

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
2020 Summary of Resources

(Dollars in Thousands)

| | Enacted/ Requested | Carryover | Supplemental / Rescission | Total Resources | Obligations | Outlays |
|--------------------|-------------------------------|------------------|--------------------------------------|----------------------------|--------------------|----------------|
| 2018 Appropriation | 89,000 | 36,298 | - | 125,298 | 85,125 | 83,013 |
| 2019 Annualized CR | 89,000 | 39,185 | - | 128,185 | 103,185 | 94,800 |
| 2020 Request | 87,000 | 25,000 | - | 112,000 | 85,000 | 80,000 |
| Change from 2019 | (2,000) | (14,185) | - | (16,185) | (18,185) | (14,800) |

1. Program Purpose and 2020 Budget Overview

The 2020 President’s Budget for Research and Technology (R&T) is \$87 million, which is \$2 million less than the 2019 Annualized CR level of \$89 million.

Through R&T, the Office of Policy Development and Research (PD&R) provides fundamental support for the mission of the Department of Housing and Urban Development (HUD) through policy analysis, research, surveys, and program evaluations, as authorized in Title V of the Housing and Urban Development Act of 1970 (as amended in 1973). R&T supports the research and evaluation function and increases its impact through data infrastructure development, information management, and technical assistance. PD&R’s work enables Congress, the Secretary, and other HUD principal staff to make informed decisions on budget and legislative proposals and strengthen housing and community development policy.

2. Request

The requested funding level for R&T supports three critical functions: 1) Core R&T supports the American Housing Survey and other national surveys, as well as knowledge management, research dissemination, and public-private research including building technology innovation; 2) Research, Evaluation, and Demonstrations supports experimental demonstrations of innovative program concepts, evaluations of current programs, and other policy-focused research; 3) Technical Assistance (TA) supports initiatives that

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ensure HUD program partners and practitioners have access to research-informed guidance in effective practices, are able to apply such learning to help all of HUD's programs better serve customers and achieve program goals successfully and efficiently.

The three R&T functions serve a broad range of public and private stakeholders by providing reliable housing market data and independent evaluations showing which programs and policies function best, and by supporting implementation with research-informed guidance. Such information products are crucial for a vibrant housing market and accountability to taxpayers.

3. Justification

Core R&T - \$50 million

Data Infrastructure: The largest component of Core R&T supports the surveys that constitute the nation's housing data infrastructure. Reliable and well-structured housing datasets inform policymakers about homeowner and rental units, HUD-assisted and unassisted populations, and the nature of affordable housing problems. These data sources are used widely in the private sector and are essential for an efficient housing market--which in calendar year 2017 contributed \$2.5 trillion to the U.S. gross domestic product, accounting for 12 percent of the national economy.¹

- The largest survey funded by R&T is the American Housing Survey (AHS). The 2020 request will support HUD's collaboration with the Census Bureau to plan for the 2021 AHS. The biennial AHS covers the nation's housing stock, housing finance, and characteristics of markets, neighborhoods, and occupants, and supports national, regional, and metropolitan area estimates. Dozens of research publications each year and innumerable housing policy decisions are based on AHS data. To ensure that such surveys are relevant for policy, in 2018 PD&R worked with external experts and the Census Bureau to include a research module in the 2019 AHS that will inform development of a validated index of housing insecurity for the 2021 AHS and other surveys.
- Other surveys funded under Core R&T provide important data necessary to monitor housing finance and local housing market conditions, including the Survey of Construction (SOC), Survey of Market Absorption of Apartments (SOMA), Manufactured Homes Survey (MHS), and Rental Housing Finance Survey (RHFS).
- Knowledge Management, Dissemination, and Outreach: The second component of Core R&T disseminates research to inform evidence-based policy as well as convene stakeholders for shared learning opportunities. Key beneficiaries of knowledge

¹ See https://www.bea.gov/system/files/2018-08/gdp2q18_adv_4.pdf.

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management activities include HUD grantees, program staff, external experts, international entities, and policy makers. Along with formal research reports and the Cityscape journal, shorter-format periodicals such as U.S. Housing Market Conditions, The Edge, and Evidence Matters help make data and research freely accessible to broad audiences. The Comprehensive Housing Market Analyses produced by PD&R economists provide an in-depth look at economic, demographic, and housing inventory trends of specific housing markets to guide builders, lenders, and others. During 2018, there were an average of 1.21 million downloads and over 670,000 visitors per month from the HUDUSER.gov research portal. As part of knowledge dissemination activities, PD&R will provide economic data, analysis, and policy input to an interagency effort on eliminating barriers to affordable housing development. This Federal effort will include representatives from multiple federal agencies, including HUD, Treasury, USDA, VA, as well as the Council of Economic Advisors and the White House Domestic Policy Council, and will convene events to solicit input from state, federal and tribal governments, the private sector and the general public.

