

DEPARTMENTS OF TRANSPORTATION, AND
HOUSING AND URBAN DEVELOPMENT, AND
RELATED AGENCIES APPROPRIATIONS FOR 2010

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF TRANSPORTATION, AND
HOUSING AND URBAN DEVELOPMENT, AND
RELATED AGENCIES APPROPRIATIONS

JOHN W. OLVER, Massachusetts, *Chairman*

ED PASTOR, Arizona
CIRO RODRIGUEZ, Texas

MARCY KAPTUR, Ohio

DAVID E. PRICE, North Carolina

LUCILLE ROYBAL-ALLARD, California

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NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking
Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

KATE HALLAHAN, DAVID NAPOLIELLO, LAURA HOGSHEAD,
LISA PEÑA, and ALEXANDER GILLEN,
Subcommittee Staff

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PART 5—TRANSPORTATION, AND HOUSING AND URBAN DEVELOPMENT, AND RELATED AGENCIES FOR 2010

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**DEPARTMENTS OF TRANSPORTATION, AND
HOUSING AND URBAN DEVELOPMENT, AND
RELATED AGENCIES APPROPRIATIONS FOR
2010**

FRIDAY, JUNE 19, 2009.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WITNESS

**HON. SHAUN DONOVAN, SECRETARY, UNITED STATES DEPARTMENT
OF HOUSING AND URBAN DEVELOPMENT**

OPENING REMARKS OF CHAIRMAN OLVER

Mr. OLVER. The subcommittee will come to order.

We are going to start off here even though we are waiting for Members because today's schedule could be a weird and wondrous process.

I want to welcome the Secretary of the Department of Housing and Urban Development, Shaun Donovan, to the subcommittee.

Mr. Secretary, thank you for appearing before us for the second time this year. We are pleased to have you with us this morning to discuss the fiscal year 2010 budget request for HUD.

HUD is requesting \$46 billion in budgetary resources, recognizing the key role affordable housing plays in our communities. This fact is especially poignant as we enter the second year of an economic recession in which foreclosure rates continue to increase and unemployment approaches 10 percent.

I am particularly pleased that, for the first time since I became chairman of this subcommittee, HUD has presented the subcommittee with an honest budget that better reflects the public housing and community development needs that face the Nation. The \$3 billion increase requested for project and tenant-based Section 8 arguably fully funds these core housing programs for the first time in many years. In addition, the \$550 million increase in the Community Development Block Grant program acknowledges the important role that CDBG plays in the economic development in cities and towns across the Nation.

The fiscal year 2010 budget also includes a number of new initiatives. I am not sure I could enumerate them all, but there are a number of them.

I am particularly pleased to see that the Sustainable Communities Initiative you announced at the subcommittee's livable communities' hearing a few months ago is proposed to receive \$150 million within this budget. As you know, I have long advocated for

the better coordination of transportation, housing and energy policy. I look forward to hearing more about how HUD is coordinating with DOT, EPA, and DOE to ensure that we are creating not only affordable housing but also affordable communities.

I also look forward to discussing the Choice Neighborhoods Initiative and how this initiative will replace Hope VI. The goal of integrating schools into our neighborhood revitalization efforts is commendable. However, there are many cities that still have a significant stock of severely distressed public housing that we must ensure don't get left behind as a result. In addition, I am interested in learning more about the energy innovation fund and what role you expect this program will play in advancing energy efficiency in public housing.

There are areas in your budget that I believe lack sufficient details and need additional clarification. In particular, the budget proposes using up to \$434 million for the transformation initiative. As I understand it, this program will focus on modernizing HUD systems and providing a new office for strategic planning. While I support these broad concepts and intended goal of creating a new, efficient HUD, I have a number of questions about how this flexibility will be used and what impact it will have on existing programs.

Additionally, I hope to discuss the administration's forecast that FHA will provide \$1.7 billion in receipts in fiscal year 2010. As you are probably aware, the Congressional Budget Office has contested whether FHA will, in fact, incur a receipt balance. As we move forward, the difference between the two estimates will have important impacts on the subcommittee's budget resources.

Last, I want to commend the Department's implementation of the Recovery Act. As of June 5, your Department reports that over \$10 billion has been allocated to State and local agencies for immediate investment in local communities. These funds are crucial to creating thousands of new jobs and providing assistance during the current economic and housing crisis.

I appreciate your cooperation on the implementation of these programs, and hope we can continue discussion about how best to expend these important funds. In the NSP II program, I am greatly concerned that the congressional intent on this program may have been disregarded and that HUD's grant eligibility requirements may jeopardize the Department's ability to leverage these funds to help thousands of other families.

Mr. Secretary, while there are areas within the budget request that I have concerns about, as I have indicated, I am committed to working with you towards our shared goal of strengthening HUD's ability to provide affordable housing. Frankly, it is a breath of fresh air to have leadership in place that believes passionately in the Department's mission.

Before we hear from you, I will recognize our ranking member, Tom Latham, for any opening remarks he would like to make.

OPENING REMARKS OF RANKING MEMBER LATHAM

Mr. LATHAM. Thank you very much, Mr. Chairman. And welcome, Secretary Donovan. Thank you for taking on this Department. It is a real challenge. If there is ever an agency in need of

a reform of some its programs, or even some of its partners and stakeholders, it is probably HUD. It seems like we are always asking what did HUD do with the money? And it is usually the case that HUD gave the money to the next agency or group or entity that was supposed to receive the money, and then we in Congress really don't get a chance to hold that group, whether it be a mortgage bank, public housing authority, project based building owner or community developer accountable for their performances. I hope you can make some progress on that.

In the interest of time, Mr. Chairman, I know we will be voting here shortly. Mr. Secretary, I look forward to your testimony. I hope everyone on the committee gets a chance to ask their questions.

I yield back.

OPENING REMARKS OF THE HONORABLE SHAUN DONOVAN,
SECRETARY, HUD

Mr. OLVER. Thank you, Mr. Latham.

Mr. Secretary, your complete written statement will be included in the record. If you can keep your oral remarks close to 5 minutes, then we will get on to questions.

Secretary DONOVAN. Understood.

Mr. Chairman, Ranking Member Latham, members of the subcommittee, thank you for the opportunity to appear before you today to discuss HUD's 2010 budget proposal.

I want to thank the committee in particular for securing nearly \$14 billion for HUD programs as part of the Recovery Act, and assure you HUD is working quickly to get these funds to nearly 12,000 grantees across the country. I am equally proud of the large number of competitive funds we have made available, including the \$2 billion in the neighborhood stabilization program that the chairman discussed, and the \$1 billion for greening our public housing stock. In fact, we had the largest amount of competitive funds available today than at any other time during the Department's history.

As you know, we have already begun to address the housing and economic crises. Given our expectation that FHA loan volumes will continue to be high until the credit crisis passes, we have requested expanded loan commitment authority for both FHA and Ginnie Mae. We are asking Congress for the authority to endorse up to \$400 billion in FHA insurance. And in 2010, HUD is projecting that FHA will generate nearly a \$1 billion more income than will be paid out in losses over the life of those loans. In other words, we project our 2010 business to be in the black.

We also must have better informed housing consumers, and this budget requests \$100 million for HUD's housing counseling program, a \$35 million increase over 2009. HUD is also requesting \$37 million to better protect consumers and taxpayers against those who commit mortgage fraud.

The second objective of the 2010 budget is to restore a balanced, comprehensive housing policy, one that supports homeownership, but also provides affordable rental opportunities and ensures nobody falls through the cracks.

The President is proposing several key initiatives, including \$1 billion to capitalize the national housing trust fund; full funding of the public housing operating fund; 12 months of funding for project based rental assistance; a \$117 million increase in funding for homeless programs; and a \$1.8 billion increase in calendar year funding for the voucher program that will preserve affordable housing for more than 2 million households and give HUD and housing authorities new tools to more efficiently allocate budget authority in order to serve the maximum number of households within the funding provided.

The third objective of the 2010 budget is to invest in urban and rural communities. That includes full funding for the Community Development Block Grant program at \$4.45 billion, a \$550 million increase over 2009; creation of the university community fund and the rural innovation fund; a \$250 million Choice Neighborhoods Program. And let me be clear, Choice Neighborhoods is, in fact, a celebration of the successes of Hope VI in that it takes the best practices of Hope VI and expands them to encompass not just public housing, but also privately owned assisted housing and the surrounding neighborhoods of extreme poverty.

Choice Neighborhoods is based on a simple principle: When you choose a home, you also choose the schools your child attends. You choose transportation to work; you choose a community. We look forward to working closely with the authorizing committees to make Choice Neighborhoods a powerful tool for creating viable neighborhoods with decent, affordable housing, improved access to jobs, better schools, and increased public transportation options.

The fourth objective of the budget is to drive energy efficient housing and sustainable inclusive growth. In March when I testified before this committee, I spoke generally about our budget proposals to address the twin challenges of coordinating housing and transportation investments and improving energy efficiency. Today, families spend nearly 60 percent of their budgets on housing and transportation costs. That is not only unacceptable, during an economic slowdown, it is unsustainable. Building off of the work of Chairman Olver who compelled HUD and FTA to work together on program and policy integration, we are proposing a \$150 million Sustainable Communities Initiative to integrate housing and transportation planning and support development of new land use in zoning plan.

The proposed \$100 million energy innovation fund would support several pilot efforts within FHA and in a few innovative communities in order to identify strategies that can foster new approaches for financing energy improvements in new and existing housing.

The fifth objective of this budget is to transform the way HUD does business. We need better data and research about our existing programs and the housing market in general.

Mr. Chairman, as I told you before, I am a numbers guy. We need to be forward thinking and use demonstrations to test ideas on how to transform our existing programs so they serve more people with the same or less money. For example, HUD spends about \$5 billion on energy for our public housing and Section 8 operations alone. Saving just 5 percent annually could generate a savings of \$1 billion over the next several years that we could invest in af-

fordable housing. We need the flexibility to target technical assistance where it is most needed, such as planning assistance for communities dealing with the economic fallout from the troubles in our auto industry, and we must transform HUD's procurement, hiring practices, and data systems. For example, modernizing our FHA and voucher management systems to meet 21st century housing and community development challenges.

We are requesting that the Congress permit HUD to set aside up to 1 percent of its total funding to be used for four specific activities: Next generation technology; demonstrations; research; and technical assistance.

So Mr. Chairman and members of the subcommittee, with this \$44 billion request, I believe we are poised to meet our current economic challenges and lay the foundation for building the strong, sustainable communities America needs to prosper in the decades ahead.

I thank you for the opportunity to be here today, and look forward to your questions.

[The information follows:]

**Written statement of Secretary Shaun Donovan U.S. Department of Housing and
Urban Development Hearing before the Subcommittee on Transportation, Housing
and Urban Development, and Related Agencies Committee on Appropriations
United States House of Representatives**

"HUD's FY 2010 Budget Proposal"

June 19, 2009

PRE-CLEARANCE DRAFT – JUNE 12, 2009

Chairman Oliver, Ranking Member Latham, and members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the U.S. Department of Housing and Urban Development's (HUD) 2010 budget proposal.

I want to thank the Committee for its work at securing nearly \$14 billion for housing and urban development programs as part of the Recovery Act. Those funds are helping families remain in affordable housing, putting people to work in green jobs, and stabilizing neighborhoods.

HUD's 2010 budget proposal responds to the current crisis in our housing markets, addresses the continuing affordable housing needs for millions of families, and reestablishes HUD's partnerships with struggling cities, counties, and states. But it goes beyond that, it is a forward thinking budget with new ideas for driving energy efficient housing, sustainable, inclusive growth, and revitalization of neighborhoods of extreme poverty. This budget also asks the Congress to invest systematically and predictably in the full-scale transformation of the Department through targeted investment in activities and reforms funded by the proposed Transformation Initiative.

The 2010 budget we have provided for your consideration will move us forward. With your support, what we have proposed would:

- Insure mortgages for up to 2.24 million families with the Federal Housing Administration;
- Provide housing counseling to 571,000 households;
- Fund rental assistance for over 4.5 million households;
- Expand the supply of housing affordable to low-income families by 306,000 units; and
- Increase the capacity to serve homeless individuals by almost 15 percent

How can we achieve these goals?

As you know we have already begun to **address the housing and economic crises**. The Making Home Affordable Program and Congress's recent passage of the Helping Families Save Their Homes Act are critical tools for preventing foreclosure; and FHA is playing an important role at ensuring that credit remains available to millions of households. Its market share has risen from 2 percent in 2006 to 24 percent at the end of 2008. This 2010 budget requests the authority needed so that FHA and GNMA can match their expanded roles. This budget asks for loan guarantee levels of \$400 Billion for FHA and \$500 Billion for GNMA. In 2010, HUD is projecting that FHA will generate nearly a billion dollars more income than will be paid out in losses over the life of the loans. That is, we project our 2010 business to be in the black.

We also want housing consumers to benefit from their housing choices. One lesson from the events in the housing market of the last few years is that homebuyers and homeowners need education and counseling both before and after they get a loan. Most important, when borrowers start having a problem paying, they need advocates for their interests early on in the process. This budget requests \$100 million for HUD's housing counseling program, a \$35 million increase over 2009.

HUD is also requesting funding for activities to better protect consumers and taxpayers against those who would seek to commit mortgage fraud. This budget has over \$37 million in initiatives to combat mortgage fraud and predatory practices, including:

- Improving FHAs data systems;
- Quickly and effectively implementing the new Secure And Fair Enforcement Mortgage Licensing Act (SAFE) and enhanced Real Estate Settlement Procedures Act (RESPA) requirements; and
- Increased funding for the Fair Housing Initiatives Program (FHIP) and Fair Housing Assistance Program (FHAP).

The second objective of the 2010 budget is to restore a balanced housing policy. This budget proposal **returns the federal government to its leadership role as a catalyst for expanding the availability of decent and affordable rental housing**. In the first quarter of 2009, 33 percent of all Americans were renters. Most people in this room have at some times in their life been a renter, and 66 percent of households in poverty are renters. To again take a leadership role in ensuring extremely low and very low-income households have quality affordable housing in safe and opportunity rich neighborhoods, the President is proposing several key initiatives, including:

- \$1 billion to capitalize the Housing Trust Fund;
- Full funding of the public housing operating fund;
- Twelve months of funding for Project Based Rental Assistance;
- A \$117 million increase in funding for homeless programs; and
- A \$1.8 billion increase in calendar year funding for the voucher program that will preserve affordable housing for more than 2 million households and give HUD and housing authorities new tools to more efficiently allocate budget authority in order to serve the maximum number of households within the funding provided.

The third objective of the 2010 budget is to **Invest in Urban and Rural Communities**. This involves:

- Full funding for CDBG at \$4.45 billion, a \$550 million increase over 2009, and a legislative proposal to update this enduring and valuable program so that it more efficiently and effectively addresses the community development needs of the 21st century, including a provision to hold harmless funding losses that might result due to a formula change;
- Creation of two new competitive programs, the University Community Fund and the Rural Innovation Fund, that would build around key institutional assets and test new ideas for addressing the problems in distressed neighborhoods and rural communities; and
- Creating a \$250 million Choice Neighborhoods program. Choice Neighborhoods is a celebration of HOPE VI. What I mean by this is that it takes the best practices of HOPE VI and expands them to encompass not just public housing, but also privately owned assisted housing and the surrounding neighborhoods of extreme poverty.

Choice Neighborhoods will create viable neighborhoods with decent and affordable housing, improved access to jobs, better schools, and increased public transportation opportunities.

The fourth objective is to ***Drive Energy Efficient Housing and Sustainable, Inclusive Growth***. In March, when I testified before this committee I spoke generally about our budget proposals to address the twin challenges of coordinating housing and transportation investments and improving energy efficiency. As this committee is well aware, housing and transportation costs now average a combined 60 percent of income for working families in metropolitan areas. Residential buildings account for 20 percent of carbon emissions and transportation counts for one-third of carbon emissions. Designing communities so people have the option to drive less, have shorter commutes to work, shopping, and recreation, as well as building and retrofitting homes to make them more energy efficient is not just good for the environment, it also improves quality of life.

Building off of the work of Chairman Oliver, who compelled HUD and FTA to work together on program and policy integration, we are proposing a \$150 million Sustainable Communities Initiative intended to catalyze a linkage between housing and transportation planning and support development of new land use and zoning plans that think forward to long-term sustainable communities. We are already moving forward working with the Department of Transportation and the Environmental Protection Agency to develop common principals for livable communities. These partnerships are intended to maximize all of our resources so the sum of our efforts is truly greater than the whole.

Energy efficient housing is more affordable housing, yet our financing tools have thus far largely failed to capture this obvious trade-off between housing cost and energy efficiency. The proposed \$100 million Energy Innovation Fund would support several pilot efforts within FHA and in a few innovative communities in order to identify strategies that can catalyze new approaches for financing energy improvements in new and existing housing.

Led by Deputy Secretary Ron Sims, we are proposing the new Office of Sustainable Housing and Communities that will expand our relationships with our federal, state, and local partners and coordinate HUD's programs to catalyze both sustainable planning and greater energy efficiency.

The fifth objective of this budget is to ***Transform the Way HUD Does Business***. We are asking for flexibility to transform the agency. This housing and economic crisis has demonstrated huge weaknesses in our nation's ability to deal with changes in how our housing markets operate and how we address the housing needs of our most vulnerable citizens.

We need better data and research about our existing programs and the housing market in general; we need to be forward thinking and use demonstrations to test ideas on how to transform our existing programs so that they serve more people with the same or less money; we need the flexibility to target technical assistance; and we must transform HUD's data systems, procurement, and hiring practices to match our housing and community development challenges going forward. In sum, HUD's transformation request is intended to result in better programs that serve more people with fewer resources.

A recent study conducted at the request of Congress by the National Academy of Sciences on HUD's research suggested that a dedicated set-aside of funding was needed to support research and demonstrations at HUD. We are requesting that the Congress accept this idea and go one step further, and permit HUD to set-aside up to one percent of its total funding,

approximately \$434 million, toward transformation. These funds would be used for four activities: Next Generation Technology; Demonstrations; Research; and Technical Assistance. As proposed, no more than 50 percent and no less than 10 percent would be spent on each activity.

The projects to which these funds would be committed will be defined through a strategic planning process we are undertaking right now, a process we want to engage you in as well. This process asks the questions: What should our housing and urban development programs look like 6 years from now? How can HUD manage its existing programs today more efficiently and effectively?

While we are beginning this strategic planning process right now with a target of October 2009 for a draft strategy, there are some projects that clearly need to be done now. Activities we would undertake include:

- Modernizing the FHA data systems to speed up processing and reduce risk;
- Transforming and integrating the data systems for the Housing Choice Voucher and multifamily assisted housing programs;
- Designing and developing the IT systems needed for implementation of the HEARTH Act;
- Providing technical assistance that recognizes that in the real world HUD's programs work together and often have common goals, such as improving energy efficiency, and thus need TA that is cross-program;
- Providing program specific technical assistance for such programs as CDBG, HOME, homeless programs, Native American Housing programs, HOPE VI as well as new programs such as Choice Neighborhoods and the Rural Innovation Fund;
- Conducting research that addresses short-term need for information; and
- Designing and implementing forward-thinking demonstrations that will improve the effectiveness of and reduce costs in existing programs, as well as test next-generation ideas. In 2010, Transformation funds would be used to support the pre-purchase counseling demonstration mandated in HERA. This demonstration would test how effective different types of counseling are at reducing default risk for buyers with low down payments. We would also conduct impact studies of rent-reform that build off ideas initiated but not yet studied as part of the Moving-To-Work demonstration. Both of these demonstrations would test ideas that could provide significant cost savings to the federal government as well as potential benefits for families.

We will engage the committee in the development of the plan that specifies the research, demonstration, TA, and technology investments. HUD is committed to work with the Congress to make grantees more accountable for their efficient and effective use of these funds.

HUD is establishing a new Office of Strategic Planning and Management to implement the strategic planning process, wisely allocate Transformation Initiative resources, and oversee the overhaul of HUD's hiring and procurement systems. The budget also proposes a new Chief Operating Officer to guide the internal transformation of HUD's operations.

I truly appreciate the time of the Committee and look forward to your questions.

Mr. OLVER. Thank you, Mr. Secretary, for your statement. We would usually go directly to questions and follow 5 minute sessions by myself and the ranking member and then the other members who have come in in their order, but I would like to recognize our big ranking member, Mr. Lewis from California, and allow Mr. Lewis time to make what comments he would like to make.

SECTION 8 HOUSING

Mr. LEWIS. Thank you very much, Chairman Olver. Secretary Donovan, I apologize for interrupting in this fashion. We have some crazy things that are happening on the House floor these days, and people like me and my big chairman have to be attending them.

In the meantime, Chairman Olver, I want to raise with the Secretary a very, very important item in my mind and raise by way of that to the members of the committee concerns I have long had.

Mr. Secretary, I had the privilege of chairing this committee in the mid-1990s, and during that time, took note of the fact that in the many years I had been on the committee, we had been sending virtually millions and millions of dollars around various communities for Section 8 funding. That housing program is designed to provide opportunity for housing and maybe even opportunity to climb up the ladder for middle income, really low income and poor America.

Secretary Cisneros and I became very good friends during that time because we had similar concerns. The Secretary spent time with me going out and looking at Section 8 housing. While he didn't attend this trip, he was certainly attentive to what I experienced. The trip to New Orleans I will never forget, where we had been sending \$10 million to \$15 million every year for all the years, maybe for 10 to 15 years that I had been on the subcommittee, to New Orleans. And the visit there was startling. To visit Desire Homes, and I would urge you to spend some time at Desire Homes. As a New York housing commissioner, you know problems of impacted housing. But in turn, the place was a shambles. Huge facilities that were built during the big war years to bring people to work in the shipyards. The two major buildings in the center were controlled by the gangs, and they ran drugs and other kinds of activities out of there.

I met with the inspector general. I met with the inspector general in the offices of the FBI because we could find almost no other significant public housing in spite of the millions in New Orleans. And as we were discussing these challenges with the inspector general, the guy from the FBI who was sitting there interrupted and said, Congressman, if I could just say something, it seems to me that the least you could do if you want to get a handle on providing housing dollars in New Orleans, you would bring a full-time inspector general here because this guy flew in from Houston today to talk with you.

Well, that led to a significant, \$9 million that I remember, recalling off the top, increase of the inspector general funding for the housing authority. That led to work that looked at largely urban centers around the country. And as a result of the work and investigation, a number of people went to jail. That particularly impacted communities of significance in California. The then-sec-

retary is now attorney general of New York, and he was very unhappy with my involving myself with the inspector general because the inspector general is somewhat of an independent voice. My God, can you imagine, inspector general, the authority dare being independent. Well, in turn, that led to the housing fraud initiative in which we were trying to broaden that base. Leadership changed after the next election. I went to another subcommittee. The following staff was not particularly interested in having an inspector general have this kind of expanded funding. But nonetheless the problem continues. There is not any doubt that you and I are committed, if at all possible, to provide an opportunity for especially the poorest of the poor to climb these ladders. But if the money we spend does not get to those people, and maybe by way of local authorities is used in different ways, then to say the least, we have been a disservice perhaps not just to the poorest of the poor, but to ourselves.

I would urge you, Mr. Secretary, to look at that background and consider what we can do to expand our ability to measure what is really happening at those commissions, especially in the urban centers.

