

**POLICY DEVELOPMENT AND RESEARCH  
RESEARCH AND TECHNOLOGY  
2012 Summary Statement and Initiatives  
(Dollars in Thousands)**

RESEARCH AND TECHNOLOGY	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2010 Appropriation .....	\$48,000	\$6,434	...	\$54,434	\$52,634	\$69,120
2011 CR .....	48,000	1,459 <sup>a</sup>	...	49,459	49,459	62,000
2012 Request .....	<u>57,000</u>	<u>...</u>	<u>...</u>	<u>57,000</u>	<u>57,000</u>	<u>71,000</u>
Program Improvements/offsets .....	+9,000	-1,459	...	+7,541	+7,541	+9,000

a/ Carryover also does not include \$340 thousand of expired funds.

**Summary Statement**

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 the Secretary and other HUD principal staff to make informed decisions on HUD policies, programs, and budget and legislative proposals.

The Department requests \$57 million for the Research and Technology (R&T) account for fiscal year 2012. This is an increase of \$9 million over the fiscal year 2010 enacted level of \$48 million.

The fiscal year 2012 request will continue the transformation of PD&R into the nation's leading housing research organization and provide the resources so PD&R can address policy issues pertaining to the wide array of America's housing and urban development challenges. This request will fully fund PD&R's housing surveys, including the American Housing Survey (AHS), continue research dissemination functions, and fund the Doctoral Dissertation programs, including the Young Scholars research program. Also included is funding for two new projects: \$1.5 million for program metrics development and \$500 thousand for housing finance/homeownership studies. No funding is requested for the University Community Fund in fiscal year 2012.

PD&R is playing a key role in current and proposed HUD initiatives including planning research and evaluation work related to the HUD Transformation Initiative, disaster response and recovery research as well as restoration of capabilities and enhancement of the housing surveys and the national data infrastructure. As in fiscal years 2010 and 2011, PD&R will continue to conduct the research and demonstrations funded by the Transformation Initiative. There is a separate justification describing the Transformation Initiative and cross references are included in this justification.

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### **Evaluation of PD&R's Programs**

The National Academy of Sciences (NAS) released a study of PD&R in September 2008, 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." The NAS report also states, "PD&R needs additional financial and intellectual resources to allow it to continue and expand its current role in analyzing existing and proposed HUD programs, and it requires resources to play a larger role in the national research community on a wider range of housing and urban development policy issues." The Department agrees with and is moving forward to implement the NAS recommendations and findings. The fiscal year 2012 request for the R&T account, combined with the Department's continued proposal of the Transformation Initiative, will provide funds to address key initiatives in the NAS report. This Budget requests funding to allow PD&R to become the hub, as envisioned by NAS, for housing policy formulation, HUD program evaluations, increased housing data and information resources, new program demonstrations and other initiatives in the housing and urban development arena.

### **Transformative Research**

The fiscal year 2012 Budget continues the Department's Transformation Initiative that was established in fiscal year 2010. The Transformation Initiative provides a set-aside of HUD program funds for research, evaluation, demonstrations, and technical assistance, with the goal of reducing the cost and improving the efficiency of HUD programs. PD&R will continue to play a vital role in this initiative by conducting this transformative research and the demonstrations. These Transformation Initiative funds are detailed in a separate justification, and they are independent from the R&T funds requested in this budget for \$57 million.

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

<b><u>Budget Activity</u></b>	<b><u>2010 Budget Authority</u></b>	<b><u>2009 Carryover Into 2010</u></b>	<b><u>2010 Total Resources</u></b>	<b><u>2010 Obligations</u></b>	<b><u>2011 CR</u></b>	<b><u>2010 Carryover Into 2011</u></b>	<b><u>2011 Total Resources</u></b>	<b><u>2012 Request</u></b>
Core R&T .....	\$48,000	\$5,210	\$53,210	\$51,410	\$48,000	\$1,459	\$49,459	\$57,000
University Partnership Grants .....	[24,750]	1,224	1,224	1,224	[24,750]	...	[24,750]	...
Total .....	48,000	6,434	54,434	52,634	48,000	1,459	49,459	57,000

NOTE: The University Partnership program was funded from the Community Development Block Grants program in fiscal year 2010. No funding is requested for the University Partnership grants in 2012.

