

Section 1: Overview of the OMB Data Collection Package

This document presents Econometrica’s Draft OMB Clearance Package for carrying out an evaluation of the U.S. Department of Housing and Urban Development (HUD) Rural Innovation Fund (RIF). This evaluation is being performed under Contract No.: GS-10F-0269K. Section 1 includes a background on the project and the purpose of the evaluation, Section 2 includes information on the telephone survey instrument and the site visit discussion guide, Section 3 includes a completed Form 83-I (attached), and Section 4 includes the Request for OMB Approval Supporting Statement.

1.1 Background

Authorized by the 2010 Consolidated Appropriations Act (PL 111–117), the RIF provides funds to create sustainable communities by addressing community poverty and concentrated housing distress in rural areas. Since its establishment, the RIF has allocated \$31,355,236 in 51 grants.¹ Compared with its predecessor, the Rural Housing and Economic Development (RHED) program, the RIF provides more funding and places a greater emphasis on leveraging of funds. This emphasis on leveraging also distinguishes RIF from other Federal rural housing programs or rural economic development programs such as those managed by the U.S. Department of Agriculture (USDA), the Economic Development Administration, the Appalachian Regional Commission, and the U.S. Department of the Interior, as well as other HUD programs. Leveraging goals set by the RIF grantees ranged from 31 percent to nearly 6,000 percent of the grant amount.²

The RIF has three categories of funding: (1) Single-Purpose Grants (up to \$300,000) for more narrowly focused housing-related projects, (2) Comprehensive Grants (up to \$2,000,000) for projects that are broader in scope and may include such activities as economic development and infrastructure for housing, and (3) Economic Development and Entrepreneurship for Federally Recognized Indian Tribes (up to \$800,000) for business development activities by Federally Recognized Indian Tribes. In their applications, grantees included activities estimated to create more than 1,200 units of housing, as well as 500 jobs.³

Created in 1999 and eventually superseded by the RIF, the RHED—like the RIF—aimed at supporting local innovation in rural housing and economic development by building capacity at the State and local levels. Since the program’s inception, grantees have competed for approximately \$25 million in RHED funds annually, and 948 grants have been awarded.

Table 1 outlines the six primary activity types described in the Statement of Work (SOW). Funds for both programs have been used for a wide variety of housing-related, economic development, and infrastructure improvement activities, including acquisition, planning, construction, housing

¹ This amount includes additional recaptured funds from the RHED program that were made available for award through the RIF over and above its \$25 million appropriation.

² These numbers are illustrative only. Part of this evaluation is assessing the success grantees achieved in reaching their proposed leveraging goals and measuring the amount of funding leveraged.

³ Again, these numbers are illustrative. As with the proposed leveraging goals, this study will compare these goals with actual achievement and measure the quality of the achievement (e.g., permanent versus temporary jobs).

counseling, revolving loan funds, enterprise start-ups, and infrastructure construction. The activities outlined in the table will be used to guide the research and ensure reasonably comparable conclusions about the impact of higher levels of funding and capacity building on rural housing and economic development.

Table 1. The Initial Six RIF/RHED Activity Types⁴

Activity Type	Housing	Business Development	Infrastructure
Direct Production	1. Housing development and rehabilitation.	2. Specific business enterprise start-up.	4. Direct development of infrastructure improvements.
		3. Commercial real estate or infrastructure development to facilitate business activity.	
Lending and Investing	5. Loans to homeowners or multifamily rental projects.	6. Loans to business owners.	

Finally, for both the RIF and the RHED program, eligible grantees included local rural nonprofit organizations, community development corporations, Federally Recognized Indian Tribes, State housing finance agencies, and State community and/or economic development agencies. Additionally, both the RIF and the RHED program have given special focus to underserved areas of rural America. Both programs have paid particular attention to the following four hard-to-serve, high-needs areas:

1. Native American communities.
2. The Lower Mississippi Delta.⁵
3. Appalachian Regional Commission (ARC) distressed counties.⁶
4. The colonias.⁷

While overall many rural areas have experienced improvements in housing quality and infrastructure over the past decade, significant challenges remain for these communities. As part of this evaluation, Econometrica will pay special attention to grant recipients in these

⁴ The SOW precludes examining workforce development issues. However, this does not exclude examining the impact of loans to businesses and homeowners. Additionally, the specification of these six major categories does not preclude including other categories outside of those listed above. Econometrica will work with the Program Offices to create additional categories if appropriate and will strive to include as much grantee and activity information as possible.

⁵ As defined in the charter of the Delta Regional Authority, the Delta Region is made up of 250 counties and parishes bordering on or near the Mississippi River in eight States: Arkansas, Alabama, Kentucky, Illinois, Louisiana, Mississippi, Tennessee, and Missouri.