- **Technical Expertise and Innovation:** The third component of Core R&T is the provision of technical, evidence-based guidance in the areas of building technologies, state and local land use practices, and disaster preparedness and mitigation. Stakeholders of such resources include HUD program offices, federal agencies, state and local policy makers, researchers and practitioners, and the housing industry. These stakeholders will be supported through HUDUSER and engaged through means such as ideation convenings. PD&R supports grants and in-house research on housing, construction and community development topics such as regulatory barriers to affordable housing and Opportunity Zone engagement. Drawing on a recently completed policy report on housing technology innovation, PD&R is developing a building technology learning agenda that features such domains as affordability and disaster resilience. Research opportunities will be explored and developed in collaboration with the National Science Foundation and the National Institute for Standards and Technology, along with a variety of housing organizations and universities.

Research, Evaluation, and Demonstrations - \$10 million

PD&R's discretionary research and evaluation is guided by the HUD Research Roadmap, a learning agenda that PD&R develops through an iterative consulting process to ensure that the research function is forward-looking, systematic, and well-structured. During 2019, PD&R will again engage internal and external stakeholders to identify research questions that will be most important to housing and community development in the future, focusing on questions for which HUD has a comparative advantage. HUD anticipates that 2020 research, evaluations, and demonstrations will include the following priorities:

- Guiding the evaluation of the Moving to Work (MTW) program expansion. Authorized in 2016, the MTW expansion will allow an additional 100 Public Housing Authorities to flexibly use funding to better address the housing needs of their

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community. Currently, 39 PHAs are designated MTW agencies, which allows them to deploy a range of innovative policies to better administer programs for their assisted tenants. PD&R is working with the MTW office to implement a multi-stage evaluation that will use the rollout of the expansion to test different aspects of the MTW policy. In 2019, HUD launched the first two cohorts, designed to gauge the impact of MTW's funding flexibility on smaller PHAs and test a suite of rent reform policies. PD&R will continue to work with the MTW office to design the next two cohorts, which will study the impact of work requirements and landlord incentive policies.

- Research on policies to improve self-sufficiency among work-able assisted residents, including EnVision Centers, and methods to track positive exits from assistance, including leveraging exit surveys conducted for ongoing demonstration evaluations to better understand motivations and subsequent outcomes of leavers, including housing instability outcomes.
- America's Affordable Communities Initiatives. HUD seeks to develop and implement strategies that incentivize State and local governments to reduce regulatory barriers to affordable housing. A regulatory barrier is a policy, rule, process or procedure that prohibits, discourages, or substantially increases the cost of new or existing housing without sound, compensating public benefits. The burden of complying with such requirements drives up the cost of housing, leaving many families unable to locate affordable housing near their work or communities. HUD is exploring a variety of options to incentivize and assist state and local governments to reduce regulatory burdens on affordable housing development. These options include improved dissemination of best practices and locally-driven solutions, using R&T funds for a prize competition, as well as offering bonus points for HUD-awarded competitive grants.
- Enhancing relationships with landlords. Building on lessons from the Landlord Acceptance Study and extensive listening sessions with private landlords around the country, PD&R anticipates deploying and testing a range of communication strategies, regulatory changes, and incentives designed to increase landlord participation in the HCV program. PD&R will draw on these local perspectives and policy insights as we develop the fourth cohort of the Moving to Work program expansion evaluation, which will rigorously test the effectiveness of a suite of landlord incentive strategies.
- Opportunity Zones. The tax-advantaged private investment funds that will flow into recently designated Opportunity Zones represent a significant tax expenditure and opportunity for low-income areas. As the regulatory framework is likely to provide broad flexibility in the use of investment funds, PD&R seeks to research how Opportunity Zones can be used to produce more affordable housing and development that better serves public purposes.

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- Linking administrative data with survey data and other research datasets is an increasingly important and cost-effective way to address key research and policy questions for the assisted housing population. PD&R is partnering with federal agencies and using administrative linkages to leverage the value of public investments in survey data and program demonstrations. Important aspects of such work in 2020 will be leveraging our existing partnership with the Census Bureau's Center for Economic Studies, including several Joint Project Service Agreements involving data linkages, continuing to extend data linkages and advance tenant health research with the National Center for Health Statistics, and building new data matching relationships with the Internal Revenue Service to better evaluate the Low-Income Housing Tax Credit program. At minimal cost, several PD&R reports and peer-reviewed papers published in recent years have used such linked data to provide the first nationally representative evidence about health status, healthcare access, and healthcare utilization among HUD-assisted adults and children, as well as evidence about the prevalence of elevated blood lead levels of HUD-assisted children compared with other children.

Technical Assistance - \$27 million

HUD's technical assistance program equips HUD's customers with the knowledge, skills, tools, capacity, and systems needed to successfully implement HUD programs and policies and provide effective administrative and managerial oversight of federal funding. Technical assistance takes the form of needs assessments, direct TA, tools and products, training, data analysis, and knowledge management.

