

**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
2014 Summary Statement and Initiatives
(Dollars in Thousands)**

RESEARCH AND TECHNOLOGY	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2012 Appropriation	\$46,000	\$9,777 ^{a/}	...	\$55,777	\$51,212	\$58,502
2013 Annualized CR	46,281	4,565	...	50,846	46,000	56,000
2014 Request	<u>50,000</u>	<u>4,846</u>	...	<u>54,846</u>	<u>50,000</u>	<u>56,000</u>
Program Improvements/Offsets	+3,719	+281	...	+4,000	+4,000	...

a/ Includes \$2.824 million of carryover, \$6.873 million of recoveries, and \$80 thousand of collections.

1. What is this request?

The Department requests \$50 million for the Research and Technology (R&T) account for fiscal year 2014, \$4 million above the fiscal year 2012 enacted level. The additional funds will be utilized to fully fund the housing surveys, specifically the American Housing Survey (AHS). The AHS is the richest source of information about the nation’s housing stock and the characteristics of its occupants, and has an important role in assessing the performance of government housing programs.

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 policy analysis, research, surveys, studies, and evaluations, both short- and long-term, to assist Congress, the Secretary, and other HUD principal staff to make informed decisions on HUD policies, programs, budget, and legislative proposals. In addition, PD&R provides data and information to support program operations.

This request will fully fund PD&R’s housing surveys, including the American Housing Survey (AHS) and continue research dissemination functions.

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A summary of R&T funding for fiscal years 2012, 2013 and 2014 follows:

	<u>2012</u> <u>Appropriation</u>	<u>2013</u> <u>Annualized CR</u> (Dollars in Thousands)	<u>2014</u> <u>Request</u>	<u>Increase/</u> <u>Decrease</u> <u>2014 vs 2012</u>
Core Research and Technology (R&T):				
I. Market Surveys (Fixed)	\$37,000	\$37,226	\$42,500	+\$5,500
II. Dissemination/Research Support	6,900	6,942	6,400	- 500
Subtotal Fixed Activities	43,900	44,168	\$48,900	+5,000
III. Program Metrics/Urban Data	600	604	100	-500
IV. Housing Finance Studies	500	503	500	...
V. Research Partnerships	800	805	500	-300
VII. Housing Technology	200	201	...	-200
Subtotal Variable Activities	2,100	2,113	1,100	-1,000
Total Core R&T	46,000	46,281	50,000	+4,000

How Does The R&T Budget Request Differ From The Transformation Initiative Budget Request?

The R&T appropriations for PD&R complement the Transformation Initiative (TI) research, evaluation, and demonstration funds. The Transformation Initiative undertakes larger-scale studies and demonstrations that span several years, whereas R&T provides PD&R's basic data gathering and dissemination functions on an annual basis. This complementary funding approach aligns with the American Evaluation Association's recommendation that for 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.¹

In response to recommendations of the National Research Council's 2008 review of PD&R, the Office of Policy Development and Research has developed a 5-year research agenda, "PD&R Research Roadmap 2014-2018," through a systematic and extensive consultation process. Experts and stakeholders identified the most important research questions for improving the cost effectiveness

¹ American Evaluation Association. "Evaluation Roadmap for More Effective Government." 2009. <http://www.eval.org/EPTF/aea10.roadmap.101910.pdf>

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of the nation's housing and urban development policy. The insights that emerged through the road-mapping process have informed the priorities of both the TI and R&T accounts. The Roadmap helps ensure that research investments are targeted strategically, reflect PD&R's comparative advantage, make full use of existing assets, and establish vigorous collaborations to address the nation's most pressing needs in housing and urban development. The fiscal year 2014 R&T budget and the Transformation Initiative reflect projects identified from the Roadmap.

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 and other program analyses within and beyond HUD rely on the data supported by the R&T account, but HUD relies on the dissemination funded through R&T to publish its findings, including TI projects. Without these complementary efforts to publish and publicize the results of TI projects, the important policy findings would reach few audiences outside of HUD. Consultation with independent experts to improve research needs will lead to more efficient and effective programs. Ongoing applied research focusing upon implementing metric development, cross cutting in-house research, and data-based program support activities which include geospatially enhanced analytics are meant to increase efficiency and effectiveness and all are funded by salaries and expenses resources.

Much of this activity occurs in PD&R, but also in other offices across the agency. 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."²

2. What is this program?

Housing Market Surveys - \$42.5 million

The largest component – 85 percent of the R&T program - is requested for Housing Market Surveys. Given the continuing changes in housing and housing finance markets, it is essential for policy makers to keep abreast of institutional and economic changes by understanding the impact of financial risk, credit, affordability of rental and owner-occupied housing, residential construction, and home purchases. By sponsoring major housing market surveys and conducting research and analysis on housing market finance issues, PD&R provides this essential information to a wide range of policy makers and stakeholders. These major housing market surveys include the American Housing Survey (AHS), the Survey of New Home Sales and Completions, the Survey of Market Absorption, the Survey of New Manufactured Homes Placements and the Rental Housing Finance Survey. These surveys are described below:

² The report was requested by Congress. National Research Council. "Rebuilding the Research Capacity at HUD." 2008

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American Housing Survey (AHS)

In fiscal year 2014, \$34.3 million is requested for the AHS. The AHS began in 1973 as part of the response to urban unrest in the 1960s, and Congress has mandated that HUD conduct an AHS similar to the one conducted in 1981. At that time, the national AHS, with a sample size of over 60,000 housing units, was conducted biennially, and 60 metropolitan surveys, with an average sample size of over 5,000 units, were conducted every 4 years. Several years of low funding resulted in smaller than desired sample sizes and lower numbers of metros sampled.

In 2010, HUD established the goal of producing an AHS with a biennial sample size of 184,750 housing units, including a national AHS with a sample size of 64,750 housing units and 60 metropolitan area surveys every 4 years (30 every 2 years), with an average metropolitan sample size of 4,000 units. This goal was nearly achieved for the 2011 AHS and a similar outcome is expected for the 2013 AHS.

The 2011 AHS featured special supplements on healthy homes and housing modifications to accommodate elderly persons and persons with disabilities³, and an oversample of HUD-assisted renters. The 2013 AHS will continue the oversample of HUD-assisted renters to provide information for HUD programs on resident-reported housing and neighborhood conditions, a recommendation of the National Academy Report. The 2013 AHS will feature supplements on: public transportation, disaster preparedness, and doubled-up households.

Because PD&R needed to put funding for the 2013 AHS in place prior to the start of AHS field operations, the number of metropolitan areas in the 2013 AHS was reduced (from the planned 31 to 25) to fit within the funding that was available to PD&R under the continuing resolution. This was accomplished by re-combining large metropolitan areas that PD&R had proposed to separate. Thus the same geography will be covered by the 2013 AHS metropolitan surveys, but at less geographic detail than originally proposed.

A budget of \$34.3 million for the AHS in fiscal year 2014 will enable HUD to maintain the goal of a biennial sample size of 184,750 housing units for the combined national and metropolitan samples. This funding request will also allow HUD to develop and implement improvements to the 2015 AHS, including drawing a new sample for the first time since 1985.

The goal for each AHS is to have a national longitudinal sample and 30 metropolitan oversamples. The statistical reliability goal for the AHS national longitudinal sample is: a 2-year change of 10 percent in the median monthly costs for 5 percent subgroups that will have a standard error of 5 percent. The Census Bureau has indicated that a sample size of approximately 64,000 is necessary to

³ 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

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achieve this statistical reliability goal. The statistical reliability goal for metropolitan area subsamples is to have 4,500 housing units in each of the 30 selected metropolitan areas. Considering that the national longitudinal sample already includes cases in selected metropolitan areas, each selected metropolitan area oversample must include, on average, 4,115 cases in order to meet the statistical reliability goal.

List of Metros for 2011 and 2013 AHS

Metro Included in 2011 AHS (29)	Metros Included in 2013 AHS (25)
Anaheim-Santa Ana (LA metro area)	Baltimore-Towson, MD Metro Area
Atlanta-Sandy Springs-Marietta, GA Metro Area	Boston-Cambridge-Quincy, MA-NH Metro Area
Birmingham-Hoover, AL Metro Area	Chicago-Gary, IL-IN-WI
Buffalo-Niagara Falls, NY Metro Area	Detroit-Warren-Livonia, MI Metro Area
Cincinnati-Middletown, OH-KY-IN Metro Area	Hartford-West Hartford-East Hartford, CT Metro Area
Cleveland-Elyria-Mentor, OH Metro Area	Houston-Sugar Land-Baytown, TX Metro Area
Columbus, OH Metro Area	Miami-Fort Lauderdale-West Palm Beach, FL Metro Area
Dallas-Plano-Irving, TX	Minneapolis-St. Paul-Bloomington, MN-WI Metro Area
Denver-Aurora, CO Metro Area	New York City
Fort Worth-Arlington, TX	Northern New Jersey
Indianapolis-Carmel, IN Metro Area	Oklahoma City, OK Metro Area
Kansas City, MO-KS Metro Area	Philadelphia-Camden-Wilmington, PA-NJ-DE Metro Area
Los Angeles-Long Beach-Santa Ana, CA Metro Area	Rochester, NY Metro Area
Memphis, TN-MS-AR Metro Area	San Antonio, TX Metro Area
Milwaukee-Waukesha-West Allis, WI Metro Area	Seattle-Tacoma-Bellevue, WA Metro Area
New Orleans-Metairie-Kenner, LA Metro Area	Tampa-St. Petersburg-Clearwater, FL Metro Area
Virginia Beach-Norfolk-Newport News, VA-NC Metro Area	Washington-Arlington-Alexandria, DC-VA-MD-WV Metro Area
Phoenix-Mesa-Scottsdale, AZ Metro Area	Orlando-Kissimmee, FL Metro Area
Pittsburgh, PA Metro Area	Las Vegas-Paradise, NV Metro Area
Portland-Vancouver-Beaverton, OR-WA Metro Area	Nashville-Davidson--Murfreesboro--Franklin, TN Metro Area
Providence-New Bedford-Fall River, RI-MA Metro Area	Austin-Round Rock, TX Metro Area
Riverside-San Bernardino-Ontario, CA Metro Area	Jacksonville, FL Metro Area
San Diego-Carlsbad-San Marcos, CA Metro Area	Louisville-Jefferson County, KY-IN Metro Area

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San Francisco-Oakland CA	Richmond, VA Metro Area
San Jose-Sunnyvale-Santa Clara, CA Metro Area	Tucson, AZ Metro Area
St. Louis, MO-IL Metro Area	
Charlotte-Gastonia-Concord, NC-SC Metro Area	
Oakland-Fremont-Hayward, CA	
Sacramento--Arden-Arcade--Roseville, CA Metro Area	

The Survey of New Home Sales and Housing Completions provides the data for two principal national economic indicators every month: Residential Construction Spending, and New Home Sales. This survey provides monthly, quarterly and annual data on sales, completions, and prices of new homes. Information on other characteristics of new homes is also collected. In fiscal year 2014, \$3.2 million is budgeted for this survey, the same funding level as requested in fiscal year 2012.

The Survey of Market Absorption of New Multifamily Units provides quarterly data on how quickly new multifamily units are rented, by rent level and number of bedrooms. The survey also provides information on other characteristics of new multifamily housing units. In fiscal year 2014, \$1 million is budgeted for this survey, the same funding level as requested in fiscal year 2012.

The Survey of New Manufactured (Mobile) Housing Placements is a congressionally mandated survey. The statutory mandate for HUD to conduct the manufactured housing placement survey is found at 12 USC 1703 Notes Section 308(e) of P.L. 96-399. This survey compiles monthly and annual data on the number of new manufactured housing units sold or leased and placed on site by manufactured housing dealers for residential use. Information on other characteristics of newly placed manufactured homes is collected through this survey. In fiscal year 2014, \$900 thousand is budgeted for this survey, the same funding level as requested in fiscal year 2012.

Rental Housing Finance Survey. The RHFS is a biennial accounting of the stock of multifamily rental housing finance instruments. The RHFS is the only nationally representative data on rental project mortgage origination volume and the debt service component of rental housing costs—critical for numerous potential uses in developing housing policy. Data collection for the 2012 RHFS was completed in early 2012 and results will be available in mid-2013.

Planning for the 2014 RHFS is underway. Part of the funding for the 2014 RHFS was provided in fiscal year 2012 and additional funding for the 2014 RHFS was requested for fiscal year 2013.

In fiscal year 2014, \$3.1 million is requested for this survey. This request represents half of the necessary funding for the 2016 RHFS and a request will be made in fiscal year 2015 for the remaining half.

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Dissemination/Research Support - \$6.4 million

Dissemination and research support ensure that research and analysis conducted by PD&R provide the greatest possible value by reaching a broad audience of policymakers, researchers, practitioners, policy analysts, and the American public. PD&R has employed a number of strategies to make these connections, and will build further upon them in fiscal year 2014. The request is \$500 thousand less than the fiscal year 2012 request due to savings generated from the consolidation of the Office of University Partnerships contracts.

The hub of PD&R's dissemination remains HUDUSER.ORG (www.hud.gov/policy), a rich resource containing copies of research spanning back more than 30 years as well as key data for researchers and program implementation. PD&R will continue to transform its dissemination process through building on several relatively new initiatives to reduce costs and maximize use of dissemination and research support funding.

This increased effort to reach broad audiences includes *Evidence Matters*, a quarterly publication highlighting policy-relevant research on major housing and community development topics for a wide audience of policymakers, researchers, advocates, and industry members, including issues on homelessness, rental housing, mixed-income communities, preservation of affordable rental housing, and sustainability. Recent *Evidence Matters* articles include:

- *Using Data to Understand and End Homelessness. A historical perspective on the evolution of homelessness data systems written by Acting Assistant Secretary for Community Planning and Development Mark Johnston.*
- *Shared Equity Models Offer Sustainable Homeownership. An explanation of the role that local shared equity homeownership models play in promoting homeownership for low-income and minority households.*
- *Mixed-Income Community Dynamics: Five Insights from Ethnography. Analysis of how qualitative research methods, particularly ethnography, contribute to our understanding of the social dynamics of mixed-income communities.*

In addition, a new online magazine, *The Edge*, was created in fiscal year 2011 and a mobile app for *The Edge* in fiscal year 2012. It consolidates and enhances the PD&R publications Research Works and Breakthroughs into a single website, adds in additional content and includes commentaries from the Assistant Secretary that provide HUD's thoughts on the implications and importance of recent research findings. Recent articles in *The Edge* include:

- *BoomTown Effects of New Oil and Gas Exploration on Local Housing Markets. As technological advances in oil and gas exploration fuel energy booms across the country, the housing markets in many communities have been dramatically impacted. Deputy Assistant Secretary for Economic Affairs Kurt Usowski discusses PD&R's Gas and Oil Task Force, and the work being done to understand the effects of oil and gas drilling on local housing markets.*

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- *Program Brings New Life in a Blighted Neighborhood.* A grant from HUD's Hispanic Serving Institutions Assisting Communities program is providing students in Fresno, California with new job skills and contributing to neighborhood revitalization. Students in Fresno City College's Housing Reconstruction Training Program receive a combination of classroom instruction and hands-on training designed to develop careers in the Fresno region's growing home remodeling industry.
- *Tagliareni Plaza Offers Transit-Oriented, Mixed-Income Rental Housing in Bayonne.* Bayonne, New Jersey's Scattered Site Redevelopment Plan and the Bayonne Affordable Housing Trust Fund are creating affordable housing opportunities on underutilized properties in transit accessible locations. Opening in July 2013, Tagliareni Plaza will provide 46 units of mixed-income housing along the Hudson-Bergen Light Rail line.

A mobile app was created for the Edge and FMR data and in fiscal year 2014 a new mobile app for AHS will be created. In addition, a new effort to bring expert advice to PD&R will be implemented through the expert convening program. It will provide a mechanism for assembling policy makers and practitioners that advise PD&R on current issues and problems. Fiscal year 2014 will also see the first student competition on affordable housing.

The content for the magazine provides a place to find concise summaries and key findings on research performed both by PD&R staff and contractors as well as other academics and others in the philanthropic and non-profit sectors. In fiscal year 2014, PDR will continue to improve the quality of the content on *The Edge* as well as expand partner and public awareness of its utility as a source of good ideas to improve programs and policy. Enhancements to the HUD user website will include additional mapping capabilities, revamped housing market information and the AHS survey. Funding a nationally representative and thorough dataset is best accomplished by the federal government because it serves a common national purpose. Providing the data source then leverages private universities and researchers to glean knowledge of value to HUD and practitioners across the country. For example, the Joint Center for Housing Studies (JCHS) at Harvard University is a heavy user of AHS data. Their recent report *America's Rental Housing: Meeting Challenges, Building on Opportunities* was largely based on AHS data. Similarly, AHS home improvement data form the backbone of JCHS' Remodeling Futures project and are an important part of their annual *State of the Nation's Housing* reports. Other major independent reports produced using AHS data include the National Low- Income Housing Coalition's *Rental Housing Production Need Estimates, Perspectives on Renter Income and Affordable Units*, and *Low-Income Housing Profile*.

The conference support contract continues to be used to provide support for PD&R information gathering and information exchange efforts in the form of conferences, meetings, exhibiting at conferences and other events. Events held in fiscal year 2013 include the new direction for the AHS 2015, retail in underserved communities, and a summit on innovation. Through its support services contracts, PD&R will continue to have access to technical reviewers for reports, expert advice and papers, writers, editors, conference planners, and graphic designers. Experts in these areas will assist PD&R staff in the development and marketing of

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research and analytical content; organizing and implementing conferences, workshops, and meetings; designing and staffing PD&R exhibits at national conferences; and providing dissemination and distribution support for PD&R publications.

The Regulatory Barriers Clearinghouse, established to serve as a national repository to receive, collect, process, assemble, and disseminate information to eliminate barriers to affordable housing, had 248,991 page views in fiscal year 2012 as compared to 176,963 page views in fiscal year 2012 and contains a database of more than 7,553 affordable housing strategies and solutions (compared to 7,163 in fiscal year 2012 and 6,239 in fiscal year 2011). The Clearinghouse will continue to expand the scope of its efforts by collecting and disseminating appropriate material to reach the growing number of states and communities establishing and implementing broad sustainability efforts.

Program Metrics/Urban Data Systems - \$100 thousand

PD&R requests \$100 thousand for Program Metrics/Urban Data Systems Research. PD&R will continue to collect and make available basic data on the economic and social conditions of cities and to update the State of the Cities database. Further data collection and analysis includes projects analyses of crime data, vacant housing, business establishment and jobs data, residential building permits, the influence of regulatory barriers, government spending patterns, and current labor force statistics for metropolitan areas and principal cities.

Housing Finance Studies - \$500 thousand

PD&R is responsible for providing research on housing finance topics that inform the sound operations of FHA and HUD's rental programs that supports the Department's goal of promoting sustainable homeownership. The recent housing crisis has made clear how changes in housing finance alter the risk profile for segments of the ownership market and place pressures on rental markets, and highlights the importance of basic research in single family and multifamily housing finance, which these funds would support. This research would supplement work conducted using program funds (such as the Mutual Mortgage Insurance Funds for studies related to single family FHA) or the Transformation Initiative.

Research Partnerships - \$500 thousand

Valuable housing and community development research is often initiated by foundations, research organizations, independent researchers, or other government agencies. Through Research Partnerships, PD&R can engage in the design and execution of externally-led housing and community development research – primarily funded by outside entities – to make sure their design allows for the answering of important policy and programmatic questions. The organizations leading the research seek guidance, input, or resources from PD&R, giving HUD the opportunity to shape the research projects in ways that maximize their value to HUD policies and programs. In addition to increasing the amount of research that PD&R participates in, Research Partnerships allow PD&R

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to obtain both financial leverage and policy leverage in supporting research that meets an important policy or program objective that is not otherwise being addressed through one of PD&R's research priorities.

Salaries and Expenses (S&E) and Full-Time Equivalent (FTE) Request

In fiscal year 2014, PD&R request funding for 145 FTE. This is two fewer FTE as compared to fiscal year 2012. For fiscal year 2014, PD&R requests \$21.69 million for the S&E account, of which \$20.63 million is for personnel services and \$1.06 million is for non-personnel services. The fiscal year 2014 request is \$397 thousand less than the fiscal year 2012 actual level of \$22.084 million.

The decrease in FTE has an impact on PD&R's functional work areas specifically in the areas of data collection and analysis, research and program evaluation as well as outreach and policy dissemination. In addition field reductions impact the provision of local housing and market intelligence as conducted by the 39 PD&R field economists. In order to reach this lower FTE level, PD&R will delay in filling positions that attrite.

Workload Functions

PD&R recently revised our workload tracking into seven functional areas that more accurately provide information on the work being performed by the staff. A brief description of the functions follow:

- Data Collection and Analysis – 24.0 FTE – this function is performed by staff throughout PD&R in their research, evaluation and analysis work including major surveys, data for implementation, mortgage market analysis and inflation factors.
- Research and Program Evaluation – 27.0 FTE – this function is of vital importance to the Department in achieving the completion release of critical research on potential improvements and efficiencies to the nation's housing programs.
- Provide Local Market Intelligence – 39.0 FTE – the work under this function is primarily performed by the Field Economists and it encompasses all activities associated with providing critical intelligence on local economic and housing market trends, detailed recommendations for HUD program applications, support to the HUD program offices for a number of the Department's strategic goals and advice on the allocation of Departmental resources.
- Policy Development and Coordination – 18.1 FTE – this function provides independent and fast turn-around policy and data analysis as well as support for special research projects, such as strong cities, strong communities (SC2).
- Outreach and Policy Dissemination – 24.0 FTE - this function is the means by which PD&R disseminates HUD data, publications, and research findings in a cost-efficient and technologically current way. This includes maintaining the HUDUSER.org website which receives over 13 million page views annually, posting 200 to 300 new research reports or data

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sets, producing several regular publications including the bi-weekly eMagazine *The Edge, US Housing Market Conditions, Cityscape,* and *Evidence Matters*; hosting up to 10 meetings a year and expanding and improving HUD digital and physical library.

- Regulatory Review and Analysis – 7.0 FTE - this function is a result of an Executive Order and that PD&R performs on behalf of the Department. Executive Order No. 12866 requires that federal agencies promulgating regulations prepare economic analyses of regulations that have a significant economic effect. PD&R reviews all new HUD regulations for potential impact on the economy, prepares economic analyses of new HUD rules, reviews economic analyses prepared by other offices for methodological soundness and feasibility and advises program office officials on how proposed regulations can be altered to achieve the regulatory objective while avoiding unnecessary costs to the economy.
- Management and Operations – 6.0 FTE – this functional area includes the Office of the Assistant Secretary staff. The Assistant Secretary is responsible to the Secretary for overall Departmental policy, program evaluation and program monitoring, economic analysis, research and oversight for the White House Council for the Strong Cities Strong Communities program. This responsibility includes analyzing and recommending new and revised policies and programs, developing and administering program evaluations and program monitoring, providing economic information and analyses for HUD, developing and implementing research, directing and administering technical studies and serving as the focal point within the Department for coordination of research and program evaluation activities with other Departments and agencies, public and private organizations and the housing industry.
- The workload for PD&R staff that perform administrative, budget, finance and procurement planning activities has been spread to the functions on a pro-rata basis.

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

Housing Surveys

The American Housing Survey (AHS) By providing a base of facts about the conditions of housing in the United States, the AHS moves policy debates beyond questions of “what is” to “what should be done.” Specific benefits and uses of the AHS follow:

- HUD makes extensive use of the AHS in reports such as the *Worst Case Housing Needs* Report on the availability, affordability, and adequacy of the U.S. housing stock, which use many of the variables and special features of the AHS. Other major HUD products from the AHS include the Components of Inventory Change (CINCH) reports that use the longitudinal features of AHS to track changes in housing stock from one survey to the next, and the Housing Affordability Data System (HADS) that allows analysts to make consistent comparisons of housing affordability measures and issues over time.
- The AHS is used to inform HUD on a wide array of issues including: trends in housing costs, home mortgage finance, incidence of overcrowding in housing, characteristics of units and their occupants associated with changes in tenure status, commuting patterns and the housing stock, effects of changes in ownership on repair and remodeling behavior in owner-occupied housing, the housing situation of the elderly, market dynamics of how housing gets allocated over time through market filtering and reuse, the characteristics of HUD-assisted renters and their units, and HUD reporting under the Government Performance and Results Act.
- A masterful recent example of the use of the AHS in research is Weicher, John C., Eggers, Frederick J., and Moumen, Fouad, “*The Long-Term Dynamics of Affordable Rental Housing: A Report to the John D. and Catherine T. MacArthur Foundation*,” March 3, 2010. It uses the 1985-2005 AHS longitudinal panel to trace the evolution of the affordable housing stock over two decades. The AHS dataset allows them to trace when, and for how long, each sample housing unit contributed to the affordable housing stock. They also examine the units’ status before and after affordability, thus providing insight into where the affordable stock comes from and how units leave it.
- On a shorter-term scale, HUD’s Components of Inventory Change (CINCH) and Rental Dynamics series of reports trace the sources and dispositions of the housing stock between each wave of the AHS. The dataset that accompanies each report allows researchers to examine changes in housing at the unit level, using any or all of the data items collected by the AHS.
- The state of rental housing affordability in the nation is essentially defined by the AHS, with HUD’s AHS-based Housing Affordability Data System providing a consistent basis for affordability analysis that any scholar can access.

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- Congress is also a major user of the AHS to inform the legislative process through the Congressional Budget Office, Congressional Research Service (CRS), and Government Accountability Office (GAO), as well as through congressionally appointed special commissions. Below are reports from GAO and CRS that utilize the AHS.
 - Maggie McCarty et al. CRS. "Overview of Federal Housing Assistance Programs and Policy." July 22, 2008.
 - Bruce Foote, CRS. "Reverse Mortgages: Background and Issues." February 22, 2010.
 - N. Eric Weiss, et al. CRS. "Troubled Assets Relief Program and Foreclosures." February 17, 2009.
 - "Rental Housing: HUD Can Improve Its Process for Estimating Fair Market Rents", GAO-05-342, March 2005.
 - "Elderly Housing: Project Funding and Other Factors Delay Assistance to Needy Households", GAO-03-512, May 2003.
- In March 2011, PD&R hosted the first AHS Research Conference, inviting scholars from many fields to contribute papers using AHS data. The conference featured 14 papers covering such topics as persons with disabilities, disaster recovery, defining "rural," underwater mortgages, household energy use, housing assistance, housing quality, aging in place, and neighborhood redevelopment. PD&R is looking forward to many more fruitful ideas for AHS research arising from these conferences.
- The AHS is a rich source of data used by the general public, whether as academic researchers, trade organizations, advocates, or simply private citizens. A PD&R compilation of research papers which use AHS data, last updated in 2009 runs to 99 pages and well over 500 articles. AHS data are often quoted by trade associations, advocacy groups, and research organizations.

Funding a nationally representative and thorough dataset is best accomplished by the Federal government because it serves a common national purpose. Providing the data source then leverages private universities and researchers to glean knowledge of value to HUD and practitioners across the country. For example, the Joint Center for Housing Studies (JCHS) at Harvard University is a heavy user of AHS data. Their recent report *America's Rental Housing: Meeting Challenges, Building on Opportunities* was largely based on AHS data. Similarly, AHS home improvement data form the backbone of JCHS' Remodeling Futures project and are an important part of their annual *State of the Nation's Housing* reports. Other major independent reports produced using AHS data include the National Low-Income Housing Coalition's *Rental Housing Production Need Estimates; Perspectives on Renter Income and Affordable Units*; and *Low-Income Housing Profile*.

To achieve this goal, HUD seeks to survey 30 of the top 60 metropolitan areas every 2 years. This goal was nearly achieved in the 2011 AHS (29 metropolitan areas) and in the 2013 AHS (25 metropolitan areas). The 2015 AHS is funded with budget requests in fiscal year 2014 and fiscal year 2015, and will survey most or all of the metropolitan areas previously surveyed in the 2011 AHS. If the full fiscal year 2014 funding request is not received, HUD will not be able to survey all the metropolitan areas surveyed in the

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2015 AHS. It is likely HUD would drop metropolitan areas with less than 2 million residents, potentially including Memphis, TN; Milwaukee, WI; Providence, RI; Virginia Beach, VA; Columbus, OH; and San Jose, CA.

Other Housing Surveys

HUD's other housing market surveys provide important information on the state of the housing production sector that is widely used by public and private entities, particularly at a time that the nation is closely scrutinizing the housing industry. The Survey of New Home Sales and Housing Completions provide the data for two principal national economic indicators every month: Residential Construction Spending, and New Home Sales. The Survey of Market Absorption of New Multifamily Units provides critical information on other characteristics of new multifamily housing units and how quickly they are being occupied. The Survey of New Manufactured (Mobile) Housing Placements is a congressionally mandated survey that compiles monthly and annual data on the number of new manufactured housing units sold or leased and placed on site by manufactured housing dealers for residential use. The Rental Housing Finance Survey is a biennial accounting of the stock of multifamily housing finance instruments that provides a comprehensive picture of multifamily finance available nowhere else.

Failure to fund PD&R's other housing market surveys would result in deep and substantial information gaps that would decimate our understanding of housing markets, housing production, and housing finance during a time when these sectors are at the heart of one of the country's most serious economic crises.

Research Dissemination Funds

PD&R's research information clearinghouse, HUDUSER, and PD&R's websites www.huduser.org and www.regbarriers.org will continue to serve housing researchers and practitioners, including policy analysts at all levels of government, non-profit housing advocates, social scientists, demographers, builders, developers, realtors, students, and educators.

It is projected that 11 million files will be downloaded by these users in fiscal year 2013 and estimate that 12 million will be downloaded in fiscal year 2014. During the same period, it is projected that HUDUSER will distribute over 100,000 copies of PD&R products. The usage statistics comparing fiscal years 2011 to 2012 for its services demonstrate continuing increase usage demand. For example:

- In fiscal year 2012 there was an increase of 2 percent to 907,954 in the average number of downloads as compared to 891,754 average downloads in fiscal year 2011.
- The number of visits to the HUD User website in fiscal year 2012 was 456,513 as compared to 400,876 in fiscal year 2011 – an increase of 14 percent.
- On average, the Help Desk responded to 205 emails per month in fiscal year 2012.

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- Almost 600 new subscribers were added to the *Evidence Matters* subscriber base. The current number of subscribers is approximately 23,000.

PD&R's web sites at www.huduser.org serve as a platform for complying with GAO recommendations for documenting how PD&R calculates Fair Market Rents (FMRs) for the Housing Choice Voucher Program. Similar web sites document how HUD estimates area median incomes and income limits to determine eligibility for HUD assistance programs. Users can trace how any area's numbers are calculated from source data to final result. Demand for information has exceeded server capacity and HUD moved to a "cloud" system to increase capacity. The increase in demand for the services provided by PD&R, including a 30 percent increase in downloads per month and almost three-fold increase of subscribers to Evidence Matters illustrates the large constituent interest in the information provided by PD&R.

4. How do we know this program works?

National Academy of Sciences Evaluation of PD&R

The National Academy of Sciences (NAS) released a comprehensive study of PD&R to Congress in September 2008⁴, in which it states "PD&R is in a unique position to provide professional leadership in the development of integrated research on the social, economic and technical problems facing housing and cities. With adequate resources, PD&R could lead the nation's ongoing process of learning, debate, and experimentation about critical housing and urban development challenges." Perhaps most critically, the committee concludes that the current level of funding for PD&R is inadequate. "The NAS recognized the excellent work that PD&R performs and recommended that the Department commit the resources and program funds be increased in order for PD&R to become the nation's premier housing research organization."

In addition, the recent House Report 112-541 on Appropriations dated June 20, 2012, stated the following: "The Committee commends the Department for making a greater investment in the Office of Policy Research and Development (PD&R) and giving the office a greater decision-making role in departmental management. Before proposing a new program or a change to an existing program, HUD should first consult with PD&R on any research or findings to support the proposal and the cost effectiveness, and the budget office to ensure the proposal fits in to the overall spend plan and is properly accounted for. The Department would gain a lot of credibility if more decisions and programs were more thoroughly vetted with PD&R and the budget office prior to proposals to the Congress or stakeholders."

⁴ National Research Council, "Rebuilding the Research Capacity at HUD", 2008, http://www.nap.edu/catalog.php?record_id=12468.

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Housing Surveys

The housing survey data collections funded by the Research and Technology account provide the primary source of information for assessing the state of housing in the U.S., problems to be addressed, and progress by HUD towards solving these problems. These surveys are relevant and necessary data sources, as evidenced by the many major housing research efforts to which they contribute:

- The American Housing Survey (AHS) data assists in identifying the characteristics of owners with underwater mortgages and other housing finance problems. See, for example, Carter & Gottschalk 2010, "Drowning in Debt: Housing and Households with Underwater Mortgages" (presented to 2010 AREUEA Mid-Year Meetings). Cater 2011, "Housing Units with Negative Equity, 1997 – 2009", presented at 2011 AHS User Conference. Chang & Nothaft 2011, "Home Mortgage Refinance and Wealth Accumulation", presented at 2011 AHS User Conference.
- The AHS and the Survey of New Home Sales and Completions data are key sources for measuring house prices, in the existing stock and new construction, respectively. Measuring housing price changes is an important part of assessing foreclosure risk. New Homes Sales and Completions data are included in the Administration's Monthly Housing Score Card.
- Foreclosure has also impacted the rental housing market. The results of the 2011 Rental Housing Finance survey will be the main source of data concerning rental housing prices and the financial stability of rental housing.
- The AHS is the primary source for determining worst case housing needs.
- The AHS-based Components of Inventory Change and Rental Dynamics series of reports and datasets provide an overview of the sources and dispositions of the affordable housing stock.
- The Survey of Market Absorption of Apartments helps paint a picture of the demand in the rental housing market and can be used to better understand the affordability of new rental construction. The Survey of Market Absorption of Apartments is used by National Association of Home Builders, the National Multi Housing Council, Congressional Budget Office, the Council of Economic Advisors, and the Office of Thrift Supervision as well as many other public and private entities for such purposes as analysis of the rental housing market and forecasting future trends.
- The AHS began collecting data on disability status in 2009. This new data was used in at least three research reports: (1) Whalen 2011, "The House Next Door: A Comparison of Disability Status Using New Measures in the American Housing Survey", published in Cityscape (February 2012); (2) Pelletiere and Nelson 2011, "Leveraging the AHS to Get a Handle on the Incidence of Disability and the Need for Housing and Housing Assistance", presented at the 2011 AHS User Conference; and (3) Eggers, et al 2012, "Disability Variables in the American Housing Survey", published in a HUD report.

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- The 2011 American Housing Survey included a new “Home Accessibility” module with questions about housing modifications to accommodate disabilities. Survey results from this new module will be available in late 2012.
- The 2011 American Housing Survey included a new “Healthy Homes” module, including questions about mold and asthma. Survey results from this new module will be available in late 2012.
- The AHS-based “Characteristics of HUD-Assisted Renters” reports can be used to assess assisted residents’ satisfaction with their communities. The next report covering 2009 and 2011 is scheduled for release in 2012/2013.
- The AHS included a special survey of New Orleans in 2009 which contained questions on rebuilding after the hurricanes. In addition, PD&R has published two AHS-based studies on disaster preparedness, “2007 Metropolitan Disaster Planning” and “Combining the American Housing Survey and the American Community Survey to Produce Information Useful in Public Emergency Situations: An Exploratory Analysis.”

Summary of Systems/Tools Required to Manage Programs

Enterprise Services (Data Services)- the purpose of this IT portfolio investment is to maximize efficiency and reuse of IT resources through the deployment of standardized enterprise services, and transform HUD’s ability to maintain and govern a simplified and modernized technology environment. PD&R has been assigned the role of sponsoring and managing two enterprise services: enterprise data management and enterprise business analytics (including geospatial). IT portfolio investments for which PD&R is responsible focus on improving data management for the enterprise through a series of IT projects that include: Geocoding Validation/GIS; Affirmatively Furthering Fair Housing Data & Mapping Tool; Fair Housing Enforcement & Oversight; and Enterprise Data Management Services.

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**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
Appropriations Language**

Below is the italicized appropriation language for the Research and Technology account.

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 et seq.), including carrying out the functions of the Secretary of Housing and Urban Development under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, \$50,000,000, to remain available until September 30, 2015: Provided, 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 research 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.

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**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
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>
Core R&T	\$46,000	\$9,777	\$55,777	\$51,212	\$46,281	\$4,565	\$50,846	\$50,000
Total	46,000	9,777	55,777	51,212	46,281	4,565	50,846	50,000