<b><u>FTE</u></b>	<b><u>2010 Actual</u></b>	<b><u>2011 Estimate</u></b>	<b><u>2012 Estimate</u></b>
Headquarters .....	101	101	119
Field .....	40	40	45
Total .....	141	141	164

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**POLICY DEVELOPMENT AND RESEARCH  
RESEARCH AND TECHNOLOGY  
Program Offsets  
(Dollars in Thousands)**

<b>Core R&amp;T</b>	<b><u>Amount</u></b>
2010 Appropriation .....	\$48,000
2011 CR .....	48,000
2012 Request .....	<u>57,000</u>
Program Improvements/Offsets .....	+9,000

Proposed Actions and Summary of Obligations by Budget Category

The Department proposes \$57 million for Research and Technology, an increase of \$9 million above fiscal year 2010 enacted. Included in the request is \$55 million for core research and technology activities and \$2 million for two new initiatives in program metrics and housing finance studies. Traditional research will be funded from the Department's Transformation Initiative set-aside.

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Information pertaining to budget estimates for fiscal years 2010, 2011 and 2012 follows:

<u>R&amp;T Budget Activity</u>	<u>2010 Budget</u>	<u>2011 CR</u>	<u>2012 Estimate</u>	<u>Increase+ Decrease - 2012 v 2011</u>
(Dollars in Thousands)				
<b>Core Research and Technology (R&amp;T):</b>				
I. Market Surveys (Fixed)	\$41,500	\$41,500	\$47,000	+\$5,400
II. Dissemination/Research Support	6,000	6,000	6,900	+900
<b>Subtotal Fixed Activities</b>	<b>47,500</b>	<b>47,500</b>	<b>53,900</b>	<b>+\$6,300</b>
III. Program Metrics Development	...	...	1,500	+1,500
IV. Housing Finance Studies	...	...	500	+500
V. Urban Data Systems Acquisition	100	100	100	...
VI. Doctoral Research Programs	400	400	1,000	+700
<b>Subtotal Variable R&amp;T</b>	<b>500</b>	<b>500</b>	<b>3,100</b>	<b>+2,700</b>
<b>Total Core R&amp;T</b>	<b>48,000</b>	<b>48,000</b>	<b>57,000</b>	<b>+9,000</b>
<b>University Partnership Grants/University Community Programs <i>a/</i></b>				
I. Historically Black Colleges and Universities (HBCU)	[9,682]	[9,682]	...	[-9,682]
II. Hispanic Serving Institutions (HSIAC)	[6,455]	[6,455]	...	[-6,455]
III. Alaska & Hawaiian Serving Inst (AN/NHIAC)	[3,232]	[3,232]	...	[-3,232]
IV. Tribal Colleges and Universities Program (TCUP)	[5,381]	[5,381]	...	[-5,381]
<b>Total University Partnership Grants</b>	<b>[24,750]</b>	<b>[24,750]</b>	<b>...</b>	<b>[-24,750]</b>
<b>Grand Total R&amp;T</b>	<b>\$48,000</b>	<b>\$48,000</b>	<b>\$57,000</b>	<b>+\$9,000</b>

*a/* The University Community Fund is funded within CPD's Community Development Block Grant Fund account. No funding is requested in fiscal year 2012.

**New Initiatives:**

**Metrics Development (\$1.5 million)** - R&T resources totaling \$1.5 million are proposed for the purpose of developing and validating performance metrics and collecting performance data for those metrics. HUD's long-term efforts to use outcome metrics and other performance data to strengthen program management and policy have been constrained by a lack of connection between HUD data and outcomes crucial to its mission. In particular, HUD lacks sufficient information to measure its progress and pursue the most efficient strategies for Strategic Plan Goal 3: "Utilize Housing as a Platform for Improving Quality of Life." Using Transformation Initiative funds, PD&R has begun efforts to link data on recipients of HUD's housing to data from the Departments of Education and Health and Human Services so that HUD can determine ways to improve its policies for better health and education outcomes. In these cases, PD&R used a few existing data sets that could be easily connected. The Federal Government funds many more surveys and other data collection for various outcomes, and these funds are proposed for expanding these data-sharing efforts. For example, the Bureau of the Census currently uses HUD administrative records in analysis of the American Housing Survey, but by using the information it collects from other agencies, could provide HUD with far richer information on the outcomes of its programs. Rather than placing an additional burden on families by requiring more redundant information through its own administrative collection, connecting to existing data leverages the investments of the Federal Government. Sponsoring these connections and the analysis required to demonstrate the effects of various programs will allow HUD to make its performance management relevant and meaningful.

