

**Written Testimony of Shaun Donovan
Secretary of the U.S. Department of Housing and Urban Development**

"HUD Sustainable Homes and Communities Initiative"

**Hearing before the Senate Appropriations Subcommittee on Transportation, Housing and
Urban Development, and Related Agencies**

Thursday, May 6, 2010

Chairman Murray, Ranking Member Bond and distinguished members of the Subcommittee, thank you for this opportunity to provide an update on HUD's expanding efforts to help urban and rural areas across the country create more sustainable homes and communities. Thanks to this Subcommittee's support, both through the American Recovery and Reinvestment Act and through this year's appropriation to support new sustainable housing and communities grant programs, we have been able to make substantial progress on an ambitious agenda in our first year. I am pleased to share with you today our early results and plans for the future.

My testimony has three main sections. The first highlights the results to date of HUD's Recovery Act investments in sustainable housing and communities, which has laid the foundation for much of our continuing commitment. The second summarizes the groundbreaking sustainability partnerships HUD has formed with other Federal agencies, building the framework for unprecedented collaboration and impact on the ground. The third describes the major activities HUD has underway, led by the new Office of Sustainable Housing and Communities, which will focus our efforts to ensure this agenda remains an enduring priority for the Department. First, however, I want to provide context for HUD's commitment in this area.

The Need for Federal Leadership to Advance Sustainable Homes and Communities

While the consequences of climate change are complex and far reaching, we know that the increasing emissions of greenhouse gases, the primary cause of global warming, are largely a result of energy use in our "built environment."

As a Federal cabinet agency focused on the built environment, strengthening communities, and expanding opportunity for all Americans, HUD recognizes the urgent need for aggressive action

to combat climate change. The positive news, and the powerful opportunity, is that we can cut greenhouse gas emissions, while creating jobs and expanding opportunity for all Americans through proven strategies for creating more sustainable homes and communities.

Residential housing and the built environment are major contributors to energy consumption and global warming. Residential buildings alone account for 20 percent of U.S. carbon emissions, with the vast majority coming from detached single-family houses. It may be surprising to many, but all types of buildings combined actually account for more emissions than the entire transportation sector. The transportation sector accounts for about another third of carbon emissions, among many factors because sprawling development patterns separate jobs and houses that, without adequate public transportation systems, necessitate long commutes and increased dependence on car travel.

This is no coincidence. During the housing boom, many real estate agents suggested to families that couldn't afford to live near job centers that they could find a more affordable home by living farther away. Lenders bought into the "Drive to Qualify" myth as well -- giving easy credit to homebuyers without accounting for how much it might cost families to live in these areas or the risk they could pose to the market. While some homebuyers were aware of the risk they were taking on, others were not. And all of these families found themselves vulnerable to gasoline price fluctuations, as they drove dozens of miles to work, to school, to the movies, to the grocery store, spending hours in traffic and spending nearly as much to fill their gas tank as they were to pay their mortgage. And some places more -- like Atlanta, where housing and transportation costs total 61 percent of family income or East Palo Alto, California where they consume over 70 percent of family budgets.

The social equity implications of current growth patterns have also become more apparent. As metropolitan areas continue to sprawl outward and jobs become increasingly dispersed, fewer low-wage earners and renters are able to find housing near their work. Nationally, 45 percent of all renters and two-thirds of low-income renters live in central cities. Low-income families, many of them minorities, live in neighborhoods that limit access to quality jobs, good schools and opportunities to create wealth. Indeed, some studies have found that zip code predicts poor educational, employment, and even health outcomes. The unbalanced nature of metropolitan housing development has strained urban, suburban and rural household budgets, as commutes

lengthen: the combination of housing and transportation costs now average a combined 60 percent of income for working families in metropolitan areas.

