

**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
2015 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>
2013 Appropriation	\$46,000	\$5,125	-\$2,406	\$48,719	\$46,833	\$54,349
2014 Appropriation/Request	46,000	2,269	...	48,269	48,269	53,000
2015 Request	<u>50,000</u>	<u>...</u>	<u>...</u>	<u>50,000</u>	<u>50,000</u>	<u>53,000</u>
Program Improvements/Offsets	+4,000	-2,269	...	+1,731	+1,731	...

NOTE: The carryover into fiscal year 2014 excludes \$202 thousand which will be returned to the Departments of State and Treasury.

1. What is this request?

The Department requests \$50 million for the Research and Technology (R&T) account for fiscal year 2015, \$4 million more than enacted in fiscal year 2014. This request will fully fund PD&R's housing surveys, including the American Housing Survey (AHS)¹ and continue research dissemination functions. 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.

¹ When fully funded, an AHS includes a national sample and 30 metropolitan area oversamples. HUD has come close to, but not been able to achieve, this goal in the 2011 and 2013 AHSs because appropriations fell short of budget requests.

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A summary of R&T funding for fiscal years 2013, 2014 and 2015 follows:

	2013 <u>Appropriation</u>	2014 <u>Enacted</u>	2015 <u>Request</u>	Increase/ Decrease <u>2015 vs 2014</u>
	(Dollars in Thousands)			
Core Research and Technology (R&T):				
I. Market Surveys (Fixed)	\$35,000	\$37,700	\$41,500	+\$3,800
II. Dissemination/Research Support	6,494	5,700	5,700	
Subtotal Fixed Activities	41,494	43,400	\$47,200	+3,800
III. Program Metrics/Urban Data	600	600	600	...
IV. Housing Finance Studies	500	1,000	1,000	...
V. Research Partnerships	800	1,000	1,000	...
VI. Housing Technology	200	...	200	+200
Subtotal Variable Activities	2,100	2,600	2,800	+200
Total Core R&T	43,594	46,000	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 TI 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.²

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, "HUD Research Roadmap fiscal years 2014-2018,"³ through a systematic and extensive consultation process. Experts and stakeholders identified the most important research questions for improving the cost effectiveness 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

² American Evaluation Association. "Evaluation Roadmap for More Effective Government." 2009. <http://www.eval.org/EPTF/aea10.roadmap.101910.pdf>

³ HUD-PD&R, 2013. http://www.huduser.org/portal/about/pdr_roadmap.html.

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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 2015 R&T budget and the TI 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 research and demonstrations funded by the TI. 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."⁴

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

In fiscal year 2015, PD&R requests funding for 152 FTE, which is an increase of 11 FTE from fiscal year 2014. For fiscal year 2015, PD&R requests \$23.248 million for the S&E account, of which \$21.982 million is for personnel services and \$1.266 million is for non-personnel services. The fiscal year 2015 request is \$1.248 million more than the fiscal year 2014 requested level.

The increase to 152 FTE, which is still 3 FTE less than the fiscal year 2011 full staffing levels, supports additional responsibilities including TI technical assistance, TI research and demonstrations, Strong Cities Strong Communities (SC2), international and philanthropic innovations and data analysis functions. PD&R also seeks to increase staffing in the housing finance area to replace staff shifted to the Federal Housing Finance Agency under HERA. FHA and the Secretary require increased guidance and research support on housing finance matters in this era of wholesale change in the housing finance regulatory and economic environment. In addition PD&R seeks to return HUD to a prominent role in housing technology in 3 areas: 1) promoting basic research; 2) partnering with DOE, EPA, DHS and NBIS to ensure technological innovations are widely disseminated; and 3) ensure popular PD&R technology publications are updated and current.

⁴ The report was requested by Congress. National Research Council. "Rebuilding the Research Capacity at HUD." 2008

2. What is this program?

Housing Market Surveys - \$41.5 million

The housing market surveys comprise 83 percent of the R&T program and are \$3.8 million more than fiscal year 2014. 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 renter- 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 Construction, the Survey of Market Absorption of New Multifamily Units, the Survey of New Manufactured Homes and the Rental Housing Finance Survey. These surveys are described below.

American Housing Survey (AHS) - \$34.1 million

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. 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*.

At the time Congress mandated the AHS, 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 (29 metropolitan area surveys) and for the 2013 AHS (25 metropolitan area surveys).

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The 2011 AHS featured special supplements on healthy homes and housing modifications to accommodate elderly persons and persons with disabilities⁵, and an 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 National 2011 AHS Summary Report can be downloaded from <http://www.census.gov/content/dam/Census/about/our-surveys/american-housing-survey/data/2011/h150-11.pdf>. The 2013 AHS continued the oversample of HUD-assisted renters and features supplements on: public transportation, disaster preparedness, neighborhood conditions, neighborhood social capital, and doubled-up households.

