

**HUD TRANSFORMATION INITIATIVE FUND  
2016 Summary Statement and Initiatives  
(Dollars in Thousands)**

TRANSFORMATION INITIATIVE FUND	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2014 Appropriation .....	\$40,000 <sup>a</sup>	\$21,916 <sup>b</sup>	...	\$61,916	\$40,321	\$121,930
2015 Appropriation .....	... <sup>c</sup>	21,192 <sup>d</sup>	...	21,192	19,543	47,000
2016 Request .....	<u>120,000<sup>e</sup></u>	<u>1,649<sup>d</sup></u>	<u>...</u>	<u>121,649</u>	<u>60,000</u>	<u>49,000</u>
Program Improvements/Offsets .....	+120,000	-19,543	...	+100,457	+40,457	+2,000

a/ Fiscal year 2014 includes a direct appropriation of \$40 million for TA, Research, and Demonstrations.

b/ Includes \$0.410 million of actual recaptures in fiscal year 2014.

c/ No fiscal year 2015 appropriations were provided for the TI account.

d/ Excludes \$0.403 million of unobligated funds that expired at the end of fiscal year 2014.

e/ In fiscal year 2016, \$120 million is requested to be transferred for TA, Research, and Demonstrations. All Information Technology investments will be funded via the Information Technology Fund.

**1. What is this request?**

The 2016 Budget seeks authority for the Secretary to transfer up to \$120 million from the program accounts listed below to the Transformation Initiative (TI) Fund. The TI Fund supports the Department by increasing knowledge about the effectiveness of HUD's policies and programs on the ground, and by supporting HUD's partners as they deliver housing and community development programs locally. The TI Fund will be allocated as follows:

- \$35 million for research, evaluations, and program demonstrations.
- \$85 million for technical assistance (TA) and capacity building, including forms of assistance described under Sections 4(b)(1) and 4(b)(2) of the HUD Demonstration Act of 1993, as amended. This includes training, education, support and advice to community development corporations (CDCs) and community housing development organizations (CDHOs) as well as loans, grants and general assistance to help these organizations carry out community development and provide affordable housing activities for low- and moderate-income persons, as previously funded through the Self-Help and Assisted Homeownership Opportunity Program (SHOP) account. This modified approach will enable HUD to better integrate technical assistance and capacity building.

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HUD proposes that this increase of \$98 million over the fiscal year 2015 enacted level for research, demonstrations, and technical assistance be provided via transfers from program accounts. HUD is requesting an increase for the following reasons: 1) the need for greater investment in critical research, evaluations, and program demonstrations; 2) to expand the place-based model of technical assistance; and 3) to provide capacity building for CDCs and CHDOs.

The TI's central concept is to make the Department's investments increasingly coordinated, cost-effective, and impactful by generating and communicating evidence in a cross-cutting way to those who need it. In fiscal year 2016, HUD will expand its focus on providing place-based TA, which provides direct support to help a community improve its investment of HUD funding across various programs and partners. For example, place-based TA fosters shared visions among multiple affordable housing providers in a city, such as Public Housing Agencies (PHAs), CHDOs, city departments, local developers, and homelessness service agencies.

Outcomes of the TI Fund since its initiation in 2010 include:

- A foundation of evidence on the impact and effectiveness of HUD programs for determining HUD programmatic priorities and investments.
- Effective and integrated delivery of HUD programs and services in local communities across the country.
- Strong CDCs and CHDOs that are leaders in providing and supporting affordable housing in their communities.
- Cities and counties have the tools to develop and execute comprehensive strategies to improve their economic trajectory.

Proposals in the Budget:

- Evaluation Funding Flexibility Pilot. 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.

This justification presents the Department's priorities for the TI research, evaluations, and demonstrations, followed by priorities for technical assistance and capacity building.

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The table below provides the estimated transfers:

<b>Transformation Initiative Fund, Program Transfers</b>	<b>Treasury Account</b>	<b>FY 2016 Estimated Transfers</b>
Choice Neighborhoods.....	86-0349	1,900,000
Community Development Fund.....	86-0162	20,000,000
Fair Housing Activities.....	86-0144	539,600
Family Self Sufficiency.....	86-0350	646,000
HOME Investment Partnerships Program.....	86-0205	8,056,000
Homeless Assistance Grants.....	86-0192	0
Housing Counseling Assistance.....	86-0156	456,000
Housing for Persons with Disabilities (Section 811).....	86-0237	1,345,200
Housing for the Elderly (Section 202).....	86-0320	3,458,000
Housing Opportunities for Persons with AIDS.....	86-0308	2,523,200
Lead Hazard Reduction.....	86-0174	912,000
Mortgage Mutual Insurance Program Account.....	86-0183	1,322,400
Native American Housing Block Grants.....	86-0313	5,016,000
Project-Based Rental Assistance.....	86-0303	20,000,000
Public Housing Capital Fund.....	86-0304	14,972,000
Public Housing Operating Fund.....	86-0163	18,473,600
Rental Assistance Demonstration.....	86-0406	380,000
Tenant-Based Rental Assistance.....	86-0302	20,000,000
<b>Total.....</b>		<b>120,000,000</b>

**Research, Evaluations, and Program Demonstrations**

**2. What is this program?**

The TI Fund provides a predictable, flexible stream of funding for high quality Research and Evaluation projects and Program Demonstrations that will inform sound policymaking and effective program implementation. Such evaluation is essential for public

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accountability, as described below and as Congress has conveyed through statutes such as the Government Performance and Results Act Modernization Act (GPRA Modernization Act).

