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**Opening Remarks by Ranking Member John W. Olver**

**HUD Secretary Hearing**

**Secretary Shaun Donovan**

**10:00 am, March 10, 2011**

Mr. Secretary, your appearance comes at an important time. While the recession technically ended over a year and a half ago, hundreds of thousands of families continue to struggle with the burden of underwater mortgages and a weak job market. As the Secretary of the Department of Housing and Urban Development, you are in an important position to help families facing foreclosure, to provide housing security to families experiencing economic insecurity, and to make capital investments in housing infrastructure that creates jobs.

I am particularly pleased to see that your fiscal year 2012 budget request makes every effort to address the increased demand for housing assistance that stems from continuing high

unemployment rates and almost 2.3 million foreclosures in the last three years. Specifically the budget 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.

The budget request also makes a strong commitment to helping families who have lost their homes to come in off the street by increasing Homeless Assistance Grants 27 percent to almost $2.4 billion. As you know, there has historically been strong bipartisan support for this program among members of the Subcommittee and I hope that will continue this year.

I am also very pleased that your budget embraces the VASH homeless veterans program by providing $75 million for an additional 10,000 vouchers. This funding is needed as veterans are over 50% more likely than the average American to become homeless and already over 11,000 veterans of Iraq and Afghanistan have found themselves on the streets. I also must note the significance of this request as it represents the first time HUD has included the VASH program in their request since I originally provided funding to re-activate the program in FY08.

The budget also requests $757 million and $196 million respectively for the Elderly and Disabled Housing programs. These two programs address the needs of two of our most vulnerable populations segments and I look forward to hearing more about how you intend to use the reforms provided by two authorization bills at the end of the 111th Congress to more effectively administer the programs.

I also look forward to hearing more about how capital investments provided throughout HUD's budget, including the Public Housing Capital Fund, Native American Block Grants, and CDBG, create jobs that are vital to sustaining our economic recovery. In particular, I'm interested to further discuss how many thousands of jobs are created or sustained by investments in housing infrastructure.

In addition, I am pleased to see that the Fiscal Year 2012 budget continues HUD's commitment to the Sustainable Communities Initiative. Through this initiative, HUD has been a leader in promoting inter agency cooperation and in breaking down the stovepipes that stifle innovative planning. Like you, I strongly believe that federal dollars are most efficiently utilized when local communities have the resources and flexibility to determine what the right investments mix of housing, transportation and infrastructure are within their town in order to foster job growth.

Lastly, while overall I believe you have put forth a strong request that meets our need to support vulnerable families and help grow our economy, I am concerned that this budget is predicated upon the assumption that FHA's loan program will result in almost $5.5 billion in receipts. As you may remember, each year the Congressional Budget Office has disagreed 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 and that an unfavorable CBO score will put many of the important investments you've proposed at risk.

Mr. Secretary, while I don't agree with every detail of your budget, I do believe the request allows HUD to contribute to our economic recovery. I greatly appreciate your leadership over the past two years and am committed to working with you towards our shared goal of strengthening HUD's ability to provide affordable housing.

I want to contrast the Secretary's leadership in addressing the nation's housing foreclosure crisis with the authorization committee's actions on the House floor today. I find it appalling that the new majority is considering bills to end two of the homeowner assistance programs that have been able to squeeze even minimal concessions out of banks, simply because the programs were started by President Obama.

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