

MEMORANDUM

To: Members of the Committee on Financial Services

From: Committee Majority Staff

Date: January 15, 2026

Re: January 21, 2026, Full Committee Hearing: “Oversight of the Department of Housing and Urban Development and the Federal Housing Administration”

On Wednesday, January 21, 2026, at 10:00 a.m., the Committee on Financial Services will hold a hearing in Room 2128 of the Rayburn House Office Building titled, “Oversight of the Department of Housing and Urban Development and the Federal Housing Administration.” The following witness will testify:

- **The Honorable Scott Turner**, Secretary, U.S. Department of Housing and Urban Development

General Background

Secretary Turner was sworn in as the nineteenth Secretary of the Department of Housing and Urban Development (HUD) on February 5, 2025. This will be Secretary Turner’s first appearance before the Committee.

HUD was established in 1965 by President Lyndon B. Johnson. While HUD identifies its mission as “supporting strong and sustainable communities and quality, affordable homes,”¹ the statute charges HUD with providing decent, safe, and sanitary housing through its programs typically for low-income families, the elderly, and persons with disabilities. HUD currently employs over 6,100 full-time employees across the United States, and in FY 2025 received more than \$89 billion in enacted gross discretionary budget authority.

According to HUD, it currently administers approximately 100 active permanent and temporary major mortgage, grant, assistance, and regulatory programs. HUD’s four largest, non-disaster programs as measured by budget authority include: Tenant-Based Rental Assistance, Project-Based Rental Assistance, the Public Housing Fund, and Homeless Assistance Grants. These four programs consume roughly 75 percent of HUD’s entire annual budget. The vast majority of HUD programs continue to receive funding despite having lapsed legal authorizations, including some authorizations that expired nearly 30 years ago, which limits congressional oversight and public accountability of their effectiveness.

¹ Press Release, Dep’t. of Housing and Urban Development, Scott Turner Confirmed as Secretary of Housing and Urban Development (Feb. 5, 2025). <https://www.hud.gov/news/hud-no-25-025>

Of particular attention for the Committee at this hearing will be a discussion of how to modernize outdated HUD programs and how to improve HUD's oversight of the nation's Public Housing Agencies (PHAs). HUD currently administers approximately 100 active permanent and temporary major mortgage, grant, assistance, and regulatory programs of varying sizes and missions. However, HUD is currently administering more than 30 active programs that have lapsed statutory authorizations. For some programs, it has been 30 years since their statutory authorizations lapsed, including such major programs as the HOME Investment Partnerships Program, Section 8 Voucher Renewals, and the Community Development Block Grant. This lack of a formal reauthorization hinders effective oversight programs, and impairs effective evaluation of whether a program is meeting its statutory purpose.

Regarding PHAs, HUD administers its programs nationwide through a network of more than 3,000 PHAs, which are local quasi-government bodies authorized, funded, and overseen by HUD. These authorities, which manage and administer public housing programs at the local level, receive federal funding and support the housing needs of low-income individuals and families. HUD exercises oversight by monitoring PHAs' compliance with regulations, conducting audits, and providing technical assistance to enhance their performance. However, there have been increasing reports of mismanagement, waste, and outright fraud at multiple PHAs in recent years, endangering the health and welfare of residents and defrauding taxpayers alike.

HUD also operates the Federal Housing Administration (FHA), a government-backed mortgage insurance provider. FHA's mission is to make mortgage credit available to qualified first-time, low- and moderate-income homebuyers. Since its creation in 1934, FHA has insured more than 62 million mortgages.² Each year, HUD is required to submit an Annual Report to Congress regarding the status of FHA and its economic health. According to the FHA's most recent annual report on its financial health from December 2025, its insurance fund's Capital Ratio for the 8 million mortgages it currently insures stood at 11.47 percent, well-above its legally required 2 percent threshold.³ In the past, the FHA Commissioner has appeared before the Committee to discuss the contents of that report, but no Commissioner has testified before the Committee since December 2019.

² U.S. Dept. of Housing and Urban Dev., FY 2026 Congressional Justifications, available at: <https://www.hud.gov/stat/cfo/cj-fy26>.