With few exceptions, the Federal government has historically not been up to the task of addressing these critical trends. Federal programs dealing with housing, transportation and energy issues remain largely separate from each other, precluding smart, integrated problem solving. Federal policies and rules are narrowly defined, poorly coordinated and often work at cross purposes. The silo driven nature of Federal policies and programs extends to planning, data collection, performance measurement and research and evaluation. To address these and other issues, the administration has launched the first comprehensive review of “place based” Federal policies since the Carter Administration, with sustainability as a central focus -- asking each agency to determine whether Federal policies enable and encourage locally-driven, integrated, and place-conscious solutions, or obstruct them.

Place of course is already at the center of every decision HUD makes. Today, HUD’s programs reach nearly every neighborhood in America; 58,000 out of the approximately 66,000 census tracts in the U.S. have one or more unit of HUD assisted housing. Now we have seized this opportunity to renew our focus on place, to better nurture sustainable, inclusive communities across America's urban, suburban, and rural landscape.

A major component of HUD's place-based approach involves making communities sustainable for the long-term. For HUD, “sustainability” includes improving building level energy efficiency, cutting greenhouse gas emissions through transit-oriented development, and taking advantage of other locational efficiencies. Critically, we believe sustainability also means creating "geographies of opportunity," places that effectively connect people to jobs, quality public schools, and other amenities.

But it’s not just about what we think at HUD or in the Federal government. Sustainability means different things to different kinds of communities. If you asked John Hickenlooper, the Mayor of Denver, where they are building more than 100 miles of new light rail, commuter rail, and bus rapid transit lanes, linking the 32 communities surrounding Denver proper, he'd tell you sustainability is about building inclusive neighborhoods of opportunity -- binding communities to work together as a region so that they not only share problems, but solutions as well. If you

asked Dan Kildee, who was Genesee County Treasurer for many years, he'd tell you sustainability is about the very economic survival of a city like Flint, Michigan -- where years of population loss and economic decline have left a surplus of housing and more vacant land than can be absorbed by redevelopment. For Flint, sustainability is about being smaller but stronger and smarter.

And so, the federal role within each of these efforts is clear: not to dictate what localities can and can't do or how to do it, but rather offering them the resources and tools to help them realize their own visions for achieving the outcomes we all want: less time commuting and more time with family, neighborhoods where kids can play outside and breath clean air, and communities with opportunities for people of all ages, incomes, races and ethnicities.

Partnering with communities so they can make choices that work for them—for their needs, and their marketplaces—is an example of what I would call a “New Federalism” that President Obama is proposing -- and it's something we are committed to practicing at HUD.

Laying the Foundation: Recovery Act Investments in Sustainable Homes and Communities

HUD has played a key role in implementing the Recovery Act, which, according to the Council of Economic Advisors, is already responsible for putting about 2.5 million Americans back to work, putting the nation on track to create or save 3.5 million jobs by the end of the year.

HUD has now obligated 98 percent of the \$13.6 billion in Recovery Act funds stewarded by the Department - and disbursed over \$3.9 billion dollars. Nearly all of HUD's Recovery Act funding is fully paid out, or expended, only once construction or other work is complete-just as when individual homeowners pay after they have work done on their homes. Therefore, HUD's obligated but not yet expended funds are already generating jobs in the hard hit sectors of housing renovation and construction.

While our top priority with Recovery Act funds is creating jobs and economic activity, we are also seizing the opportunity to lay a foundation for HUD's new direction in our Recovery Act investments. When President Obama signed the Recovery Act into law last year, it was designed to do three things: create jobs, help those harmed by the economic crisis, and lay a new

foundation to make America competitive in the 21st century. By putting people back to work greening homes in cities like Philadelphia and building high-speed rail in places like Milwaukee and Madison, this Administration is using our response to the economic crisis as a catalyst to build good neighborhoods, more resilient communities, and the strong, interconnected regional backbones our economy needs to create and sustain these jobs.

Nearly one-third of HUD's Recovery Act funds can be used for "greening" America's public and assisted housing stock, making homes healthier and more energy efficient. At the same time, this investment will prepare a new generation of professionals, from mechanics and plumbers, to architects, energy auditors, and factory workers building solar panels and wind turbines, all of whom are needed to design, install, and maintain the first wave of green technologies.