Mr. Chairman, I appreciate so much your allowing me to take our time. You are a chairman who is willing to get into the nuts and bolts. Between you and Mr. Latham, if you would take this on, and do this with Secretary Donovan, it could make the biggest contribution this subcommittee has made to the housing process. Thank you.

Mr. OLVER. Mr. Lewis, thank you for your comments. I am sorry I had not heard this from you at some point earlier.

Mr. LEWIS. I have said it so many times, I almost forget.

Mr. OLVER. Not before me, not when I have been present at least. Thank you for that.

Mr. Secretary, would you like to make any comment or would you rather have time to explore this before you comment?

INSPECTOR GENERAL

Secretary DONOVAN. I very much look forward to following up on that. A couple of things, first of all, I couldn't agree more that the inspector general has an incredibly important role to play. I meet almost weekly with Ken Donohue. In just the first few months, our teams have begun working. They meet weekly on Recovery Act funding, and we have asked Inspector General Donohue not just to tell us mistakes after we have made them, but to be there right up front as we were designing the processes of distributing the close to \$14 billion in Recovery Act funds, the largest share of which is going to public housing, to make sure, particularly on the troubled housing authorities, that we are preapproving literally every line item that they were going to be spending in the Recovery Act funding.

So I think the Recovery Act, in particular, has been a very good start in a collaborative relationship, knowing in prior times there have not been those kinds of collaborative relationships. I think that is very, very important.

The last thing I would say is that an area I am particularly concerned about is mortgage fraud, more generally in the market as

well as within FHA. The President recently signed a bill that expanded funding for the inspector general at HUD as well as the Department of Justice, Federal Trade Commission, and gave us more authority to go after bad actors in the FHA program. I could agree with you more that we need to do everything we can to ensure that funds are spent for the right people in the right way.

Mr. LEWIS. I thank you for that.

Thank you very much, Mr. Chairman.

SUSTAINABLE COMMUNITIES

Mr. OLVER. We will then go on to questioning.

Mr. Secretary, I would like to just get a little further thought from you about the sustainable communities program. You announced earlier this year with the Secretary of DOT the sponsorship of the Sustainable Communities Initiative to incentivize regional planning efforts, combining housing and transportation, and I think you then included energy along the way. I applaud that effort because I have always considered that energy and housing and transportation are part of a three-legged stool and you have added a fourth. I think that adds some additional stability to it with EPA.

Can you tell us a little bit about the structure of the program? Are there local efforts that you are trying to emulate or guide what you have in mind that you think that we ought to be replicating around the country? What are your hopes for the communities, how communities will react to this initiative?

Secretary DONOVAN. Well, just to take that last question first, we have seen enormous excitement and interest about this. I have seen it myself at the local level, at the metropolitan level. There has been a great interest and already a great deal of work that has happened frankly without much support from the Federal level to try to bring together housing, transportation and other types of planning, particularly around energy.

Really what we are trying to do through the Sustainable Communities Initiative is to support and expand state and local efforts that are underway. There are three key components, \$100 million that would support regional planning efforts that would better link transportation funding with housing funding. Transit-oriented development is a perfect example of the kind of planning that funding would support.

\$40 million would go to support planning at the municipal or local level rather than at the regional level. In order for transit oriented development and other types of sustainable development to be successful, it depends on first of all getting many barriers out of the way, we are focused on remaining barriers whether zoning or other barriers, that stop the development often of multi-family and denser development. Again, we must remove barriers, whether they are barriers in terms of impact fees or other things that have traditionally stood in the way of intelligent development. We must also look at strategies like inclusionary zoning or others that would ensure where you have transit-oriented development, which can spur walkable communities. Our vision is not just to have luxury housing development, but a mix of workforce development that is available for a broad range to create truly sustainable communities from an income level as well. That is the second part.

The third part is \$10 million dedicated to research. In particular what we have begun working with the Department of Transportation to pursue a relatively simple transportation efficiency measure that takes a house or a home in one community and considers, the expected transportation costs in that area, versus in other places. I think this could be enormously powerful because if I am a lender providing a mortgage to a home where I would expect that family to spend 30 percent of their income on transportation costs, that is a lot less safe a mortgage than one where the family spends 10 percent of their funds on transportation costs.

I think we can do a lot to unleash the power of the financial markets, and others, if we can get good information about transportation costs that are easily available to consumers and to the market more broadly.

So those are the three components of the initiative. I am also happy that we made real progress since we testified here in developing six livability principles, and also beginning to really analyze the barriers to this kind of development. There are many ways that HUD programs stand in the way of in-fill development and other kinds of development that contribute to sustainable communities.

So we have begun a full analysis of that across the Department, and I look forward to coming back to you with the results of that to talk about what legislative changes we might need to really support those.

NOFAS

Mr. OLVER. Have you done regional meetings with people from States and so forth to describe this out in the broader community? I suspect from the way you have described this, there is going to be some sort of notices of funding availability for the three categories that you mentioned, or two of the three, because the research may well be something that you are going to do internally, but the other two look like they lead to NOFAs?

Secretary DONOVAN. Absolutely. Should the Sustainable Communities Initiative be part of the budget, we would run competitions through—NOFAs to support the planning efforts at regional levels and local levels.

SUSTAINABLE HOUSING

Mr. OLVER. Have you reached out, because if you just send out a NOFA, and if it comes as a surprise to everybody, I don't know what you will get except more from several communities that maybe have already learned how to do this sort of thing?

Secretary DONOVAN. I couldn't agree more. We have had initial discussions, and we hope to be able to announce a director of our new offices, Sustainable Housing and Communities, within the next few weeks. And once that person is on board, that person would lead exactly the kinds of discussions that you are talking about. And we are planning to do that over the summer in a range of different communities.

Mr. OLVER. I could continue this. I am particularly interested in what dollars transportation may be bringing to this and other organizational things, but I am well on red.

Mr. Latham.

Mr. LATHAM. I was enjoying every second of it, Mr. Chairman. Mr. Secretary, normally in the Federal Housing Administration, the Administration and the Congressional Budget Office agree somewhat about how well the portfolio in FHA is going to perform; and that disagreement is normally about volume of business and not about the subsidy rate. But this year, the CBO estimate was basically a complete rejection of the administration's estimate in practically every respect. The estimate rejects the notion that the fund will operate profitably. Absent the underlying Credit Reform Act, there would be a demand that we treat the program as if it were losing money. This has real life consequences for the committee since we have to make up for the shortfall that CBO estimates will occur relative to your total budget. Quite frankly, it seems just from appearances only that the administration overstated the performance of the funds so it wouldn't have to reduce programs or reduce the increases in the initiatives that it wants.

Has your staff met with the Congressional Budget Office to determine what specific elements of the administration's estimates were rejected and can you tell us what those differences were?

DIFFERENCES WITH CBO

Secretary DONOVAN. We have requested a meeting with the CBO to discuss this. I have also had some discussions with the Budget Committee and OMB about this, and we have provided some information to them about it.

I think fundamentally, what we have seen, and I spent an enormous amount of time personally with the Office of Management and Budget analyzing these numbers, there have been two major changes in FHA that may not be reflected in CBO's numbers and I think it is important that we do get to the bottom of this with them.

First of all, given the change in credit markets, the average credit scores for FHA have gone up over 50 points during the last year. So that for loans to be originated in 2010, we expect a significantly higher credit score on average than we have had historically.

Second, and I thank Congress for working with HUD on this, the elimination of the seller-funded downpayment loans in the portfolio, that change alone, our estimate is, contributes a \$2.5 billion swing to the performance of loans that will be originated in 2010.

So I do feel quite confident in our estimates, and we are pursuing a resolution with that of CBO. And any support that the committee could provide in doing that, we would greatly appreciate.

Mr. LATHAM. So you intend to—our problem is that we have to live by CBO. Whether you talk about OMB or whatever, but that is not the reality here for us. But you are going to work with them to try to revisit your methodologies. How are you going to address this?

METHODOLOGY

Secretary DONOVAN. We have approached them, requested a meeting, and supplied information how we got to our estimates. I hope we will get into the details with them to be able to resolve the difference.

Mr. LATHAM. Okay. Just another item that has kind of popped up; you are proposing to continue the reverse mortgage program for seniors even after it has been shown to be a huge drain on the taxpayer, and the program is not part of the basic mission of FHA, has never been implemented by the private sector. Moreover, many have warned since the inception of the program that it is doomed to fail; now, a lot of people believe it has failed, and the Department wants to continue it anyway.

TAXES

Why would you ask the taxpayer to incur, I think it is about \$800 million, to incur such a huge, long term liability on top of all of the other long term liabilities?

Secretary DONOVAN. During this time in the economic crisis that the country is facing, which has been particularly difficult for our seniors, reverse mortgages continue to be an important opportunity for seniors to face these difficult economic times and to do longer-range planning to support their health care and other needs.

We looked carefully at this and felt that it made sense to continue to support seniors during these difficult times. Having said that, I would also note that the proposal that we have put forward was dependent on not changing the underwriting terms for the HECM program. There are some relatively simple changes we could make that would limit participation in the program, but that could offset that request for credit subsidy. I would be very happy and look forward to our staffs discussing those options and making decisions together with the committee about whether we ought to make changes to the program.

Again, we are not advocating those, but there are options, whether it is around the premiums, or around effectively the loan to values that seniors could take which would enable the program to be credit subsidy neutral for 2010.

Mr. LATHAM. I just would note the reserves are basically deleted or gone now as a result of the foreclosures, and it is going to be a real problem. I thank you.

Secretary DONOVAN. Just to be clear, the FHA program, the reserves continue to be above the congressionally mandated 2 percent overall. I want to be very clear that the program is not in a negative position overall. And we do continue to monitor that very closely. We expect to have a reestimate this summer, and I think based on our latest estimates, the likelihood is it does remain above that 2 percent. But depending on the way that the market goes over the summer, that could change. We will keep the committee very closely apprised of that.

Mr. OLVER. Thank you, Mr. Latham.

We will now go down the line in order of seniority for those who were here when the gavel came down, and then those who arrived after the gavel came down. That procedure leads me to Mr. Pastor.

Mr. PASTOR. Thank you, Mr. Chairman.

Good morning. Congratulations.

Secretary DONOVAN. Thank you.

Mr. PASTOR. And best of luck.

CDBG

The questions I am going to ask deal basically with CDBG. I am from the city of Phoenix, and its population has doubled. It was 600,000 in 1970, and now it is 1.4 million. And so the past 30 years has brought a lot of change. And the growth has brought with it 18 percent poverty level in the city's population. Phoenix has experienced increases in the low income single parent household; housing overcrowding; aging housing stock; and moderate and low income senior citizen housing.

The CDBG program formula was developed in 1974, about 30 years ago, and has not been revised since the program's inception, as you well know. This year you request \$4.18 billion for CDBG. And as I understand it, you are requesting the fiscal year 2010 funding to be distributed using a revised formula. What does that mean?

Secretary DONOVAN. Well, first of all, the \$4.18 billion that you talked about, we are also proposing—that would just be for formula funding, and we are proposing beyond that new initiatives, like the Sustainable Communities Initiative, that brings the total up to over \$4.5 billion. But even just the \$4.18 billion of formula funding, represents a significant increase over last year for filling the President's commitment to fully fund CDBG.

I think there is broad agreement, as you discussed, that the formula created more than three decades ago has not kept pace with changes in metropolitan areas and in rural areas across the country, for example, in Phoenix, other parts of the southwest and the west. And so we do believe that there needs to be an updating of the formula. We also understand that is a difficult discussion because there are different interests in different parts of the country.

That is why it is so important that we have proposed a significantly increased level of funding which would allow us to implement a hold harmless provision for jurisdictions across the country so that no jurisdiction, even with a formula change, would lose funding for the 2010 budget years.

So we believe that with this increase of funding now is the time to relook at the formula and to develop a formula that is more closely targeted at needs, while at the same time, looking at ways that we can continue to provide the flexibility that CDBG provides, but to have greater accountability in terms of measuring progress and impact for the CDBG program which has been difficult given the broad flexibility the program has.

Mr. PASTOR. I would agree it is going to be very difficult politically because over the last 30 years, you have had population changes and there have been major shifts as you see in the makeup of Congress. Yes, it would be very difficult because there are regions today that probably would be very much opposed, and regions that would be very supportive, especially in the west and southwest. So to hold harmless, it would be for 2010?

Secretary DONOVAN. I think there are a number of ways to implement that.

Mr. PASTOR. But you said hold harmless 2010? That is what I heard.

Secretary DONOVAN. Certainly at the very least for 2010. There are a number of ways to implement this that would have budget consequences in future years.

Mr. PASTOR. That is what I am getting to. What are you going to do in 2011? You are still going to have the political pressure and the redistribution in the formula?

Secretary DONOVAN. We believe, at the very least, that the budget proposal for 2010 needs to hold harmless across the country. We have not made a proposal in the budget for 2011 given that is not part of the budget proposal.

Mr. PASTOR. It is too early. I will take your answer.

The fiscal year 2010 budget proposal mentions that economic need will be used to target CDBG moneys. Can you tell me what factors will be used to determine economic need?

Secretary DONOVAN. There is a proposal that we would be happy to discuss in more detail and provide you. There are a range of factors that we have looked at in terms of income levels, condition of housing, and a range of others. I think the best might be for me to provide to you and the committee more detail about what possible formulas would be.

Again, I think we believe strongly this is an important discussion to have with the Congress. We are not locked in, I would say at this point, on a specific formula, and we have a number of options that we have developed that have differently weighting of different factors. I believe it is very important that we have a discussion about the merits of various formulas and come to a joint conclusion about that rather than for us to simply say there is a single formula that we think would work.

Mr. PASTOR. That is why I bring up the issue because when you talk about formulas, especially those formulas that have not been changed for 30 years, and there is the likelihood they haven't been changed for 30 years because the people who benefited 30 years ago don't want to give it up.

So I would highly recommend to you that your attitude of working with Congress and looking at the various formulas, the various factors, is very important, that you consider that and work with the Congress because if it is something you spring on Congress or do not have much conversation about, you are going to get caught in the crossfire. So I highly suggest that you continue your dialogue just so that your future initiatives will progress forward and will be able to be implemented.

Thank you, Mr. Chairman. I yield back.

Mr. OLVER. Just to add to that slightly, the formula was authorized in law once in the middle seventies. It has been the same for all of those years. We are going to have a census that will be out before the 2011 budget gets completed. And seeing the history of it, one ought to deal with whatever this new census data are around the factors that are you talking about. But the communication has to be with the authorizing committee, so start that communication.

Secretary DONOVAN. Yes. I would also just add, I want to be very clear, there has been discussion about the formula for a number of years, but it has taken place in the context by attempts, by the last administration, to dramatically cut the CDBG program.

The President made a pledge during the campaign, which we are living up to in this budget, to fully fund CDBG. I believe it shows a commitment to the importance of this program to local communities. And in addition to that, it gives us the ability to implement changes, as difficult as they might be, in a context where nobody will lose funding under a hold harmless.

So I believe we have an opportunity to have a discussion about it in a different kind of way than we have had in the last few years, and I look forward to that conversation with this committee and with the authorizing committees.

Mr. PASTOR. Thank you, Mr. Chairman.

Mr. OLVER. Mr. Rodriguez.

Mr. RODRIGUEZ. Thank you very much, and welcome to the committee and congratulations, Mr. Secretary.

OVERRUNS

Let me follow up on a comment made by the minority ranking member, and that is in terms of making sure that we look at past abuses. And I was just wondering, and this is an open-ended question, have you done anything to do an assessment through GAO or others to look at cost overruns in the past 4 to 8 years, or whatever, in some of those programs, and I would ask you to comment on that. Like anyone who comes new to a program, you want to know that it is up and running appropriately. I know we have found some \$300 billion cost overruns in just 4 years in the DOD facility from 2004 to 2008. Have you done anything on that aspect or asked for anything to be done?

Secretary DONOVAN. Two things I would mention on that front. I talked earlier about the close working relationship that we have established with our inspector general; but that also goes beyond HUD to other agencies, Department of Justice and others, around mortgage fraud which given the growth of FHA's programs and many of the new lenders that we have had come into the program, we have begun to step up significantly our efforts, whether it is through SWAT teams, whether it is enhanced legal authority that we just got from Congress and signed by the President just a few weeks ago, to go after. One of the problems that we have had historically is we had powers to go after companies, but not the individuals that made up those companies. So we could debar, suspend a lender. They could then reconstitute.

Mr. RODRIGUEZ. Please let us know if we need to do anything legislatively that would help you in cleaning that up.

RESOURCES/NEEDS

Based on the numbers that we are seeing, there is a big disparity between the need that is out there versus the resources we are providing. And it seems that gap is even bigger now than ever before. Have you made any plans in terms of looking at some alternatives that you might come up with or looking at any specific goals that you want to accomplish to try to meet those gaps?

Secretary DONOVAN. A couple of things on that. I couldn't agree more that particularly given the economic crisis that we are facing, the needs are substantial. That is why I think it is so important that you passed a Recovery Act that had almost \$14 billion to try

to meet some of those needs. One thing I would mention in particular, is a billion and a half dollars for homeless prevention and rapid rehousing, that has been a very important effort that we have been working with over 500 jurisdictions around the country to make sure that we help those families that on the edge of homelessness to be able to stay in their homes. It is also why we have proposed a significant increase in funding for Section 8 vouchers, which are a particularly important tool in these economic times in the budget proposal; as well as for the very first time funding for a national housing trust fund for extremely low-income families.

NEIGHBORHOOD STABILIZATION PROGRAM

Mr. RODRIGUEZ. Just a little more specific on one item, there are a lot of national organizations and groups that want to participate and have been participating, yet your guidelines also kind of discriminate and put them at a disadvantage. I would ask you to look at those guidelines that you have for national organizations because what you request on some of those specific targets in areas puts those national organizations at a disadvantage, and I would hope that you kind of look at that and go back, just like you should go back in terms of those formulas for areas that have continued to grow. I represent a more rural area than anybody else on the committee. I have 20-something counties in west Texas, and so housing is essential and is important. I know that there is a big waiting period and there is a waiting list of people waiting to get access to the resources there. So please look specifically at the national organizations. There are some specific items that your organization asks for that places them at a disadvantage. So when the scoring comes up, they are not going to be able to compete, especially as it deals with the neighborhood stabilization program and those kinds of things.

I don't know if you have any comments on that or if you are looking at that now.

Secretary DONOVAN. In fact, based on the feedback we got from the committee and others, we did make changes to our neighborhood stabilization program NOFA that we have published to try to provide as much flexibility as possible so national organizations could compete effectively, as well as giving points in that NOFA for things like leveraging, working across jurisdictional areas which obviously national organizations are particularly well suited to do. So we think we have constructed a NOFA for neighborhood stabilization and made changes to it that will be particularly useful in getting more national and regional organizations involved.

Mr. RODRIGUEZ. The comments that Congressman Pastor talked about, looking at changes in the last decade in growth patterns and those kinds of things, I would ask on the recovery resources, you look at those and prioritize those in terms of where the greatest needs are.

Secretary DONOVAN. Thank you.

Mr. OLVER. Thank you. Ms. Kilpatrick.

Ms. KILPATRICK. Thank you, Mr. Chairman.

Good morning, Mr. Secretary.

I am loving the HUD budget for the first time in my 13 years here. I appreciate the creativity and future vision that you have, as well as the President, and I commend you for that.

I don't think we can express enough how important it is that you go through the authorizing committees. Chairman Frank on our side and Senator Mikulski on the other side have worked hard on our issues, and they support what we are doing. Chairman Obey always says we are appropriators, and we are not authorizers and there is a distinction. I think that is important. As much as I like it, I see a roadblock coming. If not now, on the floor; and if not today, soon. I can't express how important that is.

CHOICE NEIGHBORHOOD INITIATIVE

I want to talk about the Choice Neighborhood Initiative. I really like how it sounds. You also talked about a couple of categories that you have put together that you are looking at. The Harlem Children's Zone sounds, as I read a bit about it, might fit in some of these categories. I know that it takes Hope VI, which has been zero funded for several cycles in this committee, and the Senate always puts it back in, but we are not sure that we are going to do that this time because of the new initiative that you have. I am not sure that it needs to be authorized first. But setting that aside, can you talk about it and how it parallels the Harlem Children Zone?

Secretary DONOVAN. Absolutely. First of all, I completely agree on the importance of working not just with this committee, but also with the authorizing committees. And Choice Neighborhoods is a perfect example. My staff is meeting today with Senator Milkuski's staff, and we have many on the calendar and others we are setting up with the various authorizing committees on both sides of the Hill, to make sure that we have a full discussion about what is appropriately done as part of the budget and what is appropriately done in authorizing language. So thank you for that comment.

Specifically on Choice Neighborhoods, I think the importance here, and I want to go back to something you said, Mr. Chairman, in your remarks, we believe very strongly that public housing and the work that has been done in Hope VI not only has worked and been effective, but needs to be expanded. And that is why we are proposing an increase from the current funding level from \$120 million to \$250 million for Choice Neighborhoods.

Based on our analysis, there are roughly three times as many distressed public housing units as there are distressed assisted housing units in neighborhoods of concentrated poverty. We would expect that public housing will get an increase of resources under the proposal in Choice Neighborhoods. So I want to be very clear about that.

We also know that assisted housing and privately owned housing can be a big part of the problem. I have often heard directly from housing authorities, wanting to be able to include, whether it is foreclosed homes or other types of housing surrounding public housing, if we are going to truly remake neighborhoods. That is one point I would make.

Ms. KILPATRICK. Juxtapose schools into that last discussion, please.

SCHOOLS

Secretary DONOVAN. It is exactly the same issue. If we don't fundamentally remake the schools and create schools of opportunity in these neighborhoods, we are not going to be successful long term in creating sustainable communities there. That is why I have begun work with Secretary Duncan around integrating early childhood education and secondary education into the Hope VI efforts, not even just in Choice Neighborhoods but this year, we are looking at making more explicit connections with school reform in those communities. And then specifically on Harlem children's zone, the President talked about a Promised Neighborhoods Initiative modeled on what the Harlem Children Zone has done, which is really almost from birth through finishing high school, an effort to follow children, to give them not just at school but full day supports where they may need it with tutoring and other things, and it has been extremely successful in raising the academic performance and college attendance of kids in that neighborhood in Harlem, and we are looking to model it and link it.

One of the reasons that we called this initiative Choice Neighborhoods is to explicitly make that link with the Promised Neighborhoods Initiative that the Department of Education will be implementing as promised by the President during the campaign. So we are working closely to bring together not just different types of housing but also school reform efforts and early childhood education efforts with the efforts around housing in the Choice Neighborhoods Initiative.

Mr. KILPATRICK. I like it, and I hope you keep Members of Congress and this committee and subcommittee involved. It is very important as you go out that we become leaders in that as it rolls out. I like the coordination and it is the way to go. Thank you.

Mr. OLVER. Mr. Carter.

Mr. CARTER. Thank you, Mr. Chairman.

LOCAL MATCH

I want to start off with when we had Hurricane Ike hit Texas, the communities were told that they could not use CDBG money to fulfill the Federal match required for other grant programs that would have aided disaster relief. This was a reversal from the previous disasters. Is there a reason CDBG money cannot be used in local matches; and was it just particular to some reason for Hurricane Ike, or do you know? Is there a chance we could reduce the 75–25 percent Federal-local match that many communities face to receive grants that would help them when they are in the middle of a big disaster?

