

# RESEARCH *Works*

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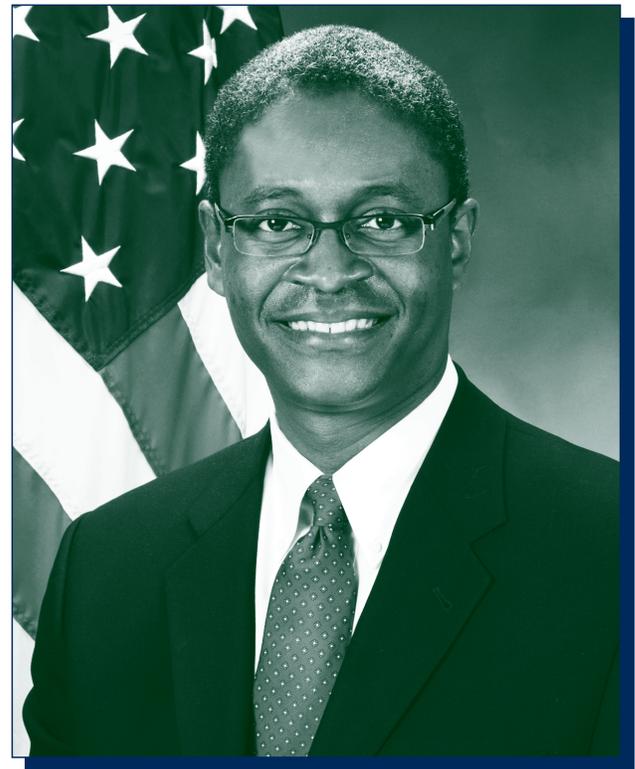
A Bridge Linking Housing Research and Practice

## Research-Oriented Leadership Welcomed

**H**UD's Office of Policy Development and Research (PD&R) is pleased to welcome Raphael Bostic as our new Assistant Secretary. He comes to us from the University of Southern California (USC) where, most recently, he held a professorship in the School of Policy, Planning, and Development. Dr. Bostic is an expert on housing and homeownership, and studies the roles that credit markets, financing, and policy play in enhancing household access to economic and social amenities. His research record features studies of key issues associated with credit scoring, automated underwriting, mortgage and small business lending, bank branching patterns, the Community Reinvestment Act, gentrification, and the effects of antidiscrimination laws on minority homeownership achievement.

Assistant Secretary Bostic's most recent work examines how mortgage finance institutions, such as Fannie Mae and Freddie Mac, have influenced the

HUD Secretary Shaun Donovan is leading the way toward a research-based federal strategy for ending homelessness. Addressing the National Alliance to End Homelessness Annual Conference recently, Donovan announced that HUD would track real-time quarterly changes in homelessness in regions across the nation. Donovan appealed for data from communities everywhere to help bring the picture of homelessness into sharper focus.



*Our new Assistant Secretary, Raphael Bostic, is committed to an evidence-based approach to housing and urban policies that will strengthen our communities.*

flow of mortgage credit through lenders that mainly originate high cost or subprime loans, and through the Federal Housing Administration insurance program. He has also studied the role of the private label secondary market in facilitating the flow of capital to subprime and predatory loans.

In his presentation to the United States Senate Committee on Banking, Housing, and Urban Affairs on 22 May 2009, which follows, Dr. Bostic shared his vision for PD&R:

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## Research-Oriented Leadership Welcomed

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Perhaps for the first time in this nation's history, housing has been at the root of our macroeconomic troubles. This means that a deep understanding of housing markets is critical, and evidence on what does and does not work in these markets will be essential for creating a new market structure that endures and corrects the weaknesses that helped to create the current troubles.

Secretary Donovan recognizes this and places a considerable emphasis on the importance of collecting and using data to make informed decisions. In my position as Assistant Secretary for Policy Development and Research at the U.S. Department of Housing and Urban Development, I will work hard to see that this vision is pursued and achieved to further the Department's mission as an efficient, informed leader of policy on issues associated with housing and urban development. A key goal is for PD&R efforts to contribute to a deeper and more meaningful understanding of the issues facing our housing and urban markets and communities.

