

Hearing Statement
Subcommittee on Appropriations
Transportation, Housing and Urban Development
FY 2019 Budget Request
Department of Housing and Urban Development
Chairman Susan M. Collins
April 18, 2018
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The subcommittee will come to order. Good Afternoon, today I am pleased to welcome the Secretary of Housing and Urban Development, Dr. Ben Carson, to review the Department's fiscal year 2019 budget request. I am also very pleased to be joined once again by my friend, and our Ranking Member, Senator Jack Reed.

In prior years, this subcommittee has faced the threat of sequestration looming over our deliberations. Fortunately, the budget agreement reached in February established new budget caps for fiscal years 2018 and 2019 that will enable us to continue to make investments in housing and community development programs that are critical to millions of vulnerable Americans.

The recently enacted F.Y. 2018 Omnibus provided \$52.7 billion for HUD, which is \$4.7 billion above the F.Y. 2017 level. Increased funding will support critical infrastructure investments in communities through the HOME, Community Development Block Grant, and public housing programs. It also funds rental assistance for low-income families and seniors who would be at risk of homelessness without these programs.

The Administration's budget request for HUD is \$41.2 billion, a reduction of \$11.5 billion and nearly 22 percent below this year's enacted level. It includes several proposals that were rejected as part of the F.Y. 2018 deliberations, and I anticipate that many of these same program eliminations will once again be rejected. The request reflects a significant divestment, and in some cases abdication, of the federal role in housing and community development. The request assumes that state and local governments have the ability to make up for the loss of federal resources, but fails to identify just how this would be possible. Similarly, while I am a strong advocate for public-private partnerships, which are also a part of the Secretary's agenda, these partnerships do require public investments, which often are not included in the budget request.

Two of the programs that the Administration has once again requested the elimination of, C.D.B.G. and HOME programs. They are specifically designed to leverage funds to advance locally driven priorities. C.D.B.G. provides flexible funding to states and localities for critical water and sewer improvements, public services for the elderly, job training programs, and countless other worthwhile projects that serve low and moderate-income communities. This program has been remarkably effective over the years, because it is so flexible and it enjoys widespread support among members on both sides of the aisle.

Since 2005, C.D.B.G. has assisted nearly 1.5 million homeowners with services such as rehabilitation, downpayment assistance, and lead abatement; it has helped to create or retain more than 400,000 jobs; and it has benefited more than 45 million people through infrastructure improvements. HUD's own fiscal year 2019 performance plan shows that eliminating C.D.B.G. along with HOME would reduce the number of units the Department expects to make healthy, physically safe and lead-safe by two-thirds. This essential resource for state and local

governments lies at the heart of HUD's community development mission, and eliminating it would have a very real and significant effect on the lives of millions of Americans.

The HOME program is equally important for leveraging private dollars and promoting locally driven development. This program allows local governments to acquire, rehabilitate and construct affordable housing and provide rental assistance for low- and very low-income households. With every state suffering from a lack of affordable rental housing, we can simply not afford to lose a program that has been successful in bringing private investment to the table.

The budget request also proposes steep cuts to HUD's rental assistance programs. Funding for Section 8 voucher renewals is nearly \$900 million below current levels, and the request only provides 70 percent of the funds necessary for oversight, management, physical inspections, and assisting tenants with locating housing. Again this year, the request does not include funding for any new HUD-VASH vouchers. Those are the vouchers that are used to help homeless veterans. These vouchers have been critical in reducing veterans' homelessness by 46 percent since 2010.

Some of the proposed reductions to rental assistance would require withholding inflationary rent increases to property owners. Other savings are assumed from a legislative proposal that has yet to be submitted to Congress. While these reform proposals fall under the jurisdiction of the Banking Committee, the funding request to this Committee prematurely assumes that they will be enacted.

The Administration's request for public housing programs is a dramatic shift from current policy. The budget proposes to rescind the F.Y. 2017 funding for the Choice Neighborhoods Initiative, including funding that was recently awarded to Lewiston, Maine. I would say parenthetically that I had a roundtable with people in Lewiston recently who were so excited about the grant for the Choice Neighborhoods Program, because they saw it as revitalizing an entire neighborhood and that would attract other people to the neighborhood, it would cause children to grow up in a far better environment, it was aimed at not only rehabilitating housing but also creating more jobs and a more exciting, vibrant neighborhood, in which people could live.

The request also proposes the elimination of the Public Housing Capital Fund, while only funding the Operating Fund at 54 percent of projected needs. Any potential benefit from consolidating the operating and capital funds into a single funding stream is undermined by reducing the overall funding level. Neither residents nor taxpayers are well served by subsidizing poor quality housing.

The Administration's request for public housing, while inadequate, does acknowledge a broader role for the Rental Assistance Demonstration, or RAD program, to enable public housing units to convert to project-based Section 8. RAD, which was created by this Committee in 2012, has already leveraged more than \$5 billion in new private and public funds and facilitated a level of construction that would have taken Public Housing Authorities nearly 50 years to accomplish through the Public Housing Capital Fund.

More important, the RAD program has achieved these goals without increasing HUD's budget. The Administration's request to eliminate funding for the Capital Fund would, however, substantially reduce the intake of public housing into RAD from nearly 100,000 units per year, to only 30,000 units.

While I am deeply troubled by some of the budget proposals, I also believe that there are areas where HUD and this Committee clearly share common interests. These include reducing the risk of lead paint exposure, reducing regulatory burdens on Public Housing Authorities,

supporting the RAD and the Moving-to-Work programs, promoting self-sufficiency and addressing generational poverty, strengthening public-private partnerships, and continuing our efforts to reduce homelessness.

Mr. Secretary, I very much look forward to hearing from you on these issues, and I now turn to Senator Reed for his opening statement.