These investments include:

- \$600 million for energy retrofits of 226 public housing developments and 35 more green newly constructed and substantially rehabilitated public housing developments.
- \$500 million for housing on Native American lands, which HUD is encouraging and supporting Tribal housing groups to provide in an environmentally sustainable manner.
- \$250 million for green retrofits of 16,600 units of privately owned HUD-assisted housing. (HUD received applications for more than \$700 million.)
- \$100 million to eradicate lead paint and create healthy homes.

Importantly, energy efficiency and other environmental criteria – and results – are also present in larger HUD programs funded by the Recovery Act, such as \$3 billion in formula funding for public housing and \$2 billion through the Neighborhood Stabilization Program.

The Recovery Act investments we are making to help families and communities save energy and live in healthier homes are teaching us what works and how we can be a more effective partner to builders, owners and residents who want the opportunity to live in greener communities. These lessons and feedback from our partners are informing and improving our continuing efforts to increase environmental benefits, lower costs, and measure the benefits in affordable housing.

Building the Framework: HUD's Sustainability Partnerships with Other Agencies

Creating more sustainable housing and communities at scale – making sustainability the “default option” for our partners and the people we serve – requires an interdisciplinary approach and intense collaboration across the traditional silos of Federal policy. That is why we are so pleased to be working closely with a number of Federal agencies to leverage the skills, resources and partnerships that each can bring to truly transforming our built environment.

As you know, HUD, the Department of Transportation (DOT) and the Environmental Protection Agency (EPA) have formed the Interagency Partnership for Sustainable Communities to help improve access to affordable housing, expand transportation options and lower transportation costs while protecting the environment in communities nationwide. Through a set of guiding Livability Principles and a partnership agreement that frames our collective efforts, the partnership is coordinating Federal housing, transportation, and other infrastructure investments to an unprecedented extent to protect the environment, promote equitable development, and help to address the challenges of climate change. When it comes to housing, environmental, and transportation policy, it is time the Federal government spoke with one voice. (The Livability Principles are attached as Appendix A.)

Having served in, and worked with, various levels of government for many years, I can say that the extent of collaboration and cooperation among our agencies has been nothing short of remarkable—starting at the senior leadership level where Secretary LaHood, Administrator Jackson and I have developed an excellent working relationship, and extending to the staff in each agency. Every day, we are getting better at aligning where it makes most sense and assigning specific responsibilities to the appropriate agency based on resources and expertise. One example was DOT’s inclusion of HUD and EPA in the review of competitive applications for DOT’s \$1.5 billion TIGER Grant program funded under the Recovery Act. We would by no means suggest that we have perfected the collaborative approach. Decades of statutes, regulations and habits, in some cases, create real challenges to the partnership results all three of our agencies aspire to achieve. But the good news is we are making consistent progress, moving forward despite the barriers, and we always welcome ideas and assistance from interested parties, including this Subcommittee.

Another exciting example is the partnership between HUD and the Department of Energy that is working to increase energy efficiency in affordable homes and apartments. One joint project is

to develop a streamlined, low-cost, consumer friendly tool to provide homeowners with better information about their home's energy use, options for saving energy, and the cost savings that would result. We are also exploring options for providing financing for consumers to pay for the cost of energy saving home improvements, described more below.

HUD's partnership with DOE is delivering results in multifamily low-income housing as well. Our agencies have worked together to eliminate duplicative and unnecessary rules that impeded the use of Federal Weatherization Assistance Program funds to retrofit multifamily properties. Thousands of low-income families are now in better position to benefit from the \$5 billion in Weatherization funds provided under the Recovery Act as a result.

For instance, Rhode Island's Office of Energy Resources, has allocated \$7 million to weatherize multifamily housing – this set aside was in response to the HUD/DOE MOU published in May of last year. Rhode Island anticipates a large number of applications for this program.

Colorado is allocating \$80 million for its weatherization program. GAO and IG reports have identified Colorado as a high performing state. Currently, about \$30 million of the ARRA funding has been expended to weatherize multifamily homes throughout the state.

