

**HUD TRANSFORMATION INITIATIVE FUND  
2014 Summary Statement and Initiatives  
(Dollars in Thousands)**

<b>TRANSFORMATION INITIATIVE FUND</b>	<b>Enacted/ Request</b>	<b>Carryover</b>	<b>Supplemental/ Rescission</b>	<b>Total Resources</b>	<b>Obligations</b>	<b>Outlays</b>
2012 Appropriation.....	50,000 <sup>a/</sup>	286,276 <sup>b/</sup>	...	336,276	207,875	94,921
2013 Annualized CR.....	50,306	125,623 <sup>c/</sup>	...	175,929	124,473	101,000
2014 Appropriations Request.....	<u>80,000<sup>d/</sup></u>	<u>51,456</u>	...	<u>131,456</u>	<u>40,150</u>	<u>103,000</u>
Program Improvements/Offsets.....	+29,694	-74,167	...	-44,473	-84,323	+2,000

a/ Fiscal year 2012 includes a direct appropriation of \$50 million for TA, Research, and Demonstrations.

b/ Includes \$3.64 million of no year carryover and \$8.575 million of actual recaptures in fiscal year 2012.

c/ Excludes \$2.778 million of unobligated funds that expired at the end of fiscal year 2012.

d/ In fiscal year 2014, an estimated \$80 million is requested to be transferred for TA, Research, and Demonstrations. All Information Technology (IT) investments will be funded in the Information Technology Portfolio.

**1. What is this request?**

The 2014 Budget Request seeks authority for the Secretary to transfer up to 0.5 percent or \$15 million, whichever is less, from each program account to the Transformation Initiative (TI) Fund. HUD will use approximately \$80 million in total TI funds for three purposes in fiscal year 2014: Research and Evaluations, Program Demonstrations, and Technical Assistance (TA). All information technology (IT) investments will be funded in the IT Portfolio account.

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A table follows with the maximum transfers and the estimated transfers:

<b>Transformation Initiative Fund, Program Transfers</b>	<b>FY 2014 Maximum Transfers</b>	<b>FY 2014 Estimated Transfers</b>
Capacity Building.....	100,000	100,000
Choice Neighborhoods.....	2,000,000	2,000,000
Community Development Fund.....	15,715,500	15,000,000
Fair Housing Activities.....	355,000	355,000
Family Self Sufficiency.....	375,000	375,000
HOME Investment Partnerships Program.....	4,750,000	4,750,000
Homeless Assistance Grants.....	11,905,000	0
Housing Counseling Assistance.....	275,000	275,000
Housing for Persons with Disabilities (Section 811).....	630,000	630,000
Housing for the Elderly (Section 202).....	2,000,000	2,000,000
Housing Opportunities for Persons with AIDS.....	1,660,000	1,660,000
Lead Hazard Reduction.....	600,000	600,000
Mortgage Mutual Insurance Program Account .....	635,000	635,000
Native American Housing Block Grants.....	3,250,000	3,250,000
Native Hawaiian Housing Block Grants.....	65,000	65,000
Payment to the Manufactured Housing Fees Trust Fund .....	5,000	5,000
Project-Based Rental Assistance.....	51,360,000	15,000,000
Public Housing Capital Fund.....	10,000,000	10,000,000
Public Housing Operating Fund.....	23,000,000	8,162,230
Rental Assistance Demonstration.....	50,000	50,000
Rental Assistance Program (Section 236).....	87,770	87,770
Rent Supplement.....	0	0
Tenant-Based Rental Assistance.....	99,946,080	15,000,000
<b>Total.....</b>	<b>228,764,350</b>	<b>80,000,000</b>

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Dual principles undergird TI: accountability and flexibility. Accountability is inherent in the funding of program-focused research, evaluations and demonstrations through program set-asides. HUD has recognized, as have important federal partners,<sup>1</sup> that self-assessment and continuous improvement are a duty of every federal program to the public trust. Flexibility in developing projects that are relevant for emerging information needs and dynamic program environments represents the other side of the coin, but is just as essential as accountability. TI therefore provides enhancements in the Department's timely communication with Congress about TI priorities in order to make the initiative maximally effective, while also giving the Department authority to make reasonable adjustments and restore set-aside funds to program accounts if TI projects are found to be less costly than anticipated.

HUD identifies and develops TI projects for their potential to improve the cost-effectiveness of programs and empower program partners with the strategies, information and tools they need to successfully implement HUD programs in complex local environments. Funding research, demonstrations, and TA through program support to– TI helps the Department establish a culture of mutual ownership of transformation through generating and deploying evidence of what works, while providing central oversight to ensure accountability and coordination–Section 3 of this justification lists the Department's priorities for the TI fund. HUD will notify Congress of any significant changes from commitments made in this budget.

For the first time, this justification identifies research, evaluation and demonstration priorities that have been developed through a systematic and extensive consultation process as recommended by the National Research Council. The Office of Policy Development and Research (PD&R) developed these projects as part of a 5-year research agenda, "PD&R Research Roadmap 2014-2018." The Roadmap integrates important stakeholder priorities of the most important research questions for improving the cost effectiveness of the nation's housing and urban development policy. For example, the expert opinions identified a major gap in research that can answer this question: (a) How do housing programs, with and without services, interact with large institutional systems (e.g., in the healthcare field, Medicare and Medicaid); (b) what are the human welfare impacts of those interactions; and (c) what are the cost implications of those interactions? Because Medicare and Medicaid are the largest growth centers in mandatory federal outlays, the cost savings achieved by answering these questions and applying the lessons is likely over time to exceed TI outlays by many multiples.

HUD continues to organize TA priorities by the type of investment: place-based engagements and intensive assistance, capacity building for new policies and programs, and standardized skills training. TI resources for fiscal year 2014 will build on the progress made in past years, ensuring that TA is well-targeted to the specific needs and challenges facing grantees; aligning TA across program offices to achieve economies of scale and making TA dollars go further; and tracking the outcomes of TA activities.

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<sup>1</sup> See, for example, GAO-11-908, "Streamlining Government: Key Practices from Select Efficiency Initiatives Should Be Shared Governmentwide," and recent OMB guidance on evidence-based government, as well as the goal "Transform the way HUD does business" in the Department's FY 2010-2015 Strategic Plan.

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### **2. What is this program?**

The Transformation Initiative Fund remains the primary source of funding for HUD's multi-year effort to fundamentally transform the agency through the use of evidence and improved partnership with our grantees and partners. TI has enabled HUD to initiate projects that re-engineer fundamental business processes, streamline programs and operations, enhance accountability and respond to cross-cutting and urgent challenges more nimbly and effectively. TI consists of complementary strategies for generating and deploying information throughout the national housing and urban development enterprise:

- Research and Evaluations build a foundation of current data on program effectiveness and emerging policy issues.
- Program Demonstrations test new program approaches in a carefully structured and rigorously evaluated manner.
- Technical Assistance diffuses evidence-based innovation and supports state and local partners to improve their capacity to use public resources effectively.

PD&R is the Department's technical lead on TI.

