

**STATEMENT OF
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OF
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 2025 BUDGET**

April 30, 2024

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 2025 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, affordable, and quality 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.

I could not be more proud to serve an Administration and a Department that is expanding access to affordable housing like never before. In the midst of a tough housing market, the need has never been greater. We are working to meet the challenge by expanding homeownership opportunities for first-time homebuyers and fair lending, and we are making a real impact on those we serve. HUD's funding has made an enormous impact in the lives of families across the United States. Thank you to Members of Congress for making those resources available.

HUD’s mission is critical to achieving the President’s vision to build a better America—to ensure that every person has an opportunity to get ahead; to address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis; to grow the economy from the bottom up and middle out; to expand on the historic progress our country has made over the last year. These priorities will continue to be our guide for 2024.

HUD is proposing a bold set of values and policies that prioritizes expanding access to affordable housing and rental assistance, promotes rental affordability and fairness, builds climate-resilient and energy-efficient homes, boosts homeownership and wealth-building opportunities for all, ensures communities can equitably prepare for disaster, protects families from health hazards, and advances efforts to prevent evictions and address homelessness with the urgency it requires.

President Biden’s 2025 Budget

The 2025 President's Budget requests \$72.6 billion for HUD, nearly \$500 million more than 2023 enacted. In addition, it requests \$185 billion over 10 years for new mandatory affordable housing investments, including \$81.3 billion for HUD programs, focused on increasing the Nation’s housing supply, lowering homeownership costs, supporting low-income renters, and preventing homelessness. Together, this suite of funding and tax proposals 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 2025 President’s Budget will help achieve these priorities with a combination of discretionary and mandatory funding. The Budget requests \$72.6 billion in discretionary funding for:

- \$241 million for new vouchers under the Housing Choice Voucher (HCV) Program to help 20,000 more low-income individuals and families find and afford housing.
- \$4.1 billion for Homeless Assistance Grants to provide housing and services to individuals and families experiencing homelessness.

- Investments across multiple programs to support individuals and families who are experiencing homelessness, including youth, and survivors of domestic violence, dating violence, sexual assault, stalking, or human trafficking.
- \$2.93 billion for the Community Development Fund and \$1.25 billion for HOME Investment Partnerships, giving communities flexible resources crucial to creating affordable housing, improving housing choices, and expanding economic development.
- Up to \$50 million for the FirstHOME Downpayment Assistance initiative under the HOME Program to support sustainable homeownership for first-time homebuyers, on top of FHA's continued efforts to keep homeownership affordable.
- \$407 million to support energy efficiency, resilience, and climate mitigation work in HUD-assisted and financed developments.
- \$417 million to remove dangerous health hazards from homes for vulnerable families through funding for Lead Hazard Control and Healthy Homes programs and the Public Housing Fund, including mitigating threats from fire, lead, carbon monoxide, and radon.
- \$2.4 billion for Management and Administration expenses, investing in critical staffing and information technology needs to strengthen HUD's capacity to deliver on its mission.
- \$86 million for Fair Housing programs plus salaries and expenses funding for increased HUD staff capacity to redress and prevent discriminatory housing practices.

The FY25 Budget requests \$81.3 billion in mandatory funding for a variety of HUD programs over 10 years to serve low-income families, individuals experiencing and at risk of homelessness, veterans, youth aging out of foster care, older adults, and other vulnerable populations. It includes the following:

- \$15 billion for an Extremely Low-Income Housing Supply Subsidy to provide \$7.5 billion for critically needed new PBRA contracts to encourage housing production that is affordable to the lowest-income households, and \$7.5 billion to modernize, substantially rehabilitate, and preserve existing, distressed public housing.

- \$20 billion for an Innovation Fund for Housing Expansion, which will provide flexible grants to States, communities, Tribes, and other eligible entities to implement locally driven plans to dramatically expand housing supply, lower rental costs, and promote homeownership.
- \$22.3 billion for Housing Vouchers for Vulnerable Low-Income Populations, to assist two populations that are particularly vulnerable to homelessness. This funding would provide \$13.1 billion to make housing vouchers available to all veterans with extremely low incomes and \$9.2 billion to provide guaranteed housing voucher assistance for all youth aging out of foster care beginning in 2026.
- \$10 billion for First-Generation Homebuyer Down Payment Assistance, to enable approximately 400,000 Americans to purchase new homes, while addressing racial and ethnic wealth gaps by creating generational wealth through homeownership.
- \$8 billion for Homelessness Grants, to rapidly expand temporary and permanent housing strategies and options for people experiencing or at risk of homelessness.
- \$3 billion for Sustainable Eviction Prevention Reform, for new or existing efforts to solidify long-term State, local, Tribal, and territorial efforts to reform eviction policies and programs to ensure renters' access to resources that help them avoid eviction and prevent future housing instability.
- \$3 billion for Emergency Rental Assistance for Older Adults at Risk of Homelessness, to help communities provide targeted homelessness prevention assistance for very low-income older adults.

The vast majority of the proposed Budget provides funding for rental assistance, community development, and homelessness programs that help individuals and families stay in safe and affordable housing and build communities.