From an academic perspective, my research has given me knowledge and insights about both housing and urban development, and this, combined with my continual and intensive interaction with other academic scholars, will allow me to promote the implementation of evidence-based policy. My training and perspectives gained as an academic researcher have given me skills that will help ensure that research and program evaluations produced or funded by PD&R are relevant, timely, and of the highest quality.

Throughout my career, I have interacted extensively with all of the key HUD constituencies and am able to add that value and perspective to HUD's research, policymaking, and oversight efforts. I understand housing and housing finance through my research and my work at the Federal Reserve Board. I know the nuts and bolts of affordable housing development, as well as the difficulties and opportunities it affords for lower-income and minority households, through my teaching at USC, service as a board member of a local nonprofit housing developer, and research. My work with a local community development organization in East Palo Alto, and other research I have done,

has provided insights into the challenges of broad-based urban and community development. My role as director of a real estate development program required my participation in all aspects of the development process, and forced me to engage and understand how design, law, economics, finance, and construction all interact. Of particular significance, my exposure to construction highlighted the key role that engineering and technology can play in helping to make housing affordable and high quality.

In my work at the Federal Reserve Board and at HUD, I have seen how policy is created at the federal level, and am familiar with the operational dynamics of PD&R. I am committing this knowledge base to the policymaking milieu and to effective decisionmaking and promotion of ideas that will benefit the American people. At this pivotal moment in its history, I am eager to support the healing of the nation's housing markets and promote the flourishing of its urban areas.

Please join us in welcoming Dr. Bostic to HUD's Office of Policy Development and Research, and in wishing him a long and productive tenure as Assistant Secretary. ■■

## Analysts Reveal Housing Inventory Changes

**H**ousing analysts study how the nation's housing inventory changes over time with a tool known as CINCH (short for Components of Inventory Change). According to the American Housing Survey (AHS), the estimated total inventory in 2005 was 124.377 million housing units. By 2007, new construction and other additions to the housing supply had exceeded any losses during the intervening time by 3.826 million units. Although the U.S. Census Bureau reports numbers of newly constructed units between 2005 and 2007, no other estimates of units that were added, lost, or remained in the inventory were available. A recent CINCH analysis, completed by Econometrica, Inc. for HUD's Office of Policy Development & Research, supplies the missing estimates for this period.

The AHS longitudinal data allowed CINCH analysts to track unit histories and statistically estimate just

Credit: U.S. Census Bureau, Public Information Office (PIO)



From 2005 to 2007, the number of nonmarket, extremely low-rent, and very-low-rental units fell, with a concomitant increase in low- and moderate-rent units.

how the inventory had changed. Losses and additions to the stock were identified and disaggregated to estimate the quantity and types of shifts that occurred. Additions to the inventory were attributed to new construction, inbound mobile home units, conversions of nonresidential properties, restoration of previously uninhabitable units, and miscellaneous other events. Losses were attributed to natural disasters or planned demolition, mergers with other units, conversions into multiple units, outbound mobile home units, conversions to nonresidential use, badly damaged or condemned units, and other transactions. The analysis thus revealed the underlying dynamics that shape the housing stock (see table 1).

Together with this research is an analysis to determine whether the number of rental units affordable to lower-income households grew or declined between 2005 and 2007, and to what this growth or decline is attributable. To answer these questions, analysts sorted the rental stock into eight categories defined by affordability of gross rents, with the upper limit of affordability set at 30 percent of each category's upper income boundary:

1. Nonmarket (no cash or subsidized rent).
2. Extremely low rent (affordable to incomes  $\leq 30$  percent of local area median income (AMI)).
3. Very-low rent (affordable to incomes between 30 and 50 percent of AMI).
4. Low rent (affordable to incomes between 50 and 60 percent of AMI).
5. Moderate rent (affordable to incomes between 60 and 80 percent of AMI).

6. High rent (affordable to incomes between 80 and 100 percent of AMI).
7. Very-high rent (affordable to incomes between 100 and 120 percent of AMI).
8. Extremely high rent (affordable to incomes  $> 120$  percent of AMI).