Departmental TA in this Research and Technology account – along with Public Housing Administrative Receivership and Recovery TA funds, NAHASDA TA funds, and CDBG-DR TA funding received after the catastrophic hurricanes of 2017 – are awarded through the Community Compass NOFA. The cross-funding approach of Community Compass allows TA to address the needs of grantees and sub-grantees across multiple HUD programs and to address cross-agency issues. To administer the TA program, HUD issued a two-year Community Compass Notice of Funding Availability (NOFA) starting in 2018/2019 and intends to issue an additional two-year NOFA for 2020 and 2021 funds. By moving to the two-year funding model, HUD aims to significantly reduce administrative burden and ensure more prompt obligation of TA funds to applicants that have competed and demonstrated significant breadth of experience and expertise in assisting HUD grantees. The Department commits to issuing a new NOFA if it proves necessary to address significant changes to priorities.

In addition to addressing the regular technical assistance needs of HUD's partners, HUD anticipates that 2020 technical assistance funds will also support the following priorities:

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- The Budget proposes to support technical assistance to support Opportunity Zones, an initiative led by the Department of Treasury. Through a provision of the 2017 Tax Cuts and Jobs Act, Opportunity Zones are designed to incentivize private sector investment in distressed communities around the country.
- The Budget would also support technical assistance for EnVision Centers, centralized hubs for supportive services intended to accelerate economic mobility of low-income households. The Centers are located in communities that include HUD-assisted housing and are supported by multi-sector collaborations. The initiative focuses on the four pillars of Economic Empowerment, Educational Advancement, Health and Wellness, and Character and Leadership.
- In 2020, one significant focus of Community Compass is likely to be addressing the recommendations of the HCV Landlord Task Force for enhancing TA and guidance to PHAs.
- To further and continuously improve the TA program, HUD is nearing completion of the phased implementation of an outcomes measurement framework that will allow the agency to systematically measure whether the technical assistance and training outcomes were achieved, identify the types of TA and training that are most effective, and collect feedback on HUD's investments in improving communities' capacity to implement HUD programs and policies. In addition, HUD is engaged in a three-year cooperative agreement to assess the scope and effectiveness of the TA program. The assessment will review the effectiveness of HUD's TA data systems for administering the program, examine HUD's processes for committing to and executing TA projects, and undertake in-depth evaluations of 3 to 4 targeted TA engagements. Work on this assessment will run from September 2017 to August 2020.

General Provisions

The 2020 Budget includes a General Provision related to R&T (Sec. 217). This provision is described further in "Fiscal Year 2020 General Provisions".

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**POLICY DEVELOPMENT AND RESEARCH
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Summary of Resources by Program**

(Dollars in Thousands)

| Budget Activity | 2018 Budget Authority | 2017 Carryover Into 2018 | 2018 Total Resources | 2018 Obligations | 2019 Annualized CR | 2018 Carryover Into 2019 | 2019 Total Resources | 2020 Request |
|---|------------------------------|---------------------------------|-----------------------------|-------------------------|---------------------------|---------------------------------|-----------------------------|---------------------|
| Core R&T | 50,000 | 2,334 | 52,334 | 48,090 | 50,000 | 4,274 | 54,274 | 50,000 |
| Technical Assistance | 28,000 | 25,000 | 53,000 | 23,983 | 25,000 | 28,000 | 53,000 | 27,000 |
| Research, Evaluations, and Demonstrations | 11,000 | 8,964 | 19,964 | 13,052 | 14,000 | 6,911 | 20,911 | 10,000 |
| BJA Pay for Success | [1,500] | [1,500] | [1,500] | [1,496] | - | - | - | - |
| Total | 89,000 | 36,298 | 125,298 | 85,125 | 89,000 | 39,185 | 128,185 | 87,000 |

**POLICY DEVELOPMENT AND RESEARCH
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Appropriations Language**

The President's Budget includes the appropriation language listed below. HUD is proposing two changes to the appropriations language (1) to allow for research activities funded from other accounts, such as Lead Hazard Reduction, to also be funded from this account, and (2) add Native American Tribes to the list of eligible applicants for Research Partnership funding.

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems 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, \$87,000,000, to remain available until September 30, 2021: Provided, That the amounts made available under this heading may be used for the types of research and studies otherwise provided for and authorized elsewhere under this title: Provided further, That with respect to amounts made available under this heading, notwithstanding section 203 of this title, the Secretary may enter into cooperative agreements with philanthropic entities, other Federal agencies, State or local governments and their agencies, tribes and their agencies, Indian tribes, tribally designated housing entities, or colleges or universities for research projects: Provided further, That with respect to the previous proviso, not more than 50 percent of the cost of such projects may come from amounts made available under this heading.

Note.—A full-year 2019 appropriation for this account was not enacted at the time the budget was prepared; therefore, the budget assumes this account is operating under the Continuing Appropriations Act, 2019 (Division C of P.L. 115-245, as amended). The amounts included for 2019 reflect the annualized level provided by the continuing resolution.