For 2025, 87 percent of HUD's total Budget request is needed primarily to renew assistance to over 4.5 million households in HUD-subsidized rental assistance and 1.2 million people in HUD homeless assistance programs. For the 4.5 million households served under HUD's rental assistance programs in 2023, an estimated 60 percent had a head of household who was elderly or

disabled; 78 percent were extremely low-income (below 30 percent of area median income); and an additional 18 percent were very low-income (below 50 percent of area median income).

The President's 2025 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?

Through the President's 2025 Budget, HUD will continue to create strong, sustainable, inclusive communities and ensure quality homes for all. The Budget emphasizes HUD's commitment to carrying out our mission and prioritizes efforts to:

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

Increase Supply of and Access to Affordable Housing

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 \$1.25 billion for the HOME Investment Partnerships (HOME) Program, which has long served as a pillar of the nation's affordable housing system. This will create or preserve nearly 12,000 affordable housing units. Within CDBG, the Budget includes up to \$100 million for competitive Pathways to Removing Obstacles (PRO) Housing grants to identify and remove barriers to affordable housing

production and preservation. The grants will be awarded to State and local governments, metropolitan planning organizations, and multijurisdictional entities to further develop, evaluate and implement housing policy plans, improve housing strategies, and facilitate affordable housing production and preservation.

The Budget fully funds the Tenant-Based Rental Assistance (TBRA) program, ensuring that 2.3 million currently-assisted very low-income families, elderly persons, formerly homeless veterans, and persons with disabilities to rent affordable, decent, safe, and sanitary housing in the private market. Since 2021, HUD has added approximately 215,000 vouchers to allow families to transition from homelessness to stable, affordable housing. This budget continues that expansion, allowing 20,000 more families to find stable housing with a voucher. Additionally, the Budget proposes to fund contract renewals in the Project-Based Rental Assistance (PBRA) program for approximately 1.3 million units of decent, safe, and affordable housing for low-income and very low-income families, including some of the nation's most vulnerable populations. 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 \$50 million for Operational Performance Evaluations and Risk Assessments (OPERA), a fund that will improve HUD's inspection capacity. This request will continue the efforts made by Congress in 2024 with the Assisted Housing Inspections Risk Account or AHIRA. The funding will streamline the routine inspections and risk-based inspections and assessments. The funding supports about 20,000 inspections and 37,000 financial assessments of subsidized and affordable housing properties across the HUD portfolio. It will also continue HUD's efforts to increase data analytic capabilities, which will help assess trends and keep residents safe.

Finally, the Budget includes mandatory affordable housing investments that will build or preserve affordable homes and reduce barriers to housing production, make a long-term investment in housing accessibility and affordability for people currently experiencing homelessness and low-income populations that are vulnerable to homelessness, as well as down payment assistance for first-time, first-generation homebuyers to help address racial and ethnic

homeownership and wealth gaps. These investments will continue to provide resources to help renters avoid eviction. This Budget 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. The Budget provides a set-aside of up to \$50 million 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 last year, FHA reduced the annual mortgage insurance premiums for new borrowers by about one-third, saving the average borrower about \$900 in the first year with continued savings for the duration of the loan. The budget also includes a mandatory proposal that will provide \$10 billion over 10 years to provide 400,000 Americans with down payment assistance, helping them to create generational wealth through homeownership.

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 \$407 million to support energy efficiency, resilience, and climate mitigation work in HUD-assisted and financed developments. As part of this funding, the Budget provides \$140 million to help communities develop and implement locally driven comprehensive plans to transform neighborhoods with distressed public and assisted housing. Finally, it provides \$417 million to remove dangerous health hazards from homes, including mitigating threats from fire, lead, carbon monoxide, and radon.

Support Historically 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 \$32.8 billion for the Housing Choice Voucher Program to maintain services for all currently-assisted families. This includes \$241 million for approximately 20,000 new incremental vouchers to expand affordable housing. The Budget also provides \$8.5 billion for the Public Housing Fund, which provides grants to Public Housing Authorities to operate, maintain, and make capital improvements to approximately 900,000 affordable housing units, serving over 1.6 million residents of public housing. The Budget also addresses the Nation's homelessness crisis, providing \$4.1 billion, an increase of \$427 million over the 2023 level, for Homeless Assistance Grants. Additionally, the Budget provides \$2.9 billion for the Community Development Block Grant (CDBG) program, for developing viable urban and rural communities by expanding economic opportunities, and \$86 million for fair housing programs for targeted and coordinated enforcement, education, and outreach.

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 2025 Budget requests \$1.98 billion toward salaries and expenses (S&E), \$203.2 million more than the 2023 level which, in combination with carryover of 2024 funding, will support 8,382 full-time equivalent (FTE) employees. The Budget will support staffing gains made since 2020, and a modest FTE increase of 2.5 percent in 2025. These critical resources will enable the Department to serve households and communities more effectively and efficiently across the country. The 2025 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 \$419 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 2025 Budget will serve our most vulnerable citizens, increase the resilience of our communities, and tackle the challenges facing our Nation.