⁶ As laid out in the Federal legislation that created the ARC, Appalachia is defined as a 250,000-square-mile area that follows the spine of the Appalachian Mountains from southern New York to Mississippi. It includes all of West Virginia and parts of 12 other States: Alabama, Georgia, Kentucky, Maryland, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, and Virginia.

⁷ Section 916 of the National Affordable Housing Act of 1990 defines a *colonia* (in part) as a community in the State of Arizona, California, New Mexico, or Texas; within 150 miles of the United States–Mexico border; and determined to be a colonia on the basis of objective criteria, including lack of potable water supply, lack of adequate sewage systems, and lack of decent, safe, and sanitary housing. A similar definition has been used by the RHED program in its Notices of Funding Availability.

underserved areas when collecting data and comparing the effectiveness of various housing and economic development-related activities.

1.2 Purpose of the Evaluation

Overall, the purpose of this evaluation is to explore how the larger grant amounts available through the RIF have changed program activities, impacts, and outcomes relative to the RHED. Of particular interest is the amount of resources leveraged against the RIF relative to the resources leveraged by the RHED, the source of these leveraged funds, and the effect of these enhanced resources on the long-term capacity of the grantee to promote rural housing and economic development.⁸

The overall evaluation includes an analysis of HUD's administrative files on the grantees, site visits to a selection of RIF grantees, and telephone interviews with grantee administrators from both RIF and RHED grants. More information on study design is included in Section 1.3.2 below. This OMB Clearance Package directly addresses the Telephone Survey and Site Visit portion of the evaluation since these two data collection methods require asking the same set of questions to 10 or more people. This document provides a description of the sample selection methodology, a description of the process by which the surveys will be conducted, and a copy of the survey instrument and the site visit discussion guide. OMB Form 83-I and a Supporting Statement are included as well in Sections 3 and 4.

1.3 Research Objectives

This section summarizes the core research questions that will be addressed in this study. These objectives were arrived at through numerous discussions with HUD staff and have been refined through communication with RHED/RIF Program Office staff, internal and external stakeholders, and PD&R staff, as well as preliminary research activities conducted by the Econometrica team.

1.3.1. Focus of the Evaluation: Research Questions

Presented below are the three core research questions for this project, as stipulated by HUD in its RFP, along with our understanding of how we should approach these questions:

1. What types of projects do the RIF and the RHED fund, and who uses these programs?

In describing the RIF and RIF-funded activities, Econometrica will build a framework for comparisons between the RIF and the RHED. This descriptive analysis will address, at a minimum, the six activity types taken from the SOW and listed in Table 1. Each organization's status as a RIF grantee, a RHED grantee, or a participant in both programs will be included as well. Other activity types may also be considered based on our review

⁸ Since the RIF was authorized in 2010, we have only a limited time series to evaluate the effect of these program changes on the 51 RIF grant recipients. We hope that the much longer time series provided by the RHED will allow us to draw firmer conclusions about the effect of programmatic changes.

of the RHED/RIF program files. Work on this research question will also inform site visit selection.

2. How effective are leveraging requirements, and how successful are grantees at leveraging additional funding?

By necessity, because of the paucity of resources, rural housing and economic development organizations rely on the leveraging of funding and other resources to achieve their goals.⁹ The RIF differs from the RHED in the maximum grant size, and these larger grants affect grantee activities and outputs in many ways. Most prominently, the larger grant amounts could affect leveraging effectiveness by allowing grantees to undertake projects with significantly less leveraged funds or by stimulating additional leveraging for larger overall projects. As part of our research on leverage, we will also examine other available Federal programs for overlap or conflicts that inadvertently lessen their effectiveness.

3. What is the impact of larger grants through the RIF relative to project activities and outcomes, compared with the RHED?

The larger maximum grant amount in the RIF could have many effects, such as providing economies of scale, thereby allowing the more efficient production of housing and economic development outputs. Other impacts could include attracting new partners, prompting new project cash flow approaches, changing grantees' approaches to leveraging funds, and expanding the range and size of project activities and outcomes. Most of these impacts are related to grantee capacity, how it affects the success of a grant, and how it, in turn, is enhanced by a grant award.¹⁰ Econometrica will base research on this question on the descriptive analysis of, at least, the six activity types presented in Table 1. Grantees who received both RIF and RHED grants are key to this in-depth analysis, particularly those with multiple projects in the same activity type.