Strategic investments in Research and Evaluation through TI build knowledge, provide public accountability, and inform policy to increase efficiency and effectiveness of the Department's existing programs. As explained in the following table (Figure 1), a well-planned, rigorous, sustained, and effective evaluation program is possible only with sufficient and predictable funding such as HUD is requesting through TI. The National Research Council's 2008 evaluation of PD&R, "Rebuilding the Research Capacity at HUD," pointed to the inadequacy of evaluation resources, limited to R&T, for informing the Department on how to invest program resources with the greatest effectiveness, efficiency, accountability, and innovation. TI resources for program evaluation, research, and ongoing development of performance metrics enable HUD to deploy scarce program resources in the most cost-effective way possible.

The major Program Demonstrations funded through TI include components that employ scientific methods to rigorously test program innovations. Demonstrations can be used to explore fundamental questions about housing market dynamics and their impact on economic, social and environmental objectives. The demonstrations will improve programs, help State and local governments, non-profits, and for-profit organizations develop more effective strategies for housing and community and economic development, and improve the delivery and reduce the cost of public services.

The TI's research, evaluation and demonstration priorities are informed by HUD's "Research Roadmap 2014–2018," developed by PD&R through an extensive consultation and prioritization process, as recommended by the National Research Council (NRC). HUD is planning to refresh the Roadmap during fiscal years 2015 and 2016 to ensure that the research agenda continues to address rapidly evolving housing and urban development challenges. The following table highlights how HUD's proposed research funding approach aligns with objectives of public accountability that numerous objective, bi-partisan organizations view as served only through research and evaluation.

**Figure 1: TI Enables HUD’s Evaluation Practice to be Consistent with Current Best Practices**

National Research Council (2008), “Rebuilding the Research Capacity at HUD”	<ul style="list-style-type: none"> <li>• PD&amp;R should regularly conduct rigorous evaluations of all of HUD’s major programs</li> <li>• HUD should engage stakeholders to identify research priorities</li> <li>• Evaluation funding should be significantly expanded</li> <li>• Program set-asides would be the best approach for funding the evaluation program</li> </ul>
American Evaluation Association (2013), “Evaluation Roadmap for More Effective Government” ( <a href="http://www.eval.org/d/do/472">http://www.eval.org/d/do/472</a> )	<ul style="list-style-type: none"> <li>• Conduct evaluations of public programs and policies throughout their life cycles and use evaluation to both improve programs and assess their effectiveness</li> <li>• Stable, continuous evaluation funds should be provided through appropriations or program fund set-asides.</li> </ul>
Government Accountability Office (2014), “Program Evaluation: Some Agencies Reported that Networking, Hiring, and Involving Program Staff Help Build Capacity”	<ul style="list-style-type: none"> <li>• Greater use of evaluation in decision making is associated with independent, central evaluation offices, access to external expertise, and evaluation staff expertise.</li> </ul>
Coalition for Evidence-Based Policy ( <a href="http://coalition4evidence.org/">http://coalition4evidence.org/</a> )	<ul style="list-style-type: none"> <li>• Many types of research [can] identify the most promising social interventions....However,...evidence of effectiveness generally cannot be considered definitive without ultimate confirmation in well-conducted randomized controlled trials.</li> </ul>

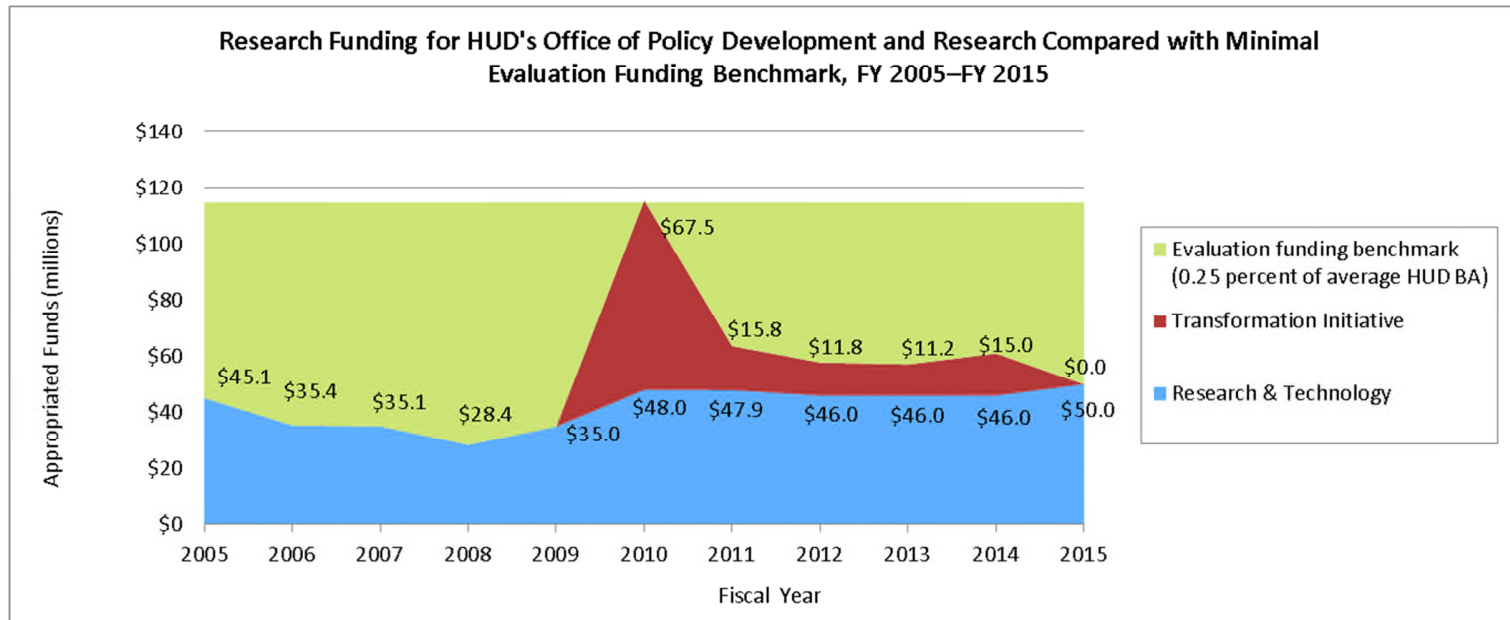
TI Research and Evaluation as well as Program Demonstrations strongly complement the Research & Technology (R&T) account. The R&T account establishes the nation’s basic infrastructure of housing data, through regular surveys and data compilation as well as basic research and dissemination in the areas of housing and community development. Not only do TI projects frequently rely on the data supported by the R&T account, but R&T also funds dissemination of TI research to Congress and the public.

