



Chairman Mario Diaz-Balart

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

**Department of Housing and Urban Development FY 2018 Budget Hearing
Secretary Ben Carson
June 8, 2017
Opening Statement As Prepared**

The Subcommittee will come to order.

Good Morning. Today we welcome Secretary Ben Carson from the Department of Housing and Urban Development to discuss the Fiscal Year 2018 budget request.

I probably don't have to tell you, Mr. Secretary, that you have one of the most difficult and important jobs in Washington. As you've said several times, HUD can and should provide ladders of opportunity to those hard working families that can attain social and economic upward mobility, and pursue the American dream. HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. Achieving this mission is an ambitious challenge – HUD has many diverse programs, thousands of entities that carry out the programs, and millions of citizens who receive benefits from them. Frankly, HUD is a very large financial institution. Ginnie Mae and the Federal Housing Administration together hold a portfolio of \$3 trillion— and safeguarding the financial health of these institutions is essential to the economic health of the Nation.

HUD is requesting a total of \$40.7 billion in new budgetary resources in fiscal year 2018, 15% below 2017. The budget request proposes to eliminate a number of programs that are important to our mayors, cities, and towns, the Community Development Block Grant program and the HOME Investment Partnerships program, in particular. I am sure, Mr. Secretary, we will have a robust discussion about these programs.

In addition, the budget includes cost savings proposals and reforms across its rental assistance programs. However, most of these reforms are outside of this Committee's jurisdiction and must be addressed first by the authorizing committee.

Some of the reforms would provide Public Housing Authorities (PHAs) benefits, such as flexibilities and regulatory relief from administrative burdens. The budget would also set a mandatory minimum rent and increase tenant rental contributions, and would suspend rent increases for privately-owned units. Your budget states that these policies would result in additional resources that would allow more homes to be available to more households.

Mr. Secretary, I represent low income and urban areas— and I support the spirit of HUD's mission and the desire to operate more efficiently and to do more. My mayors, city councils,

community leaders, and constituents all rely on HUD programs. That is why it is so important that we work together and explore the implications of the reforms and cost saving proposals on our communities. It is not our intent to impose additional undue burdens onto our most at-risk populations, or to reduce our affordable housing stock or its condition.

That said, I agree that it is critical that HUD be a good steward of its resources as nearly all of what HUD oversees helps the most vulnerable. Yet I continue receiving reports that HUD has tremendous difficulty with basic management. The number and seriousness of negative Inspector General reports is astonishing. Poor financial controls, possible Anti-Deficiency Act violations, lax program oversight, major risks to IT systems, major gaps in cybersecurity: the list goes on and on.

These core management challenges have plagued HUD for 24 years -- a quarter of a century! The HUD IG has indicated that the problem boils down to a lack of leadership or a management attention issue. Unfortunately, these are the challenges you are inheriting. I ask you, Mr. Secretary, to take a fresh look at these core issues and prioritize them. I want to work with the Administration to make HUD the high-quality, high-functioning organization it must be to oversee these important programs.

Mr. Secretary, you come from humble beginnings and are sensitive to people experiencing poverty and hardship. Together, we have to strive to make HUD programs work more effectively and efficiently for the American people. I look forward to working with you, as we make the hard choices necessary to meet our Nation's housing and economic development needs – all while being accountable to the taxpayer.

Before we get to your opening statement, I will recognize the Ranking Member of this subcommittee, the Gentleman from North Carolina, Mr. Price, for his opening statement. Mr. Price.

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