PATH, the current estimate also includes 2006 carryover (\$3.823 million for Core R&T and \$3.05 million for PATH).

d/ PATH expenses are eligible under R&T in fiscal years 2007 and 2008.

e/ Fiscal year 2006 PATH program (\$4.95 million) was administered by the Office of Housing, and the balance of \$1.311 million in fiscal year 2005 carryover was administered by PD&R.

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Budget Activity

	2006	2007	2007	2008	2008 vs 2007
University Partnership Grants Programs	<u>Obligations</u> f/	<u>Budget Estimate</u>	<u>Current Estimate</u> g/	<u>Estimate</u>	<u>Increase+</u> <u>Decrease-</u>
		(Dollars in Thousands)			
XII. Historically Black Colleges and Universities (HBCU)	[11,697]	\$8,910	\$13,716	\$8,476	-\$5,240
XIII. Community Development Work Study (CDWS)	[3,234]	2,376	...	...	...
XIV. Hispanic Serving Institutions (HSIAC)	[6,568]	5,940	9,144	5,650	-3,494
XV. Alaska & Hawaiian Serving Inst AN/NHIAC)	[3,999]	2,970	4,572	2,825	-1,747
XVI. Community Outreach Partnership Center (COPC)	[6,599]	5,940	...	5,940	+5,940
XVII. Tribal Colleges and Universities Program (TCUP)	[2,921]	2,574	3,962	2,449	-1,513
Total University Partnership Grants	[35,018]	28,710	31,394	25,340	-6,054
<b>Grand Total R&amp;T</b>	<b>32,768</b>	<b>68,460</b>	<b>60,267</b>	<b>65,140</b>	<b>+4,873</b>

f/ Fiscal year 2006 obligations include fiscal year 2005 carryover funds from the Section 107 CDBG set-aside.

g/ Fiscal year 2007 estimate reflects the full-year Continuing Resolution of \$11 million for the University Partnership Grant programs, the current estimate also includes fiscal year 2006 carryover balance of \$20.394 million for grants that were awarded in fiscal year 2006 but obligated in early 2007 (detail of carryover balances follow: HBCU - \$8.91 million, TCUP - \$2.574 million, HSIAC - \$5.94 million, AN/NHIAC - \$2.97 million).

NOTE: Prior to fiscal year 2006, 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 was funded under PD&R's Research and Technology account. In fiscal years 2007 and 2008, the program continues to be proposed for funding under PD&R's Research and Technology account. Congress did not appropriate funds for the Community Development Work Study or the Community Outreach Partnership Center programs in fiscal year 2006 or under the fiscal year 2007 Continuing Resolution. Funding is requested for the Community Outreach Partnership Center programs in fiscal year 2008.

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 importance 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.

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Sixty-three percent of the fiscal year 2008 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. The amount appropriated in fiscal year 2006 required temporary changes in the survey. In particular the temporary suspensions and alterations to the AHS involved reducing the sample sizes (from 4,500 to 3,000 per metropolitan area), reducing the number of metropolitan areas included from 16 to 7 every 2 years (47 to 21 every 6 years), and shifting the timing of metropolitan survey enumerations from even-numbered years to odd-numbered years. More drastic reductions will be implemented in fiscal year 2007 if the full-year Continuing Resolution funding is enacted. If these changes become permanent, the quality and credibility of the AHS will be truly denigrated and all users will suffer. The fiscal year 2008 appropriations request assumes that these changes to the AHS will not become permanent. 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 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. As a result of the fiscal year 2006 appropriation, this survey would have been eliminated. HUD has received strong letters and expressions of support for this survey.
- The Survey of New Manufactured (Mobile) Housing Placements, a mandated survey, 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 website [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 2006, 8.3 million files

were downloaded by these users. During the same period, HUDUSER distributed approximately over 350 thousand copies of PD&R products. In fiscal year 2005, follow-up surveys were conducted that focused on customers of the Office of Policy Development and Research's online distribution center - HUDUSER. Among the fiscal year 2005 survey respondents, 87 percent were highly satisfied or moderately satisfied with the quality of the information available on HUD USER, exceeding the goal of 80 percent finding the information "valuable." This highly-structured survey of a sample of PD&R customers shows a sustained high level of satisfaction. Satisfaction with the quality of information was even higher among the key users groups, reaching 94 percent. 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 2008, 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 multiyear 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 on-going, scheduled evaluations for 2007, and evaluations being considered for 2007 and 2008. 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 recently completed in 2006 include:

- Managing sub-recipients in CDBG;
- Housing Choice Voucher Homeownership Program;
- Opting-in and Opting-out of Privately Owned assisted housing programs;
- Effects of Housing Choice Vouchers on social well-being;
- An in-house assessment of the Section 202 program;

## Research and Technology

- Permanent housing for persons with disabilities;
- Homelessness prevention programs;
- Assisted housing and supportive services for low-income seniors;
- Homeownership Zones Assessment; and
- The Section 602 Asset Control Area Program.

Evaluations beginning with 2006 funds or on-going include:

- Self-Help Ownership Program (SHOP);
- Family Self-Sufficiency (FSS);
- Housing Counseling;
- Fair Housing Initiatives Program (FHIP);
- Cost of providing housing and services to homeless families;
- HUD-HHS-Veterans Chronic Homeless Initiative;
- The effect of transitional housing programs for homeless families;
- Assessment of the Historically Black Colleges and Universities Program;
- Assessment of how homeless families access mainstream welfare programs;
- Assessment of HUD system of addressing fair housing complaints;
- Assessment of the American Dream Downpayment Initiative (ADDI); and
- Assessing community need for CDBG funds.

Some evaluations under consideration for 2007 and 2008, subject to funding availability, include:

- Evaluation of the University Partnerships programs;
- Housing Counseling - Additional funding for this major process and impact evaluation of Housing Counseling;
- Aging in Place - An overview study of programs to promote aging in place;
- Evaluation of the Moving to Opportunity program - In 1992, the Congress authorized the Moving to Opportunity for Fair Housing Demonstration (MTO) intended to determine the effects of moving low-income families from high poverty to low poverty neighborhoods on such measures of social well-being as housing, employment, and education achievement. In September 2003, PD&R published an Interim Impact Evaluation of MTO. In 2005 and 2006, PD&R funded a final impact evaluation of MTO. This research is on-going in 2007 and 2008;
- Sections 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;
- 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;
- HOME - Evaluation of the impact of HOME project-based subsidies; and
- Rural Housing and Economic Development Program.

**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. 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. Research, intended to distinguish legitimate sub-prime lending practices from abusive, predatory practices, will continue. 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.

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 2008, 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. In past fiscal years, PATH funds were not requested. In this budget, PATH is included as an eligible activity under the Housing Technology account rather than as a separate set-aside. Since Hurricane Katrina, an increasing portion of the Housing Technology and Regulatory Studies research category is devoted to disaster prevention and reconstruction. Utilizing PATH and other research, this research category is devoting resources to identifying and testing new technologies that can better withstand wind and flood events, techniques for safe, water resistant reconstruction, and new alternatives for temporary housing. In addition, as in prior years, research in support for the Office of Manufactured Housing will be a focus. 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 2008, HUD will continue its regulatory barriers research, that is 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 2008 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 dissemination of the results of such research to the public through the use of web-based technologies. PD&R will also pursue enhanced collaboration among Federal agencies on common geospatial research interests. This includes participating in the efforts of the governmentwide Geospatial Line of Business.

**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 2008, 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 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 2008, 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 Department-wide 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, developing models for more equitable impact fees and developing analytical tools whereby proposed rules and regulations can be assessed on their potential impact on housing affordability. 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 2008, 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 are 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.

Research and Technology

PD&R also has a graduate student research program under this category. In addition, in fiscal year 2008, 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 University Partnership Grants section on page 14 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 E.3 Improve accountability, service delivery and customer service of HUD and its partners, with the research-related performance indicator "At least 85 percent of key users (including researchers, state and local governments and private industry) will be satisfied with the quality and usefulness of the Office of Policy Development and Research work products." 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 7.6 million in fiscal year 2008.

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	
		2006 Plan	2006 Actual	2007 Plan	2008 Plan
At least 85 percent of key users (including researchers, state and local governments, and private industry) will be satisfied with the quality and usefulness of the Office of Policy Development and Research work products.	Key User Surveys - periodic	N/A	N/A	N/A	85%
More than 7.6 million files related to housing and community development topics will be downloaded from PD&R's website.	Files Downloaded	6.0 million files	8.3 million files	7.0 million files	7.6 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 A: Increase Homeownership Opportunities;
- Strategic Goal B: Promote Decent Affordable Housing;
- Strategic Goal C: Strengthen Communities;
- Strategic Goal D: Ensure Equal Opportunity in Housing;
- Strategic Goal E: Embrace High Standards of Ethics, Management and Accountability; and
- Strategic Goal F: 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.

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

The 2008 President's Budget includes proposed changes in the appropriations language listed and explained below.

*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 \$65,040,000, to remain available until September 30, 2009: Provided, That of the funds made available under this heading, \$25,340,000 is for grants pursuant to Section 107 of the Housing and Community Development Act of 1974 (the "1974 Act"), as amended, as follows: \$2,825,000 to support Alaska Native serving institutions and Native Hawaiian serving institutions as defined under the Higher Education Act (the "HEA"), as amended (20 U.S.C. 1059(d)), of which up to \$100,000 may be used for technical assistance; \$2,449,000 for tribal colleges and universities as defined under the HEA (20 U.S.C. 1059(c)), 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, of which up to \$100,000 may be used for technical assistance; \$8,476,000 for the Historically Black Colleges and Universities program, as authorized in section 107(b)(3) of the 1974 Act, of which up to \$990,000 may be used for technical assistance; \$5,650,000 for Hispanic serving institutions as defined under HEA (20 U.S.C. 1101(a)), of which up to \$100,000 may be used for technical assistance; and \$5,940,000 for the Community Outreach Partnerships Center Program as authorized in section 107(a)(1)(1) of the 1974 Act, of which up to \$500,000 may be used for technical assistance, training and a program information clearinghouse: 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) A specific set-aside is not requested for PATH. Instead PATH is an eligible activity under the R&T account. Deletes language providing \$750,000 for the National Research Council, this was obligated in fiscal year 2006.
- (2) Adds language for the Community Outreach Partnerships Program.

Research and Technology

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

<u>Budget Activity</u>	<u>2006 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2006 Resources</u>
Core R&T .....	\$35,750	-\$358	...	...	\$4,245	\$39,637
University Partnership Grants .....	<u>20,600</u>	<u>-206</u>	<u>...</u>	<u>...</u>	<u>[38,555]</u>	<u>20,394</u>
Total .....	56,350	-564	...	...	4,245	60,031

Fiscal year 2005 carryover budget activity for the University Partnership Grants program is included in the Community Development Block Grants section of the budget. The 2005 carryover for the University Partnership Grants are fiscal year 2005 grants that were awarded in fiscal year 2005 and obligated in early fiscal year 2006.

Research and Technology

POLICY DEVELOPMENT AND RESEARCH  
 RESEARCH AND TECHNOLOGY  
 Crosswalk of 2007 Changes  
 (Dollars in Thousands)

<u>Budget Activity</u>	2007 President's Budget Request	FY 2007 CR Estimate	2007 Supplemental/ Rescission	<u>Reprogrammings</u>	<u>Carryover</u>	Total 2007 <u>Resources</u>
Core R&T .....	\$39,650	\$22,000	...	...	\$6,973	\$28,973
University Partnership Grants .....	<u>28,710</u>	<u>11,000</u>	...	...	<u>20,394</u>	<u>31,394</u>
Total .....	68,360	33,000	...	...	27,367	60,367

The CR estimate for fiscal year 2007 reduces PD&R's funding due to an anomaly in the formula for calculating the CR. If implemented drastic cuts to PD&R's programs would need to be implemented. PD&R would not be able to fund any research and could only fund a portion of fixed costs such as the American Housing Survey and other surveys.