In addition, I have appointed Deputy Secretary Ron Sims to represent HUD on the Steering Committee for the White House Council on Environmental Quality, the Office of Science and Technology Policy, and the National Oceanic and Atmospheric Administration interagency process to produce a set of recommendations for Federal actions that will help society adapt to climate change. This group is developing recommendations on how Federal agencies can effectively create and implement climate change adaptation policies and strategies.

Other similar partnerships are in formation or early development. We are especially optimistic about potential collaboration with the Department of Agriculture to ensure we are as effective in helping deliver sustainability solutions in rural areas and small towns as we are in larger and more urban communities.

Ensuring HUD's Long Term Leadership on Sustainable Homes and Communities

Thanks to this Subcommittee's support, we have created a new office that will ensure that the foundation laid by our Recovery Act investments, and the framework we are building in

partnership with other agencies, is buttressed and built upon by institutionalized capacity within HUD. The Office of Sustainable Housing and Communities, under the direct supervision of Deputy Secretary Sims, will help provide and expand that capacity among HUD staff and stakeholders.

Shelley Poticha, nationally recognized for her leadership to create more location efficient communities, is in place as Director of the office and we have begun to assemble a talented team that brings the technical skill sets and deep commitment our sustainability initiatives demand. Just as important, we are creating teams of staff in HUD's regional and field offices to serve as partners and points of contact with stakeholders in our sustainability agenda, listening to local ideas and delivering HUD's solutions in real time. Staff playing these roles will be current HUD employees who are trained in additional skills and work with their colleagues from DOT, EPA and other agencies in our communities.

The office has already made significant progress advancing several new initiatives totaling \$200 million. This Subcommittee's early support for these initiatives will be key to their ultimate success. First is the Sustainable Communities Regional Planning Grant Program, which will provide a total of \$100 million to a wide variety of multi-jurisdictional and multi-sector partnerships and consortia at the regional level, from Metropolitan Planning Organizations and State governments, to non-profit and philanthropic organizations and another \$40 million to foster reform and reduce barriers, at the local level, to achieve affordable, economically vital and sustainable communities. These grants will be designed to encourage regions and local jurisdictions to build their capacity to plan for integration of economic development, land use, transportation, and water infrastructure investments, and to combine workforce development with transit-oriented development. Second is the \$50 million Energy Innovation Initiative to enable the Federal Housing Administration (FHA) and the Office of Sustainable Housing and Communities to catalyze innovations in the residential energy sector that can be replicated and help create a standardized home energy efficient retrofit market. Finally, another \$10 million is set aside for research on a transportation/housing affordability index. I will discuss these initiatives in greater detail below.

Sustainable Communities Regional Planning Grants

For the first time ever, we will provide Federal money to support planning grants that will be selected not only by HUD, but also by DOT and EPA – because when it comes to housing, environmental and transportation policy, it’s time the Federal government spoke with one voice.

As indicated above, the first \$100 million in funding is for regional integrated planning initiatives through a Sustainable Communities Planning Grant Program. The goal of the Program is to support multi-jurisdictional regional planning efforts that integrate housing, economic development, and transportation decision-making in a manner that empowers communities to consider the interdependent challenges of economic growth, social equity and environmental impact simultaneously. We are committed to encouraging these regions to engage residents and other local stakeholders to build long-lasting alliances.

HUD recognizes that while the core principles of the program are not new, the Federal government has never attempted to directly support local leaders in articulating and realizing them. In recognizing that we can learn from our leaders on the ground, we issued an Advanced Notice and Request for Comment for the program. We invited feedback through a new online “Wiki” accessible via HUD’s website (www.hud.gov/sustainability) and through an extensive listening tour around the country. We want communities to tell us what works, what doesn’t work, and how we can build sustainably. Just as importantly, we hope to send a very important signal that we in the Obama Administration are serious about being the kind of partner that listens and learns.

We received over 900 written comments, met with over 1,000 stakeholders in seven listening sessions, and staged webcasts that touched thousands more. The feedback we received was overwhelmingly positive—from the mayors and other elected officials of both small and large communities, to business leaders in growing regions, to governors of states that have been hit hard economically.