#### Research and Evaluation

Strategic investments in research and evaluation are building knowledge to increase efficiency and effectiveness of the Department's programs. Research and evaluation projects examine current HUD programs to determine their effectiveness and to provide critical information for improving them. TI provides a predictable stream of funding for high quality research and periodic evaluation of HUD's programs to inform sound policymaking, as required by the GPRA Modernization Act. Program evaluation and ongoing development of performance metrics is critical to ensuring that HUD deploys scarce program resources in the most cost-effective way possible. TI research and evaluation will continue to strengthen HUD's capabilities for evaluating and improving program effectiveness and efficiency.

TI Research and Evaluation as well as Program Demonstrations strongly complement the Research and Technology (R&T) account. The R&T account establishes the nation's basic infrastructure of housing data, through regular surveys and data compilation as well as basic research and dissemination in the areas of housing and community development. Not only do TI projects frequently rely on the data supported by the R&T account, but R&T also funds dissemination of TI research to Congress and the public. This balanced approach to creating and marshaling policy-relevant information is consistent with the recommendations of the National Research Council, in "Rebuilding the Research Capacity at HUD,"<sup>2</sup> as well as the American Evaluation Association's recommendation that for

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<sup>2</sup> The report was requested by Congress. National Research Council. "Rebuilding the Research Capacity at HUD." 2008. [http://www.nap.edu/catalog.php?record\\_id=12468](http://www.nap.edu/catalog.php?record_id=12468)

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evaluation to fulfill its role as a “staple of good government,” it should be funded separately from large cross-cutting surveys and performance monitoring data.<sup>3</sup>

Good research takes planning, resources, and time to execute. The TI Research and Demonstration initiative has proven to be valuable in enabling this process to function properly. In taking a broad, strategic view of what research is most important for program effectiveness, PD&R consulted intensively and broadly during fiscal year 2012 with stakeholders in government, academia, and the community of practitioners. The resulting Research Roadmap presents a coherent five-year research agenda for greater cost-effectiveness in housing and urban development policy and programs. HUD has integrated the Roadmap’s research priorities with budget requests for the TI fund as well as R&T.

### Program Demonstrations

Program demonstrations funded through the TI Research and Demonstration initiative are essential mechanisms for evidence-based policy improvements. Demonstrations test new options for HUD programs that can make them more efficient and effective and establish sound evidence of whether and how these options could better achieve HUD’s mission. Carefully documented trials of new program ideas provide a controlled mechanism to improve programs and help state and local governments develop more effective strategies for housing and community and economic development. In contrast, while the evaluations of current programs funded under Research and Evaluations provide real policy guidance and public accountability, they are not well suited for predicting and testing the effects of policy changes in a variety of real world settings. Demonstrations not only test the effects of program changes, but through random assignment can also enable researchers to account fully for external factors and the complex and unpredictable responses of participants that can make or break a program.

Since the 1990s, HUD has done relatively few research demonstrations, largely due to budget constraints. The predictable result was that programs have developed and program reforms have been undertaken without sufficiently reliable evidence of what works. The few demonstrations that HUD has sponsored have been the most important and informative evidence about real program impacts. Sometimes demonstrations take many years to show impacts, but that investment has long-term payoff. Notably, the Moving To Opportunity (MTO) demonstration was initiated in the mid-1990s.

MTO lays crucial groundwork for how the next generation of housing and urban development programs should be shaped. These lessons are being applied in HUD’s implementation of Choice Neighborhoods. Another demonstration program from the 1990s that showed rent incentives and services can improve resident incomes, the Jobs Plus demonstration, is guiding HUD policy for the proposed Jobs Plus program in the fiscal years 2013 and 2014 budget proposals. Finally, the Moving-To-Work demonstration showed the potential of experimenting with administrative flexibility to reduce public housing costs and improve program outcomes,

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<sup>3</sup> American Evaluation Association. “Evaluation Roadmap for More Effective Government.” 2009. <http://www.eval.org/EPTF/aea10.roadmap.101910.pdf>

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while also providing a lesson in the importance of obtaining statutory support for careful experimental design, data collection and evaluation.<sup>4</sup>

Long-term impacts of MTO on families and children were measured over more than 11 years and were substantially completed in 2011. This study rigorously examined whether offering housing vouchers to families living in public housing projects in high-poverty neighborhoods of large inner cities could improve their lives and the lives of their children by allowing them to move to lower-poverty neighborhoods. It assessed the impact of housing mobility on housing and neighborhood conditions, physical and mental health, economic self-sufficiency, risky and criminal behavior, and educational outcomes. The study shows that promoting housing mobility and poverty deconcentration has powerful impacts on resident health – dramatically reducing anxiety and depression in the short-term and reducing severe obesity and diabetes in the long-term. Evidence from this HUD sponsored demonstration was featured in the *New England Journal of Medicine* in October 2011.<sup>5</sup> However, MTO also showed that simply offering families the opportunity to live in lower-poverty neighborhoods did not improve the economic well-being of the adults or improve educational outcomes for their children. MTO thus demonstrates that neighborhood improvement interventions are critical for individual health but other interventions must be pursued to achieve economic self-sufficiency and academic improvement for assisted residents. TI funding from 2010-2012 has allowed HUD to initiate several important demonstrations intended to provide critical information for future policymaking, including a random assignment demonstration to understand the relative effectiveness of different interventions for homeless families; a family self-sufficiency demonstration; a rent reform demonstration; a seniors and services demonstration with HHS; and a pre-purchase housing counseling demonstration, among others.

### Technical Assistance

Technical assistance is a “force multiplier,” making program dollars go further and helping communities do more with limited federal and local resources.<sup>6</sup> Technical assistance funding helps HUD ensure that maximum impact is realized through its housing and community development investments: ensuring housing authorities are managed effectively through sound financial controls, planning for future physical improvements, and strong governance; working with jurisdictions on market analyses so that block grant and other funds are targeted strategically; and teaching stewards of HUD funding how to be accountable and compliant with laws and regulations. TA also facilitates sharing of best practices across communities and builds the capacity of community-based organizations and small cities to be able to use and manage resources well. Finally, TA helps grantees better use data to drive decision-making.

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<sup>4</sup> HUD-PD&R, 2010 “Moving to Work: Interim Policy Applications and the Future of the Demonstration – Report to Congress.”

<sup>5</sup> Ludwig, et al “Neighborhoods, Obesity, and Diabetes — A Randomized Social Experiment”. *New England Journal of Medicine*, October 2011.  
<http://www.nejm.org/doi/pdf/10.1056/NEJMsa1103216>

<sup>6</sup> Marcano, Luis and Inder Ruprah. “Does Technical Assistance Matter? An Impact Evaluation Approach to Estimate its Value Added.” Inter-American Development Bank Office of Evaluation and Oversight Working Paper: OVE/WP-01/09, January, 2009.

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Funding TA through TI has transformed how HUD manages and implements its TA. In fiscal year 2011, HUD completed an assessment of TA across the Department, and in fiscal years 2012 and 2013 implemented improvements to TA management and coordination based on this assessment. This has included increased engagement with program offices on the design of their TA efforts, improved efficiencies in TA by moving to online platforms for training when possible, implementing a cross-program strategy for TA efforts around specific initiatives, such as fair housing compliance and the Rental Assistance Demonstration, and improved tracking of the outputs and outcomes of TA efforts, including more attention to organizing and re-using courses, materials, and other TA deliverables.

