

**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
UNITED STATES SENATE
PRESIDENT BIDEN'S FISCAL YEAR 2024 BUDGET**

April 20, 2023

Chairman Schatz, Ranking Member Hyde-Smith, and distinguished Members of the Subcommittee. Thank you for the opportunity to testify today in support of President Biden's 2024 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.

This Administration believes that everyone deserves to live in a safe and affordable home. Whether you rent or own, having a place to live that you can afford in a neighborhood with opportunities is the foundation for so much else in life.

A lack of quality affordable housing hinders the job market and holds back economic growth by making it harder for workers to access good-paying jobs. It drives up costs for families and inflationary pressures.

That's why the President's Budget includes a historic investment to lower housing costs, expand housing supply, improve access to affordable rental options and homeownership, and advance efforts to end homelessness.

HUD's mission is critical 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 on the President's agenda laid out in his State of the Union address.

This Budget builds on the tremendous progress made over the last two years and demonstrates the Biden Administration's unwavering commitment to protecting our nation's most vulnerable populations.

HUD is proposing a bold set of values and policies that prioritizes building and preserving affordable housing, promotes rental affordability and fairness, makes homeownership a reality for more first-time and first-generation homebuyers, and advances efforts to prevent evictions and end homelessness.

President Biden's 2024 Budget

The 2024 President's Budget requests \$73.3 billion for HUD, approximately \$1.1 billion more than the 2023 enacted funding level. In addition, it requests \$104 billion over 10 years for new mandatory affordable housing investments. Together, this suite of funding and tax credits aims to tackle the Nation's housing affordability crisis by making a historic investment in lowering housing costs to further the Administration's commitment to rebuilding America from the bottom up and middle out.

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:

- \$32.7 billion for the Housing Choice Voucher (HCV) Program, to expand assistance to an additional 50,000 low-income individuals and families.
- \$3.7 billion to provide housing and services to individuals and families experiencing or at-risk of homelessness, including a focus on survivors of domestic violence, dating violence, sexual assault, stalking, and human trafficking, as well as youth;
- \$3.4 billion for the Community Development Fund and \$1.8 billion for HOME Investment Partnerships, giving communities flexible resources crucial to creating affordable housing, improving housing choices, and expanding economic development;
- \$752 million to support energy efficiency and resilience in HUD-assisted and financed developments;
- \$410 million to remove dangerous health hazards from homes, including mitigating threats from lead, carbon monoxide, radon and fire;

- \$90 million for Fair Housing programs along with an increase in HUD staff fair housing capacity to redress discriminatory housing practices; and
- \$2.3 billion for Management and Administration expenses to ensure HUD has the human capital and technology necessary to deliver on its mission for the American people.

The President’s 2024 Budget supports authorizing the Community Development Block Grant—Disaster Recovery (CDBG-DR) program. For more than twenty years, the Congress has appropriated emergency supplemental funds to HUD in response to major disasters to address the unmet 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 of and Access to Accessible, Affordable Housing;
- Promote Homeownership Opportunities and Wealth-Building;
- Advance Sustainable Communities, Climate Resilience, and Environmental Justice; and
- 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 \$32.7 billion for the Housing Choice Voucher Program, an increase of over \$2.4 billion over the 2023 enacted level, to maintain services for all currently assisted families and to expand assistance to an additional 50,000 households. The Budget also provides

\$8.9 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 \$3.75 billion, an increase of \$116 million over the 2023 enacted level, for Homeless Assistance Grants. Additionally, the Budget provides \$3.3 billion for the Community Development Block Grant (CDBG) formula program, for developing viable urban and rural communities by expanding economic opportunities, and \$90 million for fair housing programs for targeted and coordinated enforcement, education, and outreach.

Ensure Access to and Increase Supply of Affordable Housing

Today, there's a shortage of almost 7 million affordable housing units. For every 100 extremely low-income renters, there are only 33 rentals available. The Budget works to expand housing production to help meet housing demand and to provide equitable access to housing opportunities for all people. It provides \$1.8 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 over \$16 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 \$258 million for new development of approximately 2,200 new units of Section 202 Housing for the Elderly and Section 811 Housing for People with Disabilities. The Budget also proposes Ginnie Mae 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.

The Budget also proposes a new \$61 million program account, Operational Performance Evaluations and Risk Assessments (OPERA), that will improve HUD's inspection capacity. It will streamline the funding for financial, health, and safety inspections to over 2.4 million units of subsidized and affordable housing across HUD. It will also increase HUD's data analytic capabilities, which will help assess trends and keep residents safe.

Finally, the Budget includes a \$104 billion package of new mandatory affordable housing investments that will occur over ten years, including \$60 billion that would be administered through HUD. Together, this suite of funding and tax credits aims to tackle the Nation's housing affordability crisis by making a historic

investment in curbing housing cost growth, expanding housing production, and providing resources to renters to avoid eviction and further the Administration's commitment to rebuilding America at all levels.

Promote Homeownership Opportunities and Wealth-Building

The Budget promotes homeownership and wealth-building opportunities, including equitable access to credit for home purchases and improvements, for underserved borrowers, including first-time, low-to-moderate income and minority homebuyers. It provides \$15 million in credit subsidy and other expenses for an FHA Small Balance Mortgage demonstration program that would increase access to mortgages for lower-priced homes, for which affordably priced mortgages are currently scarce. The Budget also 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. Additionally, to make homeownership more affordable starting this year, FHA recently reduced the annual mortgage insurance premiums for new borrowers by about one-third.

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 \$752 million in targeted climate resilience and energy efficiency improvements in public housing, Tribal housing, multifamily-assisted housing, and other assisted housing. As part of this funding, the Budget provides \$185 million to help communities develop and implement locally driven comprehensive plans to transform neighborhoods with distressed public and assisted housing. Finally, it provides \$410 million to remove dangerous health hazards from homes, including mitigating threats from lead, carbon monoxide, radon, and fire.

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 filling the right jobs, providing the biggest impact toward achieving HUD's priorities. The 2024 Budget requests \$1.9 billion toward salaries and expenses (S&E), \$155 million more than the 2023 enacted level which, in combination with carryover of 2023 funding, will support 8,635 full-time equivalent (FTE) employees. The Budget will support staffing gains made since 2020, and additional increases in 2024. These critical resources will enable the Department to serve households and communities more effectively and efficiently across the country. The 2024 Budget funds initiatives that comply with Federal mandates to improve the customer experience so that program interactions are easier and more effective and efficient for HUD customers.

The Budget also proposes \$415 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. These investments will help ensure that HUD has the resources and capacity to meet the critical work ahead. 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 funds programs and offices to further HUD's mission, which is to create strong, sustainable, inclusive communities and quality affordable homes for all. The Budget delivers on these commitments, and I am pleased to share this request with the Subcommittee.

Chairman Schatz, Ranking Member Hyde-Smith, 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 2024 Budget will serve our most vulnerable citizens, increase the resilience of our communities, and tackle the challenges facing our Nation.