One example of this how this feedback changed our thinking is with respect to small towns and rural areas. The White House convened a special focus group to discuss the needs of such communities. In those sessions, we heard concerns that larger communities and central cities would receive preference for these funds despite the great need in rural America.

Indeed, Madam Chairwoman, while rural communities generally do not have access to public transportation, at HUD we recognize that these residents still face unique challenges when it comes to accessing health care, grocery stores, adult education opportunities, among other things. We are very much aware that there are high rates of poverty and inadequate housing in rural areas.

That is why we are looking at creating a separate, special funding category for small towns and rural places as we prepare the Notice of Funding Availability (NOFA) for the FY 2010 Sustainable Communities Regional Planning Grant funds -- and, indeed, are incorporating many of the ideas submitted to us.

HUD formed an interagency team to draft the NOFA. This team included deep engagement from staff within the Federal Transit Administration and Federal Highway Administration within DOT; EPA's Brownfields, Water, and Smart Growth offices; all of HUD's key program offices; the Office of Management and Budget; and the Domestic Policy Council within the White House.

We also consulted with the Department of Agriculture, the Federal Emergency Management Agency, the Department of Education, and the National Endowment for the Arts. Our FY 2010 NOFA is now in clearance. Applicants will be given at least 60 days to submit proposals. With DOT and EPA, we aim to announce approximately 40 winners—from small and rural areas, mid-sized regions, and large metropolitan areas.

The \$100 million investment from this fund could potentially be game-changing and will leverage additional public and private dollars. We will also be working hard and listening closely to ensure it is truly useful for rural and smaller communities, as well as larger ones. The program is designed to address the needs of places that are just starting to think about more sustainable growth and development, as well as those that are more advanced. Congress has directed us to share our plans for the entire Sustainable Communities Initiative and we will submit a formal report on our plans to the Subcommittee.

Finally, as briefly noted above, with \$10 million of the Office of Sustainable Housing and Communities' budget, we are working with the Department of Transportation and the Environmental Protection Agency to develop an Affordability Index to educate consumers who

want to buy homes in more sustainable places by accounting for that housing's proximity to jobs and schools. Congressman Blumenauer is preparing legislation on this subject and we look forward to continuing to discuss this proposal with him going forward.

Community Planning Challenge Grant Program

HUD's FY 2010 budget provided \$40 million to support the detailed planning and code reform efforts that cities and counties must undertake to realize their sustainability goals. Consistent with the Administration's intent to be more transparent and "user-friendly," HUD has chosen to issue a joint NOFA with DOT for its "TIGER II" planning grant program (up to \$35 million.) This NOFA will be published at the same time that DOT publishes its TIGER II Capital Grants NOFA. The key difference between the DOT planning grant program and HUD's Community Planning Challenge Grant program is in the types of activities that could be funded. DOT's program funds planning activities that relate directly to a future transportation capital investment, while HUD's program funds land-use related planning activities that would be linked to a future transportation investment. HUD and DOT will jointly develop selection criteria that will apply to all proposals submitted in response to the joint NOFA and will jointly review the proposals.

DOT and HUD believe there is great value in aligning the two planning programs in order to create synergies between transportation and land use planning and to set the stage for future linkages between the three Partnership agencies' various programs. Furthermore, we believe this proposal has the potential to encourage and reward more holistic planning efforts and result in better quality projects being built with Federal dollars.

Energy Innovation Grants

Another area where the Office of Sustainable Housing and Communities is focused is scaling up energy efficiency in affordable housing. Our FY 2010 appropriation includes \$50 million for an Energy Innovation Fund. Pursuant to Congress' direction, we are developing new and innovative low-cost financing for single- and multi-family programs, including taking an Energy Efficient Mortgage product to scale that would allow homeowners to wrap energy improvements into property tax assessments where the up-front cost can be amortized.

In both cases, our aim is to use these Federal funds to pilot approaches that FHA and the private sector financial institutions will take to greater scale in the market.

