

**WRITTEN STATEMENT OF  
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DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
BEFORE THE  
COMMITTEE ON FINANCIAL SERVICES  
UNITED STATES HOUSE OF REPRESENTATIVES**

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Chairman McHenry, Ranking Member Waters, and distinguished Members of the House Financial Services Committee. Thank you for the opportunity to testify today on the state of the Department of Housing and Urban Development (HUD). The support of this Committee is critical to our work and our goal of ensuring that every American has a roof over their head and can live in communities that are strong and resilient.

When this Administration began, conditions were bleak. During the COVID-19 pandemic, millions of Americans found themselves without quality, safe, and affordable housing options – or they were at severe risk of losing their homes. What a difference three years later, HUD has made historic strides to provide direct housing assistance, expand opportunities for homeownership and affordable rental housing, build climate-resilient communities, and root out discrimination in housing.

In 2023, HUD formally submitted its fiscal year 2024 authorizing legislative proposals to Congress. These 55 proposals provide the Department with the necessary authorities to modernize its programs and strengthen HUD's ability to administer its programs. The FY24 proposals covered the entire Department, from proposing changes to help families build wealth, making it easier for Tribes to participate in HUD programs, protecting the Mutual Mortgage Insurance Fund (MMIF), and explicitly authorizing the Healthy Homes Program. By submitting the full portfolio of legislative proposals, for the first time in fifteen years, HUD hopes to alleviate the backlog of needed programmatic changes as we move forward into the future.

I could not be more proud to serve an Administration and a Department that is expanding access to affordable housing like never before. In the midst of a tough housing market, the need has never been greater. We are working to meet the challenge by expanding homeownership opportunities for first-time homebuyers and fair lending, and we are making a real impact on those we serve. HUD's funding has made an enormous impact in the lives of families across the United States. Thank you to Members of Congress for making those resources available.

During my April 2023 budget hearing I shared the following five priorities with Congress through the President's Budget:

- Increase Supply of and Access to Affordable Housing;
- Promote Homeownership Opportunities and Wealth-Building;
- Advance Sustainable Communities, Climate Resilience, and Environmental Justice;
- Strengthen HUD's Internal Capacity to Deliver Its Mission; and
- Support Underserved Communities and Equitable Community Development.

HUD's mission is critical to achieving the President's vision to build a better America—to ensure that every person has an opportunity to get ahead; to address longstanding systemic challenges, including racial injustice, rising inequality, and the climate crisis; to grow the economy from the bottom up and middle out; to expand on the historic progress our country has made over the last year. These priorities will continue to be our guide for 2024.

## **Increase Supply of and Access to Accessible, Affordable Housing**

### **Increasing Affordable Housing Supply**

In the nearly one year since the 2023 PIT Count was conducted, the Biden-Harris Administration has taken sweeping new steps that are yielding results: bolstered by the Housing Supply Action Plan, more apartments were under construction in 2023 than in any year on record. In 2023, HUD took several steps to preserve the affordable housing stock. HUD has preserved 13,300 homes using Project-Based Vouchers and 5,300 homes using Project-Based Rental Assistance under the Rental Assistance Demonstration. This preservation, in addition to the production of new housing, is critical to ensuring that families have access to affordable housing as we meet the needs that exist. We continue to support FHA's Multifamily Risk Sharing Program with the Federal Financing Bank to create or preserve affordable rental homes. In 2023, HUD launched the first of its kind funding initiative: the Pathways to Removing Obstacles (PRO) to Housing. This \$85 million competitive program will support communities in identifying and removing barriers to housing production and preservation, such as outdated permitting processes and restrictive zoning.

In addition to HUD's preservation efforts, we are updating our policies to increase access to various types of homes. Recently, HUD issued a new policy allowing borrowers purchasing or refinancing a home to count income from existing or planned accessory dwelling units (ADUs) in qualifying for their mortgage.

Similarly, HUD has published a draft mortgagee letter modernizing its 203(k) Rehabilitation Mortgage Program that, if finalized, would increase flexibility for borrowers, and decrease operational burdens for lenders, 203(k) Consultants, and other program participants. This program can protect the supply of existing homes by making sure they are properly maintained and continue to serve the needs of today's homeowners

To expand access to manufactured housing, HUD has proposed updates to the HUD Code that would allow for new types of manufactured homes.

