

**STATEMENT OF
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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
BEFORE THE
COMMITTEE ON APPROPRIATIONS,
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT,
AND RELATED AGENCIES
U.S. SENATE
PRESIDENT BIDEN'S FISCAL YEAR 2023 BUDGET**

May 12, 2022

Chairman Schatz, Ranking Member Collins, and distinguished Members of the Subcommittee. Thank you for the opportunity to testify today in support of President Biden's 2023 Budget for the Department of Housing and Urban Development (HUD). The support of this Subcommittee is critical to ensuring that every American has a roof over their head and can live in communities that are strong and resilient.

HUD's mission is central to achieving the President's vision to build a better America—to ensure that every person has a shot to get ahead, to address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis, to expand on the historic progress our country has made over the last year and deliver the agenda he laid out in his State of the Union address—to build a better America, reduce the deficit, reduce costs for families, and grow the economy from the bottom up and middle out.

This Budget tells the American people that the President, and our agency, view housing as critical to addressing our nation's most urgent challenges. This Budget will help us provide security and stability for those who live on the outskirts of hope, advance opportunity and equity on behalf of marginalized communities, and meet the existential threats posed by natural disasters and climate change.

President Biden's 2023 Budget

The 2023 President's Budget requests \$71.9 billion for HUD, approximately \$11.6 billion more than the 2022 annualized continuing resolution (CR) level. The Budget outlines an ambitious agenda to address challenges our nation faces, from climate change and housing discrimination to housing shortages and homelessness.

The Budget makes critical investments in the American people that will help lay a stronger foundation for shared growth and prosperity for generations to come. For HUD and those it serves, the Budget provides:

- \$32.1 billion for the Housing Choice Voucher Program;
- \$3.6 billion to provide housing and services to individuals and families experiencing homelessness;
- \$1.1 billion in targeted climate resilience and energy efficiency improvements in public housing, tribal housing, and other assisted housing;
- \$400 million to remove dangerous health hazards from homes, including mitigating threats from fire, lead, carbon monoxide, and radon;
- \$86 million for Fair Housing programs to redress discriminatory housing practices; and
- \$2.2 billion for Management and Administration expenses.

The President's 2023 Budget supports authorizing the Community Development Block Grant-Disaster Recovery (CDBG-DR) program in line with the four guiding principles outlined in the Budget. For more than twenty years, the Congress has appropriated emergency supplemental funds to HUD in response to major disasters to address the long-term disaster recovery needs of States, territories, local governments, and Tribes. Authorization would improve the transparency and predictability of CDBG-DR funds for impacted communities.

At HUD, we understand that our homes represent more than four walls and a roof. A good home can serve as a platform for economic opportunity, good health, and strong families. How can a person hold down a job or take care of their health or children if they do not have a bed, shower, or stove?

To further HUD's mission through this Budget, I have outlined five priorities:

- Support Underserved Communities and Equitable Community Development
- Increase Supply and Availability of Accessible, Affordable Housing
- Promote Homeownership Opportunities and Wealth-Building
- Advance Sustainable Communities, Climate Resilience, and Environmental Justice
- Strengthen HUD's Internal Capacity to Deliver Its Mission

Support Underserved Communities and Equitable Community Development

The Budget fortifies support for underserved communities and supports equitable community development for all people. To quickly house more people experiencing housing insecurity, the Budget provides \$32.1 billion for the Housing Choice Voucher Program, which accommodates 200,000 new vouchers, giving individuals and families across the country the opportunity to move off incredibly long waitlists and into safe, decent housing. In addition, families will be supported by the proposed \$491 million in mobility services that will help them move to affordable homes in neighborhoods with greater opportunities.

The Budget provides \$8.8 billion for the Public Housing Fund, which provides grants to Public Housing Authorities to operate, maintain, and make capital improvements for the approximately 1.7 million residents of public housing. The Budget also addresses the nation's homelessness crisis, providing \$3.576 billion, an increase of \$576 million, for Homeless Assistance Grants. Additionally, the Budget provides \$3.8 billion for the Community Development Block Grant (CDBG) Program, including \$195 million in targeted resources to remove barriers and revitalize 100 of the most historically underserved neighborhoods in the United States, and \$86 million for fair housing programs for targeted and coordinated enforcement, education, and outreach.

Increase Supply of and Access to Affordable Housing

In 1970, this nation had a surplus of 300,000 affordable housing units. Today, there's a shortage of millions of units. For every 100 extremely low-income renters, there are only 37 rentals available. The Budget works to ensure that housing demand will be matched by adequate production of new homes and equitable access to housing opportunities for all people. Additionally, the Budget provides \$2 billion for the HOME Investment Partnerships (HOME) Program,

which has long served as an anchor of the nation's affordable housing system. The Budget proposes \$15 billion to fully fund renewals and amendments in Project-Based Rental Assistance, Housing for Persons with Disabilities, and Housing for the Elderly Programs, along with \$180 million for new development of approximately 2,000 new units of Section 202 Housing for the Elderly and Section 811 Housing for People with Disabilities. The Budget proposes Ginnie Mae be given authority to securitize affordable multifamily housing loans made by Housing Finance Agencies (HFAs) and insured under the Federal Housing Administration's (FHA) Section 542(c) Risk-Sharing program. It requests \$35 billion for the Housing Supply Fund, a new mandatory program providing grants to State and local housing finance agencies and their partners to invest in strategies to increase the supply of affordable and accessible housing.