Secretary DONOVAN. This is an issue I have discussions with Governor Perry, Senator Cornyn and others about. There is a specific provision in the legislation that established the CDBG funding for Hurricane Ike that required that match to be in place. That was as you say accurately, different from prior statutory authorizations for CDBG disaster funding. So it was a statutory restriction that we have implemented as directed by Congress.

HURRICANES

Mr. CARTER. We don't have any concept of why all of a sudden one particular hurricane is different than the one before it? You have to ask Congress.

Secretary DONOVAN. This was passed well before my time, and I don't know well enough the history of why that was added. But it has been an issue, particularly in Texas, that I have heard about a number of times.

I would just add as well that one of the issues in effective disaster recovery has been exactly this, that each time there is a disaster, there is a different CBDG authorization that is created. They have been different in different circumstances. And it is almost like we have had to reinvent the wheel each time. And I think it is very important that we have begun work with a number of the committees and at the White House to think about a way to create a sort of model CBDG program that would be specifically tailored to disaster, remove some of the barriers like the one you are talking about and others to make it more flexible and more effective in recovery and speed up recovery efforts.

So I think it is important that we think about this issue in a broader context to make sure that we have an effective program to be able to respond.

Mr. CARTER. That is a satisfactory answer, and I thank you for that answer.

And by the way, I apologize for being late.

SECTION 8 HOUSING

The other question I have, this is kind of off-the-wall, because I don't know the names of the programs. But I did a lot of work with Section 8 housing back in my youth, and now I did a ribbon cutting on a program where the HUD was actually assisting people in purchasing homes. I don't know if you are familiar with that. But it was a fantastic concept because these people were actually buying a house.

And one of the things that I have always been concerned about since—for 30 years—is that as we subsidize housing for people, we never give them the opportunity, that caused you and I, and our families to have risen out of where we started, and that is the ability to accumulate wealth. You never accumulate wealth if you are renting in a subsidized housing project.

And let's face it, even though our real estate market is in the tanks right now, historically Americans accumulate—they begin to accumulate wealth in their home. Are you familiar with that? It is a very small program being experimented with, but it was hugely successful where we did it because, all of a sudden, people who had never owned anything owned something.

Secretary DONOVAN. And this would be specifically the Section 8 voucher homeownership.

Mr. CARTER. But it was homeownership, not rental.

Secretary DONOVAN. In fact, in my prior work, I ran the fourth largest voucher program in the country, and we did have a voucher home ownership program as well. It is a program that has frankly remained small, and I think it is one we could look at ways to try

to create more flexibility and to expand. But more broadly, I agree with you that we need to continue to provide opportunities for low- and moderate-income people to become homeowners.

I do not take the lesson from the recent crisis that we have seen, that low- and moderate-income people can't become homeowners. In my own work, we created or preserved 17,000 units of home ownership at the local level with only 5 foreclosures. So I think it is really a question of doing it right, get back to basics on underwriting, providing the right kind of counselling and assistance and also benefits, like the \$8,000 first-time home-buyer tax credit that Congress provided in the recovery bill which has been an important benefit to get families into homeownership for the first time and to help to begin to stabilize housing markets around the country.

Mr. CARTER. I believe my time has expired.

Mr. OLVER. Thank you, Mr. Carter.

Ms. Roybal-Allard. Thank you for being patient.

Ms. ROYBAL-ALLARD. Welcome, Mr. Secretary.

In recent years, HUD has given funding incentives to agencies that offer permanent housing for the chronically homeless. The unintended result has been providers have shifted away from offering support services in favor of creating housing. In the absence of support-service dollars, the homeless population loses access to critical services, such as those addressing mental health, substance abuse and medical services.

HHS/HUD PARTNERSHIP

It seems to me that a coordinated effort between the responsible Federal agencies would help to make the availability of housing with complementary support services more sustainable and efficient. Since most of the support services are provided by the Department of Health and Human Services, would you consider developing some kind of a partnership or coordinated efforts between HHS and HUD that would allow for a more dedicated stream of funding for these very, very important services?

Secretary DONOVAN. I could not agree more with everything that you said, that this is both, based on my own experience in developing support of housing in the nonprofit sector and private sector as well as in the public sector, the linkage between services and housing is absolutely critical and in fact has led to real progress on this issue. In fact it has led to a 30 percent decline in chronic homelessness between 2005 and 2007 based on these advances.

And oftentimes, frankly, local areas have had to do it in spite of a lack of help and even barriers between Federal agencies. So I think what you are talking about is absolutely critical. In fact, yesterday, we had our first Interagency Council on Homelessness meeting of the administration, and I became the new Chair of it.

And one of the things we discussed at the meeting—I was sitting next to Secretary Sebelius. And we have begun discussions already but are very committed to expanding them around linking up, whether it is Medicaid or other forms of funding, because ultimately not only do we serve people better, but we can actually reduce costs by serving people effectively in supportive housing.

There have been good studies now showing that we reduce costs of emergency room care, shelters, even prison time for the chron-

ically homeless by bringing services that can be funded through HHS's budget directly into supportive housing. So I couldn't agree with you more. And I would be happy to share more information as that partnership develops.

Ms. ROYBAL-ALLARD. I would appreciate that.

I hear quite a bit from the Asian-Pacific Islander community, which has not been immune to the foreclosure crisis but yet, as you know, has a very specific linguistic and cultural need in terms of service. And although they have been highly impacted, less than 1 percent of HUD-approved housing counseling agencies throughout the country have the capacity to meet the unique needs of the API community. Can you please tell the committee what is being done to ensure that the API community is adequately served in home foreclosure prevention and mitigation efforts?

API COMMUNITY

Secretary DONOVAN. Two things I would say on that. One is, in this budget proposal, we have proposed a significant expansion in housing counseling funding from \$65 million to \$100 million, and we feel, given the current crisis that we are facing, that it is an absolutely critical investment in resources. So that should open up the opportunity for more groups to be funded.

But second of all, we need to go beyond that to make sure, just as you said, that we are targeting linguistically isolated groups. And that is why we have begun an effort under our fair housing programs as well as our counseling programs to publish information in many more languages. We are moving to 12 different languages, from fewer than that in all of our materials.

And also we need to work effectively—I was meeting earlier this week with a group called Esperanza, which works with Latino communities around the country and has the same issue, that they are trying to get into significant mortgage foreclosure issues in their communities and are trying to expand counseling. And we are working with them closely.

I would be happy to follow up with the particular groups that you are hearing from to see how we could get training and information to them and connect them to groups like NeighborWorks that do effective training for housing counseling work.

Ms. ROYBAL-ALLARD. Thank you.

Mr. OLVER. Thank you.

Mr. Price.

Mr. PRICE. Thank you, Mr. Chairman.

Welcome, Mr. Secretary. Glad to have you with us, and I appreciate your testimony.

I was listening very carefully to your answer to Ms. Kilpatrick, and I want to follow up on the question of Choice Neighborhoods and the link with the considerable Hope VI backlog that I know the department is facing due to the drastic cuts in recent years in that program.

HOPE VI

I want to know a little more about that transition and what it portends for communities that are still waiting and have been waiting for the particular kind of comprehensive support that Hope VI

provides. I know you are familiar with that issue and with the way this program had a kind of checkered history but got refined and improved. I can show you in my district—in both Raleigh and Durham—the difference that the Hope VI program has made.

And there is more to do. In the last 8 years, the public housing advocates, including our chairman and myself, have had to struggle to push back against the Bush administration's attempts to actually zero out Hope VI. Now the new administration is advertising Choice Neighborhoods as, on the one hand, a celebration of Hope VI, but also as a way presumably of incorporating and going beyond Hope VI's key goals. That is what I want to explore with you because, as you can tell, my assessment is that the work of this program is far from complete, and I want to make sure we don't celebrate Hope VI prematurely in a way that leaves behind unfinished business.

Let me give you an example and a couple of questions that will let you know what I am getting at. We have a major need in Raleigh, North Carolina. It is a great candidate for Hope VI. We have a good track record there. I wonder how well we would fair under Choice Neighborhoods.

Walnut Terrace houses 700 residents in an outdated, inadequately-equipped and poorly designed facility. The first question has to do with the link to neighborhood schools, which I think all of us would agree is a very positive linkage, but I want to be wary here of unintended consequences. Because of a progressive diversity policy in the countywide school system, the children who live in this particular development attend a variety of schools.

Under Choice Neighborhoods, as I understand it, funding preference would be given to projects that link housing redevelopment to school reform, which sounds like a good idea, and in many places would be a good idea, but I worry that it could inadvertently disadvantage public housing communities that aren't served by community-wide schools. In the case of Walnut Terrace, this example I am citing, I am not sure their application would make the cut under the kind of scoring system you have described.

I will ask my second question, and then I will stop. Right now, Hope VI is funding four to five projects per year. I know you are going to double that funding; you have offered assurances about that here this morning. But you are also expanding eligibility to projects of privately-owned stock. And here, too, there is a lot good about that idea. But combined with these new preferences, I am not sure whether you are going to dilute the funding available to publicly-owned housing.

So beyond this celebration aspect, I would like to know how you envision Choice Neighborhoods, vis-a-vis Hope VI? How do you address this Hope VI backlog? This work is not done. And the supply and demand imbalance under the current funding level, how do you address that? What can we expect as we make this transition in terms of the needs that have piled up, frankly, all over this country due to the drastic reductions that we experienced in Hope VI?

Secretary DONOVAN. Very important questions.

First of all, I would say that one—we believe strongly in the administration that public housing needs investment, that it has been

underfunded for years, and that is one of the reasons why there was \$4 billion in the recovery bill that we have moved to get out very quickly, and in fact the type of development that you are talking about would be a good candidate for a competition we have available right now with a billion dollars in competitive funding for public housing, transformation and other efforts.

So we have more resources available right now than we have had in any time in HUD's history to do this kind of work. So I think it is important to recognize that we are trying to attack that backlog in many different ways, not just through Hope VI and Choice Neighborhoods.

The second thing I would say is, on the dilution question that you asked, we have looked very carefully at the stock of dilapidated public housing around the country, as well as the stock of dilapidated assisted housing, privately owned, and there is roughly a 3-to-1 ratio of public housing to assisted housing. So with the more than doubling of funding that we are talking about and the demand in the eligible housing, we expect and are targeting a significant expansion of the number of public housing projects that could be eligible. So I do believe this will not in any way dilute the funding available to public housing redevelopment; it will significantly expand it, even with the broader eligibility.

The last thing I would say is, we are not looking to be prescriptive about exactly what local communities should be doing to create successful schools. If you have got a development in a neighborhood where that school reform has been effective and there is quality—quality educational options available to those children, my sense is that we haven't written the NOFA yet because obviously we are in discussions with you all about the development of the program. But my expectation is that if there are quality educational opportunities available in that community, that that would score well on a NOFA looking to ensure quality education rather than poorly.

We are not looking to knock down schools if they are already functioning effectively or if there are opportunities available in that community. So this sounds to me like a question of making sure that, if the program gets enacted, that we work closely with you and the committee to ensure that it is written in a way that is flexible, that meets local needs in the way that we intend.

Mr. PRICE. Thank you.

I know my time has expired.

As to your first point, very quickly, I understand the need to look to various sources to get the support we need, and believe me, our housing advocates are very good at that, but I am also very wary of assuming that there is a ready substitute for the kind of comprehensive assistance that Hope VI has offered.

My experience has been that this is a unique program in many ways and that we have really suffered from its decline. And so we want to deal with this backlog and with the needs that have built up.

Thank you. Thank you, Mr. Chairman.

Mr. OLVER. Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman.

Welcome, Mr. Secretary. Great to have you here.

I want to focus on a few areas in my questioning. The first is areas of our country enduring very high foreclosure rates that are not going down but are rising, and I would ask your particular attention to meeting with Members of Congress who represent these areas.

Our foreclosure rate is now over 12 percent and rising in the greater Toledo area, and I daresay I guess Congresswoman Kilpatrick and perhaps other on the panel have the same problem. Here are some of my recommendations. You use your considerable power within the administration to ascertain whether unemployment benefits that have been passed by this Congress can be used as income in calculating the mortgage agreement where we are trying to work out and help people save their homes at the local level. There is some problem with some of the banks and mortgage companies, but since the Federal Government is sending in that stream of income every month, I would think you might be able to do something about that. If we don't, we are going to get more foreclosures in areas that don't need any more foreclosures. That is number one.

Number two, I want to make you aware of a situation in districts like I represent where auction houses are now coming in, and they are buying off these properties at fire-sale prices before the local communities can even get in there and bid on their own behalf. There was a dysfunction between the arrival of HUD money and auctions that are ongoing. I would ask you to draw your staff's attention to this problem.

I can tell you, in my community, since the beginning of the year, nearly 90 percent of the homes that have been sold have been sold to outside investors. This is appalling. They don't take care of their properties. And for what they are being sold for, we could have put the original owners back in those homes. There is something really wrong when Citigroup and J.P. Morgan and all these same characters can come in and end up owning the property, and the local community can't even defend itself.

So again I ask for your perhaps meeting with Members of Congress. I am sure Congressman Cardoza is one of these people. There are many of us in this situation, and we cannot get a handle on what is happening at the local level. Our real estate communities are outraged, and none of what is passed up here is making all that much difference. So I wanted to communicate that message to you.

Number three, in terms of a stimulus, I would urge you to look at the possibility of working with the director of FEMA. In communities like my own, we have had flash flooding and lots of difficulties with flooded houses and so forth. And there is a real possibility in places like Toledo and Fort Wayne to use this moment to look at FEMA's pre-hazard mitigation funds and some of the HUD funds to begin acquiring properties that are in these areas, some of which are vacant, some of which are occupied. We could rip them down. We could relocate people. We put money into the local economy, and we could take up some of the other extra housing stock that is around the communities. It is a real opportunity right now. But it would need some type of strike force on your part to go to those communities that have this type of profile. It would help us ease

some money flow into our regions using both your funds and the funds of FEMA.

The other point I would like to bring up, sort of a different subject, relates to the proposal for university development in your—I don't totally understand what that is—but it sounds pretty good. But I have noted, in my community, where we have dilapidating areas, we have people with no building skills. And the programs of the Federal Government and the localities don't work very well to try to seed building skills in areas where we have significant housing need. The need for building skills is as great as the need for housing.

And I would urge your attention to legislation that existed back in the 1970s and 1980s, called Neighborhood Self-Help Development that HUD had authority to work with Community Development Corporation, and they became the mechanisms to access labor money, HUD money, local money, building trades money to do really incredible things in those neighborhoods. So many of those authorities have just died, and as a result, neighborhoods die.

Finally, I wanted to just mention something. Every year in a community like mine, a community of about 320,000 people in the biggest city, we get about \$4 million to \$6 million, to \$7 million of HUD money through CBDG. Meanwhile every year we get over \$100 million in food stamp assistance, and I really believe that food stamps are the largest source of economic development dollars that a community like mine has. It has been really hard to get the public housing authorities to look at extra land that they own and properties adjacent to them and become part of greening the city.

I think the President has a real commitment to this, and I think what we could do there is unbelievable with new modern agriculture. Tom Vilsack really cares about this. And if you mention my name, he will say "urban agriculture." It can happen, and it can certainly happen in the Midwest where land is arable. I know my time is up. But I just wanted to urge you to look at demonstration programs in places where HUD and USDA can cooperate to grow product where it is desperately needed through local efforts and then to turn those efforts into food stamp redemption sites. So you begin to capture the dollars that people could earn through the sale of food, and some of your housing authorities could actually create credit unions and capture those dollars on site. None of that is happening in regions like mine, and I think it is really needed, and it could work in other places of the country.

I thank you very much for listening. I don't think I have any questions. If you want to respond, go right ahead.

MAKING HOME AFFORDABLE PLAN

Secretary DONOVAN. I won't respond to all of those points. I think they are excellent points, and we will follow up on a number of them and get you more information on a few of them.

One thing—two things I would say, first of all, that this issue of unemployment benefits where families are at risk of foreclosure is very important. One of the important pieces of our Making Home Affordable plan, which has really now been stood up and implemented, and we are starting to see significant takeup. We have had now about 200,000 modification offers under the plan, including

40,000 alone last week. So we are really starting to see the scale ramp up.

And one of the critical things about that is that it was intended to establish a standard modification process on many different issues, including on what can be considered income. And actually, in the plan we have explicit guidance about using unemployment benefits as income for the plan. So I would be happy to get you more information about that. But that is—as the program takes hold, hopefully many of the less-than-satisfactory modifications that were happening before get replaced with modifications that used the standardized guidance and process that we established.

The other thing I would mention, in addition to the idea about FEMA, is that we do right now have the Neighborhood Stabilization Program competition available, \$2 billion to buy up foreclosed homes. That could be used in a number of different ways, land banks and other things. And I would just encourage, particularly communities like yours that have been hit by the foreclosure crisis, to be looking carefully at that and coming in and applying for those funds in addition to a discussion that we could have about FEMA.

Ms. KAPTUR. Could I ask you, Mr. Secretary, what can you do about these auction houses coming in and sort of ripping the local market apart basically?

AUCTION PRICES

Secretary DONOVAN. It is difficult for us at the Federal level, obviously, to stop them from coming in.

Ms. KAPTUR. It is the same boys. It is the same boys. J.P. Morgan, Citigroup, Wells Fargo, the same ones. They use Hudson and Marshall out of Texas, and they are going right through our areas.

Secretary DONOVAN. One major real problem for many of the neighborhood groups, localities that want to be at those auctions and want to be able to compete for those properties, particularly using Neighborhood Stabilization funds, is a lack of information about what is happening with those properties.

So one of the things we are doing through the Making Home Affordable Plan, all of those services that you talk about participate in the plan. We are now, as of next month, we will be able to access very detailed data about loans where modifications haven't been successful and are likely to be foreclosures. And what we are looking at doing is creating a centralized database where we can provide information very early on, before it ever gets to foreclosure, to localities, to community groups, so they can be prepared to come in and negotiate even ahead of a foreclosure sale or to be prepared to go and bid earlier than they are. That is at least one aspect that we have been working on.

There are others that we can do to go after some of the speculators who have not been—whether it is committing fraud or doing other things that are really problematic in some of the communities.

Ms. KAPTUR. Thank you.

Mr. OLVER. Thank you.

We are going to try to do some more here. I am not quite sure exactly when the votes will be. But I am told within half an hour

or so. So we will try to get through another round. I am going to cover some things rather quickly.

I just want to comment to Ms. Kaptur, because she may not be able to have a second round. She has pointed out that the big boys that were a part of the creation of the problem in the first place are in there at the base of those auctions, and they have all the information, but the people who might be at the communities to know when or to create the auctions in the first place, they are not in as good as a position to get the information. So they are really at a competitive disadvantage, plus the fact that the Neighborhood Stabilization moneys came rather late in the process in getting out. So, yeah, they have a problem.

I am noticing—this is quite a different thing. In one sentence in your testimony you mention the University Community Fund and then the Rural Innovation Fund, and leaving a few words out, for addressing the problems in distressed neighborhoods and rural communities. Well, the Rural Innovation Fund For Rural Communities, the University Community Fund sounds like distressed neighborhoods. My guess is the graduate students at those universities would agree that they were probably being housed in distressed communities.

CHOICE NEIGHBORHOODS

To go back to the Choice Neighborhoods and the relationship to Hope VI, I had commented at the beginning the worry that two others have now reiterated that one cannot move on to a new concept without realizing that there is a lot of the old concept that still hasn't gotten where it ought to be. And there are several things that come to mind in that.

I think there is a great need for technical assistance when you are working with any of those communities, and we have, on Hope VI, we have a number of projects which have barely gotten—either not or barely gotten off the ground within a 5-year period. There has to be some other reason for some lack of technical assistance, or there is some disconnect in the choice—in the original competition process as to who has the capacity and who has the will to get things like that done. We have a number of projects, unlike what Mr. Price had mentioned, where they have had such good experience. Some communities have had exceptionally good experience with it, and some others just can't seem to get off the ground after they have been awarded. That is number one.

And then on the question of Choice Neighborhoods, it is a difficult question because we have had an authorized Hope VI program which has been underfunded deeply for quite a number of years, and there have been—there are lots of large communities, but also a lot of medium-sized communities. Ms. Kaptur's community was 300,000, or it was; the Census is down. But it is a perfect community to be having the Hope VI program. They never had one. There are a lot of communities in the 500,000 down to even those in the 50,000 to 100,000 range that have never been in such a thing, and they need to be considered and be allowed to come into it. So there is all of those going on.

And my final comment I guess here because I am going to be on red in just a moment, my final comment on this one is that we had

an authorization that passed the House of Representatives for an extension of Hope VI last year with about \$750 million or \$800 million intended per year. It never was taken up by the Senate. Our side is thinking about doing another authorization for Hope VI. They have particular angst because they have done an authorization and might be inclined to do essentially the same thing again. And you better get talking with the authorizers because there is angst about the Choice Neighborhoods program there, though your comment about recognizing that there is three-quarters of the need remains in communities where there is public housing, and maybe a quarter—I am not sure that you are specifically saying that there may be distressed housing in the HUD-assisted group that is at the proportion of 1 to 3 in the public housing remainder. That is a reason for having demonstrations.

Do you want to comment?

Secretary DONOVAN. Sure. I want to reiterate very, very clearly that I believe strongly Hope VI is an outstanding program, and one of the things that we are trying to do with Choice Neighborhoods is expand the funding available to exactly those types of developments. And I have heard consistently from housing authorities that the ability to include privately-owned housing or other forms of housing as part of Hope VI developments would really help to transform those neighborhoods even further than the existing programs do. Because there are times when you can rebuild the public housing, but if there are foreclosed homes or other abandoned housing nearby, you simply don't have the same kind of impact. So this would give public housing authorities doing Hope VI type developments or wanting to do Hope VI developments broader opportunity to expand what they are doing.

You may be arguing that \$250 million isn't enough. That is something that if you believe there ought to be more funding for a program like this to expand the opportunity, I would be happy to talk about that. But fundamentally, I have heard from many, many mayors that Hope VI has been terrific. They have an assisted-housing program that is as bad a blight on communities as Hope VI. It is not as many, but where there is one, it has been devastating, and I have seen them very personally myself. So I believe that we need to take the opportunity to learn from the success of Hope VI and be able to take on new efforts.

I don't think it is an either/or. And I am concerned that the committee seems to be seeing this as an either/or choice. I don't think it is an either/or choice. We need to expand the funding available to Hope VI type redevelopments, and we need to expand those lessons to other types of housing that have the same kind of negative impacts on communities. And I believe strongly that we can find a way to do that to assure that we expand the amount of public housing that gets redeveloped as well as to expand those lessons to other kinds of housing.

Mr. OLVER. Well, I thought I was giving you a chance to knock the transformation initiative out of the ballpark.

Mr. Latham. Thank you. Thank you very much.

Mr. LATHAM. Thank you, Mr. Chairman.

I saw recently there is an announcement about livability grants, which I guess is interesting.

LIVABILITY GRANTS

Just for the record, would you define what “livability” is and tell me where these grants are going and what is supposed to be done with these grants? And I think for the committee’s sake, what funds are you using for these grants? There is no line for livability grants.

Secretary DONOVAN. These grants are actually not HUD grants. If I understand correctly, the announcements that you are talking about; they are not HUD-funded grants. We are proposing in the budget Sustainable Communities Initiative—

Mr. LATHAM. Where would that come from?