A budget of \$34.1 million for the AHS in fiscal year 2015 should enable HUD to maintain the goal of a biennial sample size of 184,750 housing units for the combined national and metropolitan samples. The 2015 AHS will include 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 achieve this statistical reliability goal. The statistical reliability goal for metropolitan area subsamples is to have 4,000 housing units in each of the 30 selected metropolitan areas.

The Survey of Construction - \$3.2 million

This survey provides the data for two principal national economic indicators every month: New Home Sales and Private Single-Family Housing Starts & Permits. This survey provides monthly, quarterly and annual data on the number and selected characteristics of new single family houses sold and for sale and new single family and multifamily housing units completed and under construction. The 2012 Characteristics of New Housing report is available at <http://www.census.gov/construction/chars/pdf/c25ann2012.pdf>.

The Survey of Market Absorption of New Multifamily Units - \$750 thousand

This survey 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. The 2012 Characteristics of Apartments Completed report is available at <http://www.census.gov/housing/soma/data/char12Report.pdf>.

⁵ The report was requested by Congress, National Research Council, "Rebuilding the Research Capacity at HUD." 2008. <http://www.nap.edu/catalog.php?recordid=12468>

The Survey of New Manufactured (Mobile) Homes - \$350 thousand

This is a Congressionally mandated survey. The statutory mandate for HUD to conduct the manufactured housing 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 by manufactured housing dealers for residential use. Information on other characteristics of newly shipped manufactured homes is collected through this survey. Tabulated results of the Survey of New Manufactured Homes are available at <http://www.census.gov/construction/mhs/mhsindex.html>.

Rental Housing Finance Survey (RHFS) - \$3.1 million

Half of the necessary funding for the 2015 RHFS was requested for fiscal year 2014. This request represents the second half of the necessary funding for the 2015 RHFS.

This survey is an accounting of the stock of single- and multi-family 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 revised results were made available in early 2014.

After evaluating the results for the 2012 RHFS, HUD determined that the methodology for the next RHFS will be substantially revised to improve accuracy. HUD is planning to conduct the next RHFS in 2015, and anticipates releasing the results in 2016. The 2015 RHFS will include single-family rental units, which were generally excluded from the 2012 RHFS. Going forward, HUD is planning to conduct the RHFS every 2 years.

Dissemination/Research Support - \$5.7 million

Providing dissemination and research support ensures that research and analysis conducted by PD&R (including evaluations and demonstrations funded through the TI) provides 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 2015.

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. It is projected that approximately 15 million files will be downloaded in fiscal year 2014 as compared to 14.5 million in fiscal year 2013. In fiscal year 2013, the average number of downloads per month were 1.2 million;

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current fiscal year 2014 is an average of almost 1.3 million per month. Fiscal year 2013 average monthly page views to the HUD USER website were 1.3 million.

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:

- “Confronting Concentrated Poverty with a Mixed-Income Strategy” A variety of factors, including income and tenure mix, design, location, amenities, access to services, and property management, are critical to building successful mixed-income developments. Mixed-income developers face the challenge of combining multiple funding sources while complying with the conditions of each source. Relocated low-income residents residing in mixed-income communities praise their new living spaces and environments; higher-income residents tend to cite the communities’ locations. (Spring 2013)
- “In Practice: Models for Affordable Housing Preservation” Preservation compacts like those in Cook County, Illinois and the State of Ohio are grant-based initiatives that take a highly collaborative and multipronged approach to affordable rental housing preservation, with strategies focusing on analyzing data for at-risk properties, facilitating partnership across levels of government, and reducing operating costs. State housing trust funds, including those in Washington and Delaware, use a dedicated public source of revenue to fund affordable housing projects. These programs are typically administered by public agencies and offer states flexibility in supporting their local needs. (Summer 2013)
- “Aging in Place: Facilitating Choice and Independence” A combination of demographic and economic shifts is creating a large and growing need for affordable and age-appropriate housing opportunities. Most seniors would prefer to age in place; home modifications are critical to this process, but the costs can be prohibitive. Many organizations are using housing as a platform to provide supportive services that adapt to the needs of seniors, allowing them to remain at home and continue to engage with their communities. (Fall 2013)

In addition, the online magazine, *The Edge*, which was created in fiscal year 2011 consolidated and enhanced PD&R’s publications into a single website adding implications of recent research findings and developments in the field. 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 2015, 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. Recent articles in *The Edge* include:

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- “American Housing Survey Reveals Rise in Doubled-Up Households During the Recession.” (Research 01/28/2014)
The number of “doubled-up” households is on the rise in the United States. Although doubling up can help adults and families avoid high cost burdens or substandard housing, the decision to double up suggests that these households are experiencing, or are at risk of experiencing, housing vulnerability. This article described this recent PD&R report.
- “Preserving Affordable Rental Housing” (Feature 07/29/2013) Each year, a large number of affordable rental units are lost from the nation’s housing supply due to demolition, deterioration of aging properties, expiring contracts and affordability controls, and gentrification. Preserving the existing stock of affordable rental housing was the subject of a PD&R Quarterly Briefing in June 2013.
- “Finding Common Ground in Community Gardens.” (Feature 05/06/2013) Lawrence, Kansas, developed Common Ground, its community gardens program in response to 10,000 of its residents having limited access to grocery stores and healthy food choices, 54 percent of residents being overweight or obese, and less than 0.1 percent of farmland in the area being devoted to vegetable production. Common Ground began by surveying city properties to identify vacant or underutilized parcels close to established neighborhoods, giving priority to those needing better access to healthy food.

A new effort to bring expert advice to PD&R was implemented through the expert convening program in fiscal year 2014. It provides a mechanism for assembling policy makers and practitioners that advise PD&R on current issues and problems and will continue in fiscal year 2015. Fiscal year 2015 will also see the second year of the student competition on design and planning for affordable housing.

One of the PD&R’s primary research dissemination tools is the conference support contract which 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 and quarterly updates on preservation of affordable rental housing and aging in place. Through its support services contract, copy editing support will be provided to PD&R.

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 302,411 page views in fiscal year 2013 and contains a database of more than 8,058 affordable housing strategies and solutions (compared to 7,882 in fiscal year 2013 and 7,376 in fiscal year 2012).

Program Metrics/Urban Data Systems - \$600 thousand

PD&R will collect and make available basic data on the economic and social conditions of cities and to update the State of the Cities database if the requested salaries/expenses and FTE are made available. Further data collection and analysis includes analyses of

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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 - \$1 million

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, 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 TI.

Research Partnerships - \$1 million

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 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.

Housing Technology - \$200 thousand

PD&R is responsible for providing research on building technology, disaster housing, resilient housing and resilient communities. Many housing providers are engaged in producing post-disaster housing - both temporary and permanent. Because these housing products are often unique, research is necessary to facilitate the rapid production of quality, affordable, sustainable and reusable housing. Research can be conducted on strategies to streamline the design and production of temporary housing units to balance the often competing demands for performance, transportability, durability, accessibility and cost. Research can also be conducted on promising strategies to facilitate more flexible decision-making for property owners; on identifying and implementing home designs, home design concepts, and community processes to increase the disaster resistance of repaired or reconstructed buildings, and to reduce costs and broaden design concepts.

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

a) What is the problem we are trying to solve?

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. The 2011 WCN report, released in 2013, is available at http://www.huduser.org/Publications/pdf/HUD-506_WorstCase2011_reportv3.pdf. 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.
- 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.
 - o Maggie McCarty et al. CRS. “Overview of Federal Housing Assistance Programs and Policy.” July 22, 2008.
 - o Bruce Foote, CRS. “Reverse Mortgages: Background and Issues.” February 22, 2010.
 - o N. Eric Weiss, et al. CRS. “Troubled Assets Relief Program and Foreclosures.” February 17, 2009.
 - o “Rental Housing: HUD Can Improve Its Process for Estimating Fair Market Rents”, GAO-05-342, March 2005.
 - o “Elderly Housing: Project Funding and Other Factors Delay Assistance to Needy Households”, GAO-03-512, May 2003.
- 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,*”

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March 3, 2010. It uses the 1985-2005 AHS longitudinal panel to trace the evolution of the affordable housing stock over 2 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.

- 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.
- The Harvard University Joint Center for Housing Studies relies on AHS data for a number of regular studies, particularly regarding remodeling activity. Their most recent publication is "The U.S. Housing Stock: Ready for Renewal" <http://www.jchs.harvard.edu/research/publications/us-housing-stock-ready-renewal>.
- In spring or summer of 2015, PD&R will host an AHS Research Conference celebrating 40 years of AHS data. PD&R will invite scholars from many fields to contribute papers using AHS data from 1973 through 2013.

b) How does this program help solve that problem?

The AHS is a rich source of data used by policy makers and the general public, whether as academic researchers, trade organizations, advocates, or simply private citizens. AHS data enable HUD to understand, estimate, and report to Congress on the nature and extent of worst case housing needs and other housing problems. Worst case needs estimates and other AHS data inform HUD's budgetary and policy decisions across all program areas. A PD&R compilation of research papers that use AHS data, last updated in 2009, runs to 99 pages and well over 500 articles.

Funding a nationally representative and thorough dataset is best accomplished by the federal government because it serves a common national purpose. 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 2015 funding request is not received, HUD will not be able to survey all the metropolitan areas surveyed in the 2011 AHS. It is likely HUD would drop metropolitan areas with less than two 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 Construction provides the data for two principal national economic indicators every month: Private Single Family Housing Starts &

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Permits. 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) Homes is a Congressionally mandated survey that compiles monthly and annual data on the number of new manufactured housing units sold or leased by manufactured housing dealers for residential use. The Rental Housing Finance Survey is an accounting of the stock of single- and multi-family housing finance instruments that provides a comprehensive picture of rental housing 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.

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.

As noted above, it is projected that approximately 15 million files will be downloaded in fiscal year 2014 as compared to 14.5 million in fiscal year 2013. In addition:

- On average, the Help Desk responded to 324 calls per month in fiscal year 2013.
- Almost 700 new subscribers were added to the Evidence Matters subscriber base. The current number of subscribers is approximately 23,200.

PD&R's web pages 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?

a) Evaluations and Research

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 2008,⁶ 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. PD&R responded to NAS recommendations by undertaking the research roadmapping process to ensure that research efforts and data collection assets align with the timely and emerging policy needs identified by a diverse group of stakeholders, including Congressional, governmental and private sector stakeholders and spanning policy making, academic and practitioner perspectives. The NAS evaluation and PD&R's research planning efforts also build on previous evaluations of PD&R research products that found high levels of satisfaction among stakeholders.⁷

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). Carter 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 Construction 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. The Survey of Construction data are included in the Administration's Monthly Housing Score Card.

⁶ National Research Council, "Rebuilding the Research Capacity at HUD", 2008, http://www.nap.edu/catalog.php?record_id=12468.

⁷ PD&R, 2010. "Assessment of the Usefulness of PD&R Research Products." http://www.huduser.org/portal/publications/polleg/PDR_Prod_AssessN.html

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- 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 New Multifamily Units 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 the National Association of Home Builders, the National Multi Housing Council, the 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.
- 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 2014.
- 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."

b) Plans to Improve this Program via IT Investments

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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Data management reflects the rules and tools needed to make HUD's data of high quality and available for fast turn-around information. At the core of data management are improving the documentation of the data in HUD's data systems and modeling how the data fields relate to one another. With fiscal year 2011 TI funds, a new initiative to create master data for HUD is being undertaken. Master data are those core data that are common across the enterprise, including people, organizations, units, buildings, and projects. By having core data we can reduce replication of Personally Identifying Information (PII), simplify reporting information that cross programs (for example, overlap between HCV, HOME, and LIHTC), and improve the data quality at time of entry by only cleaning the data once and making the clean data securely available to our partners when they are inputting data. For fiscal year 2015, the goal is for HUD systems to be largely compliant with the data management standards and the master data system built.

Business Analytics, including geospatial, reflect the tools HUD makes available to its staff, partners, and the public to use data to make better decisions. HUDSTAT is a key program within business analytics that has already driven program improvements. The Consolidated Plan mapping tool and planning suite is used by HUD's CPD partners to easily understand their housing needs and prior investments.

Details for funding requested to continue to advance HUD's development and maintenance of these key tools used by HUD and its partners is available in the Information Technology Fund justification.

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**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2013 Budget Authority</u>	<u>2012 Carryover Into 2013</u>	<u>2013 Total Resources</u>	<u>2013 Obligations</u>	<u>2014 Budget Authority/ Request</u>	<u>2013 Carryover Into 2014</u>	<u>2014 Total Resources</u>	<u>2015 Request</u>
Core R&T	<u>\$43,594</u>	<u>\$5,125</u>	<u>\$48,719</u>	<u>\$46,833</u>	<u>\$46,000</u>	<u>\$2,269</u>	<u>\$48,269</u>	<u>\$50,000</u>
Total	43,594	5,125	48,719	46,833	46,000	2,269	48,269	50,000

NOTE: The carryover into fiscal year 2014 excludes \$202 thousand which will be returned to the Department of State and the Treasury Department.

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

The fiscal year 2015 President's Budget includes proposed changes in the appropriation language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

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, [~~\$46,000,000~~] *\$50,000,000*, to remain available until September 30, [2015] *2016*: *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 [~~:Provided further~~, That for non-competitive agreements entered into in accordance with the previous two provisos, the Secretary of Housing and Urban Development shall comply with section 2(b) of the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109–282, 31 U.S.C. note) in lieu of compliance with section 102(a)(4)(C) with respect to documentation of award decisions]. (*Department of Housing and Urban Development Appropriations Act, 2014.*)