Promote Homeownership Opportunities and Wealth-Building

The President's Budget promotes homeownership opportunities, equitable access to credit for home purchases and improvements, and wealth-building in underserved communities. It provides \$15 million of credit subsidy through FHA for a Home Equity Accelerator Loan (HEAL) Pilot that would test new loan products designed to lower barriers to homeownership for first-generation and/or low-wealth first-time homebuyers. Additionally, the Budget provides a new \$100 million set-aside under the HOME Program for the FirstHOME Downpayment Assistance initiative that would provide funding to States and insular areas to better support sustainable homeownership for first-generation and/or low-wealth first-time homebuyers.

Advance Sustainable Communities, Climate Resilience, and Environmental Justice

The Budget advances sustainable communities by strengthening climate resilience and energy efficiency, promoting environmental justice, and recognizing housing's role as essential to health. It provides \$1.1 billion in targeted climate resilience and energy efficiency improvements in public housing, Tribal housing, multifamily-assisted housing, and other assisted housing. In addition, it provides \$400 million to remove dangerous health hazards from homes, including mitigating threats from fire, lead, carbon monoxide, and radon. It provides \$250 million to help communities develop and implement locally driven comprehensive neighborhood plans to transform underserved neighborhoods. The Budget also supports Ginnie Mae's continued Environmental, Social, and

Governance disclosure efforts, which are intended to drive new liquidity to more environmentally sustainable products by meeting growing investor demand.

Strengthen HUD's Internal Capacity to Deliver Its Mission

The Budget builds on HUD's efforts to restore staffing to levels that can adequately and successfully deliver HUD's services. This Administration is committed to recruiting and retaining the human capital needed to properly monitor compliance on properties, loans, grants, and public housing authorities, as well as tackling the systemic issues inside the Department that occurred over the previous two decades as the result of the steady decline in staffing. Using workforce succession strategies, the Department intends to ensure that additional staffing results in the right people allocated to the right jobs, providing the biggest impact toward achieving HUD's priorities.

The 2023 Budget requests \$1.8 billion toward salaries and expenses (S&E), \$306 million more than the annualized CR level for 2022, which, in combination with carryover of 2022 funding, will support 8,326 full-time equivalent (FTE) employees. The 2023 Budget will support staffing gains made in 2021, those projected for 2022, and additional increases in 2023. These critical resources will enable the Department to more effectively and efficiently serve households and communities across the country. The 2023 Budget funds initiatives that will improve the customer experience of HUD's programs so that program interactions are easier and more effective and efficient for HUD customers. This customer experience work directly supports the President's Management Agenda, meets mandates in the Executive Order on Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government, and increases HUD compliance with: the 21st Century Integrated Digital Experience Act (IDEA), 2018; Plain Writing Act, 2010; Rehabilitation Act, Section 508, 1973; and Paperwork Reduction Act (PRA). Designing customer experiences intentionally, with the needs of the customer at the forefront of decision-making, can help HUD to: 1) better deliver on its mission; 2) serve greater proportions of targeted populations more effectively and equitably; 3) build trust; 4) improve customer satisfaction; and 5) lower operational costs. The Budget also proposes \$382 million for the IT Fund and includes \$12 million within the S&E topline to fund IT device expenditures through the Working Capital Fund. The Budget continues to invest in much needed modernization of HUD's IT systems, infrastructure, and cybersecurity. The Budget request fully supports our critical IT systems and applications, all of which play a vital role in enabling HUD to meet its

mission and administrative functions. The technology resources support grantees and partners in their efforts to promote affordable rental housing, provide access to homeownership opportunities, create healthier home environments, and reduce homelessness.

In summary, HUD's proposed Budget allocates budget authority across programs and for staffing and other management and administrative expenses. Most of the budget authority funds programs to help vulnerable, low-income households—many who are older adults or persons with disabilities—pay their rent. The Office of Public and Indian Housing (PIH), the Office of Housing, and the Office of Community Planning and Development (CPD) administer these programs.

HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is actively strengthening the housing market to bolster the economy and protect consumers. We are helping meet the need for quality affordable rental homes through our programs. We work to improve our citizens' quality of life through housing as a platform. And we are building inclusive and sustainable communities free from discrimination, while transforming the way HUD does business. The Budget delivers on these promises, and I am pleased to share this request with the Subcommittee.

Chairman Schatz, Ranking Member Collins, and distinguished Members of the Subcommittee, I look forward to working with you. Thank you for the opportunity to appear before you today to discuss my priorities for the Department and how the President's 2023 Budget will serve our most vulnerable citizens, increase the resilience of our communities, and tackle the challenges facing our nation.