

**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
2016 Summary Statement and Initiatives
(Dollars in Thousands)**

RESEARCH AND TECHNOLOGY	Enacted/ Request	Carryover	Supplemental/ Rescission	Total Resources	Obligations	Outlays
2014 Appropriation	\$46,000	\$2,666 ^a	...	\$48,666	\$45,772	\$49,666
2015 Appropriation	72,000	2,744 ^b	...	74,744	74,744	65,000
2016 Request	<u>50,000</u>	...	...	<u>50,000</u>	<u>50,000</u>	<u>60,000</u>
Program Improvements/Offsets	-22,000	-2,744	...	-24,744	-24,744	-5,000

a/ The carryover into fiscal year 2014 includes \$241 thousand of recaptures.

b/ The carryover into fiscal year 2015 excludes \$150 thousand of unusable, recaptured X funds.

1. What is this request?

The Department requests \$50 million for the Research and Technology (R&T) account for fiscal year 2016. 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 fiscal year 2016 request is \$4 million more than the fiscal year 2014 enacted level and \$22 million less than the fiscal year 2015 enacted level. The reason for the \$22 million decrease in the fiscal year 2016 request is because \$72 million was enacted in fiscal year 2015 for the R&T account, which combined the traditional core R&T activities including housing surveys, dissemination and research partnerships with activities that were previously provided under the Transformation Initiative (TI) account including research, demonstrations and technical assistance. In fiscal year 2016 the budget request proposes separate R&T and TI accounts.

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 25 metropolitan area oversamples.

Research and Technology

A summary of R&T funding for fiscal years 2014, 2015 and 2016 follows:

	<u>2014</u> <u>Enacted</u>	<u>2015</u> <u>Enacted</u>	<u>2016</u> <u>Request</u>	<u>Increase/</u> <u>Decrease</u> <u>2016 vs 2015</u>
		(Dollars in Thousands)		
Core Research and Technology (R&T):				
I. Market Surveys (Fixed)	\$37,700	\$37,700	\$41,500	+\$3,800
II. Dissemination/Research Support	5,700	5,700	5,700	....
Subtotal Fixed Activities	43,400	43,400	\$47,200	+3,800
III. Non-Survey Data Acquisition	600	600	600	...
IV. Housing Finance Studies	1,000	1,000	1,000	...
V. Research Partnerships	1,000	1,000	1,000	...
VI. Housing Technology	...	200	200	...
VII. Research and Demonstrations*	...	3,800	...	-3,800
Subtotal Variable Activities	2,600	6,600	2,800	-3,800
Total, Core R&T	46,000	50,000	50,000	...
VIII. Technical Assistance (CPD)*	...	22,000	...	-22,000
Total R&T	\$46,000	\$72,000	\$50,000	- \$22,000

*Funded under the TI account in fiscal years 2014 and 2016.

Research and Technology

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

The R&T appropriation for PD&R complements 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

The National Research Council's 2008 evaluation of PD&R, "Rebuilding the Research Capacity at HUD,"³ pointed to the inadequacy of evaluation resources, limited to R&T, for informing the Department how to invest program resources with the greatest effectiveness, efficiency, accountability, and innovation. This evaluation resource issue is elaborated in the TI budget request. The TI Fund supports such ongoing investment in technical assistance as well as critical research and demonstrations while protecting the mandatory R&T investments in sound survey data collection for the nation's housing data infrastructure. Based on the recommendations in the Research Council report, the Office of Policy Development and Research has developed a 5-year research agenda, "HUD Research Roadmap fiscal years 2014-2018,"⁴ 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 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 2016 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 also 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. 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 report.

Proposals in the Budget:

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

³ The report was requested by Congress. National Research Council. "Rebuilding the Research Capacity at HUD." 2008

⁴ HUD-PD&R, 2013. http://www.huduser.org/portal/about/pdr_roadmap.html.

Research and Technology

Evaluation Funding Flexibility Pilot. The Budget proposes expanded legislative flexibilities allowing funding for research, evaluation, and statistical purposes that is unexpended at the completion of a contract, grant, or cooperative agreement to be deobligated and reobligated for additional research, evaluation, or statistical purposes.

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 above the enacted level in fiscal year 2015. This \$3.8 million will allow the surveys to be fully funded in fiscal year 2016. 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) - \$33.35 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. Today, the AHS is focused on housing costs, housing quality, and neighborhood assets. While other surveys, such as the American Community Survey, provide an adequate overall snapshot of the housing stock, the AHS provides the detailed data necessary to build a complete accounting of housing costs and to monitor how housing quality changes as housing units age. The AHS also provide detailed data about the physical and social assets within a neighborhood.