TI will continue to promote and assist cross-program collaboration and sharing of resources. Centralizing management of TA – and taking it out of program set-asides – has provided a clearer picture of where TA resources are needed and where they are not within the Department, as well as where programs are delivering similar TA and could combine resources and efforts to achieve economies of scale. The unified funding source also increases HUD's ability to track TA funds and hold program offices accountable for how the funds are used. It has allowed PD&R to provide additional oversight on TA projects, by meeting with program offices to discuss their TA plans for the coming year, tracking the expenditure of funds, and requesting that offices provide feedback on the outcomes and effectiveness of TA engagements. It also has opened up communication about TA across program offices: PIH's needs-assessment-based approach to assisting troubled PHAs uses elements of the OneCPD risk assessment model.

### **3. Why is this program necessary and what will we get for the funds?**

Continued authority for TI will enable HUD to sustain and accelerate its transformation into a fully efficient and effective agency. The TI Fund protects and enhances the value of the Department's more than \$40 billion budget request. *Conventional approaches will not allow HUD to attain the highest levels of performance and accountability.* The coordinated approach made possible by TI enables the Department to improve effectiveness by better deploying information, through an iterative process that continually builds on prior accomplishments and lessons learned.

The TI's elements work in conjunction: research and rigorous evaluations provide solid evidence of program impacts relative to resource inputs, programmatic approaches and outputs; field demonstrations allow the development and careful testing of new program approaches; coordinated technical assistance helps partners achieve the greatest potential with existing programs. In this way, full-scale programs increasingly will be built on foundations of real evidence, made available in timely fashion to the managers and program partners who need it.

From the beginning of the Transformation Initiative, a key concept has been to provide greater ability for HUD to adapt and respond to changing conditions and emerging opportunities. Given the time between the formation of HUD's budget and its passage, new information needs will be identified as current projects progress and policy issues develop with input from across the Department, Congress, outside experts, and stakeholders.

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During its first 3 years, the Transformation Initiative has broken down numerous barriers to greater efficiency, effectiveness, and real-world impact; and the benefits of better outcomes and cost savings for major HUD programs will accrue rapidly under TI.

- TI is evaluating the Choice Neighborhoods initiative, which reflects the shared interests of HUD and federal partners in transforming neighborhoods of poverty into viable, mixed-income neighborhoods where families have access to well-functioning services, high quality public schools and education programs, high quality early learning programs and services, public assets, public transportation, and improved access to jobs.
- The Housing Choice Voucher Program Administrative Fee Study is developing a rigorous basis for estimating the costs of running an efficient voucher program, supporting a new formula for allocating administrative fees that will extend those efficiencies across HUD's largest program.
- TI-funded evaluation of the Family Self Sufficiency program will provide an evidence base for making HUD's housing assistance transformational for families as well, putting them in a position where they can free up housing assistance for new families.
- TI funding of independent assessments and technical assistance to troubled PHAs has transformed the way HUD conducts needs assessments for troubled PHAs and delivers support to help PHAs address systemic financial management and governance issues that have kept them in troubled status. Instead of addressing siloed problems at a PHA as they arise, the TI-funded technical assistance allows HUD to deliver on-site training and support that improves a PHA's performance across the spectrum of its programs and operations.
- HUD is developing tools to help program managers better plan and track TA investments, focusing TA on improving program outcomes, instead of only compliance, and facilitating improved coordination of TA resources across offices to reduce duplicative efforts.
- OneCPD, first funded through TI, has provided an innovative model for deploying technical assistance which other HUD programs are learning from and beginning to adopt.

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Below are projects HUD has prioritized for TI in fiscal year 2014 and the estimated resources to be allocated.

### Research and Evaluations

Through an extensive consultation and prioritization process that has led to PD&R's "Research Roadmap 2014-2018," the following research and evaluation priorities for fiscal year 2014 will set HUD on the path to strategically address the most pressing housing and urban development challenges during the next 5 years. Roadmap research projects are organized by HUD's four strategic goals that have a programmatic focus and a Cross-cutting category:

1. Strengthen the nation's housing market to bolster the economy and protect consumers (Homeownership/Finance);
2. Meet the need for quality affordable rental homes (Rental Housing);
3. Utilize housing as a platform for improving quality of life (Housing as a Platform);
4. Build inclusive and sustainable communities free from discrimination (Sustainable/Inclusive Communities); and
5. Crosscutting.

In 2014, PD&R proposes to select from the priority Research Roadmap projects described below. Estimated budgetary costs for contracted projects are shown. However, costs may vary from estimates. Some projects will be conducted in-house by PD&R staff and staff costs are not shown. HUD will notify Congress of significant deviations from these priorities.

### Homeownership/Finance

1. Assessing the Effectiveness of Mortgage Modification Protocols--\$2 million. Three interrelated studies will inform policy on critical issues affecting the national recovery from the foreclosure crisis. First, an analysis and comparison of eligibility rules and mortgage modification protocols (under Treasury's Home Affordable Modification Program (HAMP), FHA-HAMP, USDA Rural Development-HAMP, Principal Reduction Alternative, Second Lien Modification, and proprietary protocols followed by servicers) will identify factors affecting their uptake and effectiveness. Second, alternatives to Net Present Value calculation and their costs and benefits for borrowers, neighborhoods and local governments will be examined. Third, principal reductions (with and without Shared Appreciation Mortgage (SAM) clauses) will be compared with principal forbearance to investigate the impact of restoring borrowers' equity.
2. Impact of Real Estate Owned Properties on Neighborhoods--\$2 million. Following the wave of mortgage foreclosures, there is considerable concern about the large volume of Real Estate Owned (REO) homes, and the impact on housing markets and neighborhoods of REO sales and conversions to rental housing. This project will integrate emerging research and collect outcome data about REO portfolios and their impacts, with special focus on the FHA portfolio. Results will be

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integrated into the Neighborhood Stabilization Program evaluation framework for tracking both past and future impacts. The results will shed light on the relative merits of REO disposition on a retail versus wholesale basis and to investors versus owner-occupants. There may be opportunities for partnership with philanthropies, universities, and local or non-profit neighborhood development organizations.