**Housing Finance Studies (\$500 thousand)** - The Office of Policy Development and Research is responsible for providing research on housing finance topics that inform the sound operations of the FHA and HUD's rental programs and support the Department's goal of promoting sustainable homeownership. The recent housing crisis has made clear how changes on housing finance alter the risk profile for segments of the ownership market and place pressures on rental markets, and highlights the importance of basic research in single family and multifamily housing finance, which these funds would support. This research would supplement work conducted using program funds (such as the Mutual Mortgage Insurance Funds for studies related to single family FHA) or the Transformation Initiative.

**Core Research and Technology**

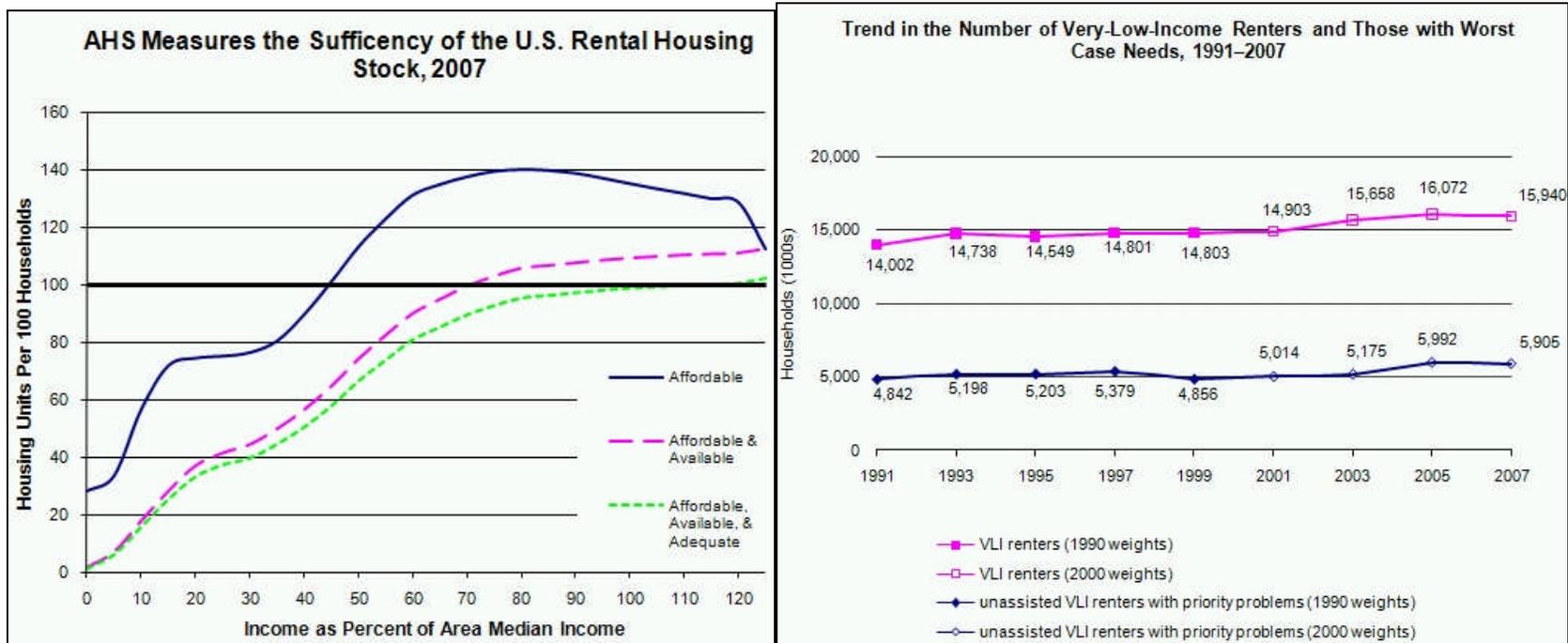
PD&R's Budget submission includes \$55 million for the traditional Core Research and Technology account. This is the same funding level as requested in the 2011 President's Budget, and it is comprised of the following components:

**Housing Market Surveys - \$47 million**

Given the continuing changes in housing and housing finance markets, it is essential for policy makers to keep abreast of institutional and economic changes and understand their importance for financial risk, credit, affordability of rental and owner-occupied housing, residential construction and home purchases. By sponsoring major housing market surveys and conducting research and analysis on housing market finance issues, PD&R provides this essential information to a wide range of policy makers and stakeholders. These major housing market surveys include the American Housing Survey (AHS), the Survey of New Home Sales and Completions, the Survey of Market Absorption, the Survey of New Manufactured Homes Placements and the new Multifamily Housing Finance Survey. These studies are described below:

- **The American Housing Survey (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. By providing a base of facts about the conditions of housing in the United States, the AHS moves policy debates beyond questions of "what is" to "what should be done." HUD makes extensive use of the AHS in

reports such as the *Worst Case Housing Needs* Report on the availability, affordability, and adequacy of the U.S. housing stock, which use many of the variables and special features of the AHS. Other major HUD uses include the Components of Inventory Change (CINCH) reports that uses longitudinal features of AHS to track changes in housing stock from one survey to the next, and the Housing Affordability Data System (HADS) that allows analysts to make consistent comparisons of housing affordability measures and issues over time. The AHS is also used to inform HUD on a wide array of issues including: trends in housing costs, home mortgage finance, incidence of overcrowding in housing, characteristics of units and their occupants associated with changes in tenure status, commuting patterns and the housing stock, effects of changes in ownership on repair and remodeling behavior in owner-occupied housing, the housing situation of the elderly, market dynamics of how housing gets allocated over time through market filtering and reuse, the characteristics of HUD-assisted renters and their units, and HUD reporting under the Government Performance and Results Act. The graphs below show the type of complex analysis of affordable housing supply and demand that can only be accomplished with the data-rich AHS.



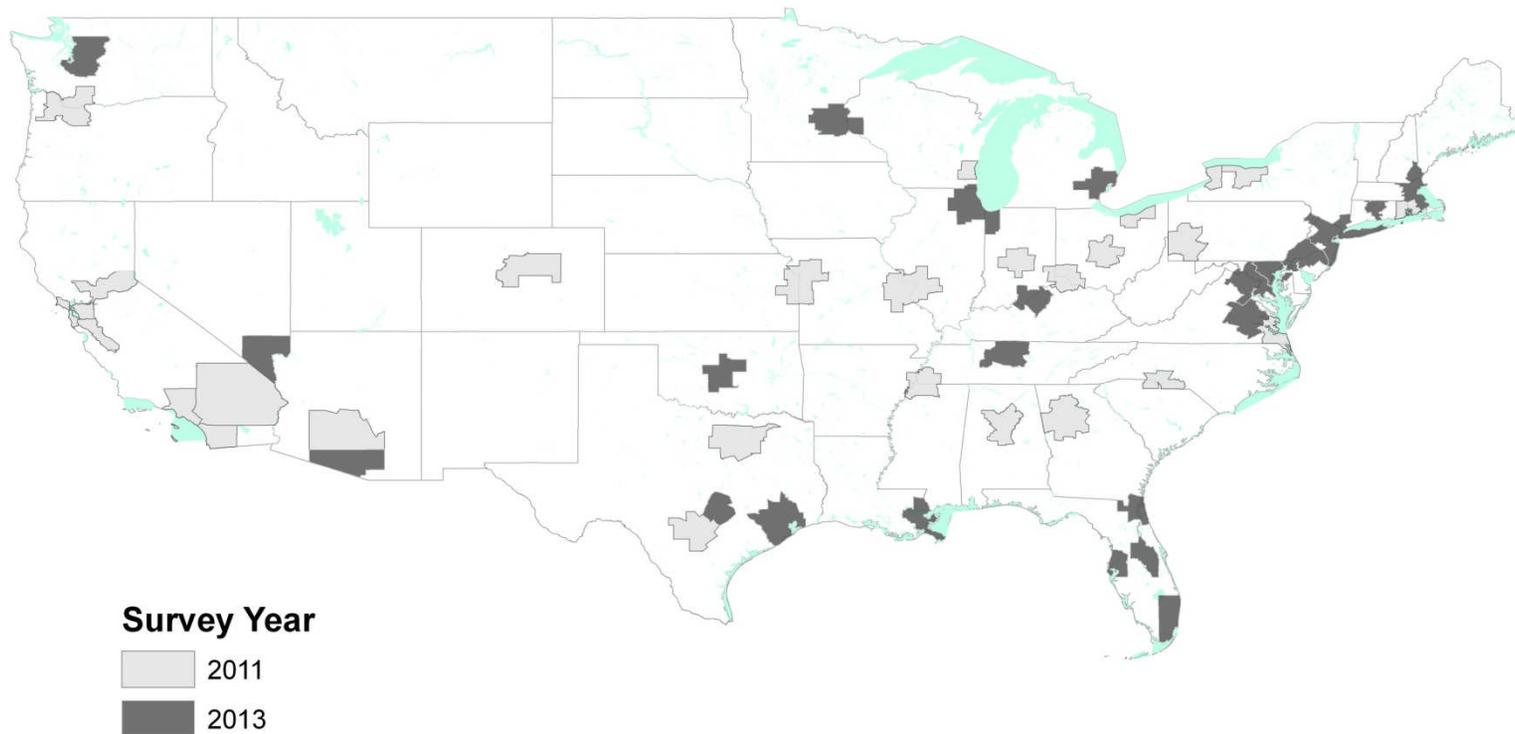
Congress is also a major user of the AHS to inform the legislative process through the Congressional Budget Office, Congressional Research Service, and Government Accountability Office, as well as through congressionally appointed special commissions.