Secretary DONOVAN. I believe the ones you are talking about come from the Department of Agriculture. But I am not—I am not sure. I would have to—if you could get me more information specifically about the ones that you are thinking about, I believe they are Department of Agriculture, but I am not 100 percent sure about that.

Mr. LATHAM. Sometimes it gives the appearance that maybe the administration is kind of working at cross purposes. We are promoting the notion of livability and people living close together and in near proximity. Being from Iowa and coming from a big town of 168 people, I would not consider that to be livability. I like the open spaces. I live in the suburbs a mile outside of town there.

LIVABLE COMMUNITIES

And on the other hand, we have through the stimulus package, there is huge investment as far as extending Internet and broadband out into the most rural areas all over the country. Obviously I am supportive of that, but it would seem somewhat at cross purposes. We are talking about having these clusters, and then we are also talking about having more people live out farther away or being able to live out farther away. I don’t know, who wins the battle here? Are we just throwing money at both and seeing which one can come out on top?

Secretary DONOVAN. I guess, Congressman, I see it differently, that what livable communities is about is providing more choices for people in terms of how they get to work, how they get to shopping, how they live their lives. Right now, I think folks are voting with their feet frankly and saying, we don’t want to be spending hours and hours in traffic and cars. We want to be home with our kid. We want to have a better quality of life. And so we are both in urban areas, suburban areas, rural areas. The livability partnership that we have established, including—I was talking to Secretary Vilsack about this yesterday.

He is creating more options for people in all of those different areas. We are not looking to tell people where they should live. The opposite. We are trying to make sure that, whether it is in rural areas, through access to broadband or other things, that they have more choices.

Just to give you an example of that, as you know, Secretary Vilsack is from Iowa as well, and one of the big issues facing many towns of 1,000 people or 5,000 people is vacant stores in those towns with vacant units up above, and we were talking about the

opportunity to provide more retail and maybe to even provide senior housing in places where, without getting in a car, because often seniors can't drive, being able to get access to the pharmacy, to the grocery store right there within the town.

So I think there are lots of things that we can do through this agenda to provide more choices, and frankly, the Federal Government has often been in the way, and I think a big part of this is getting out of the way of allowing people to make those choices and local communities to develop in the way that they want.

Mr. LATHAM. Well, I am keenly aware—I have a 92-year-old mother that lives in this town of 168 people, and she has to drive 10 miles to get a gallon of milk or a gallon of gasoline. There are virtually no stores. You don't want to be on the road when she is going to the grocery store. God bless her. I love her. What is HUD's role in a town like that? We just passed a bill yesterday in Ag Appropriations, \$3 billion through USDA for grants, \$18 billion through rural development. Does HUD need to be in Alexander, Iowa, along with USDA?

HUD'S RURAL ROLE

Secretary DONOVAN. Not only do we need to be, we already are. We fund, through our range of programs, tens of thousands of rural housing units and others. Let me just give you——

Mr. LATHAM. As far as handling those, it often goes through USDA?

USDA

Secretary DONOVAN. We often provide subsidies to be available to them. Let me give you an example. We have a senior housing program which, because of a number of restrictions in that program, tends to support new construction on greenfield sites, whether it is environmental restrictions and other things. Exactly the example I just used, for a senior living where they have to drive 10 miles to get to something, maybe the answer is the Department of Transportation providing more options for vans or other kinds of transit that would support those seniors being able to have a better quality of life. That might be a transportation answer.

On a housing side, the answer might be to change our senior housing program so that we could redevelop the second floors of those buildings in the town that can walk to those services or have them readily accessible with a service coordinator or other folks. So really this is about providing options that will improve the quality of life, not just through transit options like I talked about, but as well as making sure our programs don't stand in the way of towns like the ones we are talking about being able to develop in ways that support the residents with a good quality of life. It is a simple example, but that is the kind of thing we are looking at to try to get all the barriers in our programs out of the way of this sustainable community agenda.

Mr. LATHAM. Thank you, Mr. Chairman.

Mr. OLIVER. We now have had votes called. But if we could do 3 minutes and the remaining 5 people can have their time before—Mr. Pastor.

HOPE VI

Mr. PASTOR. Mr. Secretary, I will make the offer.

At your convenience, I would like to sit with you and just give you a history of Hope VI at this side so maybe you might understand it is not either/or, but some of the encounters you are going to have both in Congress and what is causing probably some of our doubt. You are starting another program, an initiative which I hope you have a great success. But in this committee, we don't legislate on an appropriation bill. And many of your initiatives are going to have to be authorized. So that is our reluctance.

PRIORITIES

But let me ask the question, how do you justify taking funding in the coming fiscal year from programs that are sorely needed in this economy to fund longer-term priorities? Why do you decide on this particular structure to transfer authority, rather than putting more money into the working capital fund or into the policy development and research office? And this deals with your transformation initiative.

Secretary DONOVAN. Two things I would say about that. The working capital fund, I think it is clear based on the systems that—and the working capital fund funds our information technology development and maintenance that there has not been the kind of investment that would be necessary to make HUD an effective, efficient agency, whether it is not having effective systems to count and provide to this committee what we are spending on Section 8 and what will be needed in the following years.

And in a range of other areas, we simply haven't invested in technology. And that technology, frankly, can ultimately lead to more people being served in our programs, because today, without the kind of information technology, without the research to know what is working, it has been very difficult for us to make sure that our programs are effective and as efficient as possible. So I believe that the transformation initiative, which would give us the ability to expand funding for technology, for research, is intimately linked to the department being more effective and ultimately being able to serve more people with the same amount of money.

Right now, because we haven't been able to invest in that technology, whether it is on Section 8, whether it is in the FHA programs, I think, frankly, we waste money that should go to people with real needs on the ground. So I see it particularly as a time of great economic need in this country that an effective, efficient HUD will only go to greater support the fundamental mission of the agency. And that is why this transformation initiative, which would increase the amount of money we have in addition to the working capital fund for systems, is so important.

WORKING CAPITAL FUND

The working capital fund in our proposal would fund the maintenance of existing systems, and then we could use the transformation initiative to fund new development of technology at the agency.

Mr. PASTOR. Thank you.

Mr. OLVER. Mr. Carter, 3 minutes.

Mr. CARTER. Thank you, Mr. Chairman. This committee recently spoke with Secretary LaHood regarding the Livable Communities Initiative between DOT and HUD. I will direct the same question to you that I asked him. Currently EPA gets \$50 million for Smart Growth programs. Is this Federal money duplicative of your efforts? If not, where are the lines drawn regarding responsibility for these efforts? Which agency, DOT or HUD, is leading the effort?

LIVABLE COMMUNITIES

Secretary DONOVAN. We have formed a working group with the Department of Transportation and EPA to work jointly on these issues because the fact is that ultimately we can't be successful in this initiative if we don't have EPA programs, transportation programs and housing programs, all working together rather than at cross purposes. EPA specifically has responsibility for issues like water quality, brownfields, a range of issues that are critical to the sustainable communities initiative. HUD has responsibility, lead responsibility for housing; and Transportation, obviously, has lead responsibility for transportation.

So I don't think these efforts are duplicative in any way. This is about getting out of the old way of operating just in silos where we don't communicate, where we work at cross purposes to each other, to make sure that we are coordinating the Transportation investments—that Transportation is making, the housing investments that HUD is making with the kind of brown fields and water quality investments that EPA is making. So we are not taking each other's responsibility.

I think it is clear who has lead responsibility in each of these areas. What we are doing with this initiative is trying to make sure those are coordinated in ways that they don't work against each other in the future.

Mr. CARTER. So you are working in tandem is what you are saying?

Secretary DONOVAN. Absolutely.

Mr. CARTER. Thank you.

Mr. OLVER. Thank you.

Mr. Rodriguez, 3 minutes.

SECTION 8

Mr. RODRIGUEZ. Real quickly, following up on Congressman Pastor's comments regarding the transformation. In terms of your plans, how are you going to prioritize that? Is it going to be a pilot program or in specific areas? Have you figured that one out? Are you going to be looking at that?

Secretary DONOVAN. We have begun to develop detailed information about the efforts that we would pursue under the transformation initiative under systems; very specifically improving FHA systems will be a very high priority as well as improving our Section 8 systems. Again, HUD has not been able to provide to this committee in the past adequate transparency and information about the voucher programs, and that would be a very high priority.

We would be happy to share greater detail about the committee about what we proposed. We would also propose that there be a very strong accountability that we have on these funds, proposing plans for your approval and feedback and any changes reported to the committee during the year in terms of how those funds are being used?

Mr. RODRIGUEZ. Are you still flexible in some of those areas? They asked me to ask you specifically on the—if there is any compromise between the flexibility of that 1 percent transfer authority or no flexibility without the initiatives? Is there a middle ground that can be reached or—

Secretary DONOVAN. Absolutely. And we have already begun some of those discussions with the staff, and I think we are very happy to meet your needs in terms of specificity and reporting on it. Let me just give you an example of the kind of thing that we are trying to get to. FHA, given the economic crisis we are facing and the mortgage crisis, FHA's volume expanded dramatically quite quickly, and yet FHA didn't have the flexibility to go out and buy fraud systems that would have helped us effectively limit the fraud in the FHA program.

So there are examples, and I would be happy to share others, where not having this kind of flexibility I believe has stood in the way of us using taxpayer resources as wisely and as effectively as we possibly can. But I do think there are ways that we can give you the kind of assurance that you need to ensure that this funding is being spent well and the kind of specificity in advance that you are looking for.

Mr. RODRIGUEZ. Thank you.

Let me quickly, I know Congressman Carter talked about the importance of home ownership, and there are programs where people participate and provide, for example, the lot and provide some of the work that is done to build those homes. I would ask that you come and look at that, especially in some of the rural communities and urban areas that have empty lots and where people own the lot but might not have property because that is a key point.

Mr. OLVER. Thank you.

Ms. Roybal-Allard, there are still 364 people who have not yet voted. So I think we can get 2 more 3s in here. Go ahead.

HOPWA

Ms. ROYBAL-ALLARD. Mr. Secretary, as the Housing Opportunities for Persons With AIDS, known as the HOPWA program, has successfully allowed about 91 percent of clients to achieve housing stability and has to a large extent been instrumental in helping to end homelessness among persons with HIV/AIDS. In light of the success of this program, it was disappointing to see that the administration has proposed flat funding for HOPWA. And since this flat funding, as I understand it, is expected to not only serve the 131 existing city and State programs but also to serve any new jurisdictions that become eligible this year. This level funding is essentially a cut to the program, and I would like to know what the rationale is for essentially cutting this very important and very successful program.

Secretary DONOVAN. First of all, I would say that, given the set of choices that we had and overall the growing deficit that we have, we felt that—and HOPWA is not alone. There were many programs, in fact most programs in the budget that we have proposed, flat funding for. So HOPWA was not singled out in any way relative to other programs that also have significant needs, but we had to make choices in the budget, and we did that, given the overall budget environment.

I would also say with HOPWA, having worked closely with the program in my prior job, I know the effectiveness that it can have. I also believe at that time we have made significant progress under HOPWA and have not seen the kind of enormous growth caused by the economic crisis, for example, around family homelessness and other types of funding that were particularly needed during the economic crisis. We didn't see the same kind of growth and needs around the HOPWA program that we saw in other programs, and that is really what led to our decision.

Ms. ROYBAL-ALLARD. But the problem is it is going to undo much of the progress that has already been made, and we could provide you with information showing that in fact there is a growing need for this program and that—the fact that is not only flat funded but expected to deal with any additional new jurisdictions, that it is going to have a very negative impact on this population.

Secretary DONOVAN. I would be happy to look at that information.

Mr. OLVER. Thank you.

Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman. And thank you for your interest on many levels. Thank you.

FORECLOSURES

Mr. Secretary, very quickly, would you be willing to serve as a convener among a meeting that would involve J.P. Morgan Chase, Bank of America, HSBC, Wachovia, Wells Fargo, major foreclosers and servicers and Members of Congress who come from districts where these firms are still wreaking havoc?

Secretary DONOVAN. I would be happy to do that.

Ms. KAPTUR. I would hope we could bring our mayors to that. I would urge you to look at districts that have over 10 percent foreclosure rates as a start. And I know Congressman Cardoza and I are very, very of like mind on this, though we represent very different districts.

The FHA is very important to these companies. So is Fannie and Freddie. And I think you have a unique position where we can have a direct dialogue. There are serious questions to be addressed at such a convening. Thank you.

If I were to ask for information, and this will be my last request very quickly, if I were to ask HUD in historical order to provide a list of the first financial companies to invent and to promote the subprime mortgage instrument and then to securitize it, could your staff do it?

Secretary DONOVAN. Let me find out for you.

FREDDIE AND FANNIE

Ms. KAPTUR. And also, does your staff have the ability to take a look at Freddie Mac and Fannie Mae between the years of 1995 and 2005 and address the issue of what happened to the risk standards and the risk evaluations of the mortgage instrument that allowed the crisis to occur? Do you have the ability to look up what was done as they changed their risk standards, particularly between 1999 and 2002?

Secretary DONOVAN. We recently did put together a report on the history and the causes of the subprime crisis that included some information there. We would be happy to provide that to you. If that is not sufficient, we can certainly try to get you more information on that on this issue.

Ms. KAPTUR. I thank you very, very much.

Thank you, Mr. Chairman.

Mr. OLVER. Thank you very much for your testimony. It is very helpful to us, and I think very informative for all the members who are here. Thank you, Mr. Secretary.

And this hearing will be closed.

WEDNESDAY, MARCH 18, 2009.

LIVABLE COMMUNITIES, TRANSIT-ORIENTED DEVELOPMENT, AND INCORPORATING GREEN BUILDING PRACTICES INTO FEDERAL HOUSING AND TRANSPORTATION POLICY

WITNESSES

HON. SHAUN DONOVAN, SECRETARY OF HOUSING AND URBAN DEVELOPMENT

HON. RAY LAHOOD, SECRETARY OF TRANSPORTATION

OPENING REMARKS OF CHAIRMAN OLVER

Mr. OLVER. The subcommittee will come to order. I was reluctant to stop you. You were conversing so casually there that I thought you might be making big decisions that we would hear about in the process as we go along. And so I didn't want to stop you at all from that.

But anyway, this subcommittee of Appropriations is the Subcommittee on Transportation, Housing and Urban Development, occasionally called the THUD committee. And we have a confluence of the stars today, in that both of our Secretaries, the gentlemen chosen to lead the administration in Transportation and in Housing and Urban Development, the two are both here to testify on the issue of Livable Communities, and subtitled Transit-Oriented Development and Green Building in Federal Housing and Transportation.

So let me welcome the Secretaries, the Secretary of Transportation, Ray LaHood, an old colleague. We are happy to have you before us. And Secretary for Housing and Urban Development, Shaun Donovan. Happy to have you as well.

And I want to let both of you know that I am really very pleased both of you are testifying about this issue in this way. In my mind, a livable community is a neighborhood that links the transportation mobility needs of old and young alike, with affordable housing, shopping, job opportunities and green infrastructure.

In my view, transportation, housing and energy policy have been conducted as separate spheres, like silos, with little or no coordination on the Federal, State or local level for far too long. Improving Federal policies among agencies and creating a Federal partnership with local communities to build livable communities that combine transit-oriented development, affordable housing and green infrastructure should be a national priority. And we finally have two agency heads that share a belief in livable communities and a willingness to work together across agencies to better coordinate the Federal role and prioritize this type of development.

Over the last 2 years, our Subcommittee, working with our friends on the Authorizing Committees, when appropriate and nec-

essary, have worked to make communities that are livable. We have promoted green building and access to transit within the HOPE VI affordable housing program, and we have urged the FTA to work with grantees to incorporate green building practices for newly constructed transit facilities. We have provided funding for the Departments of Transportation and HUD to explore ways the two agencies could better coordinate transportation and housing programs to promote affordable housing near transit.

I believe that the Federal Government should be a partner and a resource for local communities that would like to create livable communities. I also strongly believe in efforts to promote green building and transit access in Federal housing, because green housing is cost effective and can create substantive energy savings and healthier living environments for families.

Each of you has given voice to the challenges and opportunities we face as we strive to build such livable sustainable communities. Secretary LaHood, you stated during your confirmation hearing, and I quote, "The era of one-size-fits-all transportation projects must give way to one where preserving and enhancing unique community characteristics, be they rural or urban, is a primary vision of our work rather than an afterthought."

And similarly, Secretary Donovan, at your hearing you stated, "HUD can help develop communities that are livable, walkable and sustainable. By joining up transportation and housing, HUD can give families the choice to live closer to where they work and, in the process, cut transportation costs."

This afternoon we will have an opportunity to learn more about each of your visions for livable communities and what you hope to accomplish in the short and long term in this regard. Tomorrow we are going to hear from a panel of outside witnesses who will share some additional thoughts on how we can better coordinate transportation and housing.

And so, with that, let me recognize our ranking member, Mr. Latham, Tom Latham from Iowa, for any comments that he would like to make.

OPENING REMARKS OF RANKING MEMBER LATHAM

Mr. LATHAM. All right. Well, thank you very much, Mr. Chairman. I appreciate your interest in this issue and your fervor, I guess, in this whole subject matter.

And Secretary Donovan, it is nice to meet you. I look forward to getting better acquainted over time here and to work with you.

Ray LaHood, classmate of mine—you are missed; there are fewer of us all the time, Ray. But I welcome you here. And congratulate both of you on your appointments. That is tremendous, and I think you will do a great job.

On the outset, I would like to say that we might want to revise the term "livable community" simply because I think what is livable to some might not be livable to others; and in our large, very diverse Nation, we know there are significant demographic shifts taking place in our country. But we also know that the experts don't agree on the trends—totally on the trends that are under way.

Some assume that the aging and young populations all want to live near public transportation and that jobs are moving to the cities and that we should break large areas into villas surrounded by public transportation. The reality probably is closer to the notion that the use of cars today is a larger part of our daily life than ever before, as both parents of young families today work full-time, carry out a lot of different tasks in a day.

I think it is important to note that many jobs are moving out of the cities to suburban areas where the skills are and the new opportunities are, where schools are, you could say, unfortunately, oftentimes better, and the crime rates can be lower. These characteristics are going to also influence people in their choices of where they are going to live.

If people continue to migrate to the suburbs, the marketplace, I think, will dictate costs and land uses. And it is a hard thing to overcome the marketplace and what actually happens in those communities. In that context, a bus or a train may not be a viable alternative for a working parent who must get to daycare, the dry cleaners, go to work or the grocery store all in the same day.

The D.C. Metro system is a good example of the truths on both sides of the public transit systems. On the one hand, rail transit has resulted in residential areas that are not affordable to many people, but who would like to have Metro access. On the other hand, the rising land values have been good for the local economies. So it is a trade-off.

I think there are many positives in the area of transit-oriented development for some communities, but probably not for all communities. One-size policies do not always fit well into the broad, diverse nation, and we need to recognize that fact as we go forward here.

But I look forward to hearing from our witnesses today and exploring the subject more in depth. I appreciate it very much, Mr. Chairman.

Mr. OLVER. Thank you.

Now let's hear from the Secretaries. Your complete statements will appear in the record. If you manage to keep your comments under an 8-minute limit, we will be happy. And then we can get on to questions, because I am sure this can be quite a good conversation among us today. Thank you.

And with that, Mr. LaHood.

OPENING REMARKS OF RAY LAHOOD

Secretary LAHOOD. Mr. Chairman, thank you. I may have spent maybe a total of 8 years in this room. I am very glad to be back. When people ask me if I miss Congress, what I tell them is, I don't miss the roll calls, but I do miss the relationships. And it is wonderful to be back in the Appropriations room and to see friends across the dais here. I thank you for the opportunity.

I think the stars have really aligned for you today, Mr. Chairman. You have both the Secretary of HUD and the Secretary of Transportation together here talking about something that I know you have been passionate about: livable communities. It must truly be a great day for you and for those that have been promoting this idea.

And so I would like to read my testimony, but first say to you, sir, congratulations. You have hung in there long enough to see this day finally occur when both of our Departments, as well as others, are working together on a very, very important concept, not only for this administration, but for the Congress, too.

Mr. OLVER. I will admit that I am pleased.

OPENING STATEMENT

Secretary LAHOOD. Chairman Olver, Ranking Member Latham and to the other members of the committee, I thank you for inviting me here today with Secretary Donovan to discuss the U.S. Department of Transportation's goals and actions in support of livable communities.

LIVABLE COMMUNITIES

Fostering livable communities is a key aspect of President Obama's urban policy agenda and Vice President Biden's Middle-Class Initiative. The way we design our communities has a huge impact on our citizens' social, physical and economic well-being, yet many Americans live in neighborhoods without sidewalks or access to public transportation. Therefore, one of my highest priorities is to work closely with Congress, other Federal departments, and the Nation's Governors and local officials to help promote more livable communities through sustainable surface transportation programs. By focusing on livability, we can help transform the way transportation serves the American people and create safer, healthier communities that provide access to economic opportunities.

As you know, over the last 4 years, our Department has worked closely with the Department of Housing and Urban Development on a range of initiatives to promote transit-oriented development. Last year, your Committee directed the Department of Housing and Urban Development and the Federal Transit Administration to continue this work.

Specifically, you asked us to identify creative ways to support transit-oriented development with an affordable housing component. I am pleased to report we have made good progress and are building on that work.

DOT/HUD TASK FORCE

Today, my Department and HUD are announcing the creation of a new, high-level interagency task force to better coordinate Federal transportation and housing investments. This partnership will help American families gain better access to affordable housing, more transportation options and lower transportation costs. We have identified strategies to give American families more choices for affordable housing near employment, access to shorter commutes and safer and healthier sustainable communities. We will do more than ever before to ensure that these goals are realized.

Our Departments will work to coordinate regional transportation, housing and land use planning. We will encourage metropolitan planning organizations to conduct this integral planning to help them assess their future growth alternatives.

Transportation is the second highest cost for American families, behind housing. So fostering mixed-use, high-density development and affordable housing near transit hubs is key to reducing this cost and fostering economic growth.

We will identify best practices. We will create new ways to measure, track and evaluate livable factors at the local and regional level, and we will engage in joint research. These efforts will help communities to plan effectively for the future and encourage them to focus on livability issues.

In addition to our partnership with HUD, the DOT policy office is also developing a Departmentwide livability initiative. Fortunately, many on-going programs already contribute to this effort, ranging from bicycling programs to congestion mitigation and airport noise reduction. But more needs to be done to promote strong and connected communities. Everyone in urban and rural communities alike needs safe and affordable access to work, medical services, schools, shopping, recreation and other essential activities.

And our transportation investment decisions must be consistent with our policies on greenhouse gas emissions. These and other issues will inform our livability policy.

In the coming months we will work closely with Congress and our stakeholders on a new authorization package for surface transportation. I hope and expect to make livability a centerpiece of the final proposal.

We have a clear opportunity at this moment in our history to offer bold new approaches to the way we plan, design and re-energize cities and communities across America. We must use this opportunity wisely to revitalize our downtowns, foster walkable neighborhoods and bring people, employers and housing closer together through public transportation. Livable communities are essential to a vibrant, sustainable America.

I look forward to working with you, with the Congress, the Department of Housing and Urban Development and the transportation community on achieving our goals for livable communities.

Thank you, Mr. Chairman. And thanks to the subcommittee for offering the opportunity to present our testimony today.

Mr. OLVER. Thank you, Mr. Secretary.

[The information follows:]

**STATEMENT OF
THE HONORABLE RAY LAHOOD
SECRETARY OF TRANSPORTATION**

BEFORE THE

**COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT, AND RELATED AGENCIES
UNITED STATES HOUSE OF REPRESENTATIVES**

March 18, 2009

Chairman Olver and Members of the Subcommittee, thank you for the opportunity to appear before you today to discuss the U.S. Department of Transportation's (DOT) activities in support of livable communities, transit-oriented development, and green building practices.

Let me say at the outset that fostering livable communities is a key aspect of President Obama's urban policy agenda and Vice President Biden's Middle Class initiative. How a community is designed – including the layout of its roads, transit systems and walkways – has a huge impact on its residents. For instance, nearly one-third of Americans live in neighborhoods without sidewalks and almost one-half of households say they lack access to public transportation. Improving the livability of our Nation's communities will help raise living standards.

My primary goal at the Department is effective implementation of President Obama's national priorities for transportation. In doing this, I intend to work closely with Congress, other Federal Departments and agencies, the Nation's Governors, and local elected officials. As I see it, this will require a strong focus in at least four areas:

- the economy;
- a sustainable transportation system and related development;
- a strong focus on people and the communities where they work and live; and
- safety on the road, on the rails, in the air, and on the water.

WHY LIVABILITY IS IMPORTANT

A new focus on livability can help transform the way transportation serves the American people and the contribution it makes to the quality of life in our communities. Transportation can play an enhanced role in creating safer, healthier communities with the strong economies needed to support our families. As the population increases, we must identify new strategies to move people and goods within communities and throughout the Nation. Integrating transportation planning with community development and expanding

transportation options will not only improve connectivity and influence how people choose to travel, but also enable communities to consider the design of transportation and land use together.

Mixed-use neighborhoods with highly-connected streets arranged in small blocks promote mobility for all users, whether they are walking, bicycling, riding transit or driving motor vehicles. Benefits include improved traffic flow, shorter trip lengths, reduced vehicle-miles traveled, safer streets for pedestrians and cyclists, lower per-capita greenhouse gas emissions, reduced dependence on fossil fuels, increased trip-chaining, and independence for those who prefer not to or are unable to drive. In addition, investment in street networks stimulates private-sector economic activity, increases the viability of street-level retail businesses and professional services, creates housing opportunities, and extends the usefulness of school and transit facilities.

Mixed-use, compact development can result in an increase in walking and biking to destinations of short distances. Currently, American adults travel 25 million miles a day in trips of a half-mile or less, of which nearly 60 percent are vehicle trips. A 2005 Seattle study found that residents traveled 26 percent fewer vehicle miles in neighborhoods where land uses were mixed and streets were better connected. In these areas, non-auto travel was also easier than in neighborhoods that were more dispersed and less connected. If a large share of the traveling public could walk or bike for short trips, it is estimated that the Nation could save over one million gallons of gas and millions of dollars in motor fuel costs per day. The Centers for Disease Control and Prevention has extensively studied the benefits of physical activity like walking and biking, so there is another policy incentive to linking transportation and land use policies: improving the health of Americans and lowering medical costs.

Livability incorporates the concept of collaborative decision-making. By involving the public in the planning process and coordinating transportation activities with other activities related to healthy, sustainable communities, we improve the quality of life for all Americans. Collaborative, interdisciplinary decisions get good results: improved organizational effectiveness, the creation of social capital, stronger environmental management, as well as reduced costs and time to complete transportation projects. In addition, we should encourage flexibility and creativity to shape effective transportation solutions, while preserving and enhancing community and natural environments.

Automobile congestion impacts our communities and quality of life. According to the 2007 Urban Mobility report prepared by the Texas Transportation Institute, traffic congestion continues to worsen in American cities of all sizes, creating a nearly \$80 billion annual drain on the U.S. economy in the form of 4.2 billion lost hours resulting from travel delay and 2.9 billion gallons of wasted fuel. The 2007 mobility report notes that congestion caused the average peak-period traveler to spend an extra 38 hours of travel time and consume an additional 26 gallons of fuel annually, amounting to a cost of \$710 per traveler. Although recent data suggest that travel, as measured by vehicle-miles traveled, has been less in recent months, we nevertheless need to give that time and money back to our economy and our citizens. Ways to greatly improve the efficiency of the entire transportation network include better transit services; increased ridesharing; variable road pricing and other demand

management strategies; and managing our road and transit systems better through Intelligent Transportation Systems, and other traffic flow improvements. Other options include integrated transportation, and land use and housing planning policies that encourage mixed-use, compact developments that reduce the need for motor vehicle trips and support more transportation options to reduce trip distances and time.

Implementing strategies that incorporate the principles of livability will result in improved quality of life for all Americans and create a more efficient and more accessible transportation network that services the needs of individual communities. Fostering the concept of livability in transportation projects and programs will help America's neighborhoods become safer, healthier and more vibrant.

DOT'S LIVABILITY INITIATIVE

I am committed to improving the livability of our Nation's communities and, in fact, shortly after I was confirmed as Secretary of Transportation, I charged the Department's Policy Office with developing a DOT-wide Livability Initiative. I am pleased to note that DOT already has numerous programs that foster livability -- everything from promoting transit-oriented development, to fostering bicycle and pedestrian programs, ensuring safety, protecting and enhancing the human and natural environment, designing our transportation projects to understand and respect their context and the communities they serve, supporting Indian Reservation Roads and transit that connect tribal residents to needed services, including schools and hospitals, congestion mitigation and traffic management, and initiatives to reduce energy consumption and transportation-related environmental impacts on our communities, including highway and aviation noise.

However, further actions would enhance transportation's contribution to strong and connected communities. First, the range of transportation choices available to all Americans -- including transit, walking, bicycling, and improved connectivity for various modes -- must be expanded. American businesses must also have effective transportation to meet their logistical needs so that they can continue to provide jobs for their surrounding communities. All segments of the population must have access to safe transportation services to get to work, housing, medical services, schools, shopping, recreation, and other essential activities. Just as important, our transportation investment decisions need to be consistent with our policies concerning greenhouse gas emissions. And efforts must be renewed to reduce other adverse effects of transportation on all aspects of the natural and human environment.

Although we are still developing the details, my goal through DOT's Livability Initiative is to enhance the economic and social well-being of all Americans by creating and maintaining a safe, reliable, intermodal and accessible transportation network that enhances choices for transportation users, provides easy access to employment opportunities and other destinations, and promotes positive effects on the surrounding community. The Initiative will need to build on innovative ways of doing business that promote mobility and enhance the unique characteristics of our neighborhoods, communities and regions. Under the Livability Initiative, my intent is to enable communities to:

- better integrate transportation and land use planning to inform decision-making about public investments;
- foster multimodal transportation systems and effective multimodal connections;
- provide more safe transportation options to improve access to housing, jobs, health care, businesses, recreation, public services and social activities;
- increase public participation in designing communities and coordinating transportation and housing;
- improve public health by reducing noise and air pollution emissions;
- enhance planning for the unique transportation needs of individual communities; and
- better accommodate the needs of our ever-increasing older population as they give up driving.

IMPORTANCE OF FEDERAL TRANSPORTATION INVESTMENT TO LIVABLE COMMUNITIES

Transportation is the second highest cost for American families behind housing. Reducing the need for motor vehicle trips and providing access to transportation choices can address this cost and lower the average household expenditure on transportation.

Federal investments in transportation systems and infrastructure, including aviation, highways, rail, bus, ferries, and other public transportation, have been vitally important to the Nation's fastest-growing metropolitan areas, small- and mid-sized cities, and in rural areas. These systems create links between home, school, work, recreation areas, and other important destinations. Since 1984, the number of cities with publicly funded passenger rail service has more than doubled. A decade ago, two out of every five residents in rural and small urban communities did not have access to public transportation. Since then, the Federal Transit Administration (FTA) has been instrumental in bringing new public transportation options to dozens of these communities. Tribal areas also benefit from FTA investments that afford greater accessibility and mobility options.

Federal transportation investment has increased mobility and accessibility throughout the country. Businesses benefit from easier access to suppliers, a larger labor pool, and expanded consumer markets. These factors can reduce transportation costs both for business-related passenger travel and for the movement of commercial freight. Access to larger numbers of workers, consumers, and suppliers also provides greater choice, fosters specialization, and creates efficiencies.

Changes in demographics, shifts in land use patterns, and the emergence of new job markets require different approaches to managing mobility, particularly for people who may not be able to use existing transportation services due to age, disability, location, or other factors. Federal funding for public transportation has provided a framework around which eight Federal departments are collaborating to deliver community-based transportation services under various authorities. These services, which may be operated by private non-profit groups and community organizations, offer a lifeline to persons with disabilities, older Americans, and individuals and families who do not possess automobiles.

Transit-oriented, mixed-use development has the potential to provide an efficient and convenient option for employers, developers, young professionals and families in many large and small cities around the United States. Transit-oriented development also has the potential to contribute significantly to the revitalization of downtown districts, foster walkable neighborhoods, and offer an alternative to urban and suburban sprawl and automobile-focused commuting.

LINKAGE BETWEEN TRANSPORTATION, HOUSING AND LIVABLE COMMUNITIES

Clearly the linkage between public transportation and urban development is crucial, particularly when it comes to low-income housing. Over the past five years, the Department of Housing and Urban Development (HUD) and FTA have explored opportunities to coordinate housing and transportation planning and investment decision-making. A June 2003 roundtable hosted by the National Academy of Sciences focused on possible data sharing and development of Geographical Information Systems (GIS) by the two agencies.

Following the roundtable, HUD and FTA entered into a June 2005 Interagency Agreement (IAA) to help communities realize the potential demand for transit-oriented housing. The IAA was aimed at closing the gap between the projected demand for housing near transit in particular metropolitan regions, and realizing the development of that housing in proximity to new or existing transit corridors in these regions.

The IAA provided support for a jointly funded research study on *Realizing the Potential: Expanding Housing Opportunities Near Transit*. The report, published in April 2007 by the Center for Transit Oriented Development, included five case studies examining the role of public transportation in the location of affordable housing in Boston, Charlotte, Denver, Minneapolis-St. Paul, and Portland, Oregon. More recently, FTA and HUD released a report to Congress in September 2008 on *Better Coordination of Transportation and Housing Programs*. This report outlines strategies to continue and expand coordination in the areas of mixed-income and affordable housing choices near transit. In addition, FTA and HUD have been working as partners to continue development of coordinated, integrated strategies, methods and policies to promote the role of public transportation in affordable housing. Finally, FTA is developing a *Best Practices Manual* -- a multi-scenario "how-to" manual -- for promoting development of mixed-income housing near transit. This manual will be published by December 2009.

Our cooperative efforts do not end there. FTA and HUD have planned:

- quarterly meetings to coordinate interagency activities;
- joint outreach and capacity building with stakeholders;
- roundtable discussions with experts to identify barriers to investing in housing near transit;
- appropriate tools to support location efficiencies including GIS applications, financing tools, and performance-based indices; and

- programs to promote livability through transit-oriented development and joint housing/transit-oriented development.

DOT has also initiated a Federal Interagency Working Group on Transportation, Land Use, and Climate Change in which HUD is participating. The goal of the working group is to identify opportunities to better align Federal programs and resources to achieve greenhouse gas (GHG) reductions through land use solutions. The 13-agency working group has identified several areas where the Federal Government can begin to align efforts to address GHG, and is currently developing performance metrics, research and data needs for those areas. The results of this work will greatly benefit DOT's livability efforts.

REAUTHORIZATION OF SURFACE TRANSPORTATION PROGRAMS

The current authorization for Federal surface transportation programs – the Safe, Accountable, Flexible, Efficient Surface Transportation Equity Act: A Legacy for Users (SAFETEA-LU) expires at the end of Fiscal Year (FY) 2009. The timing is such that we have a window of opportunity to think differently about livability and propose bold, new approaches to improve the livability of our Nation's communities as part of reauthorization.

Whatever legislative approach is pursued, we will be taking a hard look at potential changes to the livability criteria in metropolitan and statewide planning processes to ensure that they provide communities the flexibility they need to improve livability.

For example, we certainly think the debate should consider whether to:

- provide the necessary authority and funding to regions and communities to carry out livability goals in partnership with states;
- improve the consideration of land use, energy, the environment, and other livability elements in planning; and
- establish performance-based planning to focus on criteria and outcomes such as livability.

The Administration's surface transportation reauthorization proposal is still under development, and I look forward to discussing all the options for making livability a real centerpiece of the final proposal.

Thank you for the opportunity to appear before you today. I look forward to working with the Congress, the Department of Housing and Urban Development, and the transportation community to expand livability within our communities, including the connections between housing and transportation.

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Ray LaHood **Secretary of Transportation**



Ray LaHood became the 16th Secretary of Transportation on January 23, 2009.

In nominating him, President-elect Obama said, "Few understand our infrastructure challenge better than the outstanding public servant that I'm asking to lead the Department of Transportation."

Secretary LaHood's primary goals in implementing President Obama's priorities for transportation include safety across all modes, restoring economic health and creating jobs, sustainability – shaping the economy of the coming decades by building new transportation infrastructure, and assuring that transportation policies focus on people who use the transportation system and their communities.

As Secretary of Transportation, LaHood leads an agency with more than 55,000 employees and a \$70 billion budget that oversees air, maritime and surface transportation missions.

Secretary LaHood said he would bring President-elect Obama's priorities to the Department and see them effectively implemented with a commitment to fairness across regional and party lines and between people who come to the issues with different perspectives.

Before becoming Secretary of Transportation, LaHood served for 14 years in the U.S. House of Representatives from the 18th District of Illinois (from 1995-2009). During that time he served on the House Transportation and Infrastructure Committee and, after that, on the House Appropriations Committee. Prior to his election to the House, he served as Chief of Staff to U.S. Congressman Robert Michel, whom he succeeded in representing the 18th District, and as District Administrative Assistant to Congressman Thomas Railsback. He also served in the Illinois State Legislature.

Before his career in government, Secretary LaHood was a high school teacher, having received his degree from Bradley University in Peoria, Illinois. He was also director of the Rock Island County Youth Services Bureau and Chief planner for the Bi-States Metropolitan Planning Commission in Illinois.

LaHood and his wife, Kathy, have four children (Darin, Amy, Sam, and Sara) and seven grandchildren.

Better Coordination of Transportation and Housing Programs

to Promote Affordable Housing Near Transit

A Report to Congress
from the

U.S. Department of Transportation
Federal Transit Administration

and the

U.S. Department of Housing and Urban Development



U.S. Department
Of Transportation
**Federal Transit
Administration**



September 9, 2008

The Honorable John W. Olver
Chairman, Subcommittee on Transportation, Housing
and Urban Development, and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

The Federal Transit Administration (FTA) and the Department of Housing and Urban Development (HUD) are pleased to submit a joint report entitled *Better Coordination of Transportation and Housing Programs to Promote Affordable Housing Near Transit* to the House and Senate Committees on Appropriations. This report is in response to the directive in the Joint Explanatory Statement accompanying the Fiscal Year (FY) 2008 Consolidated Appropriations Act (Pub. L. 110-161).

The report outlines strategies developed by FTA and HUD to continue and expand coordination in the area of mixed-income and affordable housing near transit over a 3-year period (FY 2008 – FY 2010). The report is a follow-up to recommendations made in the April 2007 joint FTA and HUD study entitled *Realizing the Potential: Expanding Housing Opportunities Near Transit*.

Please do not hesitate to contact us if we can be of further assistance.

Sincerely,

James S. Simpson

James S. Simpson
Administrator
Federal Transit Administration

Steven C. Preston

Steven C. Preston
Secretary
Department of Housing and
Urban Development

Enclosure

Introduction

Transit-oriented development (TOD) is increasingly recognized as having the potential to improve the quality of life for American households, by creating vibrant, livable communities in proximity to transit. Improved access to transit can reduce transportation costs for working families and mitigate the negative impacts of automobile travel on the environment and the economy.

The need for a mix of housing types that is affordable to a range of family incomes in proximity to transit is an important policy concern at all levels of government, including the federal government. Through its policies and investments, the federal government can help shape opportunities at the regional and local level to meet the growing demand for affordable housing near transit.

Congress has directed the Department of Housing and Urban Development (HUD) and the Federal Transit Administration (FTA) to address this issue. The House Committee on Appropriations, in its Fiscal Year (FY) 2008 Committee Report, stated that “the Committee strongly believes that transportation, housing, and energy can no longer be viewed as completely separate spheres with little or no coordination throughout the different levels of government,” and has directed FTA and HUD to “better coordinate public transportation and housing policies and programs. Better planning and coordination on the federal, state and local levels can ensure that affordable housing is located closer to public transportation and employment centers.”¹ The Committee also indicated that “the preservation of affordable housing should become an integral part of transit-oriented development policies.”

This report responds to the Joint Explanatory Statement issued by the House-Senate Conference Committee with the FY 2008 Consolidated Appropriations Act. Congress has directed FTA and HUD to continue expanding their work in the area of mixed-income and affordable housing and transit as follows:

The conferees direct FTA and HUD [to] develop a best practices manual which will serve to assist communities as they seek to establish mixed-income transit-oriented development. FTA and HUD should also jointly report back to the House and Senate Committees on Appropriations within six months of enactment, on new ways FTA and HUD can better coordinate transportation and housing programs to promote affordable housing near transit.²

This report outlines strategies developed by FTA and HUD for the planning and implementation of this task over three years (FY 2008 – FY 2010).

¹ House Report 110-238 to the “Departments of Transportation, and Housing and Urban Development, and Related Agencies Appropriations Bill, 2008,” July 18, 2007.

² FY 2008 Consolidated Appropriations Act, Publ. L. 110-161, Joint Explanatory Statement, December 26, 2007.

Background

On average, Americans spend 52 percent of their incomes on housing and transportation. The average American household spends approximately 18 percent of its annual income on transportation – and lower-income families spend as much as 33 percent.³ For lower-income families, rising transportation costs present a particular burden, with oil prices surpassing \$100 per barrel and gasoline prices exceeding \$4 per gallon. In some metropolitan areas, households spend nearly as much on transportation as on housing.

One approach to lowering the combined cost of housing and transportation is to expand housing opportunities adjacent to transit. TOD presents unique opportunities to create housing in proximity to public transportation, and to address zoning, land use and financing issues that affordable housing developers typically encounter when developing mixed-income housing projects.

Transportation and Housing

A 2004 study commissioned by FTA estimates that the demand for housing near transit will increase to 14.6 million households by the year 2030, more than double the six million households that currently reside within a half mile of transit.⁴

There are several examples of linkages between housing and transit aimed at capturing this demand. An early example is the BART Fruitvale Station in Oakland, California, where a HUD-funded senior housing project anchored the entire development. San Francisco's Metropolitan Transportation Commission's Housing Incentive Program provides additional funds to transit agencies as an incentive to build housing within a quarter of a mile from the transit station, using Federal Congestion Mitigation and Air Quality (CMAQ) program funds. California includes points for TOD in its allocation of Low Income Housing Tax Credits. In addition, cities that are developing new fixed guideway (rail and bus rapid transit) systems or extensions, such as Denver, Colorado, Portland, Oregon, and Phoenix, Arizona, encourage development around their new stations. Particular emphasis is placed on providing a broad mix of

³ *Realizing the Potential: Expanding Housing Opportunities Near Transit*, Center for Transit Oriented Development, April 2007.

⁴ *Hidden in Plain Sight: Capturing the Demand for Housing Near Transit*, Center for Transit Oriented Development, September 2004.

commercial, residential and retail uses, pedestrian-scale approaches to stations, and station-area development plans coordinated with existing neighborhoods. Also, Atlanta's Livable Communities Initiative is an innovative example of regional action to stimulate housing development adjacent to transit.

Although not as easy to accomplish as with a fixed guideway rail or bus system, joint development can also jumpstart TOD along non-fixed guideway bus routes.⁵ The Linden Transit Center in Columbus, Ohio, is an example of a partnership between the Central Ohio Transit Authority and community development groups to establish a multi-purpose transit center that serves as the catalyst for the revitalization of the South Linden neighborhood. This neighborhood redevelopment project, in addition to providing affordable housing, has helped retain a local factory, thereby preserving jobs within the community as well.

A 2004 Transportation Research Board study found, "The state of practice with TOD in the United States is generally a healthy one."⁶ Local governments, redevelopment authorities, regional planning organizations, and even public transit agencies have, over time, accumulated an arsenal of tools and techniques to get the job done. However, many challenges still remain, including how to achieve the appropriate mix of uses, the density required to achieve the locational and transportation benefits, and the level or type of transit service necessary to serve TOD.

The focus of this report is on how TOD can address the need for housing that serves an array of incomes. More specifically, how can the increased property and land values generated by public investment in transit be captured to assist in the provision of critically-needed mixed-income housing?

Developing mixed-income housing near transit presents several significant challenges. Primary among these is typically the high land cost that results from the market demand for housing, office space, and amenities within walking distance of transit. This means that attracting or supporting mixed-income housing as a significant component of TOD will require incentives or policy tools that ensure that housing is available for all income groups. Other challenges include: zoning and other regulatory

⁵ FTA Livable Communities Paper, 1997.

⁶ Transit Cooperative Research Program Report 102, *Transit-Oriented Development in the United States: Examples, Challenges, and Prospects*, Transportation Research Board, 2004.

barriers to affordable housing; the added complexity of joint development projects involving transit agencies, private investors, and other public authorities; and the preservation of existing affordable housing in the face of upward pressure on housing prices.

The actions described in this report are intended to address three separate but related facets of the housing challenges near transit:

1. **Expand mixed-income and affordable housing choices in the immediate proximity of new and existing transit stations.** With a growing number of transit stations funded through FTA's capital programs, there is a need to develop new approaches to financing affordable housing within a walkable, half-mile range of transit stations, including state and local targeting of housing subsidies such as Low Income Housing Tax Credits, state bond financing proceeds, and rental assistance, as well as the potential use of innovative mortgage finance techniques, such as location-efficient mortgages.
2. **Develop a more comprehensive approach to address household expenditures on housing and transportation.** It is becoming increasingly apparent that housing location choices affect household transportation expenditures. Increasingly, families have found that while affordable housing could be found further out in suburban or exurban locations, often without good access to transit, this housing comes at the expense of higher transportation costs. A more flexible approach to financing and underwriting housing that recognizes the associated cost of transportation may be needed.
3. **Preserve existing affordable housing.** A recent study showed that there are a significant number of HUD-assisted properties that have expiring use mortgages in close proximity to transit.⁷ The preservation of these and other federally-subsidized housing units within walking distance of transit stations are an important element of a mixed-income, transit-oriented housing strategy.

⁷ National Housing Trust and Reconnecting America, *Preserving Opportunities: Saving Affordable Homes Near Transit*, 2007, documented 100,000 expiring use units in proximity to transit in eight cities, including 23,000 Section 202 senior housing units.

Previous Interagency Efforts

Over the past five years, HUD and FTA have explored opportunities to coordinate housing and transportation planning and investment decision-making. A June 2003 roundtable hosted by the National Academy of Sciences focused on possible data sharing and development of geographical information systems (GIS) by the two agencies.

Following the roundtable, HUD and FTA entered into a June 2005 Interagency Agreement (IAA) to help communities realize the potential demand for transit-oriented housing. The IAA was aimed at closing the gap between the projected demand for housing near transit in particular metropolitan regions, and realizing the development of that housing in proximity to new or existing transit corridors in these regions.