### Rental Housing

3. Improving HUD Measures of Housing Cost Inflation: Operating Cost Adjustment Factors--\$500,000. This proposed research would expand initial work concerning forecasts of future per unit costs in the Tenant-Based Rental Assistance program to include an examination of those inflation factors used in the Public Housing and Project-Based Rental Assistance programs. This first phase would involve a complete study of Operating Cost Adjustment Factors (OCAFs) to ensure the appropriateness of the current methodology and to implement a forecast of OCAFs to be used in the budget process. Although 92 percent of fiscal year 2012 renewals were based on OCAFs, the Department could expand this study to determine what factors provide owners with incentives to select the Budget Based update process instead of accepting the OCAF update. Combining the Budget Based research with an OCAF forecast will give the Department better tools for assessing budgetary requirements for the PBRA account. Subsequent phases of this project will assess Annual Adjustment Factors (AAFs), Project Expense Levels (PELs), and Utility Expenses Levels (UELs). The rationale for this study would be to assess whether the current measures of housing cost inflation are reflective of actual costs and appropriate for use in the budget process while also assuring these factors meet the statutory requirements for the programs they serve. The Department also would attempt to identify a consistent methodology for measuring the change in housing costs, while capturing unit quality, within the same market area because HUD currently uses one of three different inflation factors depending on the assisted housing program involved. Resources for subsequent phases of this work will be requested in future years, with an estimated total cost of \$2 million for all phases.
4. Assessing Economies of Scale in PHA Operations--\$350,000. This study would examine various PHA efforts to combine administrative functions or jurisdictional boundaries, such as through consolidating programs into a new PHA (Southern Nevada Regional Housing Authority), establishing consortia (e.g., Central Texas Housing Consortium, Erie County PHA Consortium, etc.), jointly contracting inspections for Housing Quality Standards or rent reasonableness, or erasing jurisdictional boundaries to eliminate portability (e.g., Orange County/Anaheim/Garden Grove). This study would use census and administrative data to examine effects of regionalization on neighborhood choice and other outcomes such as rent burden, as well as financial impacts and PHA cost savings. Extended research could include redeploying the Customer Satisfaction Survey to measure effects on tenants' assessment of PHA performance and housing quality, and conducting field studies for more detailed analysis.

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5. Examining Small PHA Performance--\$1 million. Small PHAs administer a large percentage of the Housing Choice Voucher (HCV) program and almost half of all public housing units, but HUD regulation is less stringent for PHAs that administer less than \$300,000 in HCV program funding or fewer than 400 public housing units. This study would survey a sample of small PHAs to assess their performance levels and reasons for their performance, administrative costs, and challenges. This research is particularly relevant and timely because of the new proposed Small Housing Authority Reform Proposal (SHARP) legislation. Better understanding of the operating environment for small PHAs, which often administer HCV and Public Housing programs in smaller or more rural jurisdictions, would enable the Office of Public and Indian Housing to better allocate Field Office staff and technical assistance resources and undertake regulatory reforms to reduce administrative burden.
6. Assessing Housing Quality in the Housing Choice Voucher Program: Design Phase--\$200,000. Between 2000 and 2002, HUD conducted an annual survey of a representative sample of Section 8 vouchers at all public housing agencies. This survey provided a valuable source of independent data on the living conditions of assisted families, as well their neighborhoods, and experiences with landlords and PHAs, for a modest cost (\$1.2 million per year). Currently, PHAs and HUD do not have independent information to verify compliance with the Section 8 voucher program's Housing Quality Standards requirements. The Senate Appropriations Committee identified this as a major concern and directed HUD to, "take meaningful and timely steps to strengthen oversight and quality control of PHA performance in the critical area of inspections." This project will fund design and testing of an updated and revised survey instrument. The results of a fully implemented survey can be used by PHAs directly to improve their communication, oversight, training and enforcement of their inspectors (who are often contractors) and by HUD to identify program improvements (e.g., landlord outreach, alignment with HOME and other programs for rehab needs, mobility counseling, etc.) and to target technical assistance and oversight resources in a cost-effective manner. This design phase will provide a reliable foundation for the Department's subsequent funding requests to implement the validated survey, at an estimated cost of \$2 million.
7. Assessment of Landlord Behavior in the Housing Choice Voucher Program--\$1 million. This study will explore how landlord behavior affects the effectiveness of the HCV program across a range of measures including voucher success rates and tenant mobility. This study would consider the decisions that housing providers make about rent levels, who to lease to, whether to accept vouchers, property management, maintenance/ improvement, and preservation. Funds will be used for: 1) a survey of a sample of participating landlords; 2) research and analysis of the housing markets and neighborhoods of participating landlords and location of units where HCV households lease up; and 3) a survey of PHA staff on landlord marketing/outreach and housing mobility efforts. This study would provide HUD with information on why landlords choose whether to accept vouchers and to what extent landlord behavior affects the success of the HCV program. The study will help inform decisions on possible streamlining and improvement of the Section 8 program. This can have direct implications for increasing landlord participation and therefore resident mobility, and could also help reduce PHA

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administrative costs for operating the program. Study results could inform policy changes related to rent setting, unit quality, landlord outreach and incentives, HCV program marketing, PHA administrative practices, lease requirements and possible regulatory or statutory reforms.

8. Comparing Subsidy Costs of Federal Housing Assistance Programs. This project, which will be conducted only in-house during fiscal year 2014, will examine the cost-effectiveness of existing federal housing programs as they operate across different regions and metropolitan areas of the country, and across cities, suburbs and rural areas. It will build and expand upon data analyses that informed the Rental Assistance Demonstration and will aid the longer-term efforts to transform HUD's primary rental assistance programs and make recommendations to improve the Low-Income Housing Tax Credit program. Included in the project will be an update of the relevant portions of GAO's 2002 report, "Comparing the Costs of Federal Housing Assistance Programs" (GAO-02-76, February 2002).

### Housing as a Platform

9. Understanding Rapid Re-housing: Models and Outcomes for Homeless Households--\$5 million. The historic amount of funding made available to communities nationwide through the Homeless Prevention and Rapid Re-housing Program (HPRP) resulted in the accelerated adoption of the relatively new intervention of rapid re-housing. Early data available from a handful of communities suggest that rates of shelter re-entry are very low up to 12 months after program participation. The relatively low cost of the intervention increases the appeal of the model, but much variation remains nationwide in the programs operating as rapid re-housing. This study would seek to identify the most common program models being implemented under the rubric of a rapid re-housing intervention, and track the outcomes of households served through the various program models. Outcomes to be examined include shelter entry, housing stability, family stability/household composition, and income & earnings.
10. Effect of Housing Assistance Over Time--\$1 million. This project will review and summarize existing evidence about the effect of housing assistance over time. A first phase will use the American Housing Survey to do a longitudinal analysis of assisted households, describing lengths of stay, changes in education levels, and changes in income. A second phase will test hypotheses through the matching of HUD data with administrative data collected by local entities to observe the interactions of assisted households over time with public systems, such as Temporary Assistance for Needy Families, criminal justice, child welfare, Medicaid, and Medicare. The project will attempt to estimate the cost structure and cost effectiveness of different HUD programs using results from these analyses.

### Sustainable/Inclusive Communities

11. Advancing Utility Allowance Modeling for HUD Housing Programs--\$1 million. The objective of this initiative is to refine HUD's Utility Schedule Model (HUSM) so the Department can accurately account for energy usage in select housing

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assistance programs in which utility costs are paid by tenants. The refined and updated model will further assist HUD in its effort to more effectively disburse funds for utilities that are actually consumed. The project will include a literature review, a survey of the inventory of additional utility consumption data, a revision of estimating algorithms, an update of HUD's Utility Allowance Guidebook, a re-structuring of HUSM for web-based reporting, and a report detailing the work accomplished.