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AHS has broad usefulness beyond the needs of HUD or the Federal Government. Groups such as the National Association of Realtors, National Association of Home Builders, National Multi-Housing Association, Mortgage Bankers Association of America, and the Manufactured Housing Institute regularly use the AHS as a factual basis for advocacy. Major independent reports that are produced using AHS data include National Low- Income Housing Coalition's *Rental Housing Production Need Estimates*; *Perspectives on Renter Income and Affordable Units*; *Low-Income Housing Profile*; and the Joint Center for Housing Studies at Harvard's *State of the Nation's Housing* Annual Report Series.

In fiscal year 2012, \$38.7 million is requested for the AHS. The AHS began in 1973 as part of the response to urban unrest in the 1960s, and Congress has mandated that HUD conduct an AHS similar to the one conducted in 1981. At that time, the national AHS, with a sample size of over 60,000 housing units, was conducted biennially, and 60 metropolitan surveys, with an average sample size of over 5,000 units, were conducted every 4 years. A budget of \$38.7 million for the AHS in fiscal year 2012 will restore the surveys to their previous levels and provide needed enhancements. As a cost saving measure, panels of metropolitan areas will be rotated within the national survey. This will enable us to produce a combined national and 30 metropolitan area surveys biennially with a total sample size of 184,750 housing units and an average metropolitan sample size of 4,500 units. In all, 60 metropolitan surveys will be conducted every 4 years. The map below shows the metropolitan areas to be surveyed in 2011 and 2013.

## American Housing Survey 2011 and 2013 Metropolitan Areas



The 2011 AHS will feature special supplements on healthy homes and housing modifications to accommodate elderly persons and persons with disabilities. In 2013, we plan to introduce supplements on neighborhood quality, transportation, and energy efficiency. Looking forward to 2015, the AHS will draw a new sample based on the 2010 decennial census. This will be only the second time the full sample has been redrawn, and the first time since 1985. We are

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investigating the feasibility of structuring the new sample in overlapping panels, each of which would stay in the survey for 8 years before being replaced. This will enable us to reduce refusals due to respondent fatigue and to adjust our sample to new circumstances without having to redesign the entire survey.