Under the leadership of the Office of Sustainable Homes and Communities, HUD has also launched a transformative program to develop uniform investment policies, performance goals, and reporting and tracking systems to support national objectives for energy efficiency. HUD is working together with DOE to support the achievement of the President's goal of weatherizing one million homes per year by enabling the cost effective energy retrofits of a total of 1.2 million homes in FY 2010 and FY 2011. As part of this initiative HUD intends to complete cost effective energy retrofits of an estimated 126,000 HUD-assisted and public housing units during this time.

As we are developing new approaches to the Energy Efficient Mortgage, we are also exploring the potential for Location Efficient Mortgages (LEM's). LEM's take into account the lower costs of transportation in transit rich, walkable communities. This is part of a larger effort that HUD is considering housing affordability through the lens of the combined costs of housing (including utility costs) and transportation, rather than looking at them separately. This work, while early in the research and development stage, holds significant promise. These efforts are motivated by a belief that markets work best when there is reliable and useful information for consumers and communities alike—and that by making information on utility and transportation costs widely available, we can drive a much broader scale of change than government ever could alone, ensuring that we never again foster a culture of "Drive to Qualify."

As you know, we are requesting \$150 million for the second year of the Sustainable Communities Initiative. Additionally, Senator Dodd and Rep. Perlmutter have introduced legislation that would make some of our initiatives permanent, and we will work in consultation with the two authorizing committees as the legislative process moves forward. Working closely with this Subcommittee and the authorizing committee, we would use these funds for the following:

- A second round of Sustainable Communities Planning Grants administered by HUD in collaboration with DOT and EPA. As described above, these grants will catalyze the next generation of integrated metropolitan transportation, housing, land use and energy

planning using the most sophisticated data, analytics and geographic information systems. Better coordination of transportation, infrastructure and housing investments will result in more sustainable development patterns, more affordable communities, reduced greenhouse gas emissions, and more transit-accessible housing choices for residents and firms.

- Additional investment in Sustainable Communities Challenge Grants, also as described above, to help localities implement Sustainable Communities Plans they will develop. These investments would provide a local complement to the regional planning initiative, enabling local and multi-jurisdictional partnerships to put in place the policies, codes, tools and critical capital investments needed to achieve sustainable development patterns.
- The creation and implementation of a capacity-building program and tools clearinghouse, complementing DOT and EPA activities, designed to support both Sustainable Communities grantees and other communities interested in becoming more sustainable. HUD's focus will be on buttressing the capacity of land use and housing stakeholders, while DOT will focus on building capacity and providing tools for transportation professionals. EPA will bring their decade-long expertise in technical assistance and research to the Partnership.
- A joint HUD-DOT-EPA research effort designed to advance transportation and housing linkages at every level where our agencies work together.
- All three agencies will collaborate on providing guidance to FY 2011 Sustainable Communities grantees to assist them to implement their projects and programs.

I also would like to say a word about the various roles of the three agencies within the interagency partnership. Each agency has clear and defined roles: HUD will take the lead in funding, evaluating, and supporting integrated regional planning for sustainable development, and will invest in sustainable housing and community development efforts. DOT will focus on building the capacity of transportation agencies to integrate their planning and investments into broader plans and actions that promote sustainable development, and investing in transportation infrastructure that directly supports sustainable development and livable communities. EPA will

provide technical assistance to communities and States to help them implement sustainable community strategies, and develop environmental sustainability metrics and practices. The three agencies have made a commitment to coordinate activities, integrate funding requirements, and adopt a common set of performance metrics for use by grantees.

Allow me to explain to the Subcommittee how our interagency collaboration—and your support—is already producing results. In the first round of DOT’s TIGER grant program under the Recovery Act, DOT awarded \$25 million for the Woodward Avenue streetcar project in Detroit. Both HUD and EPA brought critical information and perspectives to the table when the three agencies reviewed Detroit’s application. HUD was able to bring to DOT’s attention community development activities already planned or underway in the Woodward Avenue corridor. EPA was able to highlight Brownfield remediation efforts in the vicinity of the project which will allow abandoned properties along the streetcar line to be “recycled” for economic development and affordable housing. In the past, DOT would not have had access to this information and a project with so much promise might not been selected.

