



**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
FISCAL YEAR 2012 PROGRAM AND BUDGET INITIATIVES  
**INTERNAL INNOVATION AND GROUNDBREAKING RESEARCH**

**In Fiscal Year 2012, HUD is requesting \$1.97 billion to increase internal efficiency and effectiveness, to better achieve the mission *to create strong, sustainable, inclusive communities and quality, affordable homes for all.***

HUD is in the midst of a reinvention that is leveraging technology and a new way of doing business to respond to the need for increased transparency and improved service delivery. The current economic and housing crisis; the structural affordability challenges facing low-income homeowners and renters; and the new, multidimensional challenges facing our urban, suburban, and rural communities all require an agency in which the fundamentals matter and the basics function. HUD is committed to an investment in transformation, research, and development that will be implemented persistently over time.

**CHANGING HOW WE WORK TOGETHER**

When employees attain skills and are motivated to use those skills to help their organization reach goals, the capacity of the organization grows and employees in the organization grow as well. HUD is creating training and leadership development opportunities for employees, managers, and leaders and conduct succession planning. Over time, the rules and regulations that develop within an organization become hurdles instead of the helpful pathways they were intended to be. HUD is in the process of simplifying and combining programs, streamlining regulations, and eliminating rules and constraints. In addition, the Department is in the middle of a major reform of its information technology, human resources, procurement, and other internal support functions to give more authority to managers and provide better service to HUD customers.



**In Fiscal Year 2012, HUD is requesting \$1.477 billion in salaries and expenses**, including \$127 million for HUD's Office of Inspector General (OIG). With this funding request, which is a freeze from 2010 levels, HUD is committed to 'doing more with less.' Specifically, the Department will continue to improve operations and create a dynamic organization capable of addressing some of our nation's most difficult challenges. HUD remains at the forefront of the Federal response to the national mortgage crisis, the economic recovery, and the structural gap between household incomes and national housing prices. These roles require an agency that is nimble and market-savvy, with the capacity and expertise necessary to galvanize HUD's vast network of partners, including local officials, non-profits, faith-based organizations, and community advocacy groups, among others.

**TRANSFORMING THE WAY HUD DOES BUSINESS**

HUD's ongoing transformation effort, aimed at reversing the impact of longstanding inefficiencies and neglect, requires long-term support. The Department's operations face serious, deep-rooted challenges arising from internal resource and structural constraints that hinder its ability to address the growing housing and urban development issues facing the nation. The sustained commitment of flexible budget resources is critical if HUD is going to fundamentally change the way it operates. HUD's transformation is a multiyear effort that can only be achieved through the relentless focus of agency leadership, full transparency, and accountability to both external and internal stakeholders for the delivery of real results. TI funds are proposed as the primary funding source for program demonstrations, and technical assistance and capacity building, as well as a crucial source of funds for research, evaluation, and performance metrics. Since TI was first enacted in 2010, it has infused much-needed funding into the long-neglected areas of IT modernization, research and evaluation, and program demonstrations. Further, TI has provided a mechanism for financing innovative, cross-cutting technical assistance that goes beyond



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program compliance to improve grantee capacity, performance and outcomes. And while the Department's transformation represents a long-term commitment, we must do so in a responsible manner that ensures HUD's constituent services don't suffer at the hands of internal transformation.

The 2012 Budget proposes a Department-wide HUD Transformation Initiative Fund to be funded by transfers from program accounts of up to .5 percent at the Secretary's discretion. **In Fiscal Year 2012, HUD will transfer \$120 million into its Transformation Initiative Fund.** Projects that HUD anticipates funding through TI include:

- OneCPD – Building on the original OneCPD project that was funded in FY 2010, this ongoing initiative will provide technical and capacity building assistance to state and local CPD grantees in an integrated and comprehensive manner. The assistance will include needs assessments, direct TA, group learning, electronic and other tools that will be coordinated to help grantees effectively implement their CPD programs.
- Independent Assessments and Technical Assistance for Troubled PHAs – The FY 2012 TI Fund will continue support for the new and innovative TA vehicle established using FY 2010 TI funding that aims to address the issues faced by troubled PHAs, as well as prevent borderline PHAs from becoming troubled in the first place. The assistance will include independent assessments to identify problems faced by PHAs in the areas of physical condition of properties, financial health, management capability, and resident services. Once problems have been identified, to the Department will provide technical assistance to the PHAs in order to implement solutions.
- Housing Discrimination Study – HUD conducts a decennial study of the extent of discrimination in housing sales and rental markets. The results of this study will be compared to prior research and be used to develop case studies of discrimination against protected classes under national and state fair housing laws, and particularly focused on forms of discrimination not previously studied in depth

In addition to TI fund transfers, **in Fiscal Year 2012 HUD is requesting \$315 million in Working Capital funding**, including a transfer of \$72 million from the Federal Housing Administration (FHA) and a direct appropriation of \$243 million. These funds are crucial to HUD's transformation efforts, providing resources for the development of, modification to, and infrastructure for Department-wide information technology systems.

**PROVIDING A STRONG RESEARCH BASIS TO EFFECT LONG-LASTING CHANGE**

The office of Policy Development and Research (PD&R) provides fundamental support for the mission of the Department and the policy agenda of the Secretary. PD&R performs data collection, research, policy analysis and program evaluations, both short- and long-term, to assist the Department and national policy makers to make informed decisions on national housing markets and HUD, programs, and budget and legislative proposals. PD&R has a key role in research through the improvement of national housing data infrastructure, and rigorous evaluations of major HUD programs and meeting other key national information needs including disaster response and recovery research.

**In Fiscal Year 2012, HUD is requesting \$57 million to fund crucial research and evaluation.** The overarching goal for this fund is to continue the transformation of PD&R into the nation's leading housing research organization, and to provide the resources so PD&R can address policy issues pertaining to the wide array of America's housing and urban development challenges. Specific initiatives include:

- *The American Housing Survey*, which collects information on housing costs, underwater mortgages, community satisfaction, and the primary source of data on worst case housing needs
- *The Rental Housing Finance Survey*, which is the main source of data concerning rental housing developments in danger of foreclosure
- *The Native American Housing Needs Assessment*, a crucial study on tribal housing needs