While estimates vary, Moody's estimates that today there's a shortage of almost 1.5 million housing units and for every 100 extremely low-income renters, there are only 33 affordable rentals available. HUD is putting in the work to provide and support increased affordable housing for all Americans and making strong investments in existing PHAs and communities to assist households. Through the Biden-Harris Administration's ARP, HUD has approved nearly all community allocation plans submitted by the 643 jurisdictions that received a total of \$5 billion in HOME Investment Partnerships Program (HOME) ARP funds. The 627 approved plans will use HOME-ARP funds to create over 21,000 units of new housing to address homelessness, and assist an additional 23,800 households through rental assistance, services, and non-congregate shelter. In addition, through the Choice Neighborhoods program, to date we have built 13,285 new units of

mix-income housing, including 6,514 new HUD-assisted housing units. In FY23 alone, 2,365 new units were constructed, including 1,144 HUD-assisted units, which has helped to provide much needed affordable housing and revitalize low income and underserved communities.

### **Rental Assistance**

HUD assists 4.6 million households annually through our rental assistance programs. They are a vital tool for helping families afford rental housing. HUD has implemented a number of historic changes to ensure we serve more families and that we support more choices in today's housing market.

HUD has provided families with 120,000 new incremental vouchers in a three-year period, a 20-year record. These vouchers include the Emergency Housing Vouchers HUD provided to communities that have already helped 70,000 households. For the first time, HUD made administrative changes to include private sector data in how the Department calculates Fair Market Rents to improve accuracy during rapid market changes, which effectively expanded the number of housing units available to households. In addition, the Department expanded the neighborhood choices available to families by increasing the locations calculating fair market rents on the neighborhood level as opposed to the metro level. HUD is also coordinating with USDA's Rural Housing Service to leverage more rental assistance in rural areas by offering HUD vouchers, as proposed in the FY 2024 President's Budget.

HUD recognizes that the program works for families and communities only if it also works for property owners. With this in mind, HUD has conducted an outreach campaign to landlords across the country to help expand the number of landlords who are providing housing to families receiving rental assistance. Overall, HUD held convenings in 10 communities to bring housing agencies, landlords, and other community stakeholders together to educate stakeholders about the program, connect them with housing agencies, and discuss how to make the program work better. HUD has also implemented several policy changes to make the program more attractive to owners, such as allowing housing agencies to use their fees to provide incentive payments to owners.

### **Tenant Protections**

With 44 million households, or roughly 35 percent of the U.S. population, living in rental housing, one major goal is making sure tenants are informed and understand their rights. In July 2023, HUD announced \$10 million in new funding for tenant education and outreach to empower residents of project-based rental assistance properties by raising awareness around their rights and protections and help sustain safe, decent, and affordable housing. HUD also proposed a new rule that will require providers of HUD-assisted housing to give tenants at least 30-days written notice prior to a lease termination for non-payment of rent and include instructions for tenants on how they can catch up if they fall behind on their rent.

In 2021, HUD launched the Eviction Protection Grant Program (EPGP), a first-of-its-kind federal program designed to expand the reach of legal services and resources to low-income tenants at risk of, or subject to, eviction. Most tenants do not have access to legal assistance that may help them reach more mutually beneficial resolutions with landlords or defend against illegal evictions. The EPGP program aims to help fill this gap. For FY23, nearly 25,000 households received legal assistance through the program. This represents a 300 percent expansion of services in one year.

All tenants served by the program are low-income, and nearly 2 in 3 tenants served have extremely low incomes.

### **Promote Homeownership Opportunities and Wealth-Building**

HUD has taken multiple actions to promote homeownership and wealth-building. These actions have resulted in a higher first-time homebuyer rate during the Biden-Harris Administration than during any comparable period since at least 2000. Since the start of the Administration, FHA has supported nearly 1.8 million homeowners with purchase mortgages, 83.6 percent or 1.5 million of these borrowers were first-time homebuyers, while in the market as a whole, fewer than half of all purchase mortgages were obtained by first-time homebuyers. By share of originations, FHA also serves significantly more homebuyers of color than any other channel, and it serves slightly less than half of all rural homebuyers seeking low-down-payment mortgages.

One of the most important actions that FHA has taken to help aspiring homeowners was to reduce its mortgage insurance premium pricing by approximately 30 basis points or 35 percent. This action, which went into effect in March 2023, saves the average homebuyer approximately \$800 in the first year alone. The aggregate total savings over the forecasted life of these loans could be as much as \$1.9 billion depending on how long borrowers hold their mortgages. FHA also supported homebuyers by issuing a new policy that allows underwriters to take a borrower's positive rental history into account, which especially helps first-time homebuyers and homebuyers of color. This new policy has already helped close to 2,000 households who otherwise might not have qualified for a mortgage become new homeowners.