**Table 1. CINCH Derivation of 2007 Housing Stock Using 2005 Base**

<b>2005 Housing Stock</b> (published estimate)	<b>124,377,000</b>
Units lost by demolition or disaster	(635,000)
Units added by new construction	3,250,000
Units lost from mergers or conversions	(275,000)
Units added by mergers or conversions	146,000
House or mobile home moved out	(405,000)
House or mobile home moved in	840,000
Units lost to nonresidential use	(262,000)
Units added from nonresidential use	279,000
Units badly damaged or condemned	(318,000)
Units lost in other ways	(387,000)
Units added from temporary losses due to structural deficiencies	150,000
Units added from other sources	530,000
<b>2007 Housing Stock</b> (published estimate)	<b>128,203,000</b>

Source: Adapted from American Housing Survey, Components of Inventory Change: 2005 – 2007, [www.huduser.org/datasets/cinch.html](http://www.huduser.org/datasets/cinch.html), p. 32. Weighting procedures and rounding account for small discrepancies between published estimate and component totals.

Researchers found a combined decline of 1.5 to 2.0 million units in the number of nonmarket, extremely low-rent, and very-low-rent units. Movement in and out of the rental stock caused nearly one-fourth of the decline, and approximately 75 percent of the drop was due to net movement into and out of other affordability categories. A roughly concomitant increase occurred in the low- and moderate-rent affordability categories.

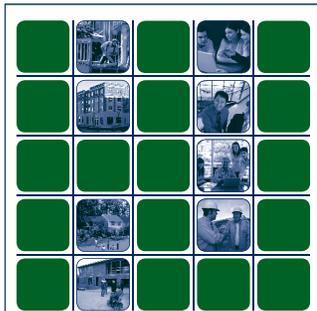
To see and download the several reports generated by

## Analysts Reveal Housing Inventory Changes

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this project, go to [www.huduser.org/datasets/cinch.html](http://www.huduser.org/datasets/cinch.html). A microdata set containing CINCH records and weights for all AHS observations is available, and researchers can link this data set to AHS files to produce custom tabulations.

## HUD USER Data Sets Online



GUIDE TO  
**HUD USER DATA SETS**



U.S. Department of Housing and Urban Development  
Office of Policy Development and Research

PD&R

## When You Just Can't Wait for the Book

Download the new *Guide to HUD USER Data Sets* at [www.huduser.org/datasets/pdrdatas.html](http://www.huduser.org/datasets/pdrdatas.html) or, if you have the time, order the print edition by calling 800-245-2691, option 1. Both versions are free.

## Updating the National Perspective on Homelessness

**H**UD recently released *The 2008 Annual Homeless Assessment Report to Congress*. This report, the first in the series to provide year-to-year trend data, documents the nature and extent of homelessness in the United States. For this national study of homelessness, HUD employed two measures:

- **Point-in-time snapshots** that account for both sheltered and unsheltered homeless persons on a single night, usually at the end of January, and that reveal trends about the seasonality of homelessness.
- **Over time counts, using Homeless Management Information Systems (HMIS)**, which provide more detailed information on those who access a shelter over the course of a full year. In this report, 222 local communities contributed HMIS data to produce a national estimate of sheltered homeless.

HUD's assessment concludes that overall homelessness in America held steady from October 1, 2007 to September 30, 2008, although shifts occurred in those requiring services and where they were located. During that period, approximately 1.6 million people used shelters or transitional housing — 5,200 (0.3%) more than in the previous year. The number of sheltered homeless individuals also remained virtually the same, although the number of homeless families seeking shelter increased by 9 percent overall and by nearly 56 percent in suburban and rural areas. Two-thirds of shelter seekers were individuals, while one-third were with children. Sixty-two percent were members of minorities, and 64 percent were male. The majority (40%) was 31 to 51 years of age, and 12 percent were veterans.

The changing patterns of homelessness between 2007 and 2008 also indicate how the economic crisis may be affecting homelessness in America. For example, many more homeless persons are entering the shelter system directly from homes — after wearing out their welcome with family and friends or coming from stable living arrangements where they lived for a year or more.

