



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

JUL 30 1970

Dear Mr. Finger:

We have made a survey of research and technology activities administered by the Office of the Assistant Secretary for Research and Technology, Department of Housing and Urban Development (HUD). Our survey was made pursuant to the Budget and Accounting Act 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

The Demonstration Cities and Metropolitan Development Act of 1966, as amended (42 U.S.C. 3372) directed the Secretary of HUD to:

- (1) "conduct research and studies to test and demonstrate new and improved techniques and methods of applying advances in technology to housing construction, rehabilitation, and maintenance, and to urban development activities;
- (2) "encourage and promote the acceptance and application of new and improved techniques and methods of constructing, rehabilitating, and maintaining housing, and the application of advances in technology to urban development activities, by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public; and
- (3) "require, to the greatest extent feasible, the employment of new and improved technology, techniques, materials, and methods in housing construction, rehabilitation, and maintenance under programs administered by the Department of Housing and Urban Development with a view to reducing the cost of such construction, rehabilitation, and maintenance, and stimulating the increased and sustained production of housing under such programs."

Currently, HUD's major research effort--"Operation Breakthrough"--is aimed at the establishment of self-sustaining mechanisms for producing new, marketable housing in increased volumes at controlled or reduced costs. Prior to the announcing of "Operation Breakthrough" in 1969, however, it did not appear to us, based on our analysis of research projects for which HUD had committed funds, that sufficient emphasis was being placed on research dealing with the volume production and cost of housing.

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Our analysis of HUD's research projects for the 3 years ended June 30, 1970, showed that, during fiscal year 1968, approximately half of HUD's research funds were committed to projects not related to the production of housing. During the latter part of that year, however, HUD established volume production of quality housing as a primary research goal and during fiscal years 1969 and 1970 there was a shift toward increased fund commitments for research related to the production of housing.

We believe that continuance of such emphasis would be in accordance with the priorities established by HUD for its research program and should be helpful in achieving the goal, established by the Congress, of producing 36 million standard units of housing over the decade beginning in 1968. While we recognize the need for HUD to have a comprehensive research program, we believe that emphasis should continue to be given the priority research area of housing production. In this regard HUD officials have testified before the House Committee on Appropriations that "Operation Breakthrough" represented 65 percent of HUD's fiscal year 1971 budget request for research funds and that over 75 percent of the funds requested for research would be devoted to housing.

In view of the shift toward increased emphasis on research related to the production of housing, and because "Operation Breakthrough" was still in its preliminary stage at the time of our survey, we have terminated our survey work and plan no further reporting on HUD's research and technology activities at this time. Review work by our staff may be programmed in this area at some future time.

We wish to acknowledge the cooperation given our representatives during the survey.

Sincerely yours,

Stanley S. Samuel
Max Hirschhorn
Associate Director

The Honorable Harold E. Finger
Assistant Secretary for Research
and Technology
Department of Housing and
Urban Development