### Cross-cutting

12. Characteristics of HUD-Assisted Households--\$700,000. This project will expand and leverage the capabilities of matched data sources to provide detailed information about characteristics of typical HUD-assisted renter households, such as employment, work search, health, educational pursuits, seeking permanent residences, and decisions to move. In addition to providing a broad range of data about characteristics of assisted households, a later phase of this project includes a renewal during fiscal years 2015 and 2016 of PD&R's Multi-Disciplinary Research Team vehicle for utilizing such data as fully as possible for specific quick-turnaround research and policy studies. The estimated cost of the Multi-Disciplinary Research Team renewal will total \$1.1 million for both years.

### Program Demonstrations

TI-funded demonstrations provide greater value for taxpayers by testing the efficacy of program innovations in the field with real clients, along with strategies to document implementation and measure impacts. PD&R proposes to select from the priority demonstrations identified in the Research Roadmap, which are summarized below. In addition to the allocation of TI resources for the evaluation component, legislative authority is needed to flexibly use program resources and relax program rules for some of the planned demonstrations. HUD is providing suggested legislative language for this purpose. The following demonstration projects identify both the TI resources and the targeted program resources needed. HUD will notify Congress of any significant deviations from these priorities.

Demonstration priorities identified in PD&R's "Research Roadmap 2014-2018" are as follows:

#### Rental Housing

1. Small Area Fair Market Rent (SAFMR) Demonstration--\$1.05 million. Preliminary evidence from the 2011 implementation of SAFMRs in the Dallas, TX metropolitan area reveals slight increases in unit quality and neighborhood quality for tenants at no additional cost to the government. While these results are promising, more in-depth, contract research is needed over a longer time horizon to fully investigate the ramifications of implementing SAFMRs on a national scale for the HCV program. Further areas for investigation include: migration of tenants in response to SAFMRs; necessary Public Housing Authority (PHA) policies and procedures; and impact on PHA administrative and programmatic costs. This demonstration will expand

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the breadth of the evaluation of SAFMRs beyond the Dallas, TX metropolitan area and the five local PHAs that implemented SAFMRs as of October 1, 2012 (Chattanooga, TN; Cook County, IL; Laredo, TX; Long Beach, CA; Mamaroneck, NY), with particular emphasis on gathering survey data directly from participating PHAs, tenants, and landlords, in addition to HUD's administrative systems.

2. Rental Assistance Demonstration Evaluation--\$4 million. The first phase of work is underway to design the larger study. The larger evaluation would examine the Rental Assistance Demonstration's (RAD) success in the goal to convert public housing and other HUD-assisted properties to long-term project-based Section 8 rental assistance. Impact on families will be evaluated through a comparison group of projects that don't go through the conversion process. RAD is designed to facilitate conversions via private debt and equity. The current version of RAD provides no extra funding to Public Housing Agencies to support the conversion process. The evaluation will help us learn if this is a viable approach. As part of this work, a comparison of the costs of project-based versus tenant-based vouchers can be included.
3. Moving to Work Demonstration: Baseline Phase--\$2 million. This funding is a critical component of the Department's proposed expansion of the Moving to Work (MTW) Demo for public housing agencies. A rigorous evaluation of the policies, implementation, strategies and results of the Demonstration is needed in order to demonstrate the actual impact on families, performance and outcomes of the Demonstration expansion. As part of the Department's proposal, PHAs that are selected among the group would be eligible to implement "enhanced policies" related to rent requirements, time limits and conditions of receipt of assistance on employment will be a particular focus of the evaluation. Sufficient funding is necessary when the expansion is implemented for gathering baseline data against which to measure performance results in future years. The Department will propose legislative language for the MTW expansion that has a detailed evaluation component with further details on the structure, purpose and intent of the research proposed.
4. PBRA Transfer Authority Evaluation--\$650,000. The fiscal year 2012 Consolidated Appropriations Act provided HUD with the authority to transfer project-based subsidies (project-based section 8, 202/811 PRAC and others) from currently assisted properties to different properties. This transfer authority is a potentially powerful option to use project-based subsidy programs as a redevelopment tool while also upgrading the physical and financial viability of the assisted stock overall. The proposed evaluation would include a study of the impact on the cost-effectiveness of the subsidies provided and any improvements in the physical and financial condition of the subsidized housing stock.
5. Evaluation of Jobs Plus: Baseline Phase--\$1.25 million. This funding will complement the implementation of the Jobs Plus Initiative to increase employment opportunities and earned income for families residing in public housing. Funds will be used for data collection, analysis and a baseline survey at the public housing sites that are selected for participation in the first year of grant awards. The goal will be to provide evidence-based findings, lessons learned and identify operational obstacles that need to be addressed to facilitate a larger scale implementation of the Initiative.

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### Housing as a Platform

1. Homelessness Prevention Demonstration--\$5-10 million. This project would make a timely investment to extend the knowledge gained from HUD's recent investments in homelessness research and local innovation. The Homeless Families Study funded through TI in fiscal year 2010 tracks families through 18 months after they are randomly assigned. Many families may still be living in transitional housing or participating in a rapid re-housing program at this point and additional funds would allow a follow up at 30 or 36 months to more accurately track post-program outcomes. Homelessness Prevention and Rapid Re-housing (HPRP) provided initial start-up funding for many local homelessness prevention programs, and recent research has provided some evidence-base for successful prevention models. PD&R is exploring with the Office of Community Planning and Development a demonstration of prevention programs, which can be funded under the new Emergency Solutions Grant program, to test some of the most promising models in other parts of the country.
2. Seniors and Services Demonstration: Launch Phase--\$1-5 million. The funding will build on the research design and evaluation work currently underway to launch a demonstration and evaluation of seniors aging in place with services. The demonstration will: 1) implement and evaluate promising models and 2) determine the cost effectiveness of various housing and services interventions that are intended to assist households of advanced ages (i.e. 75, 85, and 95 years) to age in place successfully and thus avoid presumably higher costs of institutionalization. This research also builds on the HUD-HHS collaboration and pending match of HUD's housing data and CMS Medicare/Medicaid data. The Demonstration is expected to be jointly funded and executed by HUD and HHS.
3. Evaluation of the Section 811 Project Rental Assistance Demonstration--\$3 million. We anticipate using fiscal year 2013 funding to measure health care savings but not health impacts. Funding requested in fiscal year 2014 will expand on fiscal year 2013 efforts to attempt to measure health impacts. The Section 811 Project Rental Assistance (PRA) demonstration provides funding directly to states that demonstrate an integrated health care and housing approach to serving people with disabilities. Instead of disability-specific housing developments supported by traditional Section 811 capital advances, the new program provides rental assistance to units scattered in multifamily developments, so that people with disabilities can live in the most integrated setting possible and receive the services and supports they need in the community. It is expected that this new program will substantially increase the availability of integrated, supportive rental housing units for individuals with disabilities and may result in health care cost savings. As mandated by the Melville Act, this evaluation will describe program results and analyze its effectiveness compared to traditional Section 811 program. This evaluation will be conducted in partnership with the Centers for Medicare and Medicaid.

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### Technical Assistance

HUD uses TA to ensure its programs are implemented successfully and funds are spent efficiently. While not all recipients of HUD funding require TA, for some grantees, a modest investment in training and capacity building results in vast improvement in how they manage HUD programs. TA strengthens the capacity of local actors – housing authorities, cities, and nonprofits – that HUD relies on to steward its resources effectively in communities. It is a critical tool for achieving progress toward meeting program goals.

Funding TA through the TI account allows HUD to be strategic in its TA investments, both deploying resources where they are most needed and facilitating coordination across program areas to maximize the efficiency of limited resources. The flexibility of TI allows HUD to prioritize TA to the most critical problems, deploying resources where they are most needed and where they will have measurable impact on HUD's programs, and in a way that is most responsive to the needs of grantees. Without individual TA set-asides for each program, HUD can better track TA engagements their effectiveness, and how efficiently funds are being used. In addition, TA efforts would be modified to support the travel and material costs for HUD staff to provide Technical Assistance and better meet the needs of our stakeholders.

As in fiscal year 2013, HUD's TA efforts in fiscal year 2014 are categorized by TA strategy, so that programs can better collaborate on TA efforts targeted to similar audiences or for common purposes. Across these categories, HUD will also use technical assistance to help HUD's grantees use data to drive decision making. The three strategies, described below, are: Intensive Interventions and Place-Based Capacity Building; Building Capacity around New Programs and Policies; and Standardized Skills Training.

#### 1. Intensive Interventions and Place-Based Capacity Building--\$32 million

HUD prioritizes providing technical assistance and capacity building to high-need, high-risk grantees or clients who require resource-intensive, long-term support to improve their management of HUD programs. Through intensive, place-based interventions, HUD targets TA resources to the highest-risk grantees and clients – such as PHAs or local governments – with deeply rooted financial, management, or capacity problems that undercut their ability to implement HUD's programs effectively. HUD uses risk assessments to identify the grantees and clients with the most urgent needs for intensive TA support. These risk assessments also determine the nature and scope of the intervention required. HUD also supports capacity building for distressed communities that are trying to better use federal and non-federal resources to reposition themselves for revitalization and economic growth. Additionally, to advance program effectiveness and efficiency, a small portion of these TA resources will be directed to high-capacity grantees and clients to incubate innovative practices that will ultimately be shared and implemented across HUD's stakeholders. Within this strategy, HUD plans to continue funding technical assistance and capacity building efforts through OneCPD, interventions for troubled housing authorities, the Strong Cities, Strong Communities National Resource Network, and communities undergoing significant revitalization or planning efforts, such as those with Choice Neighborhoods implementation grants. These TA efforts will also support the

## Transformation Initiative Fund

Administration's Promise Zones initiative, a key strategy in the Administration's new Ladders of Opportunity initiative, which aims to re-vitalize many of America's highest-poverty communities by creating jobs, attracting private investment, increasing economic activity, improving affordable housing, expanding educational opportunity, and reducing violent crime.

### 2. Building Capacity around New Programs and Policies--\$10 million

HUD's stakeholders, especially those that implement HUD programs, require support as they learn and adapt to new HUD policies, programs, and management approaches, as well as shifts in client needs, available resources, and market conditions. Providing proactive technical assistance to help grantees and clients adapt to these changes prevents larger scale problems from occurring in the future – problems which require intensive TA resources to resolve. Additionally, technical assistance may assist HUD's stakeholders with using new tools, management systems, or planning techniques in support of new policies, programs, or management and planning approaches and that allow for improved planning and use of resources. HUD's new programmatic initiatives will also require capacity building support to ensure effective implementation. HUD anticipates using technical assistance resources in this category to build capacity around new rules, flexibilities, and polices in areas that include: preservation of multifamily housing and flexibility in the multifamily portfolio; neighborhood revitalization tools; housing counseling; public housing revitalization and supportive services; economic development; and technical assistance efforts that cross federal agencies.

### 3. Standardized Skills Training--\$3 million

Developing standard skills on topics necessary across grantees of multiple programs and critical competencies required to effectively delivery HUD's programs is the third major goal of the Department's TA efforts. In addition to the competencies listed below, this strategy includes helping grantees effectively use data to drive decision making. Examples of the type of skills and knowledge HUD expects stakeholders to acquire through training include, but are not limited to: development finance and mixed-finance; asset management and repositioning distressed assets; strategies for preservation of affordable housing; accountability and performance tracking; effective financial management; using data collection tools, indices, asset and management tools (such as Physical/Capital Needs Assessments), and performance management systems; conducting needs and risk assessments; scenario planning; supportive housing for vulnerable populations; program compliance; energy efficiency and weatherization; healthy housing; construction and rehabilitation management; and regional equity and sustainability. The web-based tools, products and group learning modules available to all grantees will use adult learner techniques to increase knowledge and facilitate skill development. In addition to courses, workshops, and other types of training, HUD will develop toolkits and desk guides to assist grantees with applying core skills to program management and implementation.

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### Implications of Funding Below This Request

HUD is in the midst of a multiyear effort to fundamentally transform the agency, and the Transformation Initiative Fund remains *the* primary source of funding for changing the way HUD does business, while at the same time increasing the efficiency and effectiveness of our programs. HUD has invested significant time and energy to get TI right, to make it comprehensive and well-integrated, and to fundamentally shift the Department's approach to business by aligning it with HUD's strategic plan.

Major governmental entities must have comprehensive and regular program evaluation to improve the efficiency and effectiveness of their programs. As demonstrated in the Research Roadmap, more policy-significant research questions exist than HUD can possibly address in 1 year, and the Budget only funds the top-tier priorities. Without adequate investment for these priorities, HUD could not ensure that improvements in program models are based on rigorous evidence or accomplished effectively. Nor could we ensure that the Department is exercising its responsibility to constrain costs and find significant savings. Inadequate funding in these categories stagnates program improvements and makes it more difficult to disseminate best practices.

#### **4. How do we know this program works?**

##### Research and Demonstrations

The non-partisan Coalition for Evidence-Based Policy notes that "in most areas of social policy – such as education, poverty reduction, and crime prevention – government programs often are implemented with little regard to evidence, costing billions of dollars yet failing to address critical social problems. However, rigorous studies have identified a few highly effective program models and strategies."<sup>7</sup> It is HUD's duty to pursue the most effective strategies to meet the goals of its statutory authority with appropriated funds, and it can only do this with better evidence on which strategies work and which do not. For this reason, the National Research Council (NRC) recently recommended, foremost, that HUD's independent research office, PD&R, should "regularly conduct rigorous evaluations of all of HUD's major programs." NRC also recommended that program set asides such as those requested through the TI Fund would be the best approach for funding this evaluation program. The NRC report, which reviewed HUD's research process and history, was conducted at Congress's request.

The NRC determined that PD&R research frequently reveals opportunities for savings to taxpayers, highlighting two such studies for the size of their impact. The largest savings came from a Quality Control study undertaken in the early 1990s to investigate substantial inaccuracies in setting rents for tenants in HUD's assisted housing programs. The process implemented based on this research saves an estimated \$1.4 billion each year, or almost 3 percent of HUD's budget. The NRC also highlighted other PD&R research that provided timely warning of a costly weakness in an FHA program.<sup>8</sup>

<sup>7</sup> Coalition for Evidence-Based Policy. 2011. <http://coalition4evidence.org/wordpress/>

<sup>8</sup> National Research Council. "Rebuilding the Research Capacity at HUD," 2008. Committee to Evaluate the Research Plan of the Department of Housing and Urban Development. Washington, DC: National Academies Press. [http://www.nap.edu/catalog.php?record\\_id=12468](http://www.nap.edu/catalog.php?record_id=12468)

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### Data Infrastructure Support for PD&R's Research Roadmap and HUD's Transformation

Data infrastructure is central to both HUD's Transformation Initiative Research and Demonstration projects. Past TI requests have focused on information technology investments because technology provides the physical underpinning for reliable data. The Department's data infrastructure efforts build on the technological foundation by overlaying the informational components that are less tangible but just as critical for HUD's long-term effectiveness. Without good data, good research is impossible; and without good research, it is difficult to draw conclusions about the impact on public policy.