The lower level of research funding through a combination of TI and R&T resources for fiscal year 2015 is destabilizing HUD’s evaluation planning and compromising a number of major evaluations and demonstrations previously initiated with TI resources. Examples include potentially transformative investments such as the Pre-purchase Housing Counseling demonstration, the Rent Reform demonstration, and the evaluation of Project-Based Rental Assistance transfer authority. After mandatory surveys were funded through R&T, almost no discretionary, contracted research was possible, regardless of priorities established by PD&R

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stakeholders through the research roadmapping process. Research funding at the fiscal year 2015 level is turning HUD back toward the role of operating large public programs without evidence. As the bipartisan editors of *Moneyball for Government* concluded, “based on our estimate, less than one dollar out of every hundred dollars the federal government spends is backed by even the most basic evidence.”<sup>1</sup> The following exhibit provides such a comparison for PD&R research, evaluation, and demonstration resources.

The chart shows that public investment in housing and urban development research falls far below that one-percent level, even including the mandatory survey research in R&T. A minimal benchmark of 0.25 percent of HUD’s budget authority for research



would, as shown, average \$115 million annually for the past 10 years. The \$35 million in research funds requested through the TI set-aside for fiscal year 2016 would, along with R&T funding of the data infrastructure, put HUD on a path toward greater evidence-based accountability and operations.

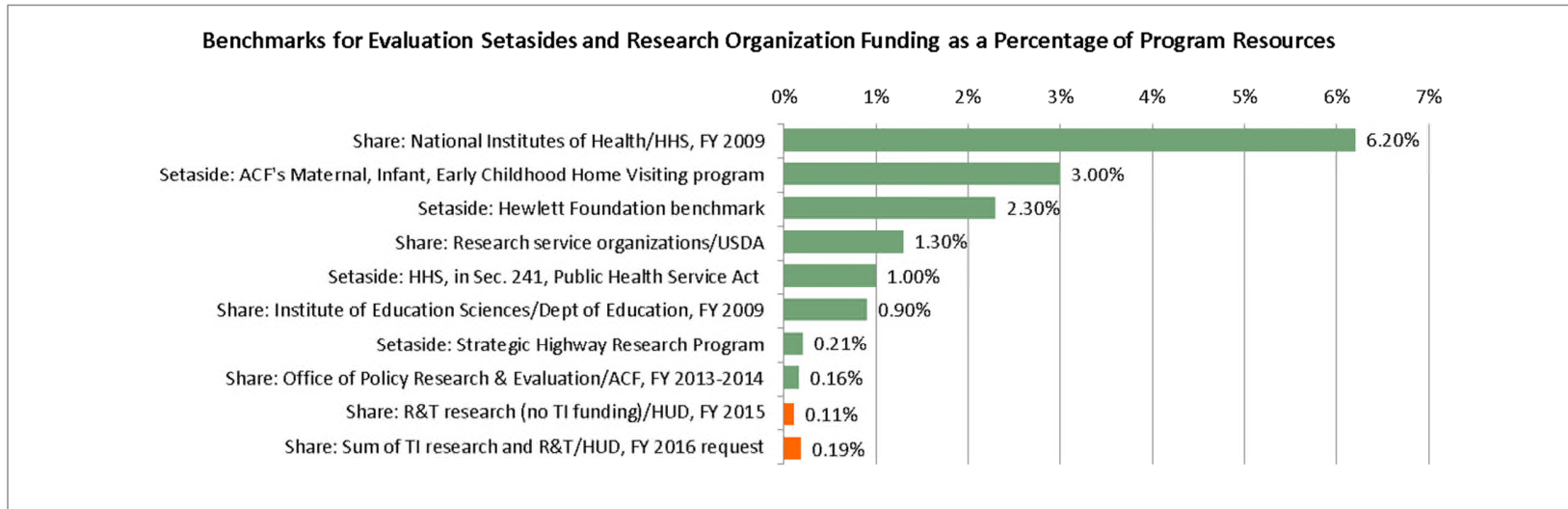
On average during the past 10 years, only \$1.17 has been invested in research per \$1,000 of HUD program investments to assess whether they are reaching their full potential or could achieve cost efficiencies. The minimal 0.25 percent benchmark implies it

<sup>1</sup> Peter Orszag and Jim Nussle, eds. 2014.

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should be \$2.50 of research per \$1,000. This lack of federal investment to better understand the interaction of the socioeconomic and built environments that so strongly define opportunities for American families and youth has clear implications about the numerous challenges that persist in HUD's policy domain.

Numerous public and private research organizations that could be considered a peer group for PD&R are funded much more adequately, as shown in the following chart. For fiscal year 2016, the requested set-aside for TI will begin to restore HUD's research capacity to a range that is consistent with good government and a number of benchmarks, as shown below. The fiscal year 2016 total request for TI and R&T research reaches 0.19 percent (of HUD's fiscal year 2015 budget authority), about 50 percent greater than the fiscal year 2015 ratio (when TI was unfunded), and 75 percent of the 0.25 percent benchmark. Moving toward best practices and parity for HUD research funding will better reflect the extent to which the other policy domains shown intersect with HUD programs and would benefit from greater integration of HUD's place-based insights into research and evaluation.