The IAA provided support for a study completed in April 2007 entitled *Realizing the Potential: Expanding Housing Opportunities Near Transit*⁸. Conducted by Reconnecting America's Center for Transit Oriented Development, the study included case studies of transit corridors in five cities: Charlotte, North Carolina; Minneapolis-St. Paul, Minnesota; Portland, Oregon; Boston, Massachusetts; and Denver, Colorado. Underutilized land that was potentially suitable for development was mapped in these locales. The study included a number of recommendations for improved coordination between FTA and HUD, as well as strategies at the State, regional, and local levels.

⁸ Reconnecting America, *Realizing the Potential: Expanding Housing Opportunities Near Transit*, April 2007. Available at www.reconnectingamerica.org.

Proposed Actions

Building on previous efforts, and in response to Congress' direction, the following strategies are new ways that FTA and HUD can better coordinate transportation and housing planning and programs to promote affordable housing near transit:

Federal Interagency Working Group

1. **Implement Joint FTA/HUD Working Group.**

As directed by Congress, FTA and HUD have established an Interagency Working Group to coordinate activities between the two agencies. The Working Group meets quarterly to coordinate FY 2009 and subsequent research activities; monitor development of a Transportation-Housing Affordability Index and its possible application to specific projects, programs, or policies; identify outreach opportunities for coordination of programs or housing and transportation planning; develop ongoing action plans; and provide input into joint products.

The Working Group was initially convened in October 2007 by members of both HUD and FTA headquarters offices. Membership includes representatives of the following HUD offices: the Office of Community Planning and Development, which oversees HUD's consolidated planning requirements; the Office of Policy Development and Research, which has sponsored previous joint research with FTA on housing and TOD; and the Office of Public and Indian Housing and the Office of Housing, both of which manage or finance a significant volume of mixed-income or affordable housing. FTA is represented by: the Office of Planning and Environment, which oversees FTA's transportation planning requirements; the Office of Budget and Policy, which has sponsored previous joint research with HUD on housing and TOD; the Office of Program Management, which oversees FTA's grants programs; and the Office of Chief Counsel, which provides legal advice on TOD. HUD field and FTA regional office representatives will be included in the Working Group in the future.

Best Practices Manual

2. **Develop a Best Practices Manual for mixed-income housing near transit.** As directed by Congress, HUD and FTA will prepare a best practices manual on mixed-income housing and TOD. The manual will provide guidance for local officials on successful strategies for implementing mixed-income housing near transit. The manual will communicate promising initiatives, practical methods for overcoming common regulatory barriers, and successful tools for joint or coordinated housing and transit planning. Case studies of successful mixed-income housing near transit, lessons learned, and a compilation of principles and strategies used will be included to motivate and guide local communities in developing their own projects. The manual will be completed and published in FY 2009.

Outreach and Capacity Building

3. **Identify opportunities for joint outreach to housing and transit providers and stakeholders.** HUD and FTA will develop an outreach plan that identifies opportunities for engaging stakeholder groups, as well as venues, for advancing the joint program to both housing and transit providers. The plan will outline conferences, symposiums, and workshops where joint presentations can be made to diverse transportation and housing audiences. These sessions will present best practices, resources available for technical assistance and project development, projects that can be easily replicated, and other tools that can be utilized to better coordinate transportation and housing programs and projects.

The outreach plan will also identify training opportunities that can provide insight into the relationship between transportation, land use, economic development, and affordable housing, through webcasts, National Transit Institute curricula and other options. The HUD-FTA Working Group will collaborate with industry partners to promote these outreach and training opportunities through a variety of media.

4. **Conduct briefings and workshops for FTA and HUD staff.** HUD has 82 field offices and FTA has 10 regional and five metropolitan offices responsible for implementation of programs and services across the Nation. HUD and FTA will convene teleconferences with their field and regional staff to facilitate coordination of FTA and HUD activities at the local level. The purpose of these sessions will be to expand awareness of regional FTA and HUD staff of their respective programs and activities, and to improve coordination and delivery of joint projects and services.
5. **Enhance capacity building program(s).** FTA will include mixed-income housing development near transit as a specific focus of the joint FTA/Federal Highway Administration Transportation Planning Capacity Building program, as part of its continuing technical assistance to transit providers, public officials, and other stakeholders. HUD provides technical assistance through the HOME Investment Partnerships or Community Development Block Grant (CDBG) programs. The two agencies will explore opportunities for utilizing these programs in integrating Federal transportation and housing planning and program requirements.

To support these activities, HUD and FTA will share information and links on their respective websites to provide a clearinghouse of resources and information for promoting mixed-income housing near transit. The websites would provide links to pertinent documents and resource agencies, as well as contain materials developed by the two agencies (e.g., workshop presentations, guidance).

Regulatory Barriers

6. **Identify regulatory barriers to housing near transit.** HUD and FTA will identify regulatory barriers to the coordination of HUD and FTA investments in projects adjacent to or near transit. This will be done on two levels: first, barriers that might exist in HUD and FTA's own regulations; and, second, state and local regulatory barriers to joint development and TOD.

At the Federal level, barriers might include inconsistent planning requirements between HUD's Consolidated Plan and the Department of Transportation's (DOT) metropolitan and statewide planning requirements, or concerning possible restrictions on FHA mortgage

insurance for mixed-use development. Examples of barriers at the state and local levels may include: zoning codes that are overly restrictive, restrictions on density allowances, parking requirements, burdensome permitting requirements, complex or duplicative planning processes, or outdated rules covering real property disposition.

FTA and HUD will first invite experts from both the housing and transportation industries, along with stakeholders, to participate in a roundtable panel discussion to identify common barriers. This will be followed by an FTA-HUD sponsored white paper on barriers to improved coordination, as well as possible public policy solutions. Finally, topics for future research will be identified that contribute to the knowledge base on overcoming barriers to improved land use, housing, and transportation planning at all levels of government.

These efforts to identify and review State and local regulations are supportive of HUD's priority of reducing barriers to affordable housing through HUD's Affordable Communities Initiative, as well as of FTA's broader community development goals.

Joint Regional/Metropolitan Planning

7. *Improve coordination of housing and transportation planning through HUD's Consolidated Plan and DOT's Transportation Planning requirements, and other mechanisms.*

Both HUD and FTA require local communities to prepare long- and short-range plans as a requirement for receiving Federal housing and transportation funds.

- HUD requires states, cities and counties to prepare a five-year Consolidated Plan and a one-year Action Plan that together identify long-range housing needs, as well as short-term funding priorities for HUD's formula grant programs.⁹ Guidance provided to grantees on metropolitan/regional connections includes the following:

Clear connections should be established between communities, neighborhoods, and the larger metropolitan region. Does the jurisdiction's strategic or comprehensive plan connect its actions to the

larger economic strategies for the metropolitan region? Does the plan reference the plans of other agencies that have responsibilities for metropolitan economic development, transportation, and workforce investment?

In addition to the Consolidated Plan, public housing authorities (PHAs) prepare a PHA Plan that could also address transportation. The PHA Plan is a comprehensive guide to PHA policies, programs, operations, and strategies for meeting local housing needs and goals. There are two parts to the PHA Plan: the Five-Year Plan, which each PHA submits to HUD once every fifth PHA fiscal year, and the Annual Plan, which is submitted to HUD every year.

- DOT requires metropolitan areas to develop a 20-year Metropolitan Transportation Plan and a four-year Transportation Improvement Program (TIP); states are required to develop a Long-Range Statewide Transportation Plan and a four-year Statewide Transportation Improvement Program (STIP). Together, these documents identify transportation projects proposed for development over both long and short time frames. Metropolitan planning organizations (MPOs) also are required to prepare, over a one- or two-year period, a Unified Planning Work Program that describes the planning activities for undertaking that work. Preparation of these plans and programs is required to be collaborative and coordinated with state and local land use, growth, and economic development plans.

Coordination between the plans required by HUD and DOT could result in improved leveraging of housing and transportation funds, and in more effective strategies for addressing metropolitan area housing and transportation needs. These include preservation of expiring-use multifamily properties near transit, and prioritizing funding for affordable housing near transit facilities. Similarly, in preparing transportation plans and programs, state and local officials could assign a higher funding priority to transit investments that serve mixed-income communities with affordable housing. At the same time, different jurisdictions and time frames for submission of the Consolidated Plan, of metropolitan area TIPs, and of state STIPs present a significant challenge to enhanced coordination.

⁹ Community Development Block Grant (CDBG), HOME Investment Partnership programs, and Emergency Shelter Grants (ESG).

Actions to be explored by HUD and FTA may include: (1) encouraging collaboration of MPOs or regional councils of government with local transit providers and housing and community development agencies, (2) identifying demonstration projects, and (3) providing better guidance on coordinated housing and transportation investments for Consolidated Plan, TIP, and STIP submissions. In addition, HUD and FTA plan to support the development of a model regional housing-transit plan that can provide a template for other jurisdictions.

Policy Analysis, Research and Development

8. **Identify opportunities for joint research and development and policy analysis.** HUD and FTA will annually identify possible topics for joint research, including but not limited to the following:
 - Land use and place-based analysis to link housing and transportation planning (including TOD), aligning the consolidated planning and metropolitan transportation planning processes, and developing demonstration projects.
 - Development of alternative tools, techniques, and methods for addressing housing and transportation (e.g., an affordable housing-transportation index that reflects combined household expenditures on housing and transportation).
 - Bridging the gap between local and regional scales in data collection, analysis, and information dissemination, including the development of user-friendly analytic tools and capacity building for the development of local area cadastral databases (computerized maps of property boundaries).
 - Improving the use of geographical information systems (GIS) to support mixed-income housing near transit, including refining techniques for identifying and mapping underutilized parcels that may be suitable for housing development, and/or ongoing mapping of expiring use properties within close proximity to transit.

- Joint research into the relationship between household expenditures on housing and transportation, to better understand the inverse relationship that can exist between affordable housing and transportation costs as a share of household expenditures.
- Monitoring and assessing the effectiveness of policies and tools that have been deployed to promote or retain mixed-income housing in key transit corridors.
- Assessing the role of mortgage financing tools such as location-efficient mortgages, which take into account the location of properties near transit and include transportation cost savings in the underwriting of such loans.
- Identifying how HUD and FTA can improve policy coordination and provide incentives through new and/or existing programs to further promote affordable housing near transit corridors, and to include the preservation of affordable housing as an integral part of TOD policies.

Legislative Research and Recommendations

9. **Address affordable housing and mixed-income housing needs in new legislative initiatives.**

Based upon the recommendations of the HUD-FTA Interagency Working Group, FTA will identify legislative initiatives for the next surface transportation authorization bill and other legislation to increase the opportunities, and reduce the challenges, to affordable housing near transit. This would improve the alignment of FTA and HUD programs.

Performance Measurement

10. **Assess the effectiveness of the HUD-FTA Action Plan.**

The Working Group will develop performance measures and an associated management information system for assessing the effectiveness of the results of joint actions taken by the two agencies. Elements may include an inventory of affordable housing developments near transit, federal funding sources deployed, incremental impacts on transit ridership from such developments, changes in zoning ordinances that promote affordable housing near transit, and other performance indicators. A baseline will be established from which annual progress would be measured.

Incentives

11. **Identify financial incentives for funding affordable housing near transit.**

There are currently no direct incentives through HUD- and FTA-funded programs for locating affordable housing near transit. HUD funding for housing is provided in several ways: through competitive and formula grants, mortgage insurance (for both single family homes and multifamily rental housing), and tenant- and project-based rental assistance. FTA funding for transit is provided through various discretionary and formula grants. FTA's major formula grant program, known as Section 5307 Urbanized Area Formula grants, provides public agencies and bodies with planning, capital, and in certain cases, operating assistance to expand transit services on routes, communities, and corridors of their choosing.

HUD and FTA will assess the feasibility of encouraging and/or providing targeted incentives for financing affordable housing near transit through these and other programs. These might include set-asides of a portion of grant funds for jointly funded projects that address both housing and transportation, or awards of bonus points in rating applications for competitive grant awards through such housing programs as HOPE VI or Section 202 Supportive Housing for the Elderly. Consideration could also be given to using set-aside funding for the HOPE VI program to award bonus funds for projects located near transit. For those programs that require a non-Federal match, a reduced match or more flexibility in allowing non-cash contributions could be considered. However, specific statutory authorization from Congress is required to support such incentives.

At the state and local levels, incentives to be considered might include density bonuses or establishing faster approval and permitting procedures for TODs that contain mixed-income housing. Housing authorities could also consider incentives for locating Section 8 project-based developments, and of Replacement Housing Factor (RHF) Fund units near transit.¹⁰

¹⁰ HUD's Capital Fund Formula rule at 24 CFR 905.10(i) provides that a PHA may receive grants to replace units that are demolished or sold. PHAs must submit an RHF plan containing a description of the proposed replacement housing.

Mr. OLVER. And now, Mr. Donovan from HUD.

OPENING REMARKS OF THE HONORABLE SHAUN DONOVAN

Secretary DONOVAN. Thank you. I am also very pleased to be here today to testify before the committee on the importance of an integrated approach to housing and transportation. It is especially gratifying to be here with my colleague, Ray LaHood, from the Department of Transportation.

Our presence here is a tribute to your awareness, Chairman Olver, of the need for our Departments to work together to address the many intersections of Federal housing and transportation policies and programs. I am excited by the potential for this partnership to improve housing and transportation choices for all Americans.

HUD's central mission, ensuring that every American has access to decent, affordable housing, can be achieved only in the context of housing, transportation and energy costs and choices that American families experience each day. During my confirmation hearings, I indicated that with the economic fallout across the country, the first step to fulfilling that mission was to address the foreclosure crisis. That is why the administration worked swiftly to establish the President's Housing Affordability and Stability Plan, a plan that not only helps responsible homeowners at risk of losing their homes, but prevents neighborhoods and communities from decay.

As we act in response to the crisis, we must also turn our attention to the factors that stressed many families' abilities to make ends meet. Over the last few years, many homeowners and renters have traded high housing costs for high transportation costs in their search for affordable housing.

Affordable housing was affordable only when gas prices were low and the broader economy was strong. The average American household now spends 34 percent of their annual budget on housing and 18 percent on transportation, a combined total of 52 percent of their budgets wrapped up in these, the two largest single expenses.

For low-income, working families, the impact is more serious, with transportation representing almost a third of their costs. For these families the expense of transportation poses a particular burden, inhibiting wealth creation, hindering home ownership and pushing family budgets closer to the brink.

As decentralization and accompanying sprawl have increased, the spatial mismatch between the location of affordable housing and employment and educational opportunities in metropolitan areas has worsened, hurting metropolitan economies. Fewer low-wage families can find housing near their work, as affordable housing remains disproportionately located in urban and older suburban areas. And businesses located in those areas must find workers who can commute, incurring higher transportation and energy costs.

TRANSIT-ORIENTED DEVELOPMENT

In response to these challenges, State-, local- and regional-level actors have pursued innovative solutions. These local projects point

to the need to coordinate Federal action across agencies. Our local counterparts in Chicago have already recognized this and undertaken an ambitious, integrated land use and transportation plan, the Go to 2040 plan, to address projected growth in population and employment.

Cities and suburbs across the country have been increasing their focus on transit-oriented development. Denver is in the midst of a plan that facilitates transit-oriented development with special attention to the land use that is appropriate for each area of development, recognizing that a civic center downtown will support very different development than an older urban neighborhood.

Careful data collection in the cities and suburbs has demonstrated that the cost savings associated with living near transit are significant. A study of four neighborhoods in Minneapolis/St. Paul found that the combined costs of transportation and housing are most affordable in areas best served by public transit, with an average savings of \$3,000 annually.

To reinforce and support these local initiatives, HUD will work closely with the Department of Transportation in the coming months and years. Last year, your committee directed HUD and FTA to identify incentives and take other actions to support transit-oriented development that includes mixed-income housing and other affordable housing choices.

Mr. Chairman, it is an honor to say here, in light of all your hard work over the years to join housing and transportation planning, that Secretary LaHood and I will build on the principles laid out by that HUD-FTA working group and announce today a broader HUD-DOT partnership to address the critical issues our Departments jointly face.

SUSTAINABLE COMMUNITIES INITIATIVE

As the President noted in his initial budget submission, our detailed plan will include the establishment of a Sustainable Communities Initiative. As you know, I cannot go into great detail about this plan, but I would like to speak generally about some elements I hope you will find compelling.

First, HUD and DOT will jointly administer a fund to encourage metropolitan regions, via competition, to develop integrated housing, land use and transportation plans and to use those integrated plans to drive the planning and decision-making of localities. The goal of this initiative is not just to develop plans; it is to set a vision for growth that is tailored to distinct metropolitan markets, and then apply Federal housing, transportation and other investments in an integrated manner that supports that broader vision.

These efforts will benefit urban, suburban and rural communities. Given the decentralization of people and jobs, estimates show that nearly 50 percent of people who live in rural places live within the boundaries of metropolitan statistical areas. This requires a level of integrated planning that spans jurisdictional boundaries in new and unprecedented ways.

As we work towards an integrated planning process, we will refine the definition of affordability in America. The costs of transportation now approach or exceed those of housing for many working families, yet Federal definitions of housing affordability fail to

recognize their interdependence. We will work to jointly develop with the Department of Transportation a housing and transportation affordability index that will inform consumers and businesses about their choices in real time.

In the coming months, we will be conducting an intensive review of programs to ascertain how to support the marrying of housing and transportation and to emphasize location efficiency in all that we do. In housing programs, for example, perhaps we can preference those projects that give participants choices for public transit, employment opportunities and other important advantages. I pledge to you that we will subject all of our programs, including FHA, to a rigorous review that determines how we can orient the business of our Department in support of this integrated planning.

Finally, we will also establish a jointly administered research and evaluation effort. This effort will aggressively engage in joint data development, information platforms, analytic tools and research to better track housing and transportation expenditures by location. It will establish standardized and effective performance measures, engage in rigorous analysis of the transit-oriented development projects already in existence to identify best practices and evaluate location-efficient mortgages and energy-efficient mortgages. This data collection, research and evaluation will serve not just Federal programs, but will be shared to move information into the marketplace and inform private investment decisions.

This partnership between DOT and HUD is part of a broader effort to ensure that Federal housing policy supports not only sustainable communities but also enables the construction and renovation of energy-efficient homes and building. In the face of sweeping climate change, our two Agencies and others we have partnered with and will partner with, like the Department of Energy and EPA, can have a significant impact on creating an energy-efficient-built environment in the coming decades.

Your efforts in the American Recovery and Reinvestment Act have given us a jump-start on that effort. A significant share of this funding is eligible for energy efficiency and green building practices in public and assisted housing: \$4 billion for public housing modernization, \$510 million invested in Native American housing, and \$250 million for energy retrofits of assisted housing.

The steps we have already taken and the partnership we have committed to today will help us integrate the Federal Government's policies and investments in housing and transportation. In the coming months, HUD will work with DOT to improve coordination between our Agencies and apply the principles I have discussed with you today to programs throughout my Department.

Thank you, Mr. Chairman. I look forward to answering your questions.

[The information follows:]

WRITTEN STATEMENT OF SECRETARY SHAUN DONOVAN

U.S. Department of Housing and Urban Development

Hearing before the Subcommittee on Transportation, Housing and Urban
Development, and Related Agencies

Committee on Appropriations

United States House of Representatives



"Livable Communities, Transit Oriented Development, and Incorporating
Green Building Practices into Federal Housing and Transportation Policy"

March 18, 2009

Good morning. I am pleased to be here today to testify before the Committee on the importance of an integrated approach to housing and transportation, and it is especially gratifying to be here with my colleague Ray LaHood from the Department of Transportation. Our presence here is a tribute to your awareness, Chairman Olver, of the need for our departments to work together to address the many intersections of federal housing and transportation policies and programs. You rightly have been pressing for greater cooperation between the two departments. I am excited by the potential for this partnership to improve housing and transportation choices for all Americans, and look forward to outlining for you some of the plans we have already developed to collaborate on critical issues.

HUD's central mission – ensuring that every American has access to decent, affordable housing – can be achieved only in context of the housing, transportation, and energy costs and choices that American families experience each day. During my confirmation hearings, I indicated that with the economic fallout across the country, the first step to fulfilling that mission was to address the foreclosure crisis. That's why we worked swiftly, with partners throughout the Obama Administration, to establish the President's Housing Affordability and Stability Plan – a plan that not only helps responsible homeowners at risk of losing their homes, but prevents neighborhoods and communities from decay, as defaults and foreclosures fuel falling home values, local business collapses, further job loss, and overall economic decline.

As we act in response to the crisis, we must also turn our attention to the factors that have stressed many families' ability to make ends meet. Over the last few years, many homeowners and renters have traded relatively high housing costs for high transportation costs in their search of affordable housing. "Affordable housing" was only affordable when gas prices were low and the broader economy was strong. With gas prices spiking over \$4 per gallon last summer, and the economic crisis following in these past few months, combined housing and transportation costs were no longer sustainable – and won't be sustainable in future cycles of gas price spikes.

The average American household now spends 34 percent of their annual budget on housing and 18 percent on transportation – the combined total of 52 percent of their budgets wrapped up in these two largest expenses. For low-income working families, the impact is more serious – with transportation representing almost a third of their costs. The extremes can be eye-opening – the average Houston-area household spends over \$11,000 per year on transportation. For these families, the expense of transportation poses a particular burden, inhibiting wealth creation, hindering home ownership and pushing family budgets closer to the brink. In some metropolitan areas, working families are spending more on transportation than on housing. The recent housing downturn has shown that auto-dependent houses are more vulnerable to price devaluation, as homes in distant neighborhoods declined in value more than regional averages, while some centrally-located homes held or increased their value. For lower-income households who hold much of their savings in their home equity, these declines can seriously undermine or eliminate their tenuous financial security. While housing costs in distant suburban locations may be lower, transportation costs are higher, and the combination of housing and transportation costs now averages 57 percent of income for working families in metropolitan areas.

The destructive effects of this mismatch between good housing choices and good transportation choices extend to metropolitan regions – the engines of America's growth. America's new economic geography and spatial landscape have clearly made HUD's mission more challenging. A recent Brookings Institution report shows that the top 100 metropolitan areas alone house two-thirds of the U.S. population and generate three-fourths of our gross domestic product. These metropolitan regions look markedly different from the ones that existed in the mid-1960's, when HUD was created. The populations of

these areas and employment opportunities available in them are now widely dispersed, with only 22 percent of the jobs in the top metropolitan areas located within 3 miles of the central business district. Also, a higher number of lower-income tenants now live in the suburbs than in city centers, indicating a wholesale shift in demographic patterns.

As decentralization and accompanying sprawl have increased, the spatial mismatch between the location of affordable housing and employment and educational opportunities in metropolitan areas has worsened, hurting metropolitan economies. Fewer low-wage families can find housing near their work, as affordable housing remains disproportionately located in urban and older suburban areas. And businesses located in those areas must find workers who can commute – incurring higher transportation and energy costs.

