



Chairman Mario Diaz-Balart

*Subcommittee on Transportation, Housing and Urban
Development, and Related Agencies
House Committee on Appropriations*

FY 2016 Budget Hearing – Department of Housing and Urban Development

February 25, 2015

Opening Statement As Prepared

The Subcommittee will come to order.

This is the first THUD Subcommittee hearing in the 114th Congress. We have some new members, a new chairman, a new ranking member, and even a new secretary. Today we welcome Secretary Julián Castro from the Department of Housing and Urban Development to discuss the general Fiscal Year 2016 budget request.

HUD is requesting \$49.3 billion in new budget authority in Fiscal Year 2016 – a 9 percent increase over 2015. That’s an ambitious request in a year where we are ALL still bound by the Budget Control Act sequester order. I don’t see any agency receiving a 9% increase over the prior year under current law.

Compounding HUD’s money problems, and our funding challenges, is the increased cost of simply doing business. If we did a basic date change CR - 2015 to 2016, this subcommittee would need to come up with an additional \$1.4 billion thanks to a projected drop in FHA receipts which offset the spending in the bill.

AND that’s just OMB estimates. History shows that CBO’s projection will be even lower, and that’s the estimate we are tied to. So already, we are about \$2 billion in the hole and I haven’t even looked at maintaining the same baseline of services.

Even in the harshest of budget climates, this subcommittee made it a priority to ensure those families currently receiving assistance would still have housing in the next fiscal year. However, due to a “rebasings” of the project-based rental assistance account and the inflationary costs associated with the tenant-based rental assistance account and similar programs, we need another \$1.5 to \$2 billion just to keep the same number of families in their homes.

Don’t get me wrong – I represent low income and urban areas. My mayors, city councils, community leaders, advocates, and constituents all rely on HUD programs. Our communities, large and small, need HUD to be a good steward of these dollars and programs to help our most vulnerable people.

Imagine my concern, then, to find out that HUD has tremendous difficulty managing its own resources and oversight. I came into this position in January and I'm stunned at the number of IG audits regarding HUD's basic administrative controls: lax oversight of grantees, questionable hiring, Anti-Deficiency Act violations, poor IT management and systems, and on and on. You, Mr. Secretary, must have had the same reaction when you arrived at HUD last summer. Heck – last year, with days left in the fiscal year, you sent up a reprogramming letter to rearrange funds in order to pay rent. Rent! It's what we expect of HUD tenants.

We need to come together and straighten this department out to be a quality, high-functioning organization that can effectively and efficiently deliver and oversee these important programs. But if the department is dysfunctional, there's no hope we can expect and demand more from your stakeholders.

My questions today will focus on the internal workings of HUD, and the offices and activities that support HUD programs. I will save my questions regarding HUD's housing assistance programs and economic development programs for the subsequent hearings in March and April. Mr. Secretary, we must come together to resolve the issues at HUD, and I look forward to working closely with you and your staff in the weeks and months ahead. I hope our dialogue today can help find a way for HUD to work better.

With that, I recognize the Ranking Member of this subcommittee, the Gentleman from North Carolina, Mr. Price, for his opening statement.

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