Research requires access to data that are reliable and relevant. The Department's investments in the nation's Housing Research Data Infrastructure will enable a transformational leap forward by providing a cost-effective basis for HUD to address the priority research questions raised by Roadmap stakeholders. A central Roadmap strategy is to increase the range of questions to which HUD's data can be applied in order to maximize the investment in data collection. This strategy was strongly supported by HUD's stakeholders during Roadmap consultations.

The Research Roadmap has identified six proposals intended to improve HUD's Housing Research Data Infrastructure and enable researchers to place greater confidence in the Department's data: HUD Master Data and Information Consolidation system, HUD Utility Cost Data System, American Housing Survey (AHS) 2015 Redesign, Toward a Comprehensive Rental Housing Finance Survey, HUD-HHS Data Matching, and the American Community Survey (ACS) Data Matching.

Further details of these efforts will be provided in the Research Roadmap on HUDUSER.org.

TI provided \$36.55 million in research and evaluation resources for fiscal year 2010 and \$9.75 million for fiscal year 2011. Due to the large reprogramming of 2010 funds into Research and Evaluations, HUD provided \$4.55 million to research projects in fiscal year 2012. The Department estimates allocating \$4.55 million in fiscal year 2013 and approximately \$15 million in fiscal year 2014. HUD is working steadily on projects such as the following to deliver the critical policy information they will provide as quickly as possible. Research contractors are on board and research tasks are well underway.

- The Housing Choice Voucher Administrative Fee Study is collecting time measurement and administrative cost data at high-performing housing agencies to ascertain how much it costs to run an effective and efficient HCV program for the purpose of developing a formula for allocating administrative fees.
- The Housing Discrimination Study contract was awarded in September 2010. The first major work product, which has been completed and will soon be released, provides the first evidence in a decade of national progress in reducing housing discrimination against racial and ethnic minorities in the rental and sales markets.

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- The Pre-Purchase Homeownership Counseling Demonstration and Impact Evaluation was awarded in September 2011. The objective is to implement a rigorous pre-purchase housing counseling experiment to test the impact of different types of pre-purchase housing (online education plus telephone counseling and in-person group workshop plus individual, in-person counseling) on homebuyer outcomes for a large, nationally representative sample of first-time homebuyers. HUD and the study team are now working with participating lenders and counseling intermediaries to finalize the study design.
- The Native American and Hawaiian Housing Needs Assessment contract was awarded in December, 2010. Staff and an expert panel reviewed draft survey instruments and interview guides, and expanded efforts to inform the Native American community about the study through formal Consultations during of fiscal year 2012.
- Small Grants through biennial research NOFAs to solicit outside projects supporting HUD demonstrations were split in fiscal year 2010 between a homelessness study, which have been awarded, and a study of sustainable building practices in Indian country, which will be awarded in the second quarter of fiscal year 2012. With fiscal year 2012 funds, HUD plans to award small grants to researchers to supplement the contract research for the Family Self-Sufficiency Demonstration and the Choice Neighborhoods Demonstration.

Program demonstrations are the only real tool to test whether program innovations or modifications benefit the public in the way Congress intended while controlling for external factors or participant selection bias. Further, demonstrations provide this evidence without the cost and risk of full-scale implementation. Due to the trouble with budgeting for individual studies, HUD has done relatively few research demonstrations since the 1990s. Yet demonstrations have provided HUD's most important and informative evidence about real program impacts.

- The Experimental Housing Allowance Program in the 1970s provided evidence that led to HUD's largest current program, the Housing Choice Vouchers program. Separate phases of the experiment enabled testing the effect of housing allowances on housing demand, on housing supply, and on administrative agencies. The demonstration enabled Congress to determine the cost-effectiveness of directly assisting tenants rather than subsidizing developments, and thus led to a historic transformation away from project-based assistance in national housing policy that continues today.<sup>9</sup>
- Moving To Opportunity. The demonstration, which leveraged research funds from federal and philanthropic partners, showed that families moving from high poverty public housing to low poverty neighborhoods with a voucher experienced an increase in neighborhood quality, better housing, a greater feeling of safety, and better health outcomes, such as reduced rates of diabetes, obesity, and mental health problems. As important is what HUD learned about what the voucher pilot, as deployed, could not do. In the short term, moves to low-poverty neighborhoods do not improve

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<sup>9</sup> See also U.S. Department of Housing and Urban Development, "Final Comprehensive Report of the Freestanding Housing Voucher Demonstration," Vols. I-II, 1990.

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employment or education outcomes. Without this knowledge, HUD might have spent years expecting results rather than attacking the problem another way.<sup>10</sup>

- **Jobs Plus.** This demonstration in six sites showed that carefully designed rent incentives, totaling \$4.7 million, and job supports in distressed public housing developments improve incomes in both the short- and long-term. The total cost of \$30 million included funding from HUD, the Departments of Labor and Health and Human Services, and several foundations. The cost of the research and technical assistance portion was \$25.3 million. HUD is currently applying lessons from this initiative in the Choice Neighborhoods program and an expansion of Jobs Plus in fiscal year 2013<sup>11</sup>
- **Effects of Housing Vouchers on Families.** The effort showed that relative to not having housing assistance, receipt of a voucher dramatically reduces homelessness, but leads to lower wages and employment in the short run and has no impact on wages and employment in the mid-term. The total cost of \$53.2 million included \$50 million for implementing new voucher authority, and \$3.2 million for research (set-up; tracking; interim and final evaluation).<sup>12</sup>

TI funded \$30.95 million for demonstrations in fiscal year 2010 and another \$6 million in fiscal year 2011. For fiscal year 2012, HUD provided \$7.25 million to demonstration projects. The Department estimates allocating \$7.25 million in fiscal year 2013 and approximately \$15 million in fiscal year 2014. Demonstrations are underway in several important policy areas, with most projects approaching award of the research contract after careful planning to ensure useful results.

- The Impact of Housing and Service Intervention for Homeless Families study enrolled participants and began data collection at all twelve sites during fiscal year 2012. This four-part demonstration will compare the impacts of usual care, rapid re-housing, voucher-only, and transitional housing on homeless families.
- The Choice Neighborhoods Evaluation was awarded in September 2011, and proceeded through the instrument design stage during fiscal year 2012. The evaluation will document early program outcomes and gather baseline data for a subsequent, in-depth evaluation of program outcomes in the neighborhoods and their surroundings.
- The Family Self-Sufficiency Demonstration was awarded in March 2012, and is now underway.