HUD redesigned the AHS for 2015, including establishing new goals for sample size and metropolitan area surveys. Specifically, HUD established a three-level prioritization:

Research and Technology

Priority	Description	Sample Size
1. Integrated National Sample	The integrated national sample includes a representative national sample, approximately 3,000 housing units from each of the top 15 metropolitan areas, and an oversample of HUD-assisted units.	86,000
2. Half of "Next 20" metropolitan areas	HUD developed a priority "Next 20" list of metropolitan areas that includes 20 mid-sized metropolitan areas ranging from 1.5 million to 3.5 million people. HUD's goal is to survey alternating halves of the "Next 20" list during each survey cycle, ensuring that each of the metropolitan areas on this list are surveyed once every 4 years.	30,000
3. 15 additional metropolitan areas	During the planning stages for each survey cycle, HUD will identify 15 additional metropolitan areas that are not in the Top 15 and not part of the "Next 20" list. The selection of these 15 metropolitan areas will be based on AHS user requests.	45,000

The AHS questionnaire is divided into two parts: core questions and rotating topical modules. The core questions are a permanent part of the survey while rotating topical modules appear in the survey on a rotating basis, often based on the needs of HUD or the AHS user community. The table below lists the topical modules used from 2011 through 2017 (planned).

2011 AHS	2013 AHS	2015 AHS	2017 AHS
-Healthy homes -Housing modifications to accommodate elderly persons and persons with disabilities	-Public transportation -Disaster preparedness -Neighborhood conditions -Neighborhood social capital -Doubled-up households	-Healthy Homes -Food insecurity -Housing counseling usage -Arts and cultural neighborhood assets	-Housing modifications to accommodate elderly persons and persons with disabilities -Neighborhood social capital

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 "The U.S. Housing Stock: Ready for Renewal" was largely based on AHS data.

For the 2017 AHS, HUD is planning to convert the AHS to a web-based survey instrument. HUD's hope is to reduce survey costs while making the AHS more "respondent friendly" by allowing respondents to answer the survey on their own timeline. As is the

Research and Technology

case with the 2015 AHS, HUD will leverage other administrative and commercial data sources to reduce respondent burden and improve the accuracy of certain data elements. The AHS is available at: <http://www.huduser.org/portal/datasets/ahs.html>.

The AHS budget request is spread across two fiscal years. The total cost of the 2017 AHS is estimated to be \$67.0 million. A budget of \$33.35 million for the AHS in fiscal year 2016 represents half of the estimated cost. HUD intends to make a similar budget request for fiscal year 2017.

The Survey of Construction - \$3.5 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 2013 Characteristics of New Housing report is available at <https://www.census.gov/construction/chars/>.

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 2013 Characteristics of Apartments Completed report is available at <http://www.census.gov/housing/soma/files/annual13/ann13-report.pdf>.

The Survey of New Manufactured (Mobile) Homes - \$400 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) - \$3.5 million

HUD will conduct the RHFS in 2015 and plans to conduct the next RHFS in 2017. The fiscal year 2016 funding request reflects half of the necessary funding for the 2017 RHFS. The second half of the funding will be included in the fiscal year 2017 budget request. The RHFS is a survey of the financial health of the single- and multi-family rental housing properties. 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 2015 RHFS will be completed in late 2015 and results will be made available in early 2016 at <http://www.huduser.org/portal/datasets/rhfs/home.html>.

Research and Technology

Dissemination/Research Support (\$5.7 million)

Providing dissemination and research support ensures that the research and analysis conducted by PD&R 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 2016.

The hub of PD&R's dissemination remains HUDuser.org, a rich resource for research spanning more than 30 years as well as critical data for researchers and practitioners engaged in program implementation. It is projected that approximately 17.5 million files will be downloaded in fiscal year 2015 as compared to 16.9 million in fiscal year 2014. In fiscal year 2014, the average number of downloads per month were 1.4 million; current fiscal year 2015 is an average of almost 1.5 million per month. Fiscal year 2014 average monthly page views to the HUD USER website were 1 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: "Housing's and Neighborhoods' Role in Shaping Children's Future" (Fall 2014) and "Fair Housing Organizations Use Testing to Expose Discrimination" (Spring/Summer 2014).

In addition, the online magazine, *The Edge*, which was created in fiscal year 2011 and substantially redesigned in fiscal year 2014, consolidates and enhances PD&R's newsletters into a single digital publication adding implications of recent research findings and developments in the field. In fiscal year 2016, PD&R 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:

- "Insights on Reverse Mortgage Default" (Research 09/22/2014)
The default rate on reverse mortgages — a tool to convert home equity into a monthly income stream or a line of credit for homeowners — has risen since the housing crisis as more households have used reverse mortgages to supplement their income. Researchers at Ohio State University analyzing the Home Equity Conversion Mortgage program for a recent PD&R report have identified a number of risk factors for default: credit score, prior delinquency on mortgage debt, the presence of a prior tax lien.
- "Complex in Poughkeepsie Provides Housing and Services to Seniors and Veterans" (In Practice 04/21/2014) A new development in Poughkeepsie, New York is providing affordable housing and supportive services for seniors and homeless or

Research and Technology

disabled veterans. The 72-unit Poughkeepsie Commons includes onsite medical services and offsite referrals and was completed through a combination of federal, state, county, and local funding support.

The expert convening program will continue in fiscal year 2016 to provide a mechanism for assembling policy makers and practitioners that advise HUD on current issues and problems. Recent examples are:

- Gender Convening, Neighborhood Context, and Youth Development--A June 2014 panel discussed the role of gender in shaping the impact of neighborhood context on youth development. The convening was motivated by studies, including a recent Journal of the American Medical Association (JAMA) study that found puzzling differences in impacts on boys and girls in the Moving-to-Opportunity (MTO) Demonstration program. The goal of the convening was to draw on the expertise of the authors of the study and other researchers to better understand the gender differences in the MTO outcomes, how policymakers should think about the role of gender in neighborhood effects, and how HUD programs should relate to them.
- Assessment Tools for Allocating Homelessness Assistance: State of the Evidence--A November 2014 panel convened in partnership with the National Alliance to End Homelessness (NAEH) discussed assessment tools being used by communities to allocate homelessness assistance and considered the evidence base for the questions used in the tools. Participants were also asked to discuss what additional research is needed as communities adopt and implement standardized assessment tools their coordinated assessment systems.

Fiscal year 2016 will also see the third year of the HUD Innovation in Affordable Housing Student Design and Planning Competition. The winner of the fiscal year 2014 competition on veterans housing located in Bergen County, NJ was Ohio State University.

The conference support contract will continue to provide support for PD&R information gathering and information exchange with practitioners, policy makers, researchers and academics in the form of conferences, meetings, exhibiting at conferences and other events. Through its support services contract, copy editing support will be provided to PD&R.

The Regulatory Barriers Clearinghouse (RBC), established as called for in the "American Homeownership and Economic Opportunity Act of 2000," continues to serve as a national repository to collect and disseminate information to eliminate barriers to affordable housing. RBC had 568,658 page views in fiscal year 2014 and contains a database of more than 8,612 affordable housing strategies (compared to 8,515 in fiscal year 2014 and 7,882 in fiscal year 2013).

Non-Survey Data Acquisition (\$600 thousand)

PD&R acquires data from private sector entities and other government agencies for purposes of research and program support. These acquisitions include, from the private sector, mortgage servicing and default data for housing finance research, and

Research and Technology

multifamily construction pipeline data and regional rental housing industry data for field economist market analysis. Data acquired from other agencies include special tabulations of American Community Survey data for Fair Market Rent and income limit estimation, and Postal Service data on vacancy for analytical purposes and voucher program operations in disrupted housing markets.

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 – and housing appropriate for the elderly. Because these housing products are often unique, research is necessary to facilitate the production of quality, affordable, sustainable and reusable housing. Research can be conducted on strategies to streamline the design and production of housing 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 resistance of repaired or reconstructed buildings, and to reduce costs and broaden overall 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 housing quality, housing costs, and neighborhood assets, 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. Despite a national shortage of affordable rental housing, only one in four families eligible for federal rental assistance programs receives such assistance. HUD’s forthcoming report to Congress, *Worst Case Housing Needs 2013*, reveals that among very low-income renter households that lacked assistance, 7.7 million had worst case housing needs resulting from severe rent burden (paying more than one-half of their monthly income for rent) or living in severely inadequate housing units. From 2003-2013, worst case needs have increased by 48 percent as public-sector housing assistance and private-sector housing development have substantially failed to keep up with the growing demand for affordable rental housing.
- 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.
- 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 2 decades. The AHS dataset allows them to trace when, and for how long, each sample housing unit contributed to the affordable housing stock.

Research and Technology

- 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>.
- 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. In 2015, HUD will release an updated compilation of research papers.

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 & 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 financial health of single- and multi-family housing properties. 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 17.5 million files will be downloaded in fiscal year 2015 as compared to 16.9 million in fiscal year 2014. In addition:

- On average, the Help Desk responded to 333 calls per month in fiscal year 2014.
- A total of 414 new subscribers were added to the *Evidence Matters* subscriber base. The current number of subscribers is approximately 23,200. Another 400 subscribers are expected in fiscal year 2015.

Research and Technology

HUDuser.org serves 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 its capacity. The increase in demand for the services provided by PD&R continues to demonstrate the large constituent interest in the information provided by PD&R. A HUD User customer survey currently underway will aid PD&R in improving our web services.

4. How do we know this program works?

Evaluations and Research

National Research Council Evaluation of PD&R

The National Research Council released a comprehensive study of PD&R to Congress in September 2008,⁵ 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 Research Council 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 the Research Council's recommendations by undertaking the research road-mapping 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 National Research Council 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.⁶

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:

⁵ National Research Council, "Rebuilding the Research Capacity at HUD", 2008, http://www.nap.edu/catalog.php?record_id=12468.

⁶ PD&R, 2010. "Assessment of the Usefulness of PD&R Research Products." http://www.huduser.org/portal/publications/polleg/PDR_Prod_AssessN.html

Research and Technology

- 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.
- Foreclosure has also impacted the rental housing market. The results of the 2012 Rental Housing Finance survey are the main source of data concerning rental housing prices and the financial stability of rental housing.
- 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-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 2015.

5. Proposals in the Budget

Evaluation Funding Flexibility Pilot. High-quality evaluations and statistical surveys are essential to building evidence about what works. They are also inherently complicated, dynamic activities; they often span many years, and there is uncertainty about the timing and amount of work required to complete specific activities--such as the time and work needed to recruit study participants. In some cases the study design may need to be altered part-way through the project in order to better respond to the facts on the ground. The existing procurement vehicles lack the flexibility needed to match the dynamic nature of these projects.

In order to streamline these procurement processes, improve efficiency, and make better use of existing evaluation resources the Budget proposes to provide PD&R with expanded flexibilities to reobligate funds that have been recaptured from surveys and demonstrations. Without this authority, research funds on contracts, grants, or cooperative agreements that are unspent after the project is completed would be returned to Treasury if recaptured more than 2 years after the date of appropriation. With this authority, PD&R would be able to apply the funds to support other research projects that the Congress has identified as a priority.

Research and Technology

This request is a part of a larger proposed pilot program which includes HHS's Assistant Secretary for Planning and Evaluation and the Office for Planning, Research and Evaluation in the Administration for Children and Families; The Department of Labor's Chief Evaluation Office and Bureau of Labor Statistics; The Department of Justice's National Institute of Justice and Bureau of Justice Statistics; the Census Bureau; and the Department of Housing and Urban Development's Office of Policy Development & Research. These flexibilities will allow agencies to better target evaluation and statistical funds to reflect changing circumstances in the program (Section 259 of General Provisions).

Research and Technology

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

<u>Budget Activity</u>	<u>2014 Budget Authority</u>	<u>2013 Carryover Into 2014</u>	<u>2014 Total Resources</u>	<u>2014 Obligations</u>	<u>2015 Budget Authority</u>	<u>2014 Carryover Into 2015</u>	<u>2015 Total Resources</u>	<u>2016 Request</u>
Core R&T	\$46,000	\$2,666	\$48,666	\$45,772	\$50,000	\$2,744	\$52,744	\$50,000
Technical Assistance ..	...	...	...	...	22,000	...	22,000	...
Total	46,000	2,666	48,666	45,772	72,000	2,744	74,744	50,000

NOTE: The carryover into fiscal year 2014 includes \$241 thousand of recaptures in fiscal year 2014. The carryover into fiscal year 2015 excludes \$150 thousand of unusable, recaptured X funds.

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

The fiscal year 2016 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, [and for technical assistance, \$72,000,000] *\$50,000,000*, to remain available until September 30, [2016] *2017* [, of which \$22,000,000 shall be for technical assistance]: *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: *Provided further*, That prior to obligation of technical assistance funding, the Secretary shall submit a plan, for approval, to the House and Senate Committees on Appropriations on how it will allocate funding for this activity]. (*Department of Housing and Urban Development Appropriations Act, 2015.*)