³ U.S. Dept. of Housing and Urban Dev., Annual report to Congress: Regarding the Financial Status of the Fed. Housing Admin. Mutual Mortgage Insurance Fund FY2025 (2025)

Legislation Noticed

1. **H.R. 1640, the *HEIRS Act of 2025* (N. Williams):** This bill requires HUD to establish a grant program for states and units of general local government who adopt the *Uniform Partition of Heirs Property Act* for use to assist their residents with bona fide expenses relating to establishing and documenting property ownership rights or settling a decedent's estate. It also requires HUD to provide housing counseling, legal assistance, and financial assistance grants related to title clearing and home retention efforts for owners of heirs' property, as well as expand existing required housing counseling to cover heirs' property.
2. **H.R. 3694, the *VALID Act of 2025* (Pettersen):** This bill amends the *National Housing Act* to require FHA-approved mortgage lenders to provide prospective borrowers with a comparative disclosure for the cost of a hypothetical mortgage loan guaranteed or insured by the Department of Veterans Affairs, assuming prevailing interest rates.
3. **H.R. 4568, the *Supporting Upgraded Property Projects and Lending for Yards (SUPPLY) Act* (Liccardo):** This bill expands FHA mortgage insurance to finance certain second-lien loans for accessory dwelling units (ADUs). It also requires the Federal Housing Finance Agency to allow Fannie Mae and Freddie Mac to purchase and securitize such FHA-insured ADU second-liens.
4. **H.R. 5520, the *Portal for Appraisal Licensing Act of 2025* (Loudermilk):** This bill establishes a user-funded portal for real estate appraisers to manage state licenses and pay associated fees online. The bill also allows state officials to access an applicant's federal criminal history information to complete any state-required background checks.
5. **H.R. 5591, the *RESIDE Act* (Liccardo):** This bill creates a pilot program within HUD's HOME Investment Partnerships Program to award grants to convert vacant and abandoned buildings into attainable housing.
6. **H.R. 5618, the *Housing PLUS Act of 2025* (Barr):** This bill prevents HUD from prohibiting, limiting or otherwise restricting award of Continuum of Care (CoC) funds to Housing Plus providers that require wraparound services such as addiction treatment or job counseling, or because they are faith-based organizations. The bill also directs HUD to dedicate at least 30 percent of CoC funding to Housing Plus providers.
7. **H.R. 6363, the *Build Now Act of 2025* (McClain):** This bill adjusts the amounts that Community Development Block Grant entitlement communities receive annually to award them bonus funding when their housing growth improvement rates are at or above the median, as well as to decrease by 10 percent the award of any community whose housing growth improvement rates are below the median.
8. **H.R. 6825, to require Federal monitors and receivers of public housing agencies to testify before the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate (Velázquez):** This bill requires each receiver or Federal monitor of troubled PHA to provide an annual written

assessment of the status of their work to Congress, as well as require each receiver or Federal monitor to provide additional information (including through congressional testimony) regarding updates on their work upon request by the House Committee on Financial Services or Senate Committee on Banking, Housing, and Urban Affairs.

9. **H.R. 7030, the *Securing Facilities for Mental Health Services Act* (Emmer):** This bill revises the FHA mortgage insurance definition for hospitals to include facilities that specialize in mental health care.
10. **H.R. 7056, the *Community Bank Regulatory Tailoring Act* (Barr):** This bill indexes various asset-based thresholds for bank regulations to nominal GDP for community banks and smaller credit unions.
11. **H.R. ___, the *Improving Public Housing Agency Accountability Act* (Lawler):** This discussion draft requires troubled PHAs currently subject to the oversight of a receiver or federal monitor to provide annual notice to HUD regarding the status. It also requires, upon request by the House Committee on Financial Services or Senate Committee on Banking, Housing, and Urban Affairs, the HUD Inspector General to issue a report on the compliance of a troubled PHA with the terms of its receivership or federal monitorship and assess the physical condition of the housing it operates, with recommendations on how to improve a PHA's compliance or enhance oversight of that troubled PHA.