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<sup>10</sup> U.S. Department of Housing and Urban Development Office of Policy Development & Research; Sanbonmatsu, Lisa, Jens Ludwig, Lawrence F. Katz, Lisa A. Gennetian, Greg J. Duncan, Ronald C. Kessler, Emma Adam, Thomas W. McDade, Stacy Tessler Lindau, 2011. "Moving to Opportunity for Fair Housing Demonstration Program - Final Impacts Evaluation." <http://www.huduser.org/portal/publications/pubasst/MTOFHD.html>

<sup>11</sup> Howard S. Bloom, James A. Riccio, Nandita Verma, and Johanna Walter, "Promoting Work in Public Housing: The Effectiveness of Jobs-Plus, Final Report." 2005. Washington, DC: MDRC.

<sup>12</sup> U.S. Department of Housing and Urban Development. "Effects of Housing Vouchers on Welfare Families." 2006.

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- The Seniors and Services Demonstration continues an initial HUD/HHS data-sharing agreement by designing a demonstration for low income households “aging in place” to inform HUD’s Section 202 and 811 programs. Data sharing agreements between HUD and HHS are in place, and matched data are expected to become available early in fiscal year 2013.

## Technical Assistance

Driven in part by the TI fund, and informed by feedback from stakeholders and a more strategic approach to TA across the Department, HUD has shifted from making small investments in narrow, compliance-focused TA to comprehensive, results-oriented TA that addresses the root causes of program mismanagement or deficiencies, and *builds the overall capacity* of grantees to better implement HUD programs.

The proof of the TI TA concept is most evident in efforts undertaken by PIH and CPD. Prior to launching PIH’s new TA approach for addressing the systemic governance and financial issues at the troubled PHAs, 172 PHAs were designated as PHAS-Troubled. They managed approximately 79,245 Low Rent units with an average troubled designation of 63 months. Since launching the Public Housing Agency Recovery and Sustainability initiative in April 2011, the number of troubled agencies has decreased by 41 percent to 101, and their average time in troubled status has decreased by 63 percent to 23 months. Fiscal year 2010 TI TA funds allowed PIH to provide independent assessments of financial management, operations, and governance to more than 30 PHAs and targeted technical assistance in areas including budgeting and financial policies and preventative maintenance to 20 PHAs.

Through OneCPD, CPD has developed a model for needs assessments and comprehensive, targeted TA that has informed how other offices structure their TA. HUD has witnessed measurable achievements in how cities that have received TA through OneCPD are using, managing, and leveraging their CPD funds. For example, in Houston, OneCPD TA helped the City revise a plan to use Disaster Recovery Assistance funds to better target resources to the most-affected neighborhoods, and also helped the City begin the process of creating a leverage loan fund. In Puerto Rico, OneCPD TA significantly improved operation of the HOME program, by moving administration of the program to the Housing Finance Authority and recapturing funds from 22 open projects that had stalled. In addition to conducting in-depth needs assessments at more than 30 jurisdictions and delivering direct TA to nearly 40 jurisdictions, CPD has streamlined its online resources and tools through the OneCPD Resource Exchange and also migrated its HOME courses to e-learning to save money and reach a wider audience.

PD&R has been leading the development of a joint TA plan to assist jurisdictions, PHAs, and other stakeholders in complying with fair housing regulations. Though fair housing enforcement is a primary function of FHEO, regulations affect PIH, Housing, and CPD stakeholders. Thus, these offices at HUD have been working jointly to develop a single plan for delivering effective TA around fair housing policy and to incorporate this strategy into existing TA efforts.

In fiscal year 2010, TI funded \$48.2 million in TA and Capacity Building activities; \$40.2 million in fiscal year 2011; and \$38.2 million in fiscal year 2012. The Department estimates allocating between \$40-50 million in fiscal year 2014.

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**HUD TRANSFORMATION INITIATIVE FUND  
Summary of Resources by Program  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2012 Budget Authority</u>	<u>2011 Carryover Into 2012</u>	<u>2012 Total Resources</u>	<u>2012 Obligations</u>	<u>2013 Annualized CR</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2014 Request</u>
Combating Mortgage Fraud .....	...	\$3,640	\$3,640	\$2,225	...	\$1,414	\$1,414	...
Research, Evaluation Metrics, and Demonstrations .....	\$11,800	49,367	61,167	37,557	\$11,872	21,536	33,408	[\$35,000]
Technical Assistance ..	38,200	53,670	91,870	60,234	38,434	31,285	69,719	[45,000]
Information Technology	...	<u>179,599</u>	<u>179,599</u>	<u>107,859</u>	...	<u>71,388</u>	<u>71,388</u>	...
Total .....	50,000	286,276	336,276	207,875	50,306	125,623	175,929	[80,000]

NOTES:

- The fiscal year 2011 carryover into 2012 includes \$8.575 of actual recaptures in 2012.
- The fiscal year 2012 carryover into fiscal year 2013 excludes \$2.778 million which expired at the end of fiscal year 2012.
- The fiscal year 2013 figures are based on the annualized CR and subject to change based on final 2013 appropriations.
- The fiscal year 2014 figures reflects estimates of funding by program activity. Figures and cost ranges provided in this justification for 2014 projects are based on the best available information but subject to change. All Information Technology (IT) investments will be funded in the Information Technology Portfolio in 2014.

**HUD TRANSFORMATION INITIATIVE FUND  
Appropriations Language**

Below is the italicized appropriations language for the HUD Transformation Initiative account.

*Of the amounts made available in this Act under each of the following headings under this title, the Secretary may transfer to, and merge with, this account up to 0.5 percent from each such account, and such transferred amounts shall be available until September 30, 2016, for (1) research, evaluation, and program metrics; (2) program demonstrations; and (3) technical assistance and capacity building: "Capacity Building", "Choice Neighborhoods Initiative", "Community Development Fund", "Fair Housing Activities", "Family Self-Sufficiency", "HOME Investment Partnerships Program", "Homeless Assistance Grants", "Housing Counseling Assistance", "Housing for Persons with Disabilities", "Housing for the Elderly", "Housing Opportunities for Persons with AIDS", "Lead Hazard Reduction", "Mutual Mortgage Insurance Program Account", "Native American Housing Block Grants", "Native Hawaiian Housing Block Grant", "Payment to the Manufactured Housing Fees Trust Fund", "Project-Based Rental Assistance", "Public Housing Capital Fund", "Public Housing Operating Fund", "Rental Assistance Demonstration", "Rental Housing Assistance", and "Tenant-Based Rental Assistance": Provided, That any such amounts, or portion thereof, transferred to this account, may be transferred back to be merged with any such other account and to be available for the same purpose and same time period as provided under this Act: Provided further, That with respect to amounts made available under this heading, notwithstanding section 204 of this title, the Secretary may enter into cooperative agreements funded with philanthropic entities, other Federal agencies, or State or local governments and their agencies for projects: Provided further, That with respect to the previous proviso, such partners to the cooperative agreements must contribute at least a 50 percent match toward the cost of the project.*

Note.—A full-year 2013 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Resolution, 2013 (P.L. 112–175). The amounts included for 2013 reflect the annualized level provided by the continuing resolution.