

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

**Review of the FY2018 Budget Request
for the U.S. Department of Housing & Urban Development**

June 7, 2017

(As prepared for delivery)

The subcommittee will come to order. Today I am pleased to welcome the Secretary of Housing and Urban Development (HUD), Dr. Ben Carson, who appears before the Subcommittee for the first time. Dr. Carson brings a fresh perspective to the Department, and I look forward to learning of his approach to addressing the housing needs of vulnerable individuals and families.

I am also pleased to be joined today by my friend, and our Ranking Member, Senator Jack Reed, as we begin the subcommittee's work on the fiscal year 2018 appropriations bill.

Mr. Secretary, it is unfortunate that due to the delay in your confirmation, the Administration determined the size of HUD's budget request before you arrived, which gave you limited input in the decision making of the budget request. The Administration has not given you much to work with, and I suspect it has been a daunting task defending the significant reductions being proposed.

This year will be particularly challenging. Not only are the budget caps under current law lower than last year, the President's request is proposing to go even lower. For the Department of Housing and Urban Development, when offsetting receipts from the F.H.A. and Ginnie Mae are excluded, the President's request is \$40.7 billion, a reduction of \$7.3 billion and 15 percent below the fiscal year 2017 enacted level.

This also does not take into account additional spending necessary, such as inflationary increases for rental assistance. Funding HUD's programs in 2018 remains challenging, especially in an environment where rental assistance continues to consume nearly 85 percent of the Department's budget. The budget caps for 2018 will require a budget that is the product of thoughtful consideration. Unfortunately, the request before us today does not reflect that consideration.

Of the proposed \$7.3 billion cuts, \$3 billion results from the elimination of the Community Development Block Grant program. Since 1974, the C.D.B.G. program has provided grants to state and local governments to strengthen communities and expand economic opportunities, principally for low- and moderate income individuals. The flexible use of C.D.B.G. funds is a key hallmark of the program, and the funds are used for a range of activities from municipal infrastructure projects, which account for approximately 33 percent of all C.D.B.G. funds; housing rehabilitation and construction, which are approximately 25 percent of the funds; to job creation and retention projects. The United States Conference of Mayors describes C.D.B.G. as,

“one of the most effective federal programs for growing local economies and for providing a lifeline to families and communities with proven results.”

Additionally, every dollar of C.D.B.G. leverages an additional \$3.84 in non-C.D.B.G. funding. Put another way, if we were to enact the proposed elimination of C.D.B.G. it would deprive states and local communities of \$11.5 billion worth of critical investments in infrastructure, housing, job creation, and public services.

The budget request also proposes to eliminate the HOME program. This program provides grants to acquire, rehabilitate and construct affordable housing and provide rental assistance for low- and very low-income households. Research continues to show that access to affordable housing is a cost-effective strategy for reducing childhood poverty, provides housing stability, which is critical for educational and economic achievement, and improves health outcomes across all ages. In addition to these benefits for families, the production of affordable housing also provides economic benefits in communities across the country. According to a 2015 report by the National Association of Homebuilders, building 100 rental apartments in a typical local area generates, in the first year, \$11.7 million in additional local income, \$2.2 million in local government revenue, and 161 local jobs.

The budget request also proposes steep cuts to HUD’s rental assistance programs. The proposed funding for Section 8 vouchers is nearly \$1 billion below current levels, the Public Housing Operating and Capital Funds are cut by a combined \$1.8 billion, or a nearly 30 percent cut, and initial estimates indicate that the Project-based Section 8 and Housing the Elderly and Disabled programs are underfunded by nearly \$1 billion.

While we need to pursue program reforms and find ways to reduce the share of HUD’s budget that is consumed by rental assistance, merely shifting the costs onto the low-income elderly and disabled households that comprise 57 percent of the participants in these programs cannot be the answer.

The funding levels proposed in this budget will place vulnerable families at risk of losing their assistance and of becoming homeless. Wholesale divestment of funding capital needs will lead to the deteriorating physical quality of assisted housing. Neither residents nor taxpayers are well served when poor conditions are allowed to continue.

Finally, these funding levels for public housing undermine the success of the Rental Assistance Demonstration, known as the RAD program. Created in 2012, this program has already leveraged \$4 billion in new private and public funds at a rate of \$19 for every \$1 of public housing funds, while stimulating an estimated 75,000 jobs through construction activity. And the RAD program has achieved these goals without increasing HUD’s budget. According to the Department, it would have taken P.H.A.s participating in RAD 46 years to accumulate enough public housing Capital Funds to complete a similar level of construction.

While I am deeply troubled by some of the proposals in the request, I also believe there are still many areas where HUD and the Subcommittee share common interests. These include reducing the risk of lead paint exposure, right-sizing the regulatory burdens on Public Housing Agencies,

including the use of RAD and Moving-to-Work programs, improving the ability of HUD's programs to promote self-sufficiency and address generational poverty, and strengthening public-private partnerships, as well as continuing to build on past successes to reduce homelessness.

Mr. Secretary, I look forward to working closely with you on these issues.

I now turn to Senator Reed for his opening statement.

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