In response to these challenges, state, local, and regional-level actors have pursued innovative solutions. Some of those solutions have revolved around the need to reinvest in existing neighborhoods, as demonstrated by the success of EPA's Brownfields and Smart Growth programs and that of HUD's own Neighborhood Stabilization Program. Both recognize the need to build on the inherent value of our nation's existing infrastructure, by investing to repair and upgrade roads, utilities, and transit systems to help absorb the projected future growth facing the US. These local projects point to the need to coordinate federal action across agencies. HUD and DOT must work together to support housing and transportation innovations already occurring across the country. We must facilitate the expansion of these first steps forward.

As I mentioned earlier, metropolitan regions are the engines of America's growth. Our local counterparts in Chicago have already recognized this, and undertaken an ambitious integrated land use and transportation plan, the *GO TO 2040* plan, to help northeastern Illinois accommodate an anticipated increase of 2.8 million new residents in the next three decades. The plan includes strategies to address projected growth in population and employment and their implications for transportation, housing, economic development, open space, the environment, and natural resources.

Cities and suburbs across the country have been increasing their focus on transit-oriented development. Denver is in the midst of a plan that facilitates transit-oriented development with special attention to the land use that is appropriate for each area of development – recognizing that a civic-center downtown will support very different development than an older urban neighborhood. And in establishing a \$15 million fund to purchase real estate near mass transit, Denver will preserve and expand affordable housing within a half-mile of existing and new rail service and a quarter-mile of frequent bus routes.

Careful data collection in the cities and suburbs has demonstrated that the cost savings associated with living near transit are significant. The results of a Center for Transit Oriented Development and Center for Neighborhood Technology study of four neighborhoods in Minneapolis-St Paul found that the combined costs of transportation and housing are most affordable in areas best-served by public transit. The study found that the average two-person household spent 40% of its income on housing and transportation, while a similar household in a centrally-located neighborhood with access to mass transit only spent 34% of their income on the same costs. This difference resulted in savings of \$3,000 annually.

To reinforce and support these local initiatives, HUD will work closely with the Department of Transportation in the coming months and years. Last year, your Committee directed HUD and FTA to

identify incentives and take other actions to support transit oriented development that includes mixed income housing and other affordable housing choices. Mr. Chairman, it is an honor to say here, in light of all your hard work over the years to join housing and transportation planning, that Secretary LaHood and I will build on the principles laid out by that HUD-FTA working group, and the relatively modest framework laid out in that group's report to you, and announce today a broader HUD-DOT partnership to address the critical issues our departments jointly face.

As the President noted in his initial budget submission, our detailed plan will include the establishment of a Sustainable Communities Initiative. As you know, I cannot go into great detail about this plan, but I'd like to speak generally about some elements I hope you will find compelling.

First, HUD and DOT will jointly administer a fund to encourage metropolitan regions, via competition, to develop integrated housing, land use, and transportation plans – and to use those integrated plans to drive the planning and decision-making of localities, which will help reduce traffic congestion and increase transportation mobility. The goal of this initiative is not just to develop plans – it is to set a vision for growth that is tailored to discrete metropolitan markets, and then apply federal housing, transportation, and other investments in an integrated manner that supports that broader vision. Funding to these metropolitan regions would generally be used to support the development of integrated, state-of-the-art regional development plans that use the latest data and most sophisticated analytic, modeling, and mapping tools available.

These efforts will benefit urban, suburban and rural communities. Given the decentralization of people and jobs, estimates from the 2007 American Housing Survey show that nearly 50 percent of people who live in rural places live within the boundaries of metropolitan statistical areas. This requires a level of integrated planning that spans jurisdictional boundaries in new and unprecedented ways.

As we work towards an integrated planning process, we will refine the definition of affordability in America. The costs of transportation now approach or exceed those of housing for many working families, yet federal definitions of housing affordability fail to recognize their interdependence. We will work to jointly develop, with the Department of Transportation, a housing and transportation affordability index. This index will serve to make transparent the costs of living in a given location, and inform consumers and businesses about their choices in real-time, so they can make intelligent decisions about how to combine transportation and housing choices to lower their cost burdens.

In the coming months, we will be conducting an intensive review of programs to ascertain how to support the marriage of housing and transportation, and to emphasize location efficiency in all that we do. In housing programs, for example, perhaps we can preference those projects that give participants choices for public transit, employment opportunities, and other important advantages. I pledge to you that we will subject all of our programs – including FHA – to a rigorous review that determines how we can orient the business of our department in support of this integrated planning.

Finally, we will also establish a jointly administered research and evaluation effort. This effort will: aggressively engage on joint data development, information platforms, analytic tools, and research to better track housing and transportation expenditures by location; establish standardized and effective performance measures; engage in rigorous analysis of the transit oriented development projects already in existence, to identify best practices; and evaluate location efficient mortgages and energy efficient mortgages. This data collection, research, and evaluation will not just serve federal programs, but will be shared to move information into the marketplace and inform private investment decisions.

I also want to talk today about the effect this new level of coordination will have on our nation's energy needs. The cost of energy – at home, and in transportation – is significant and growing more significant, particularly for those low-wage workers who pay a larger share of their income towards lighting, heating, and cooling their home, and for their vehicles. We are working with our partners in EPA and DOE to develop strategies to reduce consumption through weatherizing public and assisted housing, home weatherization efforts, Energy Star rating systems, and other cutting-edge programs. For the reasons I have discussed already, it is critical for the federal government to attend to both the location as well as the construction of housing in order to put an end to the energy crisis we face.

Transportation accounts for about one third of our country's carbon dioxide emissions. Providing affordable housing choices that shorten travel distances to work is cost-effective for working families and beneficial to long-term goals to reduce greenhouse gas emissions. Longer travel from home to work and lack of access to public transit increases congestion, which increases both costs and damage to the environment. The coordination of resources to plan sustainable communities that give Americans choices for affordable housing and choices for affordable transportation is a fundamentally green practice.

At HUD alone, there is significant opportunity to incorporate green building practices into our programs. We have a responsibility to work toward the President's energy independence goal. The residential sector accounts for 21 percent of US energy consumption and is responsible for 18 percent of carbon emissions. HUD currently spends an estimated \$6 billion a year on utilities in public and assisted housing. Last year, HUD reported \$33 million in energy savings, but we can do more. I have pledged for our agency to engage in more substantial practices in energy efficiency and renewable energy.

Efforts towards this goal are already underway with investments made in the American Recovery and Reinvestment Act. A significant share of this funding is eligible for energy efficiency and green building practices in public and assisted housing: \$4 billion for public housing modernization; \$510 million invested in Native American housing; and \$250 million for energy retrofits of assisted housing.

The steps we've already taken, and the partnership we've committed to today, will help us integrate the federal government's policies and investments in housing and transportation. Over the next several months, HUD will work with DOT to improve coordination between our agencies, and apply those principles I have discussed with you today to programs throughout our department.

Thank you, Mr. Chairman. I look forward to answering your questions.

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Shaun Donovan

Secretary U.S. Department of Housing and Urban Development

On January 26, 2009, Shaun Donovan was sworn in as the 15th United States Secretary for Housing and Urban Development. He has devoted his career to ensuring access to safe, decent, and affordable housing nationwide, and will carry on that effort in the Obama Administration. Secretary Donovan believes that America's homes are the foundation for family, safe neighborhoods, good schools, and solid businesses, and that housing represents and confers stability - a base from which to raise America's children. He joins HUD with the commitment to make quality housing possible for every American.

Secretary Donovan previously served as Commissioner of the New York City Department of Housing Preservation and Development (HPD). When he became Commissioner of HPD in early 2004, Shaun Donovan engaged the agency in a top-to-bottom strategic planning process. This resulted in new and innovative policy and programmatic solutions, and better measurement of results. During his service, HPD's New Housing Marketplace Plan to build and preserve 165,000 units of affordable housing was the largest housing plan in the nation.

Before his service as HPD Commissioner, Secretary Donovan worked in the private sector on affordable housing portfolios, and was a visiting scholar at New York University, where he researched and wrote about the preservation of federally-assisted housing. He was also a consultant to the Millennial Housing Commission on strategies for increasing the production of multifamily housing. The Commission was created by the United States Congress to recommend ways to expand housing opportunities across the nation.



Shaun Donovan
Secretary U.S. Department
of Housing and Urban
Development

Secretary Donovan rejoins HUD after his previous service as Deputy Assistant Secretary for Multifamily Housing, where he was the primary federal official responsible for privately-owned multifamily housing. At that time, he ran housing programs that helped 1.7 million families access affordable housing. He also served as acting FHA Commissioner during the presidential transition.

Prior to his first service at HUD, he worked at the Community Preservation Corporation (CPC) in New York City, a non-profit lender and developer of affordable housing. He also researched and wrote about housing policy at the Joint Center for Housing Studies at Harvard University and worked as an architect. Secretary Donovan holds Masters degrees in Public Administration and Architecture from Harvard University.

REGIONAL PLANNING AGENCIES

Mr. OLVER. Well, thank you very much. The two of you have given us a great deal to think about, and I think we will have a very interesting conversation here today.

First, let me say I really want to applaud you for this announcement of the partnership with HUD, between the two of you, HUD and Transportation, to develop your Sustainable Communities Initiative. I am going to be waiting with almost bated breath, certainly impatiently, to see the details of that and how that works out in the budget submission later on in the year. We may have some questions along those lines along the way.

I would like to ask you, Mr. Donovan—you had mentioned some experiences in Chicago and Denver and Minneapolis; I think I have them right. You work with the exact same regional planning agencies on affordable housing issues that Transportation works with for all of the transit-oriented issues as they go into the States and to the local, regional planning agencies.

SUSTAINABLE COMMUNITIES INITIATIVE

Can you give me a sense, the two of you together—not exactly speaking at the same time, but to the question of how you are going to actually reach out to those regional planning agencies—to get them into the swing of things as you roll out the Sustainable Communities Initiative?

And I guess I should let—well, Mr. LaHood, do you want to answer that first or—

Secretary LAHOOD. Well, we haven't choreographed this, Mr. Chairman, but I think the way that we should approach this is to invite all the stakeholders to Washington, or a representative group of them. We can tell them sort of what we have in mind, but more importantly, listen to them about how we can work with them and use the talents they have in the communities from which they are coming in terms of their ability to carry off the kind of coordination that both Secretary Donovan and I want to accomplish.

I say that because even before the President signed the American Recovery and Reinvestment Act of 2009, we at DOT invited all the Secretaries of Transportation to Washington. Forty-three of the fifty-three came. We wanted to ask them if it was possible to implement the \$28 billion program in the time constraints established by the law.

It was a very, very good meeting. Forty-three came and shared good ideas about how we could work with them to do what was necessary under the law to get this money out the door.

I think we need to get a good representative group of stakeholders involved and bring them to Washington to share with them what our vision is, but also to find out if that comports with what they would like to do out in the communities.

Mr. OLVER. Mr. Donovan.

Secretary DONOVAN. I think that is exactly right. And we have—this is not just a question of us going out. We have already heard around the recovery act and, more broadly, enormous interest. Many folks are already coming to see us about those plans.

And as you know, the real energy and initiative around these ideas has been at the local and the regional level, to date; I know from my own experience in New York, as well as the other plans that I have seen, that I talked about in my testimony.

I think the issue we are really trying to address with this Sustainable Communities Initiative and the broader partnership is that, if anything, at this point, the Federal Government does very little to help and, if anything, hurts those efforts. We have, in Community Development Block Grant and other funding programs at HUD, requirements for 1-year and 5-year plans. Transportation has requirements for 1-year and 20-year plans that don't link up in any way currently.

We also have done very little, frankly, to provide funding for the kind of regional, integrated planning that we are talking about; and I think the Sustainable Communities Initiative is directed at trying to support some of those efforts.

I think also the research that I talked about in my testimony is guided at really trying to build a set of best practices. I hear from many areas—rural areas, metropolitan areas, urban areas—that they are very interested in this kind of planning, but don't know how to proceed. I talked about some of the best examples, but many others that haven't made much progress and need the kind of guidance and assistance that, I think, really developing jointly best practices could help to lead to in those areas.

So those are a few ideas.

Secretary LAHOOD. Can I just say one other thing, Mr. Chairman?

LIVABLE COMMUNITIES

There are actually communities such as Portland, Oregon that are right on the cusp, thanks to people like Earl Blumenauer and Mr. DeFazio and the Senators. If we give them a few more resources, particularly transit opportunities for streetcars they can create a truly livable community. I have talked to them at length about this.

We have inhibited their ability to do it, but some communities have done it in spite of Washington, D.C.

Mr. OLVER. Well, I think there may be some regional planning agencies which will be enormously pleased to hear that you might come out and listen to them at some point or draw them here. You may want to go there, but after it quiets down here a while—things are a little bit hectic at the present time in getting your Departments together.

And the second thing, I think, would be a joint plan for getting your vision to the two authorizing committees for the areas that you of T&I and, of course, Financial Services, to get some of the ideas directly into the legislation, as appropriate.

Thank you.

Mr. Latham.

GAS TAX

Mr. LATHAM. Thank you, Mr. Chairman. And I am sure Mr. LaTourette down here, having been an authorizer for a long time,

will learn the wisdom of the Appropriations Committee here very soon.

I, too, I want to congratulate both of you for your efforts in working together. It is not often in government today that we see the kind of coordinated effort that you are talking about to address a real problem. And I do congratulate you on your announcement today.

FUNDING FOR SUSTAINABLE COMMUNITIES INITIATIVE

Ray, Secretary LaHood—do I have to call you Secretary LaHood? Okay. In the report, you are recommending major subsidies for housing, community development, infrastructure; and I make the presumption that that would mean probably fewer cars and ideally, less gas burned. And I guess the big question is always how you pay for it, and under that scenario, who would be responsible for maintaining the Nation's roads and infrastructure? Gas tax isn't sufficient today to do that, as we all, unfortunately, well know.

I do look at the effect—and, you know, my district is probably more rural than what yours was even—how this affects rural America. When the gas prices go way up, a lot of these people who are low-income have to drive the farthest, have the—least energy-efficient vehicles to get to their jobs that are 20, 30 miles away.

Do we raise the gas tax, raise tolling, some kind of driving penalty somehow, or just take it out of the general fund? Is there an answer to this question?

Secretary LAHOOD. We have benefited in America from the Highway Trust Fund. It built the Interstate Highway System. People from around the world come here to look at our Interstate System because it is the model, just as we go over to look at their high speed rail because it is the model.

But I, along with many of you gathered here, voted for an additional \$8 billion to restore the balance in the Highway Trust Fund last year because it was running low, and it will probably run low again towards the end of the fiscal year. So we have to think creatively. I have consistently talked about thinking outside of the box, and building on the Highway Trust Fund.

This Administration is not ready to raise gasoline taxes when the economy is as bad as it is.

But the Highway Trust Fund can still be a part of how we pay for our transportation system. Another part of it can be public-private partnerships; perhaps an infrastructure bank, which has been proposed in the Senate. For example, I rode on I-95 in Miami about 2 weeks ago. They built another lane along I-95, and they paid for it with tolls. It works, and it has had public support.

In Los Angeles County, they passed a referendum to help pay for their infrastructure needs. So there are lots of ideas out there, and I think we should consider them seriously.

I hope all of you will consider them. I hope the T&I Committee will consider them because the Highway Trust Fund is not going to fund all our transportation needs. And so we have to think outside the box, and I hope people are willing to do that.

RURAL AREAS

As far as the rural areas go, I represented a 20-county district for 14 years. Almost all of it was rural, and so we worked in many different, creative ways to try and get transit districts that were close to these rural areas to provide service. We also tried to provide programs to help aging people who needed medical care to reach big hospitals. Again, we have to think creatively, because some people age to the point where they can't drive their cars anymore, but they still need to get to a health care center or their doctor.

The purpose here is for Secretary Donovan and myself to begin to think outside of the box about how we meet these needs in a way that reflects the values of the communities in which people want to live.

Secretary DONOVAN. If I could just add to that, to build on what Secretary LaHood has said, I think what we are talking about here is not a zero sum game either; that what we can do, as I mentioned in my testimony, given the size and the growing size of transportation expenses for the average family, what we are looking at here is the opportunity to lower those costs in both urban and rural areas.

If you think about the kind of spread-out development patterns that the kind of planning that we have has encouraged, what you have done is to not only raise costs, hurt the environment, you have also hurt rural areas where pressure on farmers and other areas within those rural areas has been a significant problem; and you have, overall, raised the cost of infrastructure development by having it spread out.

Whether it is as simple as being able to make a single vehicle trip into a town in a rural area, and have development centered there, rather than spread out in the way that we have, whether it is laying sewer lines and electric lines that are much more expensive in spread-out development patterns, I think what we are talking about are things that can lower costs—not just the distribution of costs between different types of transportation, but, in fact, lower costs for families and lower costs for government.

As well, I also think there is the opportunity to bring private investment into this by providing greater information. To date, when you go out and buy a car, there is a number on the window that says what kind of energy efficiency that car achieves. We have never done that with houses. We haven't done that by pricing in location to mortgages very extensively.

All of those things, by giving consumers the power of information, the private market can begin to price that in to get private capital flowing to where decisions make sense.

Mr. LATHAM. Okay.

Thanks, Mr. Chairman.

Mr. OLVER. Mr. Rodriguez. The tradition on the committee is that we go back and forth in order when people arrived here on the scene. So in that vein, Mr. Rodriguez.

Mr. RODRIGUEZ. Thank you, Mr. Chairman. And good seeing you, Mr. Secretary, once again. Let me just also—Mr. Secretary of HUD,

also thank you for being here with us today, and having both of you.

Let me just—I know you initially started by making some comments, and I want to just open it with some remarks and then ask you to make any comments that you think might be appropriate.

One is, in terms of getting down some of the regulations, not only at the Federal level, but what we might be able to do from a State perspective in terms of—the States also have a lot of guidelines and regulations, and we need to work with the States in reducing some of that.

Secondly, just an overall comment about, I know that we have been somewhat, maybe, negligent in some areas in not putting enough resources into our infrastructure. And if it is true that the number two cost for families is transportation, how do we begin to bring down that cost as a Federal Government? And what role can we play in making that happen?

LIVABLE COMMUNITIES IN RURAL AREAS

And thirdly, from a rural perspective, my district is probably the most rural in the country and probably one of the largest. How—what does it mean to have, you know, livable communities in a rural setting?

And I will ask you to—you know, first with housing?

Secretary DONOVAN. I think I mentioned a couple of things that are quite important about thinking in sustainable and livable ways development in rural areas as well. We have many areas where the kind of spread-out development patterns that we have have encouraged the sprawl of neighboring urban areas and suburban areas to encroach on farmers and have raised taxes, have raised infrastructure costs that have hurt the traditional rural way of life in this country. I think it is very important.

We have seen examples in a number of metropolitan areas where denser, more compact urban development has helped to preserve agricultural land and to support the continued ability of farmers to make a living and to contribute to those areas.

I think smarter, more coordinated growth across counties that are rural can mean that we don't have traditional towns within those areas that die out, whose retail ends up being lost to larger suburban tracts that encourage three vehicle trips rather than one vehicle trip to go shopping.

So I think there are a number of ways that thinking about what smart growth means not just in urban or suburban areas, but in rural areas, can contribute to lowering costs as well as promoting the traditional farming way of life that is so important to this country.

REGULATIONS

Mr. RODRIGUEZ. Anything on the regulations of both State regulations as well as Federal? Because we really need to move on getting some of those barriers out of the way.

Secretary DONOVAN. Well, we sure have lots of regulations that we could talk about.

My own experience has been that one of the biggest problems in—let's say, we are trying to do in-fill development in urban areas

where it makes sense, accessible to transit, but the combination of brownfields and the inability to develop brownfield sites, complex building codes, a whole range of overregulation, I think, is a real issue.

And I worked very hard in New York to completely revamp the building code, working with our buildings department there. That is one example of the kind of things we can do to get out of the way of the kind of smart growth and development that we are talking about.

Mr. RODRIGUEZ. Secretary LaHood.

Secretary LAHOOD. Well, Mr. Rodriguez, let me say this: I was at a Senate Banking Committee hearing with Chairman Dodd, and there were probably seven or eight Senators there, and just about every one, to a person, complained about the numerous rules and regulations surrounding transit funding. I have spoken with our transit team about creating a process that people can understand that follows the rules and regulations, and does it in a way that is much more efficient.

And so, I take your point on this. I have heard this on the other side of the Rotunda, and we are committed to looking at these rules and regulations and collaborating between our two Departments. I think we can be very helpful in establishing rules and regulations, but not overburdening people, and making sure that our staff are working together to get these programs going in the most effective way possible.

Certainly in the transit area, which is a big part of what we are talking about as far as livable communities, we are going to try and make that coordination happen.

Mr. RODRIGUEZ. Thank you very much.

Mr. OLVER. Thank you.

Mr. LaTourette.

HIGHWAY TRUST FUND

Mr. LATOURETTE. Thank you, Mr. Chairman.

And I thank both of you for coming. And to you Secretary LaHood, congratulations. It is nice to see one of our class make it and do well.

One of the sadnesses that I have in this Congress, for 14 years, the scoreboard in the House Chamber said LaHood, Latham, LaTourette. And I could always come in and see how you voted, and then I could see how Latham voted, and I knew I needed to vote like you did, and not like him.

And now I am completely rudderless. I don't know what to do.

Mr. Latham talked about the Highway Trust Fund and although they are attempting to reorient my thinking from an authorizer to an appropriator, you have laid out the case: It is broke. A 1956 model doesn't work at 18 cents a gallon. There is no political will to raise the gas tax.

Somebody recently talked about vehicle-miles traveled, and somebody said, we are not talking about that anymore.

Your predecessor, Mary Peters, when she was the Secretary of Transportation, came in and talked about the many diversions from the Highway Trust Fund. It was started to build a National

Highway System, and now it does transit. It is probably the biggest diversion.

If you look at ISTEA, the allocation in SAFETEA-LU for transit is double what it was in 1991 when they did ISTEA. And everybody has an important program, a worthy program, like the programs that you gentlemen are talking about today. But there is only so far you can spread 18.4 cents a gallon.

Have you taken—I know you are new on the job, but have you taken a look at or a thought about that argument that highway funding should be highway funding; and if you want covered bridges in Madison County, Iowa, if you want transit funding, that should be the responsibility of the general fund and it should stop throwing things onto the Highway Trust Fund?

HIGH SPEED RAIL

Secretary LAHOOD. Well, the President personally put \$8 billion in the recovery plan for high-speed rail, and following this budget, there will be \$1 billion in each year for the next 5 years. Some people have suggested that we should create a trust fund for high-speed rail. It is something we ought to think about.

The Highway Trust Fund is not going to support everything we want to do. We need to build on it and think about other ways to do these things.

Transit is really coming into its own, and people are very interested in the transit funds in the recovery plan, because they see them as a way to get people out of their automobiles, onto buses, and onto light rail. Transit is an efficient way to move people around their congested communities.

So we need to think about transit. We need to think about high-speed rail, and we need to think about how we fund it all.

Mr. LATOURETTE. And I am all with you. I think that as you continue to dilute the Highway Trust Fund—and by the way, my office is across the hall from Chairman Oberstar, the chairman of the Transportation and Infrastructure Committee; and the President's budget initiative to tear down the fire walls and make everything budget authority and eliminate contract authority has his blood pressure up. I saw the attending physician in his office a couple of different times.

Let me talk to you about the high-speed rail, because we have been joined now by my Ohio colleague, Ms. Kaptur. We are more than interested in that initiative. And if you talk about getting people out of the cars, saving the planet, becoming more like the Europeans and the Asians when it comes to that mode of transportation, I can't applaud more that \$8 billion. When you put it on top of the \$350 million a year that Mr. Oberstar put in the Amtrak reauthorization last year, it is real money for the first time.

