



**U.S. Housing and Urban Development Secretary Benjamin S. Carson, Sr.
Testimony before House Committee on Appropriations
Subcommittee on Transportation, Housing and Urban Development, and
Related Agencies
April 3, 2019**

Chairman Price, Ranking Member Diaz-Balart, and members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the President's proposed Fiscal Year (FY) 2020 Department of Housing and Urban Development (HUD) Budget.

This spending plan seeks \$44.1 billion, an increase of seven percent over last year's request.

The proposed FY 2020 Budget also seeks a record amount of funding to reduce lead-based paint hazards and other home health and safety hazards.

And this Budget will continue providing support for the nearly five million families HUD is currently serving through the Department's rental assistance programs.

In short, this Budget will support HUD's combined efforts to provide safe, decent, and affordable housing for the American people, while being good stewards of taxpayer dollars.

I would like to touch upon each of these areas individually.

Ending Homelessness

This Administration is requesting nearly \$2.6 billion to help local communities house and serve individuals and families who are living in their shelters and on their streets. This represents an increase of nearly three and a half percent over the amount enacted for Fiscal Year 2018.

In my time in Washington, I have learned this is one area on which we can *all* agree. Preventing and ending homelessness remains a strategic goal of this Administration and, working with our local partners, we are seeing a positive and measurable impact.

The data being reported to us from thousands of big cities and small towns alike tell us our collective efforts are working. Since 2010, we have cut Veteran homelessness in this country by half. Family homelessness is also on the decline, falling nearly 30 percent during this same period.

This progress is happening because HUD's homeless assistance programs, and the contributions from state and local governments, are being targeted to proven programs and strategies. Our Budget request further supports these local efforts.

Promoting Healthy Homes

HUD's FY 2020 Budget includes a request for \$290 million for the Department's Office of Lead Hazard Control and Healthy Homes. This request *doubles* the investment this Administration sought last year and is \$60 million higher than the funding enacted in Fiscal Year 2018.

We stopped putting lead in paint back in 1978 yet more than 20 million older homes still contain lead-based paint hazards. Amazingly, though lead poisoning is a preventable disease, we continue to see far too many children exposed to lead.

As a doctor myself, it pained me that after treating a young child, they returned to a home that was not healthy. Quite simply, you cannot be healthy if your home is sick.

This undeniable link between health and housing is also driving an active campaign at HUD to overhaul the inspection process that the Department has been using for more than 20 years.

HUD is dramatically reducing the advance notice we provide to public housing authorities and private owners of HUD-subsidized apartment developments before our inspections. We will now provide advance notice of just 14 calendar days before an inspection – a dramatic reduction from the current notice, which can frequently extend up to four months.

It became painfully clear to us that too many public housing authorities and private landlords whom we contract with were using the weeks, in many cases *months*, before their inspection to make quick fixes, essentially gaming the system.

HUD also launched a series of listening sessions around the nation to gather input about a planned pilot program to test innovative new approaches to inspecting HUD-assisted properties.

These actions are part of a broader, top-to-bottom review of our inspections so we can be true to the promise of providing housing that's decent, safe and healthy to the millions of families we serve.

As a general rule, HUD doesn't inspect properties based upon local codes. But just last week, we instructed HUD inspectors to begin evaluating all public housing and privately-owned multifamily properties under contract with HUD for the presence of a working carbon monoxide detector. Additionally, in the coming weeks, HUD will send notices to PHAs and multifamily owners to encourage them to install carbon monoxide detectors.

We continue to pursue every possible way we can ensure detectors are present in units that need them. This is literally a life and death issue. Ultimately, we want to effectuate change in the most expedient and efficient way possible and are using every lever at our disposal.

Continuing Rental Assistance

Across our rental assistance programs, HUD has requested sufficient funding to ensure that all currently served households can continue to receive assistance, without any evictions.

The Administration's Budget continues support for 4.7 million HUD-assisted households by increasing rental assistance to \$38 billion. This request will allow HUD to maintain rent subsidies through our primary housing programs, including our tenant- and project-based Section 8 programs.

The Budget also proposes \$644 million for the Section 202 program to support the rents of the elderly. In addition, the request includes \$157 million for the Section 811 program for persons with disabilities. These requested amounts represent funding increases of 7 percent and 12 percent, respectively, over last year's proposed budget.

While we are here to talk about the Administration's funding request, I would like to point out that not every challenge can simply be solved with more financial resources. One of my priorities as Secretary is to work with our federal, state, local, and tribal partners on identifying and eliminating regulatory barriers that unnecessarily increase the cost of America's housing supply in general and affordable housing supply in particular. These barriers increase the cost to HUD of operating its rental assistance programs in many markets.

Pursuing Rent Reform

The Administration's FY 2020 Budget incorporates proposed reforms to HUD's current rent structure, including incorporating the Administration's uniform work requirements. These reforms will:

- Require work for those who are able to work;
- Reduce the administrative burden for housing authorities and residents alike; and
- Allow greater flexibility to create local solutions to local challenges.

It is increasingly clear that the way we subsidize families in this country is broken. In fact, the way we calculate a family's rent has not changed since President Reagan was in office. We invite Congress to engage in a dialogue with HUD to find common ground on the package of reforms in the *Making Affordable Housing Work Act* that the Department submitted last April.

Supporting Affordable Housing

Despite low unemployment and strong economic growth, we face stiff headwinds in our effort to increase access to affordable housing. The President's Budget provides the tools we need to bring everybody to the table to ease the affordability crisis in many parts of our country. This crisis is not a federal problem, it is *everybody's* problem.

The nation's public housing stock is experiencing a backlog of billions of dollars in capital needs. This results in the loss of thousands of units each year due to severe disrepair. The Budget again proposes to merge the Public Housing Capital Fund and the Public Housing Operating Fund and to give greater flexibilities to Public Housing Authorities to pay for these capital improvements.

Meanwhile, the Budget expands HUD's Rental Assistance Demonstration (RAD), allowing greater capital investment into deteriorating public housing. HUD is specifically requesting \$100 million in dedicated funding for the RAD program and is requesting that the statutory cap on converting units, currently set at 455,000, be eliminated once and for all. RAD is proving itself to be an outstanding example of bringing the public and the private sectors together to accomplish amazing results.

To date, RAD has placed more than one hundred thousand units of public housing on a more sustainable funding platform. These are affordable housing units we may have lost forever if not for RAD. And these are affordable housing units that will remain affordable.

Federal Housing Administration (FHA)

Since its creation during the Great Depression, the FHA has been instrumental in supporting homeownership in this country. The President's Budget continues this support by requesting \$400 billion in single-family loan guarantee authority, as well as \$150 million for FHA administrative contract expenses, including critically needed funding to improve FHA's aging technology systems.

FHA's most recent annual report finds that the agency's Mutual Mortgage Insurance (MMI) Fund is sound. The MMI Fund has a total economic value of nearly \$35 billion and capital ratio *above* the statutory minimum for a fourth consecutive year. FHA will remain vigilant and continue to monitor economic trends in the housing market to ensure taxpayers are protected.

We propose \$30 billion in loan guarantee authority for FHA's General and Special Risk Insurance programs, including programs that insure financing for multifamily housing and healthcare facilities. And we propose \$550 billion in loan guarantee authority for Ginnie Mae to continue supporting the secondary market for federally-insured loans.

Fair Housing and Economic Opportunity

To support HUD's fair housing mission, the Budget proposes \$62.3 million that will allow us to continue fighting housing discrimination, increase awareness of people's rights, and enhance economic opportunity.

Advancing economic opportunity for all is perhaps the fairest thing we can do. I'm proud to chair the White House Opportunity and Revitalization Council to help breathe new life into long-forgotten corners of our country. While we can be very proud of the economic growth we're experiencing, there are still communities that have seen little or no new investment in generations.

It is our intent to support over 8,700 Opportunity Zones across the nation—economically distressed places that approximately 35 million Americans call home. We estimate these Opportunity Zones will attract over \$100

billion in private investment to spur economic development and create jobs. This kind of medicine is precisely what a doctor would prescribe to heal communities where too many now live in poverty.

Too often, new investments into distressed communities are here today, gone tomorrow. Opportunity Zones ensure that development and capital investment are available for the long-term.

Eliminating/Reducing Ineffective Programs

The Administration continues to propose eliminating the Community Development Block Grant program, the HOME Investment Partnerships Program, the Housing Trust Fund, the Choice Neighborhoods Initiative, and the Self-Help Homeownership Opportunity Program. In today's budget environment, these programs are best supported by state and local governments.

Conclusion

This Budget advances our key priorities, including empowering HUD-assisted families to achieve self-sufficiency. For generations, the idea of the federal government providing housing assistance meant only one thing – helping to pay the rent so families can have a roof over their heads.

However, we must also think about how we can help families to access financial programs, educational opportunities, and higher paying jobs. In short, we must think beyond investing in bricks and mortar, and think about investing in people. This Budget does just that.

Again, thank you for this opportunity to present to you the President's FY 2020 HUD Budget.

I look forward to your questions.