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TI is already enabling path breaking research, evaluation, and program demonstrations that are beginning to yield crucial evidence for better program effectiveness. Detailed information on TI Research and Demonstration projects already underway can be found at this website: [http://www.huduser.org/portal/about/trans\\_init.html](http://www.huduser.org/portal/about/trans_init.html). TI research studies with important findings that will be released in fiscal year 2015 include the Family Options study, which is scientifically showing the impact of different interventions to address family homelessness; the Housing Choice Voucher Administrative Fee study, which rigorously demonstrates the costs associated with efficient program administration; research on Native American housing needs and programs; and early findings from Choice Neighborhoods, among others.

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

Continued authority for TI will enable HUD to accelerate and sustain its evolution into a fully efficient, effective, and accountable agency. The TI Fund enhances the value of the federal resources invested in the Department's programs. The coordinated approach made possible by TI enables the Department to improve effectiveness by better deploying information through an iterative process that continually builds on prior accomplishments and lessons learned.

PD&R proposes to select from the following Research and Evaluation projects and Program Demonstration projects for funding in fiscal year 2016. Estimated budgetary costs for projects are shown, but the final project selections will be made upon funding enactment, based on updated cost estimates and agency priorities. HUD will notify Congress of significant deviations from these priorities through HUD's annual operating plan.



**Summary of PD&R FY 2016 TI Research, Evaluation, and Demonstration Projects Under Consideration**

Project Title	Summary Description	Funding			HUD Strategic Goal				Interagency
		Preliminary Cost Estimate (1,000)	Supplement	New Phase	Home-ownership & Housing Finance	Affordable Rental Housing	Housing as a Platform	Resilient, Inclusive Communities	
<b>Accelerating Post-Disaster Community Recovery</b>	A number of new approaches toward long-term recovery are being tested in response to Hurricane Sandy. This research will document those efforts and from that research use lessons learned to develop a mechanism, such as “programs in a box,” that makes it possible for local governments to estimate post-disaster needs more accurately, and roll out disaster recovery to stricken communities more effectively in addition to enhancing federal guidance and support for community planning before disasters.	\$2,000	•					•	•
<b>Assessing the Effectiveness of Mortgage Modification Protocols</b>	Will inform policy on critical post-foreclosure recovery efforts. Examines eligibility rules and mortgage modification protocols; alternatives to Net Present Value; and restoring borrower equity through principal reductions or principal forbearance.	\$1,000			•				•

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		Preliminary Cost Estimate (1,000)	Supplement	New Phase	Home-ownership & Housing Finance	Affordable Rental Housing	Housing as a Platform	
<b>Assessing the Impact of Qualified Mortgage Rules</b>	Research will explore impact of Qualified Mortgage (QM) rules on the FHA and the GSE's to assess the need for new policies or programs from FHA. Research will address whether non-QM lending could become a new subprime market and whether FHA might be able to better serve the non-QM borrowers at lower costs.	\$1,000			•			•
<b>Assessing the Pay-for-Success Model in the Affordable Housing and Community Development Field.</b>	Pay-for-Success --a model of partnering with philanthropic and private sector investors to incentivize better outcomes at lowers costs-- and other impact investing tools may have applicability to HUD's policies and programs allowing for a higher rate of return on taxpayer investments. This study will provide an in-depth review of the PFS and other impact investing tool models and their feasibility for application in HUD's programs.	\$500				•	•	•
<b>Assessment of HUD Technical Assistance to Program Grantees</b>	In 2010, Congress appropriated all technical assistance for HUD programs in a single account allowing for a more coordinated, strategic approach to delivering technical assistance. Study will assess the effectiveness of the technical assistance provided by HUD under this coordinated model across several measures.	\$900			•	•	•	•

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		Preliminary Cost Estimate (1,000)	Supplement	New Phase	Home-ownership & Housing Finance	Affordable Rental Housing	Housing as a Platform	
<b>Assessing How PHA Mergers and Consortia Realize Economies of Scale in Operations</b>	Study will assess PHA efforts to combine administrative functions or jurisdictional boundaries, such as consolidating programs into a new PHA, establishing consortia, jointly contracting inspections, or erasing jurisdictional boundaries to eliminate portability.	\$500				•		
<b>Benchmarking of PHAs and MFHs using the ENERGY STAR Portfolio Manager Tool</b>	Utility benchmarking is the process of tracking and assessing building utility consumption and greenhouse gas (GHG) emissions against those of similar buildings. This research will explore lessons learned and outcomes for public housing authorities and other HUD multifamily properties when benchmarking via EPA's Energy Star Portfolio Manager.	\$250				•	•	•
<b>Choice Neighborhoods: Exploring the Impact of Investment on Family and Neighborhood Outcomes</b>	In FY 2014, HUD completed an implementation study of five Choice Neighborhood sites in Boston, Chicago, New Orleans, San Francisco, and Seattle. This study will assess the outcomes of the completed Choice Neighborhood investments in the same five sites.	\$2,400	•			•	•	

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		Preliminary Cost Estimate (1,000)	Supplement	New Phase	Home-ownership & Housing Finance	Affordable Rental Housing	Housing as a Platform	
<b>Comparing Subsidy Costs of Federal Rental Housing Assistance Programs</b>	Leveraging improved data and recent program evaluations, this study will analyze the comparative costs of providing a unit of housing with various housing subsidy programs. Research will also examine subsidy layering and the characteristics of cost-effective housing subsidy programs.	\$2,400				•		•
<b>Competitive Evaluation Grants: Assessing the Impacts of CDBG and HOME Eligible Activities</b>	Provides an outcome assessment of two major block grant programs that can be difficult to evaluate as a whole. Allows researchers to apply for funding to measure the relevance and effectiveness of particular eligible activities in each program.	\$2,500	•		•	•	•	•
<b>Creating Effective Promise Zones: A Process Evaluation</b>	This process evaluation will examine how Promise Zone grantees leverage federal grant resources to achieve a range of outcomes related to creating jobs, expanding economic security, improving public safety, increasing access to affordable housing, and expanding education opportunities. This study will include the 15 designated urban sites through round 3 of the program.	\$3,200				•	•	•

