

**NEWS from Congressman John W. Olver (MA-1)  
Chair, House Appropriations Subcommittee on Transportation, Housing  
and Urban Development**

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**Opening Statement as Prepared of Chairman John W. Olver  
Department of Housing and Urban Development Fiscal Year 2011 Budget  
Witness: Secretary Shaun Donovan**

I would like to welcome the Secretary of the Department of Housing and Urban Development, Shaun Donovan, to the Subcommittee.

Mr. Secretary, you have been on the job for just over a year and have nearly your entire senior leadership team in place. I have had the opportunity in the last month to sit down with many of them and want to commend you on the quality of talent you have been able to recruit to the Department.

The President's budget before us today requests \$48.5 billion, excluding proposed receipts, for the Department of Housing and Urban Development and attempts to balance the complex and competing goals of minimizing budget deficits while providing support to families struggling to find stability during the on-going economic recovery. Although unemployment levels have begun to decline, foreclosure rates remain high, and there continues to be increased demand for access to affordable housing.

I am particularly pleased to see that the Fiscal Year 2011 budget continues HUD's commitment to the Sustainable Communities Initiative. HUD has been a leader in recognizing the importance of coordinating transportation, housing and energy in community planning efforts. I look forward to hearing more about the newly announced Office of Sustainable Housing and Communities and how the \$150 million budget request will facilitate livable communities.

This budget also provides notable increases for the project and tenant-based section 8 program and continues the Department's efforts to fully fund these housing assistance programs.

I am also very pleased to see that the budget requests an increase of \$190 million for Homeless Assistance Grants. As you know, there is strong bipartisan support for this program among members of the Subcommittee and a recognition that homelessness rates for families, in both rural and urban areas, have increased sharply during the economic recession.

However, I do have some concerns with the Department's budget request.

In particular, I am greatly concerned about the decision to cut funding for elderly and disabled housing programs by \$550 million and \$210 million respectively. This means a cut of 67 percent to the Elderly program and a 70 percent cut to the program for housing for persons with disabilities. Over the past three years, this Subcommittee has made it a priority to invest in housing for senior and disabled populations and does not believe continued investments and program reform are mutually exclusive goals. It is my understanding that many, if not most, of the reforms necessary in the 202 and 811 programs can be made administratively, and I look forward to discussing the Department's plan to make those reforms quickly.

In addition, I am disappointed that this budget does not reflect a number of agreements that were hashed out on contentious issues last year. For instance, HUD's budget again replaces the popular HOPE VI program with the Choice Neighborhoods Initiative. It would be prudent to wait on authorization of this program and to review results of the demonstration project funded in the fiscal year 2010 bill before fully transitioning to the Choice Neighborhood Initiative.

The Department's fiscal year 2011 budget also includes many special initiatives and new programs such as the Transforming Rental Assistance program and the Catalytic Investment Competition Grants. I appreciate that the Department is looking for innovative solutions to address long-standing issues in housing and economic development. However, I have concerns about beginning new programs that have not gone through the normal authorization process.

Furthermore, I want to explore the Department's second year request for Transformation Initiative funding. While I strongly agree that HUD's information technology systems are in desperate need of modernization, I have reservations about a policy that allows the Department to shift funds away from its core housing programs at a time when demand for affordable housing is rising.

Finally, my largest concern with this budget is that it is predicated upon the assumption that a number of proposed legislative changes to FHA's loan program will result in \$5.8 billion in receipts. As you may remember, last year the Congressional Budget Office did not agree with the Department's assumptions regarding FHA receipts, resulting in significant consequences for the level of resources this Subcommittee was able to provide. I fear we may be in a similar situation again this year if CBO does not agree with the Department's assumptions.

Moving forward, I want to reinforce the continued need, by both this Subcommittee and the Department, to be vigilant in providing strong program oversight. HUD has done an adequate job of expeditiously distributing housing and community development funds provided under the Recovery Act, but continued effort is needed to ensure local authorities deliver quality projects on time and without waste. Additionally, as the FHA's share of the mortgage market continues to increase, it becomes increasingly important that strong oversight of FHA's portfolio occurs and that stringent standards are practiced. We have an obligation to the tax payer to ensure that the FHA acts responsibly where the private financial markets failed.

Mr. Secretary, while there are areas within the budget request on which we disagree, I am committed to working with you towards our shared goal of strengthening HUD's ability to provide affordable housing and greatly appreciate the leadership you have demonstrated over the last year.

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