HUD also helped make homeownership more accessible and affordable to Native American families by lowering fees under the Section 184 loan program.

HUD estimates that the average Native American homebuyer saved approximately \$500 in the first year alone because of this fee reduction. Additionally, thousands of homebuyers will continue to benefit from this fee reduction annually moving forward.

Equally as important as providing access to homeownership is ensuring that it is sustainable and that homeowners have resources available to assist them when they encounter financial difficulties. During and since the end of the COVID-19 pandemic, FHA loss mitigation has been effective in helping distressed borrowers avoid foreclosure and stay in their homes. Approximately 2.4 million FHA borrowers entered into forbearance or became seriously delinquent from April 1, 2020, through September 30, 2023. Among this population, as of the end of fiscal year 2023, nearly 1.2 million borrowers had entered, or were in the process of entering, a loss mitigation plan that would enable them to remain in their homes and approximately 772,000 borrowers self-cured or paid off their mortgages.

Last year Ginnie Mae supported the pooling and securitization of more than 617,000 first-time homebuyer loans, for a total of 2.2 million first-time homebuyers since the beginning of the Biden-Harris Administration. Ginnie Mae also surpassed previous highs with its mortgage-backed securities (MBS) portfolio growing to \$2.51 trillion in November, supporting low-to-moderate income borrowers, veterans, seniors, and rural and tribal households through the pooling and

securitization of MBS backed by government insured or guaranteed loans through FHA, Public and Indian Housing, U.S. Department of Agriculture Rural Development, and Department of Veterans Affairs lending programs. The November 2023 new MBS issuance of \$31.7 billion supports the financing of nearly 105,000 households, including 53,000 first-time homebuyers. Approximately 76.5 percent of the November MBS issuance reflects new mortgages that support home purchases because refinance activity remained low due to higher interest rates. The November issuance includes \$30.9 billion of Ginnie Mae II MBS and more than \$810 million of Ginnie Mae I MBS, including approximately \$660 million in loans for multifamily housing.

### **Advance Sustainable Communities, Climate Resilience, and Environmental Justice**

HUD is innovating how it approaches climate investment, creating the first-ever HUD program to simultaneously invest in energy efficiency, renewable energy generation, climate resilience and low embodied carbon. Funded through President Biden's Inflation Reduction Act (IRA), the Green and Resilient Retrofit Program (GRRP) provides \$800 million in grant and loan subsidy funding and \$4 billion in loan commitment to HUD-Assisted Multifamily Housing to make homes safer and more sustainable. The Department also continues to collaborate with the Department of Energy to lead their building energy efficiency challenges to engage housing agencies and owners and managers of apartment buildings in increasing their energy efficiency.

Recognizing the tremendous opportunities for investments across federal agencies, HUD launched an online funding navigator tool that queries available resources for program participants in search of funding opportunities on climate resilience, energy efficiency, renewable energy integration, healthy housing, workforce development, and environmental justice.

Ginnie Mae, through its securitization of FHA Green Multifamily Housing loans, has a robust Green Bond program. Ginnie Mae's total Green MBS outstanding is \$48.5 billion as of month end November 2023, representing 1,978 multifamily housing projects that were built or refurbished under sustainable standards. To improve data disclosures and outcomes for borrowers, Ginnie Mae signed interagency agreements with government insuring agency partners.

HUD implemented the new National Standards for the Physical Inspection of Real Estate (NSPIRE) to strengthen and standardize its inspections across HUD programs which include public housing, multifamily housing, and voucher units. The new standards improve the detection of environmental health issues within residents' units and prioritize health and safety threats.

