

**POLICY DEVELOPMENT AND RESEARCH
RESEARCH AND TECHNOLOGY
2019 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>
2017 Appropriation	\$89,000	\$13,539 ^{a/}	...	\$102,539	\$65,208	\$60,589
2018 Annualized CR	89,000	37,309	-\$604 ^{b/}	125,705	125,309	67,600
2019 Request	<u>85,000</u>	...	...	<u>85,000</u>	<u>85,000</u>	<u>69,100</u>
Change from 2018	-4,000	-37,309	+604	-40,705	-40,309	+1,500

a/ The carryover includes a Department of Justice Interagency Agreement in the amount of \$1.5 million and \$534 thousand of recaptured funds.

b/ Public Law 115-56 requires a reduction of 0.6791 percent from the fiscal year 2017 enacted budget authority.

1. Program Purpose and Fiscal Year 2019 Budget Overview

The fiscal year 2019 President’s Budget request for Research and Technology (R&T) is \$85 million, which is \$3 million less than the fiscal year 2018 Annualized CR level.

Through R&T, the Office of Policy Development and Research (PD&R) provides fundamental support for the mission of the Department 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. These funds will provide objective evidence to support better policy and program outcomes in several areas of continuing and growing need:

- Enable the Census Bureau to conduct the 2019 American Housing Survey, the most detailed source of data about the housing stock, housing finance, and characteristics of markets, neighborhoods, and occupants.

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- Support the America's Affordable Communities Initiative by identifying and educating the public on the most effective strategies to reduce regulatory barriers by State and local governments to support the creation of more affordable housing for American families.
- Conduct Building Technology research to advance national policy objectives for housing affordability, durability, safety, and accessibility.
- Research policies to improve self-sufficiency for HUD's assisted non-elderly, non-disabled families that include more than 3.1 million children.
- Provide Technical Assistance that ensures that program partners receive the clear guidance they need to effectively implement programs and respond to the complex challenges of housing and community development practice.

2. Request

The requested funding level for R&T provides a basic level of support for three critical functions: 1) Core R&T: Supports the American Housing Survey and other national surveys, and supports knowledge management, research dissemination, and public-private research; 2) Research, Evaluation, and Demonstrations: Supports experimental demonstrations of innovative program concepts, evaluations of current programs, and other policy-focused research; and 3) Technical Assistance (TA): TA resources ensure that HUD program partners and practitioners have access to research-informed guidance in effective practice, are used for the benefit of all of HUD's programs and a variety of HUD's customers, and increase the probability that HUD's grantees and other partners succeed at achieving program goals 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 2016 totaled \$1.8 trillion of housing services consumed and \$700 billion of residential fixed investment, together accounting for 14 percent of the national economy.¹

The largest survey funded by R&T is the American Housing Survey (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. 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). PD&R strives to ensure that such surveys are relevant for policy, such as by working with external experts and the Census Bureau in 2017 to develop a survey module for the 2019 AHS that could support a validated index of housing insecurity and that researchers could transfer to other surveys.

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 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 fiscal year 2017, there were an average of 1.2 million downloads per month from the HUDUSER.gov research portal.

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. The *Research Roadmap: 2017 Update* engaged 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.

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HUD anticipates that fiscal year 2019 research, evaluations, and demonstrations will include the following priorities, some arising after the Roadmap publication:

- The EnVision Centers Demonstration.² HUD intends to evaluate the impact of 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 supported by multi-sector collaborations. The initiative focuses on the four pillars of Economic Empowerment, Educational Advancement, Health and Wellness, and Character and Leadership.
- Research on policies to improve self-sufficiency among work-able assisted residents, including in-house research of economic outcomes for work-able residents involving data linkage and supporting performance measurement.
- 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.
- Office of Innovation. As discussed in more detail in the Salaries and Expenses justification, PDR is adding the Office of Innovation. The new office is modeled from the HHS Idea Lab (<https://www.hhs.gov/idealab/>) and will focus on testing and validating solutions to state, local, and federal housing and community development problems. The Office of Innovation will coordinate with the CIO on matters involving IT innovation.
- Building Technology. Research projects and public-private partnerships are needed in the residential housing design and construction industry to encourage the increased understanding and use of building technologies. Previous research has shown that builders can be reluctant to use new or innovative construction materials or processes unless academic findings and technical publications address their concerns. Builders often find learning about new and innovative systems, products, and materials to be a burden and thus choose to stick to familiar and conventional approaches to the detriment of consumers. This investment in building technology research will include a component for encouraging local adoption of

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disaster-resilient and affordable housing through the Office of Innovation. 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. A number of valuable building technology research opportunities are available: technologies and materials for hazard mitigation, factory-built housing and construction products, industrialized construction processes, next-generation building technologies and materials, the process of introducing next-generation technologies and materials to the market, the value of recent building code additions and revisions, building technologies for aging in place and accessible housing, and efficiencies to be gained in all stages of construction.

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. Important aspects of such work in 2019 will be leveraging our existing partnership with the Census Bureau's Center for Administrative Records Research and Applications (CARRA) and continuing to advance tenant health research with the National Center for Health Statistics.³ At minimal cost, several PD&R reports and peer-reviewed papers were published in 2017 that 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.⁴

Technical Assistance - \$25 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 be effective stewards of federal funding. HUD plans to issue a 2-year Community Compass Notice of Funding Availability (NOFA) for 2018 and 2019 funds. In addition to the departmental TA in this Research and Technology account, the Community Compass NOFA includes technical assistance funding from other accounts across HUD, such as Public Housing Operating Fund for Administrative Receivership. The Budget proposes to support technical assistance for Native American Housing Assistance and Self Determination Act (NAHASDA) programs through Research and Technology account funding. The assistance will take the form of needs assessment, direct TA, tools and products, training, data analysis, and knowledge management. 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. The 2-year funding model significantly reduces administrative burden and ensures 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.

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To further and continuously improve the TA program, HUD has begun 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 President's Budget proposes the following General Provision for Research and Technology:

- **Evaluation Funding Flexibility.** Allows 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 (Sec. 217).

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

<u>Budget Activity</u>	<u>2017 Budget Authority</u>	<u>2016 Carryover Into 2017</u>	<u>2017 Total Resources</u>	<u>2017 Obligations</u>	<u>2018 Annualized CR</u>	<u>2017 Carryover Into 2018</u>	<u>2018 Total Resources</u>	<u>2019 Request</u>
Core R&T	\$50,000	\$2,110	\$52,110	\$50,414	\$49,661	\$1,695	\$51,356	\$50,000
Technical Assistance ..	25,000	2,210	27,210	2,189	24,830	25,000	49,830	25,000
Research, Evaluations, and Demonstrations ...	14,000	7,569	21,569	12,605	13,905	8,964	22,869	10,000
BJA Pay for Success ...	...	<u>1,650</u>	<u>1,650</u>	...	...	<u>1,650</u>	<u>1,650</u>	...
Total	89,000	13,539	102,539	65,208	88,396	37,309	125,705	85,000

**POLICY DEVELOPMENT AND RESEARCH
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Appropriations Language**

The fiscal year 2019 President's Budget includes the appropriation language listed below.

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970 (12 U.S.C. 1701z-1 et seq.), including carrying out the functions of the Secretary of Housing and Urban Development under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, and for technical assistance, \$85,000,000, to remain available until September 30, 2020: Provided, That with respect to amounts made available under this heading, notwithstanding section 204 of this title, the Secretary may enter into cooperative agreements with philanthropic entities, other Federal agencies, State or local governments and their agencies, 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 2018 Annualized CR 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, 2018 (Division D of P.L. 115-56, as amended). The amounts included for 2018 reflect the annualized level provided by the continuing resolution.