- **The Survey of New Home Sales and Housing Completions** provides monthly, quarterly and annual data on sales, completions, and prices of new homes. Information on other characteristics of new homes is also collected. This survey provides the data for two principal national economic indicators every month. This survey is being upgraded with new software. In fiscal year 2012, \$3.5 million is budgeted for this survey.
- **The Survey of Market Absorption of New Multifamily Units** provides quarterly data on how quickly new multifamily units are rented, by rent level and number of bedrooms. The survey also provides information on other characteristics of new multifamily housing units. In fiscal year 2012, \$1 million is budgeted for this survey.
- **The Survey of New Manufactured (Mobile) Housing Placements** is a mandated survey that compiles monthly and annual data on the number of new manufactured housing units sold or leased and placed on site by manufactured housing dealers for residential use. Information on other characteristics of newly placed manufactured homes is collected through this survey. In fiscal year 2012, \$900 thousand is budgeted for this survey.
- **Rental Housing Finance Survey.** Funding was requested in fiscal years 2010 and 2011 for the new Rental Housing Finance Survey (RHFS). The previous Residential Finance Survey (RFS) was conducted in 2001 and the data are old and the survey has been criticized for some sampling issues. However, the RFS remains the best available source for financing information about the rental stock. To address these shortcomings, HUD, Freddie Mac, Fannie Mae, and the Census Bureau (Housing and Household Economic Statistics Division) began an effort in 2007 to develop a modified, scaled-back survey called the Rental Housing Finance Survey. The data to be collected with such a survey would provide the only recent nationally representative data on rental project mortgage origination volume and rental affordability—critical for numerous potential uses in developing housing policy. The RHFS would be biennial accounting of the stock of multifamily housing finance instruments. The sample design is based on the 2010 Decennial Census. Additions to sample will come from the Survey of Market Absorption for properties constructed since the last Census. In fiscal year 2012, \$2.9 million is estimated for this survey.

### **Dissemination/Research Support - \$6.9 million**

Dissemination and research support contribute to all the goals in the Strategic Plan. To ensure that research and analysis conducted by PD&R is being used effectively and reaching a broad audience, it is essential that outreach is performed to connect these materials to policy makers, researchers, practitioners, and policy analysts. PD&R has employed a number of strategies to make these connections, and will build further upon them in fiscal year 2012.

PD&R's research information clearinghouse, HUDUSER, and PD&R's websites [www.huduser.org](http://www.huduser.org) and [www.regbarriers.org](http://www.regbarriers.org) will continue to serve housing researchers and practitioners, including policy analysts at all levels of government, non-profit housing advocates, social scientists, demographers, builders, developers, realtors, students, and educators. It is projected that 8.4 million files will be downloaded by these users in fiscal year 2012. During the same period, it is projected that HUDUSER will distribute over 140,000 copies of PD&R products.

PD&R will continue to transform its dissemination process through several new initiatives to reduce costs and maximize use of dissemination and research support funding. This includes Evidence Matters, a quarterly publication highlighting policy-relevant research on major housing and community development topics in a clear and accessible manner for a wide audience of policymakers, researchers, advocates, and industry members. To supplement this new approach, Research Works will become an online newsletter delivered monthly. In addition, PD&R has begun producing Policy Translation Papers, short pieces detailing

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and providing context for major research performed or contracted by PD&R. These pieces focus on key takeaways and best practices for maximum usefulness to policymakers and practitioners at all levels. Enhancements to the websites will include additional mapping capabilities, information sharing via wikis and other Web 2.0 social network additions, and an electronic library.

PD&R will be building staff capacity by reopening the HUD library. PD&R staff members, including a new librarian, are reconstituting the library to make it a central resource for all HUD employees. The library will integrate printed and web resources to serve as a go-to location for the research, both current and historical, that informs HUD programs. In addition, PD&R is undertaking development of an External Research Dissemination system. This system, through which HUD staff will monitor and compile significant new research from a variety of external sources—from think tanks, foundations and universities to local government and other Federal agencies—will keep decision makers abreast of up-to-date research and thus connect the research to policies under development.

The conference support contract will be used to provide support for PD&R information gathering and information exchange efforts in the form of conferences, meetings, exhibiting at conferences and other events. Events held in fiscal year 2010 include Quarterly Updates on the Housing Market and Other Research, a Forum on Homelessness, and a Technical Panel Review of Moving-to-Opportunity Research (MTO); projected for fiscal year 2011 are a Sustainability Summit, and conferences on the following topics: the American Housing Survey, HOPE VI Research Implications and Research on How Housing Matters.

Through its support services contracts, PD&R will continue to have access to technical reviewers for reports and papers, writers, editors, conference planners, and graphic designers. Experts in these areas will assist PD&R staff in the development and marketing of research and analytical content; organizing and implementing conferences, workshops, and meetings; designing and staffing PD&R exhibits at national conferences; and providing dissemination and distribution support for PD&R publications. The Regulatory Barriers Clearinghouse, established to serve as a national repository to receive, collect, process, assemble, and disseminate information to eliminate barriers to affordable housing now hosts an average of 25,500 unique visitors per month, reaches more than 15,200 eList subscribers monthly, and contains a database of more than 6,239 affordable housing strategies and solutions. In accordance with Strategic Plan Goal 4B of promoting sustainable and affordable communities, the Clearinghouse will be expanding the scope of its efforts by collecting and disseminating appropriate material to reach the growing number of states and communities establishing and implementing broad sustainability efforts.

### **Doctoral/Post Doctoral Research Program - \$ 1 million**

PD&R places considerable value in expanding the pool of researchers that focus on housing and urban development topics and policy issues. A larger community of research produces more knowledge and more rapidly, with the result being better and more timely policy. PD&R seeks to contribute to this expansion through the following programs:

**Doctoral Research Grant Program.** PD&R seeks to enhance HUD's overall capacity and knowledge base by encouraging more scholars to focus on research questions relevant to HUD goals. To help build broader attention to policy-relevant research on housing, urban development, and economic issues, PD&R offers support to promising researchers during the doctoral process. The Doctoral Research Grant Program enables doctoral students to cultivate their research skills through the preparation of dissertations, and the opportunity to present and publish their work. The 2011 budget requested \$500 thousand for the Doctoral Dissertation Research Grant Program. Since fiscal year 2003, 126 students have received funding under this program and awardees come from leading institutions throughout the United States, including University of Pennsylvania, New York University, University of Southern

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California, Loyola University of Chicago, and University of Ohio. Without this funding many students would not be able to complete their research. Previous recipients of these grants are now leaders in the field and are contributing in important ways to policy development and evaluation, including Ellen Merry, Sheila Crowley, Reid Cramer, Lisa Servon, and Anthony Pennington-Cross, among others. In fiscal year 2012 PD&R requests \$500 thousand for this program.

**Young Scholars Post Doctoral Program**. This program will provide encouragement to new scholars to undertake research now and throughout their careers on research topics of interest to HUD. The purposes of this program is to fund research relevant to HUD's priorities and housing issues in the United States and to have an impact on the academic context in which these scholars work so that this kind of research becomes highly valued. The Young Scholars program will allow Ph.D. recipients who have an academic appointment at an institution of higher education and have received their Ph.D. degrees to focus on research designed to inform Federal problem-solving and policy-making relating to HUD's strategic goals for this year. In fiscal year 2012, PD&R requests \$500 thousand for this program.

### **Urban Data Systems - \$100 thousand**

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

### **Fellowship Placement Program**

In 2011, PD&R also plans for an expanded role in the area of philanthropic outreach to identify and better understand innovation in housing and urban policy originating from those sources. A 2011 gift by the Rockefeller Foundation will be used to support a Fellowship Placement Program through the development and funding of two-year fellowship grants. PD&R will administer this grant. Please see the Gifts and Bequests justification for more information. HUD hopes to continue its effort to partner with philanthropic organizations who share HUD's mission.

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**POLICY DEVELOPMENT AND RESEARCH  
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Crosswalk of 2010 Availability  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2010 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2010 Resources</u>
Core R&T .....	\$48,000	...	...	...	\$5,210	\$53,210
University Partnership Grants .....	<u>[24,750]</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>1,224</u>	<u>1,224</u>
Total .....	48,000	...	...	...	6,434	54,434

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**POLICY DEVELOPMENT AND RESEARCH  
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Crosswalk of 2011 Changes  
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2011 President's Budget Request</u>	<u>2011 CR</u>	<u>2011 Supplemental/ Rescission</u>	<u>Reprogrammings</u>	<u>Carryover</u>	<u>Total 2011 Resources</u>
Core R&T .....	\$55,000	\$48,000	...	...	\$1,459	\$49,459
Other Research Initiatives .....	32,000	...	...	...	...	...
University Partnership Grants .....	<u>[25,000]</u>	<u>[24,750]</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>[24,750]</u>
Total .....	87,000	48,000	...	...	1,459	49,459