1.3.2. Overview of Study Design

To successfully address the research questions above, our evaluation will focus on all 51 funded RIF projects and a sample of RHED projects. To address the question of what types of projects the two programs fund and who uses them, this evaluation will collect data from a review of the RIF and RHED program files, semi-structured telephone interviews with RIF and RHED project directors,¹¹ and a selection of proposed site visits. To address the question of leveraging, this evaluation will analyze data collected from all the activities listed above, as well as examine other Federal rural housing programs and economic development programs.¹² Finally, to address

⁹ For simplicity, this evaluation defines *leveraging* as any project fund over and above the base grant award acquired after the acquisition of the grant. While this is a simple definition, our discussions with various rural housing and economic development stakeholders have led us to believe that it is the best option for allowing reliable data collection and comparability across grantees.

¹⁰ Although capacity is a complex concept, we anticipate breaking it down into two major areas: size and sophistication. A more detailed description of how we intend to measure the concept, based on our discussions with multiple rural stakeholders, is included in the DCAP.

¹¹ To clarify, we are proposing two separate samples for the RHED projects. The first is a random sample of the program *files* from which we will extract basic descriptive data on the grant projects *and* a purposive sample of the RHED grantee *administrators* that we will interview by telephone. This will become clearer through the document.

¹² To be clear, the Econometrica team recognizes that one of the unique aspects of the RIF and RHED programs is that they focus on linking housing and economic development together and that grantees were selected based, in

the impact of larger grants on project activities and outcomes, this evaluation will perform an in-depth analysis of the six activity types presented in Table 1 using the full range of data collected from all of the above data collection activities.

To complete the evaluation, our project team will engage in the following data collection and project activities:

- Meet with rural housing and economic development stakeholders, and gather information on appropriate outcome and output measures.¹³
- Review existing RIF and RHED program files, including RHED administrative files, to describe program activities. This file review will be supplemented by conversations with the RHED/RIF program staff and information available from other reports.
- Build a comprehensive database of the RIF and RHED programs based on the information extracted from the program files provided by the Program Offices and on any other documentation gathered from additional data collection efforts.
- Conduct an environmental scan of other rural housing programs and rural economic development programs that can be used to meet the same housing and development objectives as the RIF. This scan will include an indicator of program priorities and activities eligible under each program, distinguishing between programs that focus primarily on rural economic development and those that focus on rural housing. A draft of the data collection tool for this program inventory with the program characteristics to be collected is presented in Appendix G: Program Inventory.
- Gather information from RIF and RHED project managers—and other appropriate local officials—through semi-structured telephone interviews.
 - Interview samples will be separate and are expected to contain no overlap. The RIF sample will include administrators from all 51 RIF recipients.
 - According to data we have received through the RIF & RHED program offices, 23 of the 51 RIF grantees also received RHED grants. This group of 23 grantees will be eliminated from the purposive RHED sample. According to our data, there were 310 RHED grants awarded between 2005 and 2009 to 141 unique grantees.¹⁴ Our RHED sample will be drawn from these 141 organizations minus the 23 RIF grantees.
 - Our goal is to compare the experiences of administrators with each program, particularly in the areas of leveraging, capacity building, and community impact. Interview topics will include program effectiveness, program challenges, approaches to leveraging or blending funds, alternate sources of funding, whether RIF/RHED filled any unique project financing gaps, and outcomes and benefits.

part, on showing that linkage. During the examination of similar funding sources, we will make a point of highlighting their funding priorities and programmatic focus.

¹³ These stakeholders include representatives of other Federal programs with missions similar to those of the RIF/RHED, local/regional economic development entities, and nonprofit advocacy groups with a history of working effectively in rural communities.

¹⁴ See “RHED Telephone Survey Selection Criteria”, Section 4.B, pg 37.

- Conduct site visits to a purposive sample of RIF and RHED grantees (and projects) across the six activity types listed in Table 1.

1.4 Need for OMB Clearance

Under the Paperwork Reduction Act (PRA) of 1995, OMB requires the Department to clear the questionnaire or survey when asking the same questions of more than nine members of the public (non-Federal employees). The approval process, which is popularly known as the “OMB clearance process,” is extensive and time-consuming. It requires two *Federal Register* notices and a detailed application to OMB. The PRA requires that we furnish the information to the Departmental Paperwork Reduction Act Officer, within the Office of the Chief Information Officer for the Chief Information Officer’s (CIO) review and certification.¹⁵

The remainder of this document provides the necessary information for the OMB package, including the following items:

1. A facsimile of the Telephone Surveys and the Site Visit Discussion Guide, in Microsoft Word format – Section 2.
2. Related documents that will be used to transmit the instrument to the RIF/RHED respondents – Section 2.
3. A completed form OMB 83-I (Paperwork Reduction Act Submission), which is used to transmit the package to OMB for approval – Section 3.
4. The OMB supporting statement – Section 4

¹⁵ The provisions of the PRA are implemented under 5 CFR 1320.