HUD is committed and focused on helping communities recover from disasters through the Community Block Development Grant Disaster Recovery Program (CDBG-DR). Over the last 20 years since CDBG-DR's inception, Congress has appropriated a cumulative total of nearly \$100 billion for the CDBG-DR program using individual supplemental appropriations. HUD provided approximately \$7 billion in CDBG-DR funding to help communities rebuild resiliently following disasters occurring in 2021 and 2022. While communities, community leaders, and elected officials alike praise its flexibility, the long-term focus of the assistance, and the high levels of community engagement, they regularly voice concerns about the delay in receiving funds. This delay in getting funds to survivors is due to the lack of both standing statutory authority for CDBG-DR program. This means that communities affected by disasters will not receive CDBG-DR

funding until Congress approves supplemental appropriations. On average, there is a delay of six months between the time of disaster and a Congressional appropriation providing CDBG-DR funding. HUD's data indicates that on average it takes 1.5 years from the time of a disaster until the first CDBG-DR dollar is spent on recovery efforts. This existing framework results in delays in getting funds to survivors and a lack of consistency in funding requirements, frustrating jurisdictions and community members alike. Permanent authorization would improve the transparency and predictability of CDBG-DR funds for impacted communities. Despite the absence of permanent authorization, HUD is committed to doing everything in its authority to continue to strengthen the CDBG-DR program.

## **Strengthen HUD's Internal Capacity to Deliver Its Mission**

### **Rebuilding HUD's Career Workforce**

At HUD, we believe that taking care of our people allows them to focus on our mission. We are looking beyond the numbers and focusing on empowering a diverse, engaged, skilled workforce that is prepared to meet the challenges of today and the future. We seek to strike a balance between meeting immediate operational goals, while strategically advancing our workforce readiness for changes, innovation, and technological advances.

HUD's human capital accomplishments in FY23 demonstrate its dedication to our current and future workforces. We're investing in our people through targeted recruitments, comprehensive development programs, and an unwavering commitment to inclusivity to ensure we remain ready to meet the challenges of our mission — for today and tomorrow.

HUD has made significant strides in strengthening, engaging, and developing our workforce capacity. This last year we surpassed our internal hiring goal by 21 percent, filling 1,835 positions and reaching a staffing level of more than 8,000 employees. We are also focusing on developing and retaining our existing workforce and our future leaders. Our commitment to developing our future leaders is exemplified in our Innovation Fellows program and our Senior Executive Service Readiness Program. Additionally, 80 percent of our workforce participated in various education and talent development programs, focusing on developing a leadership mindset, managing hybrid teams, and providing coaching strategies for optimal performance. Through efforts such as these, we've attained our highest-ever Federal Employee Viewpoint Survey Employee Engagement Index score (77 percent positive), along with positive increases in the Global Satisfaction Index (72 percent), and our highest-ever employee participation rate. We've also continued to improve our time to hire, providing candidates tentative offers within an average of 75 days from initiation of a hiring action. Since 2020, we've reduced this timeframe by 23 percent.

### **Sustained Financial Management**

I am proud to strengthen the public trust with significant sustained financial management success. HUD has received its fourth consecutive unqualified "clean" audit opinion on its financial statements; this year removing a long-standing material weakness. In response, HUD's Inspector General has removed financial management from its annual Top Management Challenges report. I am committed to building sustainable internal processes, investing in our people, and leveraging tools and technologies that are safe, secure, and trustworthy...all with an eye towards a better customer experience.

### **Improving Facility Management**

HUD developed a comprehensive Capital Plan focusing on improving historical inefficiencies in space utilization, creating a modern work environment for our employees, and exercising responsible fiscal management for the American people. HUD's goal is to deliver impactful customer service, meet human capital operational needs, and foster a safe workplace through capital investments and real property strategies. The plan emphasizes policies for personnel, work environments, and future work approaches.

### **Strengthen and Updating Information Technology Infrastructure**

HUD's program missions cannot be carried out without up-to-date and secure information technology (IT) systems and infrastructure. The HUD IT Budget Ratio has been less than 1 percent of our operating budget, which is comparatively the lowest among the Cabinet level agencies in recent years. Despite the resource and operational constraints placed upon us, HUD continues to make progress towards addressing inefficiencies, hiring technical and business expertise to build depth within the Office for the Chief Information Officer and supporting HUD's technology modernization efforts to continuously serve communities and families in need.

In FY23, HUD made significant advancement in addressing and strengthening IT deficiencies. Most notably, HUD made major updates to the NSPIRE IT solution and developed modern Enterprise Voucher Management System (eVMS) capabilities to efficiently process vouchers for those in need of housing assistance. NSPIRE aligns multiple HUD programs to a single set of inspection standards so the same expectations of housing quality can be achieved across HUD programs, reducing health and safety hazards in the home. The eVMS updates will modernize the process HUD uses to record monthly Housing Choice Voucher (HCV) program performance and calculate program payments.

HUD also completed a new data sharing agreement with the Federal Communications Commission (FCC) to support access to the Affordable Connectivity Program (ACP) by reducing barriers to enrollment. This agreement allows any family who is receiving rental assistance from HUD to receive benefits from the ACP with minimal paperwork, connecting families and residents to affordable broadband. Furthermore, the highly anticipated multi-million-dollar contract to restart the FHA catalyst modernization project for the Office of Housing was awarded in May 2023, and this project continues to modernize the legacy systems and accelerate the loan lifecycle to efficiently support homebuyers.

HUD also implemented major cybersecurity initiatives such as zero trust to secure the Agency's systems and prevent data loss, thereby laying the foundation to dramatically improve our Federal Information Security Management Act (FISMA) and Federal Information Technology Acquisition Reform Act (FITARA) scores.

## **Support Underserved Communities and Equitable Community Development**

### **Homelessness**

From day one, this Administration has put forth a comprehensive plan to tackle homelessness and we've acted aggressively and in partnership with our federal, state, tribal, and local partners to address this challenge. The rise in homelessness, which began in 2017 under the previous Administration, would have likely continued in 2021 were it not for historic investments in rental assistance and eviction prevention in President Biden's American Rescue Plan (ARP).

Through President Biden's ARP, HUD provided communities with historic resources and programmatic flexibilities to prevent and address homelessness during the COVID-19 pandemic emergency. During the COVID-19 pandemic, those resources and flexibilities kept low-income persons and families safe, helped to prevent a spike in homelessness during 2021, helped hundreds of thousands of households avoid eviction and housing loss, and enabled thousands of people to transition from homelessness into housing.

Notably, HUD provided communities with Emergency Housing Vouchers which have already helped 70,000 households across the country that were homeless or at-risk of homelessness find housing; more than 90 percent of these vouchers are currently in use.

Many of the pandemic protections and programs are expiring, meanwhile recent data shows that more new people are falling into homelessness. This increase can be seen in the 2023 Point-In-Time (PIT) Count data—an annual snapshot of the number of individuals in shelters, temporary housing, and in unsheltered settings. The report found more than 650,000 people were experiencing homelessness on a single night in January 2023, a 12 percent increase from 2022. The overall rise in homelessness at the beginning of 2023 continued a pre-pandemic trend from 2017 to 2020, when homelessness also increased. President Biden's ARP – the largest single-year investment in preventing homelessness in U.S. history – prevented a rise in homelessness between 2020 and 2022.

To help communities address the growing problem of homelessness, HUD, under the leadership of the Biden-Harris Administration, has prioritized substantial investments to support communities in addressing the housing needs of individuals facing homelessness, particularly our most vulnerable populations. Over the last year, HUD has helped more than 424,000 households connect to homeless support services, exit homelessness, or avoid homelessness altogether. In FY23, HUD provided 62 communities with more than half a billion dollars in new vouchers and grants that represent the first federal funding specifically for unsheltered and rural homelessness.

HUD's Continuum of Care (CoC) Program is the "backbone" of federal support for community homelessness response systems across the country, providing grants to non-profit providers, states, Indian tribes, and local governments for permanent and short-term housing assistance, supportive services, planning, data, and other costs. In July 2023, HUD released its Notice of Funding Opportunities for a historic expansion of these CoC Program grants, announcing a record-breaking \$3.1 billion in CoC grants. This historic expansion of CoC Program grants reflects the Biden Administration's recognition of the important work of Continuums of Care in coordinating local responses to homelessness.



In June 2023, HUD issued updated guidance to more than 3,000 public housing agencies (PHAs) outlining the resources and programmatic flexibilities available to help them assist people experiencing homelessness. The guidance encourages PHAs to expand their partnerships with CoCs and victim services providers to prioritize admission for people experiencing homelessness including survivors of domestic and dating violence, sexual assault, and human trafficking; reduce barriers to housing by modifying applicant screening practices; and coordinate public housing and Housing Choice Vouchers with supportive services.

### **Closing**

Over the last three years, under the leadership of President Biden, HUD has delivered unmatched outcomes for all Americans. I am proud of my Department and the positive impact that we are making on those we serve. HUD is committed to its mission, and our dedication to our important work has been made clear by the historic policies and impact our resources have had across the United States.

Chairman McHenry, Ranking Member Waters, and distinguished Members of the House Financial Services Committee, I look forward to working with you. Thank you for the opportunity to appear before you today to discuss my priorities for the Department and how HUD will continue to serve our most vulnerable citizens, increase the resilience of our communities, and tackle the challenges facing our Nation.