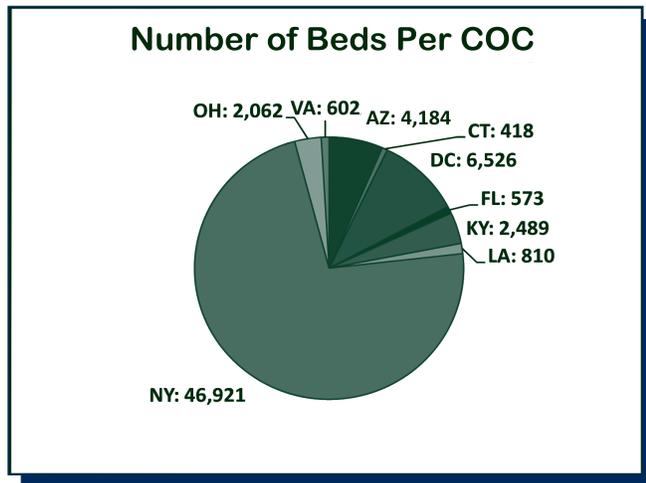
Other findings include:

- On a single night in January 2008, approximately 664,000 individuals (either sheltered or unsheltered) were homeless, down about 7,500 people (or 1%) from the previous year.

■ The heaviest concentrations of homeless people in shelters and on the street continued to be in urban areas. One in five people homeless on a single night in January were located in Los Angeles, New York, and Detroit.

■ The number of people accessing residential programs in suburban and rural areas increased substantially, from 23 percent in 2007 to 32 percent in 2008.

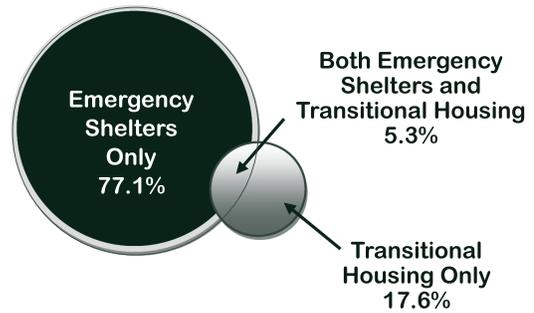
With its release of this report, HUD also began to measure homelessness on a quarterly basis, beginning with point-in-time data from January 2009 and HMIS data from the first quarter of the year. This project will help researchers better understand the impact of the current economic crisis on homelessness and track real-time changes. For this first assessment, data were gathered from a cross-section of nine rural, suburban, urban, and mixed jurisdiction localities and presented in *The Homelessness Pulse Project: First Quarterly Report*. The original nine, Phoenix/Mesa/Maricopa County, Arizona; Bridgeport/Stratford/Fairfield, Connecticut; the District of Columbia; Lakeland/Winterhaven/Polk County, Florida; the Kentucky Balance of State; Shreveport/Bossier/Northwest Louisiana; New York City, New York; Cleveland/Cuyahoga County, Ohio; and the counties of Richmond/Henrico, Chesterfield, and Hanover in Virginia, will expand to include more COCs.



Source: *The Homelessness Pulse Project: First Quarterly Report*, p.13.

This first survey reports only a fraction of what the *Pulse Project* will eventually reflect: reporting on new clients each quarter; breaking down the homeless population into individuals and families and by type

### Type of Program Used Among All Sheltered Homeless People, 2008



Source: *The 2008 Annual Homeless Assessment Report to Congress*, p. 36.

of shelter use (emergency or transitional); and detailing household types, prior living arrangements, and the stability of those arrangements. The reports will be enhanced with accounts by the COCs about their experiences, such as the observation by a shelter manager in Louisiana regarding the absence of families entering shelter during the January point-in-time count and by a Virginia case manager who noted an increase in the number of new clients.

More information from the most recent studies of homelessness is reported in HUD's recently published *The 2008 Annual Homeless Assessment Report to Congress* and *The Homelessness Pulse Project: First Quarterly Report*, both of which are available as free downloads from HUD's Homelessness Resource Exchange at [www.hudhre.info/documents/4thHomelessAssessmentReport.pdf](http://www.hudhre.info/documents/4thHomelessAssessmentReport.pdf) and [www.hudhre.info/documents/HomelessnessPulseProjectJul09.pdf](http://www.hudhre.info/documents/HomelessnessPulseProjectJul09.pdf), respectively. **HU**

## HomeBase Focuses on Homelessness Prevention

**H**omeBase just keeps getting noticed. This innovative homeless prevention program in New York City (NYC) won the 2009 HUD Secretary's Opportunity and Empowerment Award, part of the American Planning Association's National Awards for Planning program. Two months later, on July 9, Mayor Michael R. Bloomberg, HUD

## HomeBase Focuses on Homelessness Prevention

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Secretary Shaun Donovan, and NYC Department of Homeless Services (DHS) Commissioner Robert V. Hess announced that HomeBase is receiving \$73.9 million in American Recovery and Reinvestment Act stimulus funds. About \$51.5 million will support HomeBase prevention efforts; \$22.4 million will sustain the city's closely related rapid re-housing efforts. This award makes NYC the nation's largest grantee of stimulus funds for homelessness prevention and rapid re-housing programs.<sup>1</sup>

HomeBase was the brainchild of former DHS Commissioner Linda Gibbs, who reasoned that data the city collected on the characteristics of the homeless who came to shelters could be used to prevent homelessness. DHS subsequently transformed its approach from reactive to proactive, and HomeBase became a national model. In 2006, the Harvard Kennedy School's Ash Institute chose the program as a finalist in its Innovations in American Government Awards. Many features of the HomeBase approach — such as stopping homelessness before it starts and using legal services and landlord mediation — were incorporated in the Homeless Emergency Assistance and Rapid Transition to Housing (HEARTH) Act, which became law on May 20, 2009.

“Through our innovative community-based prevention programs, we are working to keep families where they belong — in their homes,” said Mayor Bloomberg.

Since its inception, HomeBase has provided more than \$9.6 million in flexible, short-term financial assistance to families at risk of shelter entry. Through HomeBase, more than 15,300 households to date have received housing mediation assistance, financial counseling, and employment training. In each case, the program's work is considered a success if the individual or family stays out of shelter housing for a year. Of the assisted households, 9 out of 10 have remained in their homes a year after receiving service. At \$3,000 per household, the average cost of HomeBase services is just one-twelfth the cost of housing a family for one year in a conventional shelter.

HomeBase has three goals: to prevent homelessness from occurring, to minimize the length of stays in homeless shelters, and to prevent repeated shelter stays. The program stabilizes households by innovatively combining community-based service providers, a flexible array of services, and data analysis aimed at identifying clients and triggering housing interventions before a crisis occurs. Community organizations — such as Catholic Charities, Partnership for the Homeless, and Citizens Advice — identify families at risk of homelessness and enroll them in the program before they become homeless.



**A Focus on Safe Housing.** In 1998, the Center for Disease Control and Prevention awarded funds to 14 state health departments to implement Smoke Alarm Installation and Fire Safety Education programs. This initiative included installation of lithium-powered “10-year” smoke alarms in 427 homes considered to be at high risk for fires and injuries. The study monitored the performance and maintenance of the alarms by residents. Eight to 10 years after installation of these smoke alarms, 33 percent were functional, 37 percent were missing, and 30 percent were present but nonfunctional. The Evaluation of the “10-Year” Smoke Alarm Project by the National Center for Healthy Housing identifies factors contributing to missing, nonfunctional, and tampered-with alarms. The report can be downloaded, free of charge, at [www.nchh.org/Research/Archived-Research-Projects/Smoke-Alarm-Study.aspx](http://www.nchh.org/Research/Archived-Research-Projects/Smoke-Alarm-Study.aspx).

**HOMEBASE**  
Homeless Prevention Program

**“WE THOUGHT  
A SHELTER  
WAS OUR ONLY  
OPTION”**

**CALL 311 TODAY.**  
Homebase can help solve your housing crisis and prevent you from becoming homeless.

NYC  
Department of  
Homeless Services

*Strategically placed posters tell New Yorkers facing a housing crisis how to contact HomeBase.*

Once enrolled, clients have a counselor who acts as case manager to help families preserve their housing. Short-term, flexible financial assistance is available to those at risk of homelessness. HomeBase also works with homeless individuals and families who apply for shelter. In this circumstance, program activities called “diversion services” offer practical alternatives to entering a traditional shelter. For individuals and families that do become homeless, the emphasis is on rapid re-housing.

HomeBase tailors service plans to address each household’s needs. Counselors select from a range of applicable services: case management; legal services (anti-eviction); money management and household budgeting seminars; day care; job placement; and

education, such as job training, study for the General Educational Development (GED) tests, and English as a Second Language (ESL). HomeBase also refers clients to other programs such as mental health, substance abuse, and immigration service providers, all of which contribute to a long-term plan for housing stability.

Early identification of at-risk families is crucial to the HomeBase approach. This detection is based on an understanding of precipitating factors and high-risk populations, such as families who have been homeless before, who are sharing crowded housing, or whose head of household is young. Clients must also be at imminent risk of entering shelter, with a documented threat to housing stability; have household income that does not exceed 200 percent of the federal poverty level; and live in the HomeBase service area (anywhere in NYC) or be currently living in an institution and returning to the community.

To further promote homeless prevention services, DHS has launched a public education campaign in the community districts most at risk of homelessness to coincide with the peak shelter-demand season and the citywide expansion of HomeBase. Appealing posters tell people to dial 311 to speak with the nearest HomeBase location. Teaming up with other city agencies, including the Department of Health and Mental Hygiene, the campaign strives to reframe the purpose of shelter; engage former and likely shelter entrants in homelessness solutions before they reach the point of crisis; and engage community members, landlords, and service providers in homelessness prevention.

“Many New Yorkers now realize that temporary emergency shelter is not their only option,” said Commissioner Hess. “Every day, prevention efforts positively impact the lives of clients by offering the services they need to regain stability and maintain independence. Shelter is not a home, and through HomeBase we truly make a difference by helping families stay in their communities whenever possible.”

For more information, visit the NYC Department of Homeless Services at [www.nyc.gov/html/dhs/html/atrisk/homebase.shtml](http://www.nyc.gov/html/dhs/html/atrisk/homebase.shtml). **HU**

<sup>1</sup> Office of the Mayor, New York City, Press Release, 9 July 2009.

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## In the next issue of ... **RESEARCH** *Works*

- Increasing the supply of affordable rental units and owner-occupied affordable housing is a high policy priority for HUD. In the latest issue of *Cityscape: A Journal of Policy Development and Research*, scholars contribute research that identifies challenges to the affordable housing supply posed by outdated land use regulations, and that examines and tests various strategies for regulatory reform. In the November issue, we'll review this current body of research and present key findings.
- HUD is committed to the incorporation of healthy home principles into ongoing practices, enabling communities to build sustainable healthy home programs at the local level, and supporting research that leads to healthier, cost-effective housing, especially for low-income families. Community planners and policymakers will find a useful tool in a recent assessment of the state of healthy housing in the U.S., using American Housing Survey data on 20 key housing factors related to health. We'll review the study and its findings.
- Solar panel systems provide an affordable alternative for American homeowners burdened by the costs and environmental effects of heating and cooling their homes, as these systems significantly reduce both energy consumption and costs over time. We'll explore the benefits of this sustainable approach and examine how governments and communities are encouraging the adoption of solar panel systems to combat increases in electricity use and expenditures.
- Upgrading or improving an existing home's energy infrastructure can improve the efficiency of home energy consumption. Utilities, states, and regional organizations have all sponsored programs to stimulate consumer investment in residential, energy-efficient improvements with mixed success. One of the biggest challenges is to find ways to help low-income households with the highest energy cost burdens, those with poor credit, and/or those who rent. We'll discuss some ideas being tested for making energy efficiency upgrades affordable and review a demonstration of a tariffed installation program implemented by Midwest Energy How\$mart<sup>SM</sup> in central and western Kansas.