This is a prime example of how I believe, Secretary LaHood believes, and President Obama believes, federal agencies must begin to partner with one another to make the biggest possible impact on the ground.

Finally, I want to say that with our Choice Neighborhoods demonstration, which will be soon underway, HUD will be aiming to prove that neighborhoods can be a platform for a new kind of sustainability -- bringing to bear private capital and mixed-use, mixed income tools to transform all housing in a neighborhood.

But creating true neighborhoods of choice--where lower-income families can find opportunity and higher income families would choose to live, for their location, their uniqueness, and their amenities--requires we bring HUD's fair housing policies, which have remained largely unchanged since the Fair Housing Act was passed in 1968, into the 21st century.

With consultation from Ron Sims, HUD's Assistant Secretary of Fair Housing and Equal Opportunity, John Trasvina, is adopting a broader definition of fair housing that includes not

only the racial makeup of housing, but also its orientation to opportunity -- to public transportation and job centers.

Armed with this broader set of criteria with which we can better understand segregated development patterns, HUD can not only help communities identify longstanding demographic and development challenges with new technologies such as geospatial data analysis -- more importantly, we can help them with new development strategies and targeted technical assistance. This is not just enforcement -- but what the law calls "Affirmatively Furthering Fair Housing."

Building on this direction, Deputy Secretary Sims and I have instructed Shelley to collaborate with Assistant Secretary of Community Planning and Development Marquez toward that end as we develop HUD's new Consolidated Plan.

With housing-specific resources like vouchers, counseling and Choice Neighborhoods, to new financing tools for transit-oriented development, to incentives that encourage the repurposing of polluted land for affordable housing development, we can help communities coordinate the use of all available resources to turn segregated neighborhoods of concentrated poverty into integrated, healthy, sustainable communities.

That is why I believe this office reinforces President Obama's commitment to ensuring all Americans have the opportunity to participate in real community change.

Conclusion

My testimony today has focused largely on the work and agenda of HUD's Office of Sustainable Housing and Communities. We recognize that \$150 million alone is not sufficient to meet the demand for sustainable communities. That is why I believe the real size of my sustainable budget is really \$44 billion. That is the size of HUD's Fiscal Year 2010 budget -- and we intend to begin using every dollar of it to put more power in the hands of communities and more choices in the hands of consumers.

These efforts are motivated by a belief that when you choose a home, you don't *just* choose a home. You also choose transportation to work and to school. You choose public safety for your

children. You choose a community—and the choices available *in* that community. And I believe that our children's futures should never be determined—or their choices limited—by their zip code.

We want to again express our deep appreciation for the Subcommittee's support for this bold, and necessary, new initiative. As I say frequently, our ultimate goal is to harness the entire HUD budget as a force for creating greener homes and communities everywhere in America. We look forward to working with the Subcommittee to advance that goal and I look forward to our continued progress through the proposals outlined in the fiscal year 2011 Budget.

Appendix A

HUD-DOT-EPA Interagency Partnership for Sustainable Communities

Livability Principles

June 16, 2009

Provide more transportation choices. Develop safe, reliable, and economical transportation choices to decrease household transportation costs, reduce our nation's dependence on foreign oil, improve air quality, reduce greenhouse gas emissions, and promote public health.

Promote equitable, affordable housing. Expand location- and energy-efficient housing choices for people of all ages, incomes, races, and ethnicities to increase mobility and lower the combined cost of housing and transportation.

Enhance economic competitiveness. Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services and other basic needs by workers, as well as expanded business access to markets.

Support existing communities. Target Federal funding toward existing communities—through strategies like transit oriented, mixed-use development, and land recycling—to increase community revitalization and the efficiency of public works investments and safeguard rural landscapes.

Coordinate and leverage Federal policies and investment. Align Federal policies and funding to remove barriers to collaboration, leverage funding, and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy

Value communities and neighborhoods. Enhance the unique characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban.