U.S. Housing and Urban Development Secretary Benjamin S. Carson, Sr.
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Subcommittee on Transportation, and Housing and Urban Development,
and Related Agencies
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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) 2021 Budget for the Department of Housing and Urban Development (HUD).

This funding plan seeks $47.9 billion, an increase of 8.6 percent over last year's request. It supports funding increases to programs essential to carrying out our Department's mission.

Our proposed Budget seeks an increase in funding to house and provide support services to our homeless. Like last year, our Budget also seeks a record amount of funding to make homes safer by reducing lead-based paint and other home health hazards. And, our Budget will continue providing critical resources and support for the more than 4.6 million low-income families HUD is currently serving through the Department's rental assistance programs.

In short, our 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

We are requesting $2.8 billion for Homeless Assistance Grants (HAG), which are key to addressing homelessness nationwide. These grants represent a 6.7 percent increase over last year's funding request and will allow HUD to serve vulnerable individuals and families who are homeless or at risk of homelessness through prevention programs, emergency sheltering, rapid re-housing, transitional housing, and permanent supportive housing.

The Administration also plans to begin a new initiative to reduce unsheltered homelessness. This would support comprehensive and coordinated interventions to reduce street homelessness.

Our ongoing efforts are demonstrating results, as we see homeless rates of veterans and families on the decline. Our recent 2019 "Point-in-Time" homeless data showed that nearly 800 more homeless veterans were housed between 2018 and 2019, continuing a nationwide decline in veteran homelessness by nearly 50 percent over the past decade.

This progress has prompted 78 communities across 33 different states to declare an effective end to veteran homelessness in their areas. Three states – Connecticut, Virginia, and Delaware – have also declared an effective end to veteran homelessness altogether, which means more veterans are off the streets and have a safe place to call home.

However, we still have a great deal of progress to make. California alone has 27 percent of our nations' homeless population with more than 151,200 homeless individuals and is where half of all unsheltered Americans reside. Not only does California have the largest increase in homelessness of any state, but were it not for this increase, homelessness would have decreased nationwide. Clearly, there is a serious problem there that deserves our attention.

Healthy Homes

Our Budget includes a request of $425 million for reducing hazards in the home; this includes $360 million for the Office of Lead Hazard Control and Healthy Homes, and $65 million for lead safety initiatives in programs administered by the Office of Public and Indian Housing. This request, which is $90 million higher than the funding enacted last year, will help achieve one of my signature goals for the year ahead: the reduction of hazards in the home, including lead-based paint, lead water pipes, carbon monoxide, and radon.

Lead-based paint in housing presents one of the largest threats to the health, safety and future productivity of America's children, with over 22 million homes (34 percent of the homes built before 1978) having significant lead-based paint hazards. Our Budget requests $240 million in funding for the Lead Based Paint Hazard Reduction Grants and Demonstration programs, which is $5 million more than the enacted level last year. The grants funded through this program would make over 20,000 unassisted low-income older homes free of lead-based paint hazards over the life of the program.

Our Budget also requests funding for lead safety initiatives in the Public Housing Fund, including $35 million for grants to remove lead-based paint hazards from public housing. To address lead water pipes, our Budget proposes $30 million for replacement of lead service lines to Public Housing properties where the local public water system is undertaking a comprehensive water main replacement program.

In addition to lead, our Budget requests funding to reduce other hazards in the home, including $45 million for Healthy Homes Grants and Support, $35 million for installing carbon monoxide detectors, $5 million for radon testing and mitigation, and $30 million for conducting the Housing Choice Voucher Lead Risk Assessment Demonstration Program.

As a doctor myself, it pained me to send a young child home from the hospital when I knew they were not returning to a healthy home. This undeniable link between health and housing has been a driving force in our ongoing effort to overhaul the home inspection process the Department has been using for more than 20 years.

This past year, HUD's Office of Public and Indian Housing performed a wholesale reexamination of the Real Estate Assessment Center's (REAC) inspection process, after hearing many complaints from the families living in public housing and other HUD-assisted units.

As a result, HUD is phasing in a 14-day inspection notice policy, down from the old 120-day notice policy. Four months – a quarter of a year – is too long to wait for a home inspection to certify a unit is up to code. This shortened time period still allows property managers and public housing authorities enough time to ensure they have staffing in place to facilitate an inspection, while also assuring the inspection results more accurately reflect the housing conditions and operations.

We continue to pursue every possible way to remove environmental hazards from housing, because this is, in fact, a life and death issue. Ultimately, HUD's goal is not just healthy homes; it is healthy people living inside healthy homes.

Rental Assistance

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

Our Budget continues support for the more than 4.6 million HUD-assisted households by requesting $41.3 billion for rental assistance. This request will allow HUD to support the same number of assisted households through our primary housing programs, including our tenant-based, project-based rental assistance, and public housing programs. It is increasingly clear, however, that the way we subsidize rental housing in this country is broken. In fact, the way we calculate a family's rent has not changed since President Reagan was in office. Our Budget proposes reforms to HUD's current rent structure, including incorporating the Administration's uniform work requirements. These reforms would: 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. HUD looks forward to working with Congress to enact the Administration's proposed rent reforms to ensure these programs are sustainable for the future.

Our Budget requests $13.7 billion for rental assistance programs managed by the Office of Housing, including Housing for the Elderly (Section 202) and Housing for Persons with

Disabilities (Section 811). This funding level supports the same number of households currently assisted and includes a proposed $180 million to construct approximately 1,000 units of housing for the elderly and persons with disabilities.

Our Budget requests $853 million for the Section 202 program, which is $60 million more than the enacted level for FY2020. The Section 202 program helps more than 124,000 elderly households pay their rent. Our Budget will fully fund contract renewals and amendments of existing Project Rental Assistance Contracts and Senior Preservation Rental Assistance Contracts. In addition, we are requesting $100 million for Capital Advances to build approximately 600 units of new affordable housing for seniors.

In addition, the Budget includes $252 million for the Section 811 program, which is $50 million more than the enacted level for FY2020. The Section 811 program helps more than 32,000 persons with disabilities pay rent. This Budget fully funds the annual renewals and amendments for existing units and includes $80 million for Capital Advances to build approximately 400 units of new housing for persons with disabilities.

While we are here to talk about our Budget 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. Not only do these barriers increase costs for consumers, they also place a higher burden on taxpayers who are asked to shoulder increased costs.

To encourage the growth of new homes, last summer, President Trump established the White House Council on Eliminating Regulatory Barriers to Affordable Housing. This Council, which I also have the privilege to chair, is working with local and state leaders to identify and remove regulatory barriers that artificially limit housing supply in their jurisdictions.

Federal Housing Administration and Ginnie Mae

Since its creation during the Great Depression, the Federal Housing Administration (FHA) has been instrumental in supporting homeownership in this country. Our Budget requests $400 billion in single-family loan guarantee authority, as well as $130 million for FHA administrative contract expenses. In addition, consistent with HUD's Housing Finance Reform Plan, the Budget requests $20 million to continue modernizing FHA's outdated single-family information technology systems and includes legislative proposals that would strengthen the viability of reverse mortgages, improve FHA's lender enforcement program, and protect taxpayers.

FHA's most recent annual report stated that at the end of FY 2019, the FHA Mutual Mortgage Insurance (MMI) Fund Capital Ratio was 4.84 percent. This represents its highest level since FY 2007. MMI Capital/Economic Net Worth for FY 2019 was at $62.38 billion, an increase of $27.52 billion from the previous fiscal year.

To facilitate HUD's progress, the FY 2021 Budget proposes $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

To support HUD's fair housing mission, our Budget proposes $65.3 million to continue fighting housing discrimination, increase awareness of peoples' rights, and fund a wide range of services related to equality and fair housing. This request is $3 million more than the amount requested in last year's Budget.

Notably, our Budget requests $39.6 million for HUD's Fair Housing Initiatives Program, which will provide support for fair housing enforcement activities conducted by approximately 98 private fair-housing organizations.

HUD is also addressing fair housing concerns through regulatory reform. For example, last year, HUD issued a new proposed Disparate Impact rule designed to provide plaintiffs with a roadmap for pleading stronger cases, while empowering defendants to assert effective challenges to frivolous lawsuits. Ultimately, this new rule will bring HUD into compliance with the 2015 Supreme Court decision that placed important guardrails on the use of this legal theory.

In addition, HUD recently unveiled our improved Affirmatively Furthering Fair Housing (AFFH) rule, which is aimed at increasing affordable housing options for families and empowering localities to pursue policies that meet their unique housing needs. This updated rule simplifies compliance, promotes local solutions, and focuses on encouraging what everyone needs more of: lower cost, affordable housing that is free from discrimination.

Self-Sufficiency

Our Budget bolsters HUD's efforts to break the cycle of poverty by requesting $190 million for self-sufficiency programs. These funds directly support key initiatives like our Family Self-Sufficiency Program, which has over 70,000 active households and had more than 5,400 graduates last year who are employed and do not require Temporary Assistance for Needy Families; 41 percent of those who graduated left the program with savings in their escrow accounts, which had an average balance of approximately $6,700. Our Budget requests $90 million for Family Self-Sufficiency, a $10 million increase above the FY2020 enacted level.

Our Budget supports HUD's Jobs-Plus Program, which is geared toward increasing employment opportunities and earnings of public housing residents through a three-pronged approach of employment services, rent-based work incentives, and community support. Through Jobs-Plus, nearly 1,500 individuals have been continuously employed for at least 180 days after placement, and residents have saved over $21.3 million in rent payments. Our Budget requests $100 million for Jobs-Plus, an $85 million increase above the FY2020 enacted level.

In addition to allocated funds, HUD's efforts to foster self-sufficiency have been greatly enhanced by the bipartisan support of the Opportunity Zone initiative. Opportunity Zones were created to spur greater private sector investment into economically distressed communities through powerful tax incentives. There are more than 8,700 Opportunity Zones across the country, creating a new pathway to prosperity and impacting nearly 35 million Americans, including 2.4 million HUD-assisted individuals.

To maximize the impact of this initiative, in December 2018, President Trump established the White House Opportunity and Revitalization Council, which I have the privilege to chair. In February 2020, the Council released its annual report, which details 180 actions federal agencies have taken over the past year to maximize the impact of Opportunity Zones. The actions span a wide range of grant preference points, updated loan qualifications, reduced application fees, and improved eligibility criteria for funding and incentives.

Through Opportunity Zones, we are fostering partnerships between people who have never sat at the same table before: community leaders, business leaders, faith-based leaders, public housing advocates, investors, builders, state officials, and federal officials. The conversations I've been a part of have been groundbreaking, and the progress we are starting to see is promising.

Disaster Recovery

HUD plays an important role in long-term disaster recovery efforts across the country, providing assistance for disaster survivors strengthening mortgage relief for homeowners, and partnering with public housing agencies to address emergency safety and security improvements.

Since 2005, Congress has appropriated over $80 billion in Community Development Block Grant – Disaster Recovery (CDBG-DR) funds to the Department, with more than $40 billion of that appropriated in the last three years alone.

While CDBG-DR funding is intended for long-term recovery needs, the unpredictable and overlapping nature of the program does not allow grantees to responsibly plan or act quickly. A re-examination of the CDBG-DR program, its role in disaster recovery, and its impact on Federal disaster spending is past due.

To that end, our Budget discusses the need to comprehensively reform disaster recovery programs across all federal agencies. Our intent is to set the stage for future reforms by beginning a conversation regarding the–current inadequacies of the program (e.g., unsustainable spending, proliferation in the number and complexity of Federal programs that adds to interagency coordination challenges, misalignment of incentives, distortion of risk, and misalignment of expertise). We look forward to working with Congress on potential legislative changes to the CDBG-DR program.

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 and Assisted Homeownership Opportunity Program. In today's budget environment, these activities are best undertaken by state and local governments.

Conclusion

Our Budget advances the Administration's key priorities by providing shelter to the homeless and making homes safe from health hazards. It ensures that the people HUD serves continue to receive rental assistance. And it does this while recognizing that difficult budget choices need to be made to prevent future generations from inheriting a mountain of debt.

I'm proud of the tireless work being done by HUD's nearly 7,500 employees, who are serving every community in this great nation each and every day.

Thank you for the opportunity to present next fiscal year's Budget and update you on the progress being made at HUD.