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		Preliminary Cost Estimate (1,000)	Supplement	New Phase	Home-ownership & Housing Finance	Affordable Rental Housing	Housing as a Platform		Resilient, Inclusive Communities
<b>Evaluation of Energy Performance Contracts in Public Housing</b>	Energy Performance Contracting (EPC) is an innovative financing technique designed to provide customers with cost-effective improvements – energy conservation measures (ECMs) – that are installed without up-front expenditures. This baseline research will allow exploration of the cost-benefit analysis for public housing authorities that have executed an EPC.	\$400						•	
<b>Evaluation of PBRA Transfer Authority</b>	FY 2012 Consolidated Appropriations Act provided HUD with the authority to transfer PBRA subsidies from currently assisted properties to different properties. This phase of the evaluation will examine the impact of these transfers on the cost-effectiveness of the subsidy as well as the physical and financial condition of the subsidized stock.	\$1,100		•		•			

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		Preliminary Cost Estimate (1,000)	Supplement	New Phase	Home-ownership & Housing Finance	Affordable Rental Housing	Housing as a Platform	
<b>Evaluation of Programs Serving Homeless Youth</b>	HUD's 2014 Point-in-Time Count identified 45,205 unaccompanied homeless children and youth (defined as single individuals, aged 24 or younger experiencing homelessness without a parent or guardian) experiencing homelessness on a single night in January 2014. This study, which would be conducted in phases in partnership with the U.S. Department of Health and Human Services, will explore available housing models for serving youth, including programs funded by both HUD and HHS, and assess the extent to which a rigorous evaluation, using either an experimental or quasi-experimental design, might be feasible.	\$2,500					•	•
<b>Evaluation of Section 202 Enhanced Service Coordination/Wellness Nurse Demonstration in Existing Housing</b>	HUD is conducting a demonstration of enhanced service coordination for low-income elderly residents in HUD-assisted properties. This funding request will support a baseline and follow-up survey with participants as well as multi-year access to the needed Medicare and Medicaid data.	\$3,000		•		•	•	•

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		Preliminary Cost Estimate (1,000)	Supplement	New Phase	Home-ownership & Housing Finance	Affordable Rental Housing	Housing as a Platform	
<b>Evaluation of Section 4 Capacity Building and Rural Capacity Building</b>	Under Section 4 of the HUD Demonstration Act of 1993, Congress provides grants to national community development intermediaries to enhance the capacity community development corporations and community housing development organizations. This evaluation will examine the extent to which organizations assisted by the intermediaries have significantly expanded their community development and housing activities after receiving assistance.	\$1,800						•
<b>Evaluation of the Section 811 Project Rental Assistance Demonstration</b>	This demonstration provides funding directly to states to integrate people with disabilities into the community and provide supportive health services where they live. This FY 2016 request will build on previous Congressional investment to provide a 24-month follow-up survey that measures outcomes of the program participants over time.	\$2,500					•	•

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		Preliminary Cost Estimate (1,000)	Supplement	New Phase	Home-ownership & Housing Finance	Affordable Rental Housing	Housing as a Platform	
<b>Expanding Housing Opportunity through Building Technology</b>	This body of work will provide research on expanding housing opportunity through innovative building technology. Research will focus on incorporating resilient construction in building codes, pre-disaster mitigation, residential disaster resistance, and adopting enhanced installation and construction management into new building technologies.	\$1,550						•
<b>Impact of Energy Efficiency on Rent Reasonableness and Payment Standards</b>	HUD annual apportions approximately \$2.4 billion in utility allowances within the Housing Choice Voucher program, but rent reasonableness and payment standards are local policy choices that impact the gross rents in the program. This study will analyze a representative sample of local rent reasonableness and payment standard schedules to better understand how to achieve a cost-effective HCV program along with energy-efficiency.	\$900				•		
<b>Impact of Real Estate Owned Properties on Neighborhoods</b>	Focusing on the FHA portfolio, this study will explore the merits of REO disposition individually through real estate agents to owner occupants versus bulk sales to investors.	\$1,000			•			•



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		Preliminary Cost Estimate (1,000)	Supplement	New Phase	Home-ownership & Housing Finance	Affordable Rental Housing	Housing as a Platform	
<b>Impacts of Tight Credit Markets</b>	Credit has tightened significantly since the end of the housing boom, but little data on the effects of this trend is available. This study will assess the trends in lending as well as changes in the pool of potential homebuyers.	\$1,000			•			
<b>Improving Access to Credit by Understanding Alternative Credit Scores</b>	In light of new generations of FICO scores and other alternative scoring methods, this research will explore the impact on borrowers, coverage of the new methods, and the role of new methods in supporting increased homeownership for creditworthy borrowers. Study will have a special focus on the Millennial generation, immigrants, low-income borrowers, and minority borrowers.	\$1,000			•			
<b>Moving to Work Demonstration, Phase 2: Assessing Key MTW Innovations on PHAs and Households</b>	This study will assess the impacts of key innovations aimed at two of MTW's statutory goals: (i) increased self-sufficiency (such as time limits) and (ii) lowering federal costs of housing subsidies, considering both impacts on PHAs and on households served.	\$2,400		•		•	•	

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<b>Moving to Work Demonstration, Phase 3: Evaluating Household and Community-Wide Impacts and Housing Outcomes</b>	The nature of MTW innovations that address choice (a statutory goal) are likely to affect the surrounding communities, as may other practices that engage local institutions such as schools. This study will assess whether program innovations have had measurable impacts on the location and type of housing households access, as well as broader impacts on the community.	\$1,400		•		•	•	
<b>Multi-disciplinary Research Team (MDRT)</b>	Initiated in FY 2014, MDRT provides funding for a team of qualified researchers to provide high-quality, quick-turnaround research that leverages HUD and external data to help support HUD's priority policies and goals. Five task orders were awarded with the first round of the program. This funding request will allow HUD to exercise the final contract option for MDRT.	\$800		•	•	•	•	•
<b>Policy-Focused Administrative Data Matching</b>	Initiative will award multiple grants up to \$100,000 each with a match requirement to focus on administrative data matching at the state or local level. Matched data will support descriptive analyses of educational, employment, and health indicators by housing assistance category and other key demographic variables.	\$1,000	•			•	•	•

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		Preliminary Cost Estimate (1,000)	Supplement	New Phase	Home-ownership & Housing Finance	Affordable Rental Housing	Housing as a Platform	
<b>Pre-Purchase Counseling Demonstration</b>	Supports continued demonstration on impacts of in-person vs. remote education and counseling for first-time homebuyers. FY 2016 request supports 36-month data analysis and final report.	\$1,350	•		•			
<b>Risk Monitoring Model for Rental Integrity Modeling (RIM)</b>	Rental integrity monitoring (RIM) reviews have produced substantial reductions of errors in tenant income and rent calculations in public and assisted housing programs. This study will develop a RIM risk-monitoring model that can be focused on programs that present a higher potential for risk of error.	\$750				•		
<b>Tracking Outcomes of the Jobs Plus Pilot Program</b>	This study will build on an FY 2014 cooperative agreement awarded by HUD to conduct a process evaluation of eight grantees of the Jobs Plus Pilot program. The FY 2016 funding will be used to track the outcomes of program and non-program participants with an emphasis on changes in quarters worked and earned incomes.	\$1,000				•	•	
<b>Understanding Reverse Mortgages and the Borrowers Who Use Them</b>	Assessment of all issues affecting the reverse mortgage market and the Home Equity Conversion Mortgage (HECM) program. Study will also explore the cost/benefits of a government-backed reverse mortgage program.	\$2,000			•			

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<b>Understanding Small Investor Landlords</b>	U.S. small investors own the majority of rental units, but little is known about these investors. This study will examine existing quantitative and qualitative knowledge about small investors to inform development of related supplemental questions for the 2017 Rental Housing Finance Survey.	\$750				•		
<b>Utility Conservation Messaging and Behavior</b>	This effort proposes to perform behavioral-based initiatives aimed at reducing energy consumption by developing and implementing practices that residents and the surrounding communities can replicate and maintain over time. The initiative would involve energy consumption reduction competition among PHD residents as well as a study exploring real-time energy feedback to determine effective messaging strategies for residents.	\$1,500				•	•	
<b>What We Know Now: A Survey of Fair Housing Knowledge</b>	This project builds on studies from 2002 and 2006 to assess public knowledge of fair housing law and its enforcement. Use of a pre-existing survey instrument will significantly reduce the time and cost of this study.	\$875		•			•	

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In establishing fiscal year 2016 research priorities, PD&R seeks to complete previously initiated research efforts and leverage opportunities generated through such investments, as well as to engage emerging research needs identified through the Research Roadmap and other means. The distribution of proposed projects by strategic goal and the nature of the potential project funding is shown below.

**Summary of Potential FY 2016 Research, Evaluation and Demonstrations  
by Strategic Goal and Use of Funding (\$1,000)**

<b>HUD Strategic Goal</b>	<b>Supplements of Existing Projects</b>	<b>Next Phase of Existing Projects</b>	<b>New Proposals</b>	<b>Total</b>
1 - Homeownership and Finance	1,350	0	6,000	7,350
2 - Affordable Rental Housing	0	1,100	5,300	6,400
3 - Housing as a Platform	0	0	5,000	5,000
4 - Resilient and Inclusive Communities	2,000	875	3,750	6,625
– Multiple or Cross-Cutting Efforts	5,900	7,600	8,350	21,850
<b>Total</b>	<b>9,250</b>	<b>9,575</b>	<b>28,400</b>	<b>47,225</b>

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

The elements of TI work in conjunction: research and rigorous evaluations provide solid evidence of program impacts relative to resource inputs, programmatic approaches and outputs; field demonstrations allows for the development and careful testing of new program approaches; coordinated technical assistance helps partners better implement programs and use federal funds efficiently. The coordinated approach enables HUD to build programs on foundations of real evidence, provided in timely fashion to the managers and program partners who need it.

Evaluations and demonstrations have over many years provided critical policy guidance in the housing and urban development domain. As early as the 1970s, the Housing Allowance demonstrations tested the tenant based model of providing housing assistance at modest cost that has evolved to today’s Housing Choice Voucher program. The Moving-To-Opportunity (MTO) demonstration measured long-term impacts of MTO on families and children over more than 16 years, and showed that promoting housing mobility and poverty distribution has powerful impacts on resident health.

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The National Research Council's (NRC) evaluation of PD&R's research program determined that it frequently reveals opportunities for savings to taxpayers. Significant savings resulted from the Quality Control studies initiated in the early 1990s to investigate substantial inaccuracies in setting rents for tenants in HUD's assisted housing programs. NRC noted that the process implemented on the basis of this research reduced annual net rent errors by \$1.4 billion between 2000 and 2005; the reduction in annual net errors was approaching \$1.8 billion by 2011. The NRC also highlighted other PD&R research that provided a timely warning of a costly weakness in a Federal Housing Administration (FHA) program.

Finally, it is important to understand how TI-funded research, evaluations and demonstrations, as well as R&T-funded survey data efforts, are further complemented and enhanced by in-house research efforts, interagency collaborations to match administrative data with survey data, and other efforts to leverage the Department's information assets. For example, during 2014 PD&R partnered with the Department of Health and Human Services (HHS) to successfully pilot the matching of HUD tenant data with Medicare and Medicaid records. During 2015, PD&R expects to successfully complete a major milestone in matching multiple years of tenant data with national health survey data administered by the National Center for Health Statistics. Such low-cost collaborations create important new opportunities for researchers and policymakers and, in this era of increasing healthcare costs, point to new pathways for addressing and mitigating federal cost drivers and improving public outcomes.

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### **Technical Assistance and Capacity Building**

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

Through the TI Fund, the Department delivers technical assistance and capacity building to equip its customers with the knowledge, skills, tools, and systems to implement HUD programs and policies successfully. TI TA is cross-Departmental, recognizing that HUD's customers often interact with a variety of HUD programs, policies, and offices when they implement housing and community development programs.

#### HUD's TA Approach:

- TA under the TI Fund is designed to be well-targeted to grantee, PHA, and partner needs. TA providers perform needs assessments before beginning TA in order to understand both the challenges and the causes of the challenges that a grantee or PHA is facing. For example, errors in grant reporting may be due to staff error or a need for staff training, but could also be the result of a lack of proper systems and processes for tracking grant activities.
- To ensure that the assistance provided through TA and capacity building sticks, HUD's TA is designed to empower and build the long-term operational systems and skill sets of HUD's grantees, PHAs, and partners. The goal is to teach grantees to fish, so that once the TA ends, improved performance is sustained. For example, a TA provider might assist with uncovering inconsistencies or inaccuracies in grantee reports, but would also work with the grantee to improve their reporting systems and ensure staff is trained to use the systems.
- HUD's TA and capacity building is delivered with an emphasis on achieving outcomes. For example, TA that helps a grantee with reporting is not just about compliance with HUD reporting requirements, but about improving reporting systems so that the grantee has accurate data to inform decisions about grant activities. The end goal of TA is successful delivery of housing and community development programs and effective stewardship of federal funds.

#### Fiscal Year 2016 Details:

- In fiscal year 2016, HUD will expand its focus on providing place-based TA, which provides direct support to help a community improve its investment of HUD funding across various programs and partners. For example, place-based TA fosters shared visions among multiple affordable housing providers in a city, such as PHAs, CHDOs, city departments, local developers, and homelessness service agencies.

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- Fiscal year 2016 TI TA funds will also include capacity building for CDCs and CHDOs in rural and urban communities, including funding for loans, grants, or predevelopment assistance that was previously funded under the Self-Help Homeownership Opportunities Program (SHOP) account . Incorporating these capacity building efforts under TI allows HUD to ensure its TA investments are well-aligned, comprehensive, and fully responsive to the specific needs of communities. The relationship between HUD grantees (such as city departments) and CDCs and CHDOs is critical: the success of one is often dependent on the effectiveness of the other.
- TI TA funds also support the HUD Exchange, a one-stop resource that houses a growing number of HUD's online guidebooks, toolkits, courses, and peer exchanges, and the TA Portal, a system for managing TA requests, work plans, progress, and outcomes, allowing for better reporting on how TA funds are invested.

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

Complex federal requirements, staff turnover at city agencies and PHAs, changing housing market conditions, and the knowledge required to understand financing for housing and community development projects necessitate ongoing technical assistance, training, and support for HUD grantees and PHAs. TA protects the billions of dollars that the federal government invests in communities by ensuring that grantees and intermediaries have the knowledge, skills, and ability to use funds effectively.

TA has a direct impact on the ability of HUD's partners and grantees to carry out affordable housing and community development programs. In the past year, TA funds were deployed to:

- Assist PHAs and multifamily owners recapitalize and preserve public and assisted housing by making them aware of opportunities and strategies, such as the Rental Assistance Demonstration, and guiding them through the process;
- Help troubled and PHAs address systemic financial, operational, and governance challenges so that they are better able to serve the community by providing safe and decent housing;
- Assist with resolving delays in project pipelines in order to ensure timely completion of affordable housing and community development projects carried out by CPD grantees;
- Help Choice Neighborhoods grantees develop plans for neighborhood economic development; and
- Provide ongoing and up-to-date training for grantees on programs, systems, and requirements including environmental review, HUD-VASH, Consolidated Planning, Emergency Shelter Grans, Section 108 Loans, Community Development Block Grant-Disaster Recovery, and Housing Opportunities for Persons with Aids.



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Building on the lessons learned from OneCPD, in fiscal year 2014 HUD launched Community Compass, a single agency platform for awarding and tracking technical assistance across multiple programs and funding sources. The Community Compass NOFA asked applicants to consider how TA can be delivered in a way that takes into account an array of affordable housing and community development needs in a city, county, or region. Addressing challenges holistically gives HUD more “bang for its TA buck” and in some cases is essential to ensuring that HUD’s funds have the most impact in a community. For example, a City and a PHA may be pursuing different and conflicting, or duplicative, strategies to increase the availability of affordable housing in a community. Providing comprehensive TA can help foster discussions to align strategies and resources, making HUD and local dollars go further.

In addition, the fiscal year 2016 TI TA request adds the capacity building tools previously funded through the SHOP account. By integrating new tools, such as loans and grants to CDCs and CHDOS, concurrently with an expansion of more aggressive place-based TA, we anticipate getting both improved outcomes across HUD’s programs and better efficiencies from the TA investments.

Continued investment in TA in fiscal year 2016 will ensure that HUD can sustain the progress made toward cross-programmatic, better-targeted TA.

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

TA has a real, if indirect, impact on the effectiveness of affordable and public housing and community development projects.

In fiscal year 2014, HUD delivered direct technical assistance to 88 communities, trained thousands of grantee staff and practitioners (Figure 2), and developed more than 150 new resources, tools, and webinars. The Office of Community Planning and Development (CPD) launched the first phase of its online financial management curriculum, and the Office of Public Housing (PIH) made substantial progress developing training for PHA board members and executive staff on financial management and governance.

TA engagements from the past few years are showing results:

#### Cook County, IL

Cook County struggled with a history of organizational, programmatic and financial issues which resulted in a substantial backlog of uncommitted funds and stalled projects. As a result of receiving TA in 2013 and 2014, Cook County greatly

<b>Figure 2:</b> Type of training activity	# of participants
Attended an in-person training	6,058
Participated in a live training that was delivered remotely, via the web	5,358
Participated in a self-paced online course or training	3,534
Viewed informational videos	22,562

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improved its program management & oversight and produced 147 rental units and 90 homeowner units in 2013. Other accomplishments include:

- Improved relationships with partners, demonstrated by an increase in the number of developers (from two to twelve) and CHDOs (from two to seven) involved in its programs.
- Decrease in audit findings. The most recent HOME Investment Partnerships (HOME) audit had no findings, and the Community Development Block grant (CDBG) audit had one, which was promptly corrected. Past findings are now resolved.
- Use of funds. Neighborhood Stabilization Program (NSP) 1 and 3 funds were expended in full in advance of the deadline. HOME funds were 100 percent committed through 2013, and CDBG funds were expended six months advance of the deadline.
- Increased leverage, including \$4.8 million leveraged by CDBG funding and \$39.3 million from HOME funding.

### Washington, D.C.

As a result of limited staff capacity and challenges underwriting proposed affordable housing projects, Washington D.C. historically did not deploy CPD funding for multifamily affordable housing in a timely and compliant manner. The District also struggled to coordinate multiple funding streams, which led to an ineffective use of federal and local funding for affordable housing projects.

The District was recently awarded \$39.9 million in CPD and local funding, which it then awarded through an integrated RFP process that combined multiple sources of funding, including CDBG, HOME, and Housing for Persons with Aids (HOPWA). The projects were thoroughly underwritten and are on track to be developed in the next three years, resulting in 618 affordable housing units and a community facility. This is the largest number of affordable units slated for production in the District in a single year with these funding sources.

### Phoenix, AZ

A "Continuum of Care (CoC) Check-up" revealed that the Phoenix CoC needed help improving its assessment and intake system, rethinking how transitional housing is used, and tracking data to inform decisions. TA helped the CoC accomplish the following milestones:

- Designed and implemented a coordinated assessment system used across all entry points, and screened and referred more than 2,500 individuals through the new system in the first 9 months.

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- Developed a strategic plan related to use of transitional housing stock, prompting several transitional housing programs to realign their programs to fit the needs of the CoC.
- Created 97 new beds for the chronically homeless by reallocating 3 supportive service-only projects and a transitional housing project.
- Adopted a standard program evaluation process for HUD funds that prioritizes performance outcomes, deeper targeting, more effective use of resources, and creating more permanent supportive housing.

## TA Outcomes

In 2014, HUD developed a common set of outputs and outcomes for assessing the effectiveness of TA projects across offices. Previously, offices within HUD were tracking TA through disparate measures, and much of the data was about outputs, such as number of products developed or number of hours spent providing TA. HUD also has relied on anecdotal evidence to demonstrate TA effectiveness. Standardized outcomes will allow HUD to begin tracking TA consistently across programs and TA providers and will inform future TA investments. The outputs and outcomes will be tracked in the TA Portal beginning in 2015.

Examples of TA outcomes:

- Adoption of targeted and efficient project selection process designed to select viable projects
- Adoption of organizational and/or staffing changes or model
- Adoption of a process for meaningful community engagement
- Adoption of data-driven housing and a community development plan
- Increased quality of data and reporting

## **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

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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, the Department's technical lead on TI, 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 three 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.

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 (Sec. 259).

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**HUD TRANSFORMATION INITIATIVE FUND  
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>
Combating Mortgage Fraud .....	...	\$355	\$355	...	...	\$355	\$355	...
Research, Evaluation Metrics, and Demonstrations .....	\$15,000	11,448	26,448	\$7,841	...	18,205	18,205	\$35,000
Technical Assistance ..	25,000	10,113	35,113	32,480	...	2,632	2,632	85,000
Information Technology	...	...	...	...	...	...	...	...
Total .....	40,000	21,916	61,916	40,321	...	21,192	21,192	120,000

NOTES:

- The fiscal year 2013 carryover into 2014 includes \$0.410 million of actual recaptures.
- The fiscal year 2014 carryover into fiscal year 2015 excludes \$0.403 million which expired at the end of fiscal year 2014.
- All Information Technology investments are funded in the Information Technology Fund as of fiscal year 2014.

**HUD TRANSFORMATION INITIATIVE FUND  
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.

*Of the amounts made available in this Act under each of the following headings under this title, the Secretary may transfer to, and merge with, this account up to \$120,000,000, and such transferred amounts shall be available until September 30, 2018, for (1) research and evaluation; (2) program demonstrations; and (3) technical assistance and capacity building, including forms of assistance described under Sections 4(b)(1) and 4(b)(2) of the HUD Demonstration Act of 1993, as amended: "Choice Neighborhoods Initiative", "Community Development Fund", "Fair Housing Activities", "Family Self-Sufficiency", "HOME Investment Partnerships Program", "Homeless Assistance Grants", "Housing Counseling Assistance", "Housing for Persons with Disabilities", "Housing for the Elderly", "Housing Opportunities for Persons with AIDS", "Lead Hazard Reduction", "Mutual Mortgage Insurance Program Account", "Native American Housing Block Grant", "Project-Based Rental Assistance", "Public Housing Capital Fund", "Public Housing Operating Fund", "Rental Assistance Demonstration", and "Tenant-Based Rental Assistance": Provided, That any such amounts, or portion thereof, transferred to this account, may be transferred back to be merged with any such other account and to be available for the same purpose and same time period as provided under this Act: Provided further, That with respect to amounts made available under this heading for research and evaluation or program demonstrations, 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 such 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 of the amounts made available under this heading, not less than \$85,000,000 shall be available for technical assistance and capacity building.*