

**Chairman Susan M. Collins Opening Statement
Committee on Appropriations Subcommittee on Transportation,
Housing and Urban Development, and Related Agencies**

**Hearing to Review the Fiscal Year 2017 Budget Request
for the U.S. Department of Housing and Urban Development**

March 10, 2016

(As prepared for delivery)

The subcommittee will come to order. Today we welcome both Secretary Castro, who will testify on the President's fiscal year 2017 budget request for the Department of Housing and Urban Development, as well as Inspector General Montoya who will discuss not only his office's budget request but also the oversight and other work the OIG conducted at HUD. I look forward to hearing from each of you.

I am pleased to be joined today by our Ranking Member, Senator Jack Reed, as we begin the subcommittee's work on the fiscal year 2017 appropriation for the Department of Housing and Urban Development. When offsetting receipts from F.H.A. and Ginnie Mae are excluded, the President's request is \$49 billion, an increase of nearly \$2 billion and four percent above the fiscal year 2016 enacted level. This request does not exist in a vacuum and must be considered in the broader context of an unsustainable \$19 trillion debt.

The budget cap for non-defense discretionary spending government-wide is essentially the same as fiscal year 2016. This subcommittee, in particular, has to cope with the central truths about HUD's budget that are present every year: the cost of renewing existing rental assistance, which consumes 84 percent of HUD's overall budget, will increase, and as F.H.A. returns to its countercyclical role, offsetting receipts will decline.

In addition to the constraint of needing an additional \$1.4 billion just to renew existing rental assistance, the subcommittee again must deal with the uncertainty of how much offsetting receipts will be credited from F.H.A.'s mortgage insurance premiums. OMB's score of receipts is \$2.8 billion above fiscal year 2016. Good news to be sure, however, we must keep in mind that CBO's baseline score for fiscal year 2017 is more than \$400 million below current levels and \$2.7 billion below the OMB's assumption, an enormous discrepancy. Until CBO finishes scoring the President's budget, prudence dictates that we assume the lower level as we review HUD's request.

In an environment when the top line remains flat, the increase of four percent over current levels proposed in the President's budget would be extremely challenging. Yet rather than submit a budget request that seeks to bend the cost curve of rental assistance without doing so on the backs of low-income families and seniors, the Administration proposes new spending of \$750 million above what is needed to maintain existing rental assistance, plus an additional \$11.3 billion in new mandatory spending that lacks an offset and is simply a gimmick intended to evade the current budget agreement.

Yet, despite all of the additional spending requested, the Administration once again proposes a \$200 million cut to the Community Development Block Grant program. The CDBG program remains one of the most adaptable and welcomed community and economic development and job creation programs that can be tailored to meet unique needs within each state.

In addition to my concerns regarding the proposed funding levels, I believe it is critical that HUD continue to invest in the effective oversight of the management and physical condition of its assisted housing stock. It must provide technical assistance when needed, and it must take action implementing sanctions when appropriate.

Neither residents nor taxpayers are well served when poor conditions are allowed to continue. I am troubled to read about egregious examples of poor housing quality in places such as Tennessee and Florida and am aware of similar problems in my home state of Maine. But I am even more troubled to learn that some of these properties initially received passing inspection scores from HUD before public outcry compelled a second look. It is inexcusable that residents are ever placed into substandard housing with serious violations, but it is doubly offensive when the taxpayers are subsidizing these unfit units.

This is the final budget request of this Administration and is a good opportunity to reflect not only on the shortcomings but also on what we have accomplished together. I am particularly proud of what we have been able to achieve in reducing the number of people who are homeless. Since 2010, investments made by this Committee have led to a 36 percent reduction in the number of homeless veterans; chronic homelessness has declined by 22 percent; and homeless families by 19 percent.

While we cannot yet point to meaningful reductions in youth homelessness, I believe the targeted funding we just approved in December will bear fruit. We can point to improved communication among federal agencies and targeted funding to better assess the number and needs of homeless youth as well as the effectiveness of current programs targeted to these vulnerable young people. Improved coordination among agencies and at the local level, especially in the context of coordination with the child welfare system, is still needed. That is why I joined my Senate colleagues to lead the effort to reauthorize the Runaway and Homeless Youth and Trafficking Prevention Act, as well as to introduce The Family Unification, Preservation, and Modernization Act of 2015. I will continue to work to ensure that this Subcommittee responds to the housing needs of these children and teenagers.

Finally, Senator Reed and I will be introducing a bill this afternoon to reform the Housing Opportunities for Persons with AIDS program, otherwise known as HOPWA, so that the formula no longer counts deceased individuals. Currently, 55 percent of the HIV and AIDS cases used in the formula represents deceased individuals. A formula change is very much needed to ensure the scarce resources available are directed to communities most in need of assistance today.

Mr. Secretary, I hope you will commit to working with us on this important bill, and I look forward to hearing from you and Inspector General Montoya. I now turn to Senator Reed for his opening statement.