

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PERSONNEL COMPENSATION AND BENEFITS

POLICY DEVELOPMENT AND RESEARCH

MISSION STATEMENT

The Office of Policy Development and Research (PD&R) supports the Department's efforts to help create cohesive, economically healthy communities. PD&R is responsible for maintaining current information on housing needs, market conditions, and existing programs, as well as conducting research on priority housing and community development issues. The Office provides reliable and objective data and analysis to help inform policy decisions. PD&R is committed to involving a greater diversity of perspectives, methods, and researchers in HUD research.

SCOPE OF ACTIVITY AND ACCOMPLISHMENTS

PD&R are responsible for the management of research and technology studies conducted under contracts, interagency agreements, cooperative agreements and grants, as well as in-house research, economic analyses, tax policy analysis, program evaluation and program monitoring, and policy development.

Staff provides analytical skills and experience to assist in the development of performance measures; develops the formula allocation such as for the Hurricane Katrina CDBG Supplemental to five affected states; targets funds so that attention is given to low-income families and vulnerable populations; and assures that questions of consistency of approach across program lines are addressed. PD&R is also responsible for major program evaluations and analyses of important issues such as minority homeownership, the removal of regulatory barriers to affordable housing and the reform of Real Estate Settlement Procedures Act (RESPA) regulations.

Staff also provides short-range research on basic housing and urban issues to allow the Secretary to be a national spokesperson on these matters. PD&R will continue its economic intelligence function, including the American Housing Survey (AHS) and related publications such as the quarterly U.S. Housing Market Conditions report. Likewise, setting Fair Market Rents (FMR) and income limits, and assisting on HUDwide special initiatives are on-going critical functions of PD&R.

Staff provides extensive support to the Chief Financial Officer and Deputy Secretary on tasks related to the Government Performance and Results Act (GPRA), including development of the Strategic Plan, Annual Performance Plan (APP), and the Performance Accountability Report (PAR).

PD&R staff supports activities necessary for disseminating and supporting our research products. These materials are made available to all levels of the government, researchers, policy analysts, the private sector and to interested parties through PD&R's research information clearinghouse, HUDUSER and via our website www.huduser.org. PD&R conducted surveys to determine whether customers found PD&R research products relevant, useful and well prepared, including a web-based survey in the fall of 2004. PD&R reported an 87 percent satisfaction rating in the PAR for fiscal year 2005. PD&R plans to measure again in fiscal year 2009 if funding permits.

Staff works closely with the program offices and the Office of Chief Information Officer to improve automated systems and the program data that reside in these systems, in order to support research and evaluations, and to assure that program managers throughout HUD's organization have the information needed to monitor results.

PD&R is also responsible for the examination of the outcomes of current HUD programs; the evaluation of programs in view of those outcomes; and the review of the continuing efficacy of programs.

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PD&R provides technical support to Federal Housing Administration (FHA). New ways of doing business require careful up-front study and prompt and thorough evaluations. Actuarial studies, program design, development of automated underwriting systems, and assessments of whom FHA serves are areas where FHA and the Secretary need assistance. PD&R's analytical approach and economic expertise make its advice particularly useful to FHA and the Secretary.

Staff also administers outreach and grant programs of the Office of University Partnerships, including the following grant 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 Colleges and Universities Program (TCUP).

On behalf of the Secretary, staff of the Office of International Affairs supports and encourages bilateral relations with other countries. As such, this Office is responsible for conducting studies and research as well as attending international conferences to support the international exchange of information and data on housing and development topics.

The economists who serve in HUD field offices report to PD&R. The field economists serve as the Department's primary source of intelligence on local economic and housing conditions, providing analysis and recommendations to field and headquarters management and program officials, including reports for the U.S. Housing Market Conditions quarterly report. The field economists also assist HUD clients in identifying and analyzing economic and demographic data; provide market analysis reviews of various program applications such as for FHA Multifamily insurance; conduct needs assessments of assisted housing proposals; and advise on the allocations of assisted housing funds.

PD&R's work and accomplishments support all of the Strategic Goals and the President's Management Agenda.

WORKLOAD - CURRENT FTEs

The workload of PD&R focuses on ways to improve the efficiency, effectiveness, and equity of HUD programs. This entails developing policy recommendations for the Secretary, performing policy and economic analyses, conducting program evaluations, directing research and demonstration activities, gathering programmatic and basic housing and urban data, and evaluating and monitoring new and existing programs for the Department. The workload also includes supporting the Secretary in carrying out his oversight responsibilities with respect to Fannie Mae and Freddie Mac and preparing reports to Congress. In carrying out its responsibilities, PD&R conducts analyses using either contract or in-house staff resources, depending on the issue and the nature of the work. In fiscal year 2009, PD&R expects to maintain a high level of contracting for research with small businesses to achieve more innovative and diverse research products. PD&R also works with other HUD staff, State and local governments, academicians, representatives of various interest groups, and other interested parties, to assure that all accessible knowledge is brought to bear on issues of concern to the Department.

ADDITIONAL FTE REQUEST

For fiscal year 2009, an additional 3.0 FTEs are requested for Headquarters and an additional 2.0 FTEs are requested for the field economists.

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Field Economists--2.0 FTEs

Field Economists are required to complete a minimum of two Comprehensive Housing Market Analysis (Comps) reports per year or an average of 50 Comps a year. Due to staff shortages, most staff can only complete one report resulting in an annual average of less than 30 Comps. These reports are the foundation of the Field Economists work and it enables them to stay on top of their market areas. Staff economists are also being asked to do more data analysis for disaster areas which causes routine work to be delayed or eliminated. New Orleans/Katrina-related work is now primarily handled by the Denver Office.

Without increased staff, current plans to increase field economist participation in evaluating FMRs due to the declining effectiveness of random digit dialing (RDD) telephone surveys, and plans for increased use of post-disaster field economist evaluations of housing markets to support emergency housing and disaster recovery programs cannot be implemented. Assuming additional resources, 50 to 100 market areas will need to be evaluated in order to meet GAO's requirement that data from the American Community Survey be verified.

Without increased staffing PD&R's ability is severely limited to provide data or coordinate work with Field Office Directors and Program Directors to facilitate achievement of management plan goals.

Due to staff shortages, the field economists no longer review purchase and refinance applications under the Section 223(f), Section 223(a) and FHA's Risk-sharing programs, and no longer review Section 811 applications. If the Field Economists resume this work it would reduce the risk to the FHA fund. The Office of Housing strongly desires that these reviews be resumed.

Single Family Housing has requested more help with data/program analysis and mapping support to assist in regional briefings and presentations as well as homeownership conferences and other key events. If FHA modernization is passed, the Field Economists can proactively work with Single Family to target market areas for new FHA products.

In fiscal year 2007, the Field Economists ability to review CDBG consolidated plans or provide any data support to CPD and FHEO is severely limited due to staffing shortages.

Headquarter Staff--3.0 FTEs

An additional 1.0 FTE is required for the Financial Institutions Regulation Division within the Office of Economic Affairs to ensure the timely completion of the various tasks required to complete a new GSE Housing Goals regulation for the 2009 through 2012 period. These analyses include: evaluating, updating and running of the additional purchases model to establish the rationale for the final goal levels, subgoal levels, and alternatives considered in establishing the final rule, conducting a benefits analysis of the housing goals on the single family-owner mortgage market, single family rental properties, and multifamily properties is conducted, and the goals impact on other mortgage market actors, such as FHA and portfolio lenders; conducting a costs analysis of the housing goals to the GSEs in terms of mortgage default, credit risk, and the financial return earned by the GSEs on their goals-qualifying mortgage purchases; and examining alternative specifications of area median income estimates.

An additional 1.0 FTE is requested for the Economic and Market Analysis Division within the Office of Economic Affairs to assist the Senior Market Analyst in developing field analysis policy, initiating and coordinating policy and operating strategy for the field economist organization, providing functional supervision, data and technical instructions, training and management support, organizing and disseminating procured market data, and reviewing Field Economists' work products. These duties currently are handled less efficiently by the Senior Market Analyst and a cadre of senior Field Economists. This decentralized adaptation for performing these functions, and the part-time nature of the contributions to it from the senior Field Economists, reduces the adaptability, operating efficiency, and productivity of the Field organization relative to what could be achieved with a dedicated cadre economists working in this area.

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An additional 1.0 FTE is requested for the Housing and Demographic Analysis Division within the Office of Economic Affairs to attach the income limits to AHS records each time the new survey is released. This work is no longer completed by Census. This connection is fundamental to measuring affordability using AHS data. Since the method of estimating income limits is changing, the additional FTE will be required to understand the implications for the AHS. In addition, this FTE will engage in AHS-related research not currently being carried out by PD&R including:

- Demographic projections, especially with respect to new owner and renter households.
- Housing market forecasting; and
- Tapping into underused modules of the AHS, such as alterations & replacements, journey to work, second homes, and the full user cost of ownership. There are other organizations using these data, but HUD has not.

FISCAL YEAR 2009 BUDGET REQUEST

The 2009 S&E Budget requests an increase of \$1,353 thousand in personal services and benefits when compared to the 2008 equivalent level.

PERSONAL SERVICES

The increase in personal services will support the 5.0 FTE increase, pay increases and other benefit increases in 2009.

**POLICY DEVELOPMENT AND RESEARCH
Personal Services
Summary of Change
(Dollars in Thousands)**

	<u>Actual 2007</u>	<u>Enacted 2008</u>	<u>Request 2009</u>	<u>Increase + Decrease - 2009 vs. 2008</u>
FTE (Executive Direction).....	...	[8]	...	...
FTE.....	144	141	146	+5
Personal Services (Executive Direction).....	...	[\$1,526]	...	...
Personal Services.....	\$17,645	\$18,476	\$19,829	+\$1,353

Personnel Compensation and Benefits--Policy Development and Research

**POLICY DEVELOPMENT AND RESEARCH
Summary of Requirements by Grade
Salaries and Expenses**

	2007 Actual	2008 Enacted	2008 Executive Direction a/	2009 Requested	Increase + Decrease -
<u>Grade:</u>					
Executive Level	1	0	1	1	0
Executive Service	2	1	1	2	0
GS-15	26	24	1	28	+3
GS-14	47	44	1	44	-1
GS-13	29	27	1	29	+1
GS-12	13	10	2	12	0
GS-11	8	11	0	11	0
GS-10	1	0	1	1	0
GS-9	6	6	0	8	+2
GS-8	4	4	0	4	0
GS-7	6	1	0	1	0
GS-6	0	1	0	2	+1
GS-5	0	0	0	0	0
GS-4	1	4	0	3	-1
GS-3	0	0	0	0	0
GS-2	0	0	0	0	0
GS-1	0	0	0	0	0
Total Positions	144	133	8	146	+5
Average ES Salary	\$151,057	\$115,050		\$162,240	+\$47,190
Average GS Salary	\$94,224	\$96,108		\$99,600	+\$3,492
Average GS Grade	12.9	12.8		12.9	+0.1

a/ Fiscal year 2008 Executive Direction column was added for comparability purposes.

EXPLANATION OF CHANGES FROM 2008 BUDGET ESTIMATE TO 2009 ESTIMATE

The Office of Policy Development and Research is requesting 146.0 FTE in fiscal year 2009. The fiscal year 2009 request of 146.0 is a net increase of 5.0 FTEs when compared to the 2008 current estimate of 141.0. There is a net increase of 3.0 FTEs in 2009 for PD&R in Headquarters as described below. There are increases of 2.0 FTEs in 2009 for PD&R in the Field as described below.

- There is an increase of 1.0 FTEs in the Economic Market Analysis Division of the Office of Economic Affairs. This FTE is needed to perform tasks necessary to serve as the Department's primary source of local market intelligence, provide market analysis services for various HUD programs, maintain a market intelligence system relating to urban and housing economics that includes information from both inside and outside HUD and assist in establishing the Section 8 Fair Market Rents by reviewing proposals for modifying them.
- There is an increase of 1.0 FTE in the Housing and Demographic Analysis Division of the Office of Economic Affairs. This FTE is needed to attach the income limits to AHS records each time the new survey is released. This work is no longer competed by Census. This connection is fundamental to measuring affordability using AHS data. Since the method of estimating income limits is changing, the additional FTE will be required to understand the implications for the AHS.
- There is an increase of 1.0 FTE in the Financial Institutions Regulation Division of the Office of Economic Affairs. This FTE is needed to provide research and policy analysis to support the Department's mission oversight of Fannie Mae and Freddie Mac. The division conducts in-house research and oversees contract studies relating to the establishment of numerical affordable housing goals for Fannie Mae and Freddie Mac, monitoring of their performance under the goals, reviewing and commenting on their underwriting requirements relative to fair lending requirements, review of requests for HUD approval of new programs based on consistency with their charters and with the public interest, issuance of a public-use data base on their annual mortgage purchases, and coordination with other offices in HUD that participate in this statutorily mandated regulatory oversight work. The work is likely to increase in the very near future for two reasons: (1) reflecting certain technical factors and changed conditions in the mortgage market, the division will be heavily involved in considering whether any changes are warranted in the GSE housing goals previously established for 2007 and 2008; and (2) housing goals were established in November 2004 for 2005 - 2008, thus the Department is already in the process of establishing proposed housing goals for the post 2008 period.
- There are increases of 2.0 FTEs for the field office economists. The field office economists advise program managers, provide them with economic data and analysis, and conduct market analysis reviews of housing and community development applications. The current staff level is below the minimum needed to accomplish the assigned work in an acceptable manner within the current organizational and staffing placement structure. Work requirements have already been streamlined across the country. Currently, there are no field economists in the New York or Kansas City Regional Offices. Region I has reached a critical stage in terms of field economist coverage. There is only one economist in the entire region which covers six States. This economist is also responsible for managing the Buffalo economist (Region II). On the average, there should be about 4.5 economists in every regional office, with variations to account for workload differences among regions.

The attached charts display detailed staffing and workload estimates based on the Resource Estimation and Allocation Process (REAP) baseline data.

Overall Summary of Policy Development and Research Staff Requirements

	Actual 2007	Enacted 2008	Request 2009	Increase + Decrease - 2009 vs 2008
Headquarters.....	108.2	107.0	110.0	3.0
Field	36.0	34.0	36.0	2.0
Total	144.2	141.0	146.0	5.0

Summary of Policy Development and Research Staff Requirements

	Actual 2007	Enacted 2008	Request 2009	Increase + Decrease - 2009 vs 2008
<u>Headquarters Employment</u>				
Executive Direction	0.0	8.0	0.0	-8.0
AS for Policy Development and Research	8.0	0.0	8.0	8.0
Budget, Contracts, and Program Control Division	7.0	7.0	7.0	0.0
Management and Administrative Services Division	5.6	5.6	5.6	0.0
Subtotal	20.6	20.6	20.6	0.0
Office of University Partnerships	5.3	5.3	5.3	0.0
DAS for International Affairs	6.0	6.0	6.0	0.0
DAS for Economic Affairs				
DAS for Economic Affairs	3.0	2.0	2.0	0.0
Economic Market Analysis Division	7.2	6.0	7.0	1.0
Housing Finance Analysis Division	3.3	5.0	5.0	0.0
Housing and Demographic Analysis Division	4.0	4.0	5.0	1.0
Economic Development and Public Finance Division	3.0	4.0	4.0	0.0
Financial Institutions Regulation Division	5.1	3.4	4.4	1.0
Subtotal	25.6	24.4	27.4	3.0
DAS for Policy Development				
DAS for Policy Development	2.0	2.0	2.0	0.0
Policy Development Division	8.0	8.0	8.0	0.0
Research Utilization Division	7.5	7.5	7.5	0.0
Subtotal	17.5	17.5	17.5	0.0

	Actual 2007	Enacted 2008	Request 2009	Increase + Decrease - 2009 vs 2008
DAS for Research, Evaluation, and Monitoring				
DAS for Research, Evaluation, and Monitoring	3.1	3.1	3.1	0.0
Program Evaluation Division	8.7	8.7	8.7	0.0
Program Monitoring and Research Division	12.0	12.0	12.0	0.0
Affordable Housing Research and Technology Division	9.4	9.4	9.4	0.0
Subtotal	33.2	33.2	33.2	0.0
Total	108.2	107.0	110.0	3.0
<u>Field Employment</u>				
Field Economists	36.0	34.0	36.0	2.0
Total	36.0	34.0	36.0	2.0

Detail of Policy Development and Research Staff Requirements

Workload Guideline	Workload Indicator	Fiscal Year 2007			Fiscal Year 2008			Fiscal Year 2009				
		Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Headquarters Employment												
AS for Policy Development and Research												
Immediate Office DAS	NA	...	...	3.0		...	...	3.0		...	...	3.0
Provide Policy and Program Support	NA	...	...	5.0	0.5	...	...	5.0		...	...	5.0
Subtotal				8.0	0.5			8.0	0.5			8.0
Budget, Contracts, and Program Control Division												
Administer Financial Agreements	# of Grants Processed (Research & University Grants)	195	74.88	7.0	1.2	195	74.88	7.0	1.2	195	74.88	7.0
Subtotal				7.0	1.2			7.0	1.2			7.0
Management and Administrative Services Division												
Administrative and Management Support for PD&R	# of Personnel Supported	142	82.42	5.6	0.3	142	82.42	5.6		142	82.42	5.6
Subtotal				5.6	0.3			5.6	0.3			5.6
Office of University Partnerships												
Award and Administer Grant Programs	# of Grants Awarded	380	21.40	3.9	1.7	380	21.40	3.9	0.0	380	21.40	3.9
Outreach to Colleges, Community Based Organizations, Local Governments, and HUD Staff	# of Customer Contacts	4,352	0.67	1.4	0.0	4,352	0.67	1.4	0.0	4,352	0.67	1.4
Subtotal				5.3	1.7			5.3	0.0			5.3
DAS for Economic Affairs												
DAS for Economic Affairs												
DAS Economic Affairs	NA	...	...	3.0	0.3	...	...	2.0	0.3	...	...	2.0
Subtotal				3.0	0.3			2.0	0.3			2.0
Economic Market Analysis Division												
	NA	...	...	7.2	2.0	...	...	6.0	0.0	...	...	7.0
Subtotal				7.2	2.0			6.0	0.0			7.0
Housing Finance Analysis Division												
Expert Advice on Systems for Financing Single-Family and Multifamily Housing in the United States	# of Offices and Agencies Supported	20	354.96	3.3	1.7	30	354.96	5.0	0.7	30	354.96	5.0
Subtotal				3.3	1.7			5.0	0.7			5.0

Workload Guideline	Workload Indicator	Fiscal Year 2007			Fiscal Year 2008			Fiscal Year 2009				
		Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Housing and Demographic Analysis Division												
	# of Surveys Produced or Supported											
Perform Survey Functions		41	200.77	4.0	1.0	42	200.77	4.0	1.0	52	200.77	5.0
Subtotal				4.0	1.0			4.0	1.0			5.0
Economic Development and Public Finance Division												
Perform Special Initiatives, Studies and Projects	NA	...	...	3.0	2.3	...	...	4.0	1.3	...	...	4.0
Subtotal				3.0	2.3			4.0	1.3			4.0
Financial Institution Regulation Division												
Support for HUD's Regulatory Oversight Function for Fannie Mae and Freddie Mac	# of Analyses Produced											
		170	62.64	5.1	0.9	115	62.64	3.4	0.0	148	62.64	4.4
Subtotal				5.1	0.9			3.4	0.0			4.4
DAS for Policy Development												
Immediate Office DAS Policy	NA	...	...	2.0	0.0	...	...	2.0	0.0	...	...	2.0
Subtotal				2.0	0.0			2.0	0.0			2.0
Policy Development Division												
Substantive Policy Guidance on HUD's Programs and Research Agenda	# of Programs and Policies Developed and Reviewed											
		610	27.43	8.0	0.2	610	27.43	8.0	0.2	610	27.43	8.0
Subtotal				8.0	0.2			8.0	0.2			8.0
Research Utilization Division												
Dissemination of Research Results and Policy Information	NA	...	...	7.5	0.5	...	...	7.5	0.5	...	...	7.5
Subtotal				7.5	0.5			7.5	0.5			7.5
DAS for Research, Evaluation, and Monitoring												
Provide Policy and Program Support	NA	...	...	2.1	2.0	...	...	2.1	2.0	...	...	2.1
Immediate Office DAS REM	NA	...	...	1.0		...	...	1.0		...	...	1.0
Subtotal				3.1	2.0			3.1	2.0			3.1
Support and Enhance Departmental Programs and Program Monitoring	# of Organizations Supported											
		18,900	1.32	12.0	0.2	19,000	1.32	12.0	0.0	19,000	1.32	12.0
Subtotal				12.0	0.2			12.0	0.0			12.0
Program Evaluation Division												
Program Research, Evaluations, and Demonstrations	# of Research Projects											
		44	416.50	8.7	1.3	44	416.50	8.7	1.3	44	416.50	8.7
Subtotal				8.7	1.3			8.7	1.3			8.7

Workload Guideline	Workload Indicator	Fiscal Year 2007			Fiscal Year 2008			Fiscal Year 2009				
		Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Affordable Housing Research and Technology Division												
Conduct Studies Related to Building Technologies, Environmental Issues and Community Development	# of Studies Conducted	70	275.00	9.3	0.7	71	275.00	9.3		71	275.00	9.3
Perform Procurement administration	# of procurements managed	1	225.73	0.1	1.0	1	225.73	0.1	1.0	1	225.73	0.1
Subtotal				9.4	1.7			9.4	1.0			9.4
DAS for International Affairs												
Develop and manage International Exchanges, Contracts, and Programs	International Exchanges, Contracts, and Programs Developed and Managed	55	227.97	6.0	3.2	55	227.97	6.0	3.2	55	227.97	6.0
Subtotal				6.0	3.2			6.0	3.2			6.0
Subtotal PD&R Headquarters				108.2	21.0			107.0	13.5			110.0
Field Employment												
Field Economists												
Field Administration & Mgmt	# of multifamily project reviews	88	417.6	17.6	1.0	84	417.6	16.6	0.0	88	417.6	17.6
Economic Analysis, Evaluations, and Reviews	# of Section 221(D)(3) and (D)(4) reviews	342	74.4	12.2	1.0	332	74.4	11.8	0.0	360	74.4	12.8
Economic Intelligence and Advice to Program and Management Officials and Outside Clients	# regional Summaries & spot narratives	8	927.2	3.4		7	927.2	3.2		7	927.2	3.2
Fair Market Rents	NA	...	...	1.1	1.0	...	...	0.9	0.0	...	...	0.9
Database Management	# of models, databases, and spreadsheets updated	52	69.32	1.7	1.0	46	69.32	1.5	0.0	46	69.32	1.5
Subtotal				36.0	4.0			34.0	0.0			36.0
TOTAL PD&R FTE				144.2	25.0			141.0	13.5			146.0



OFFICE OF POLICY DEVELOPMENT AND RESEARCH