What we are concerned about, we have read news accounts that a line is going to go from Los Angeles to Las Vegas and so forth and so on. Have you developed a strategy or a plan as to how you are going to dole out the \$8 billion? Just selfishly, the Midwest is ready to go. Ms. Kaptur and I would love to see a line from Chicago to Cleveland. And to make it more palatable, we will even have it to go up to Duluth, Minnesota so we get Oberstar's support.

But have you figured out how we are going to compete for those funds? And are you able to tell us that we are going to have just as good a shot, if we have a worthy project, as somebody else?

Secretary LAHOOD. I want to make it very clear, this \$8 billion was put in the recovery bill by the President. He directed his chief of staff to put the money in there. I believe that this President really believes that we need to jump-start our ability to develop high-speed rail in America. And we have sent the President a memo which outlines several prime corridors in the country. Some are just in the beginning stages, and could use some money for a study. Some are at another stage where they have passed referendums to set aside money to help themselves get high-speed rail going. Other communities are in between.

So my point is, the President has a memo, and we are waiting for some guidance in terms of where we can begin to talk about how many dollars are needed, over what period of time, to really get high-speed rail in two or three places in the country.

And as soon as we do, we will let you all know about it.

Mr. LATOURETTE. Thank you so much.

Thank you, Mr. Chairman.

Mr. OLVER. Ms. Kilpatrick.

PLANNING

Ms. KILPATRICK. Thank you very much, sir.

To Secretary LaHood, it is certainly good to see you. It is refreshing to see a former Congressperson, who understands how we work, in that seat. Congratulations.

And to you, as well, Mr. Donovan—Secretary. Thank you very much.

This is an opportunity in time that we have in our country, with the downturn and all that it represents, to do exactly what you are talking about: livable communities that are connected through transit and housing, that everything else stems from through transit, is all kind of development. So I am excited about it. The downturn of the economy is bad, but it is also an opportunity; and that is how I like to look at this.

With what you have brought us today in the planning and understanding of the President, how we move forward from here using the resources that we have, it is important that we not miss the opportunity.

The MPO in my area, every year we put—every 10 years, this 10-year plan. You have probably seen them on your shelves—this thick, and we never get through them. I want to throw that playbook out; I think it is time for a new playbook, and what you all have presented to us today is the beginning of that.

How we get to it depends on how the two of you work together and how we move forward on that. So the first thing I want you both to do is, in Transportation, the MPO, the book they are using, please have them throw it out and let them know what we are talking about this morning. That has got to be first because everything is going to be local.

I almost think we need a local transit-oriented development person both locally and in our State DOTs to be on the same page so that we kind of march together.

And then, between your two organizations, there are some conflicting rules and regs that relate to, for example, duplicate planning, zoning—something has been mentioned about that—parking requirements, other kinds of permitting. That—as you bring that together, not only will it change the administration and free up some dollars, because we are moving now into sync in another way in this decade.

By the end of the decade, phased in over time, we will see some of this happening. It is a real opportunity.

So, Mr. Donovan and Mr. Secretary, first of all, all of what I just said, what do you think about—if we just leave it here in D.C., it won't happen. It has got to be State—MDOT, in my case, Michigan, and all the other DOTs as well.

It may even have to be a local something; and even the MPOs that are put together and authorized in Federal legislation, we need to take a look at those, too. If we leave it here just with us, I am afraid we will lose the moment.

Can you comment?

SUSTAINABLE COMMUNITIES INITIATIVES

Secretary DONOVAN. I couldn't agree more. So much of the energy and engagement around these issues has been at the State and local level.

And I know from my own experience, when we were looking under Mayor Bloomberg's leadership in New York to significantly expand both the capacity for housing, to grow the housing supply in a transit-oriented way, but also to begin to use inclusionary zoning as a way to make sure that we got a mix of market-rate and affordable housing, we were looking for models around the country. HUD was not able to be of assistance to us.

So I think that the first thing that we need to do is to be able to provide technical assistance, to provide leadership to local areas around what are the best practices, who has the best examples of these programs.

And then I think we need to move to actually support these kinds of integrated planning efforts with funding. It is something that, again, you will see as we release more details of the budget proposals, that this Sustainable Communities Initiative that we are talking about can operate at a metropolitan planning organization level, but it can also operate, in terms of zoning and other planning, to support local efforts to have best practices, to have new ways that this is done, building on what has been done in local areas.

Just to be very clear, planning is one of the most important local responsibilities. We are not talking about dictating that they have to have follow in these directions, but supporting local areas that are interested in these things with planning dollars, with best practices, I think, is a very, very important direction that we need to move.

Ms. KILPATRICK. Okay. Thank you.

Secretary LaHood, any comments?

Secretary LAHOOD. Well, I do think that the partnership that Secretary Donovan and I are forging is the kind of partnership we want to form with the communities, whether they be metropolitan

planning organizations, cities, or the Governors. When it comes to transportation issues' we need to form these partnerships if we are going to develop livable communities in the areas where people want to move.

We are going to have to be flexible, too, in trying to develop the kinds of opportunities that both of us and, I know, all of you believe are possible.

So I think partnership is probably the best word, and we need to take what is going on in Portland, Oregon, in terms of livable communities, and see if they can share that expertise with some of us.

PRESIDENT'S BUDGET REQUEST

Ms. KILPATRICK. And when will we get the budget numbers? We are waiting with bated breath for the budget. When will we get that?

Secretary DONOVAN. There has been the broad outline of the budget that included some discussion about sustainable——

Ms. KILPATRICK. That is words and paragraphs that authorizers use. We do dollars and decimals.

When might we get that.

Secretary DONOVAN. I believe that it will be mid to late April is my understanding of when these details will be available.

Ms. KILPATRICK. And then you expect us to pass a budget before we get that?

That is rhetorical; that wasn't really—thank you, Mr. Chairman.

Secretary LAHOOD. You need to get Mr. Orszag to come by and talk to you.

Mr. OLVER. Thank you.

Mr. Carter.

WESTERN STATES

Mr. CARTER. Thank you, Mr. Chairman.

And welcome, both of you. I am especially glad to see my friend, Ray LaHood. He always gave me good advice when I was here and kept me out of trouble most of the time. So I am glad to be able to talk to you.

Of course, I live in a little different environment than the one you are describing. There are 254 counties in Texas, and at least three of them are the size of several States on the eastern seaboard. And so we have a little bit different challenge.

And I may be wrong, but I think—my wife is from Holland; they have probably got one of the best transportation systems on the face of the Earth. If you want to see bicycle paths done right, go to Holland. They have their own signals. They have their own cement roads and brick roads. And it is a whole integrated transportation system.

I used to ride from Schagen on the North Sea all the way to Delft and beat every car that left my neighborhood by 30 minutes. So I understand bicycle paths and concentrated efforts.

But, in turn, in Texas, the city that I grew up in is Houston. In 1959, I made the mistake of hitchhiking back home to see my folks. It turned out they weren't there, and I found out it was 68 miles

across Houston for me to get to my house. It was a bad day; we won't go into that.

URBAN SPRAWL

Right now it is about 150 miles across Houston, okay, so it is urban sprawl defined. And if I understand what you are trying to do, you are trying to develop what I think very much fits the East Coast and Midwest model of cities, but doesn't seem to fit the Texas model of cities too well, concentrating, reconcentrating the—and redensifying existing cities and basically stopping the growth outside of the cities.

Texas is land rich, a lot of other things poor—well, we won't admit that, but that's the way we have built our State. So land is the cheapest thing we have got, and that is why our cities spread out all over the world.

I am 34 miles from Austin. If I got to Austin without a car, I couldn't go anywhere, okay, not at any time. So when you put this transit plan—as you apply it to a large Western State like the State of Texas, some real adjustments are going to have to be made or else you are going to have to put an awful lot into inside-the-city mobility. Because, quite frankly, there is just limited bus service in Austin, and Austin is probably the most progressive city in the State.

So those are the—these challenges. I hear about rail; in fact, we are opening up a rail project, supposed to have opened on the 15th of April, from Leander, which is 35 miles from Austin, into Austin. Unfortunately, the mobility group lost \$200 million, and so it is going to be delayed a little bit.

But the point is, the real question is going to be on whether, when people ride that train and get to town, can they get to work? Because really there is not any way—if you drop them off downtown, they are 16 miles from IBM; they are 14 miles from Motorola. So there are big spaces that have to be covered, and there is no transportation authority that will get you there in any reasonable length of time.

So as you plan this out, have you thought out the real complications of, we are a barrier-less State. We don't have any national land barriers or anything else in our State. So—whereas California is limited by mountains and so forth. So are you looking at the sprawl that we have, by the very nature of our cities? And how would you resolve those issues with your idea of a European-style city?

Mr. OLVER. May I just say, Mr. Carter, has taken all of his time to lay out that question, a very short question as it comes down to it. So take not more than a minute between the two of you, 30 seconds each as an answer here.

At this point, we also have a set of votes that has just been called. So we have about 10 or 15 minutes before we have to go, and we will get as far as we can here.

DEVELOP NEW TRANSIT OPTIONS

Secretary DONOVAN. Very quickly, I would love to talk to you more about the specifics.

As I think we both indicated, this is not a one-size-fits-all kind of planning that needs to happen. Smart growth means very different kinds of things in Texas, just in Houston; and I know exactly what you mean about the different type of development from the East Coast, not being landlocked. But still, as we look at future development, there is the opportunity, if there is rail coming in, to think about how denser development can happen around those rail stops, for example, so that as future development happens, it encourages lower transportation costs for the kind of—whether it is office development, residential development that can be built around those stops.

That doesn't mean stop serving existing development, the way it is, but it means, think about, as we develop new transit options, as we develop a range of transportation investments, that we integrate the way that we plan our housing with that, and be able to provide, whether it is energy efficient mortgages or other incentives that will help consumers be able to benefit from those lower costs that they get by living closer in those areas.

Mr. OLVER. Secretary Donovan has taken your time and his time on the next question as well. So I would like—we have a group of seven votes, and it seems to me it would be at least an hour once we do recess.

I think we will give each person 2 or 3 minutes—Mr. Berry is next—and if you will do that, we will get a quick answer from one of them. And see if you can do the question in 1 minute, and we will get one round through and get the four of you.

We will have other chances to talk with each of the Secretaries later on, but probably not together.

Mr. Berry.

AFFORDABLE HOUSING

Mr. BERRY. Thank you, Mr. Chairman. I will do my best.

Secretary LaHood, there was much applause; it was like—when you were appointed Secretary of Transportation, it was like your team making the NCAA tournament. We were all proud and pleased.

And, Secretary Donovan, even though I don't know you, it sounds like y'all got some good ideas, and I applaud that and encourage you to keep on.

I have to tell you, it makes me a little nervous; you know, the Secretary of Agriculture last week said the solution to farmers' support was going to be for them to some way or other sequester carbon. I don't know exactly how that works. I have been on a farm all my life. But I can tell you this, there is nothing that takes the place of cash money. So it makes me a little nervous when I hear someone from the Administration from New York expressing concerns about farms, especially, I suspect, you have never lived on one or made a living there. And I offer that as no criticism of you personally, but if you are going to take any action, I would encourage you to talk to somebody that knows something about it first.

I also become a little concerned as I hear you talk about national land use planning and getting off into that from the Federal level. I think that is real dangerous, and it concerns me a lot. And I hope that you would consider these partnerships with State and local

and city and county governments as you develop these ideas. I think they are good ideas.

As far as paying for all of these things, I don't know what the method is going to be, but I can tell you this, we have got to figure it out and get it done. If we don't, we are going to be a Third World country. We are all going to be riding bicycles, and hope we don't hit a pothole in the road in the process.

But having said that, I will conclude my remarks and thank you for being here, both of you.

Mr. OLVER. Ms. Roybal-Allard.

Ms. ROYBAL-ALLARD. Welcome, Secretary LaHood. Welcome, Secretary Donovan, as well.

FEDERAL FUNDING ALLOCATIONS

Let me just get straight to the point. Some States like California have created public funding programs to support affordable housing projects located near transit hubs. And California, which prioritizes these projects and their existing funding programs, as well as other States, would greatly be aided in meeting our mutual goals.

If there was a Federal funding stream allocated to support the construction of TODs, will you consider a Federal TOD program that would allocate construction funds, either competitively or through a participating jurisdiction formula like the HOME program?

Secretary DONOVAN. I think, as you know, the vast majority of our funding that we provide to development of affordable housing runs through State and local governments. HOME is a perfect example. And there are many, if not most, allocating agencies that have begun to use energy efficiency and other kinds of criteria, like you are talking about, to allocate that funding.

We have not considered at this point imposing requirements on HOME that transit-oriented development or something like that be a criterion, but it is certainly an idea that we would be happy to look at as part of this broader partnership that we have.

Ms. ROYBAL-ALLARD. And creating separate funding.

And let me just say one more thing: When a Federal TOD program is finalized, I know that cities like Los Angeles are hoping that definition of transit-oriented development includes projects that are located within a half-mile radius of public transit and that it includes clearly defined transportation modes such as light rail, which is being used more and more particularly in cities like Los Angeles that hope that its new and existing light rail infrastructure would be competitive in any new or modified Federal transportation funding program.

So I just wanted to make you aware of that and hope that that will also go into the mix of what you are considering.

SURPLUS FEDERAL PROPERTY

Secretary LaHood, under the McKinney-Vento Homeless Assistance Act, which has been a very successful program, surplus of Federal property is made available to State and local government agencies and nonprofit organizations to be used to provide services to homeless persons. Given the high cost of land near metro sta-

tions, a similar Department of Transportation regulation to make surplus property available for the development of affordable housing near transit would help to address a very huge obstacle to the development of TOD projects.

Would your agency consider a regulatory requirement that SAFETEA-LU grant-receiving transportation authorities first make surplus properties available to the locality for affordable housing development?

Secretary LAHOOD. Well, I don't know enough about that to really give you a definite answer, but it is certainly something I will look into and get back to you.

Ms. ROYBAL-ALLARD. I would appreciate it.

Secretary LAHOOD. Of course.

[The information follows:]

FTA does not have authority to direct transit agencies to offer surplus property to localities for housing. However, as we develop our reauthorization proposals, we are closely examining our policies and regulations to identify ways to better link housing and transportation at the local level.

Mr. OLVER. We will get that question for the record, and you can answer it specifically.

Ms. ROYBAL-ALLARD. Okay. Thank you.

Mr. OLVER. Thank you.

Mr. Price.

HOPE VI

Mr. PRICE. Thank you, Mr. Chairman. Let me also welcome our two Secretaries, especially our friend and former colleague, Ray LaHood.

I want to reflect briefly on what seem to me to be two implications of the partnership you have announced and the program you are embarking on. And since we have a limited time for responses, I will simply accept "yes" for an answer, but you may want to elaborate.

The first has to do with you, Secretary Donovan. As you know, the HOPE VI program is a shadow of its former self. That, I think, is an accurate statement. Yet, it is a program that has been uniquely useful and productive in my district and in many others. It is one of the most—probably the most—comprehensive housing program we have in terms of transforming entire neighborhoods and integrating transportation elements into a healthy kind of development.

So I would assume that one implication of this joint initiative is that we are going to revitalize HOPE VI and that we will see that reflected in the President's budget.

Secretary Donovan.

Secretary DONOVAN. Yes.

ELIGIBILITY FOR TRANSIT FUNDING

Mr. PRICE. Good. All right. That is what I am looking for.

The second has to do with you, Secretary LaHood.

Many have touched on eligibility for transit funding and we all, or many of us, I think, hope to get past some of the limitations and the rigidities of the past formulae. We are going to, of course, be reauthorizing that program this year. I would assume that this ini-

tiative would bespeak the need for a new kind of flexibility in the way transit funding is thought about and is approved—the funding formulae, the eligibility criteria.

I would gladly swap a lesser Federal share for more flexibility, for example, in taking into account creative public-private partnerships which often would include a large housing element.

So I would hope that the implications of this initiative won't be lost on any of us as we reauthorize our surface transportation programs.

Secretary LAHOOD. I had mentioned before you came that I was at the Senate Banking Committee, and this issue was raised by every Senator who was at that meeting. We are going to work very hard at the Department to develop an opportunity for more flexibility and less bureaucracy when it comes to our transit program.

Mr. PRICE. Thank you.

Mr. OLVER. I would just comment that the House passed a HOPE VI reauthorization with a quite substantial number, in the \$500 million range, last year that never was moving the Senate at all. But it had the strongest provisions for green building in it that any such authorization has seen.

So, with that, Ms. Kaptur, we actually have—you have your full 3 minutes.

RECOVERY ACT FUNDING

Ms. KAPTUR. Wow. See how fast I can talk. Thank you, Mr. Chairman, very much.

And obviously to Secretary LaHood, welcome back to your real home. And we wish you great success in your current responsibilities. We are very proud of you.

And, Secretary Donovan, to you as well, I don't know you, but we look—your reputation is very good, and we look forward to working with you.

My request to both of you is probably the same, and that is—and I think if we take different districts and we make them a microcosm of what you deal with in the other 434 districts, maybe a pattern will become evident.

TELEVIDEO MEETING OF DOT/HUD ISSUES

I would like to request a televideo meeting with both your Departments, where you would sit here in Washington and gather for us the key officials that are important to be in the room, and we would do the same back home in the following areas:

For the Department of Housing and Urban Development, in the area of foreclosure mitigation right now, there is great separation between various programs.

Here would be my idea: You find the best people you have at HUD. We gather them here in Washington. I am sitting out there in Ohio with the best people we have in Toledo and surrounding counties where we have 10 percent of our stock foreclosed.

The various Federal moneys that are coming at us are coming down different chutes. I spoke with Chairman Rangel about this yesterday, and I said, we need some bigger thinkers about how to make the best use of the dollars that are coming at us.

For example, in the Neighborhood Stabilization Program our community of Toledo received \$12 million. And I just want to focus on Toledo, but—there are other communities, but I will just use Toledo as the main example of the largest city.

Neighborhood stabilization, \$12 million; public housing authority through the recovery bill, \$6 million; CDBG, an additional \$2 million infusion; the additional funds that were there for Section 8; the tax credit funds that are coming to us; the housing counseling moneys; the weatherization moneys; over at Treasury, the CDFI program; and then the recovery bonds. And there may be other relevant bond programs.

We would like to use the dollars, the hard dollars we are getting. We would like to have a conversation about how to leverage those. And in a community where you have, last year, 4,100 foreclosed units, we have to have more than 34 units helped by the funding that is coming to us.

We need to link the discussion certainly between HUD and Treasury; I would ask you to please think about that. And perhaps you could—John Buckley from Ways and Means, here is the person who wrote the recovery bond language. I think we need to think about these various dollars and how best to use them. And right now they are just—you know, they are coming at us in different ways; and I don't think we are getting the maximal solution.

Then, for the Department of Transportation, Mr. Secretary, I would like to ask the same, particularly focused with Mr. LaTourette on the high-speed rail. If I would have a wish, it would be that we could find an easement that would get us off the freight rail line. And between Chicago and Cleveland, there is a natural gas pipeline that runs. And there are lots of issues dealing with how we prepare ourselves for this freight rail—or, excuse me, passenger rail discussion. What is the role of the Feds? What is the role of the localities?

We want to involve our county commissioners—frankly, they are more knowledgeable than the State people are about what is actually on the ground—our county commissioners across the northern band of Ohio. And it would really, when you are ready, that would be, I think, very valuable to us.

Beyond that, I wanted to give you a sense of how recovery dollars had come down to us in Toledo versus Dayton, two cities of similar size, both high rates of unemployment, over 15 percent. Dayton got \$20 million through the transit money. Toledo got \$8 million.

We love Dayton. The reason Dayton got \$20 million through the transit money is because they had some kind of fixed guideway system from 25 years ago or something. We don't have anything like that. But we have two universities—well, two campuses of a university that want to interconnect; and we have a plan in place to do that.

For some reason, our transit authority didn't get anything. I just think that somehow in the recovery dollars and the transit, if we are really serious about this, maybe a discussion there could help.

And I also just want to throw this idea out. What we really need is a new garage in our area. Talk about carbon footprint. The city, county and transit authority ought to have one green garage. They have three carbon-producing garages, every one of them.

Secretary LAHOOD. Well, the money could be used for that, Ms. Kaptur. The transit money could be used for that kind of a facility, and there is no match required.

Ms. KAPTUR. They are so stressed for that, Mr. Secretary, right now they have laid off people, they have cut back routes. The money just isn't there.

Secretary LAHOOD. The transit money in the recovery plan can be used for that kind of facility with no match.

Ms. KAPTUR. They are going to use it to retrofit their engines.

Secretary LAHOOD. Well, we are not going to decide how they are going to use it; they will decide that. But if you think they need a building, you ought to tell them that and apply to the Department for that money. It is available for that purpose.

Ms. KAPTUR. But the allocation is \$8 million and—I mean, frankly, they need the motors in the buses, the engines in the buses to be converted, I guess.

Secretary LAHOOD. Well, you know what? I will get their names and call them. But we ought to start with what their most important needs are and then try and build on that in the future.

Ms. KAPTUR. But my point is, if we had—though our guideway isn't in, we have the proposals. So Dayton gets \$20 million and we get \$8 million; I would appreciate somebody looking at that.

Secretary LAHOOD. I will give you an explanation for it.

Ms. KAPTUR. Great. And Columbus got \$20 million, too.

Mr. OLVER. Columbus is somewhat larger.

Thank you very much.

Mr. LATOURETTE. Mr. Chairman, could I just ask unanimous consent to submit a question to Secretary LaHood, for the record, relative to the application by Continental Airlines on their ability to enter the Star Alliance?

Mr. OLVER. Everyone, you don't need unanimous consent. We will have certainly 3 days to offer questions for the record and get those kinds of answers.

Mr. LATOURETTE. Thank you.

Mr. OLVER. Yes, that will be possible. I should have said that at an earlier point.

[The information follows:]

The reason for the difference in funding provided under the American Recovery and Reinvestment Act to Dayton and Columbus versus Toledo is based upon each city's specific transit system size and type. The formula used to apportion Transit Capital Assistance and Section 5340 Urbanized Area funds uses several factors including: population, population density, bus vehicle revenue and passenger miles, fixed guideway track miles, fixed guideway vehicle revenue and passenger miles, and operating costs. In simple terms an urbanized area (UZA) receives a share of the available funds relative to its calculated percentage of the national total for each factor.

The Toledo, OH-MI urbanized area transit data for these factors are significantly less than those for the Columbus, OH and Dayton, OH urbanized areas. As a result Toledo's percentages of the national totals are significantly lower than Columbus and Dayton, as is its apportionment.

Mr. OLVER. Well, I want to just thank you very much for being here. We have got to go—in fact, everybody should leave. I will have to walk a little faster to get to these votes. And we will be seeing you, as I said before.

I thank you very much. And I just wish you the best of luck with the initiative that you have taken today. And really, we will do our

best to work with you as you proceed on this. And we will see you again. Thank you.

March 18, 2009
House Appropriations Subcommittee on Transportation,
Housing and Urban Development, and Related Agencies
HEARING ON
Livable, Communities, Transit Oriented Development, and Incorporating Green
Building Practices into Federal Housing and Transportation Policy

Questions for the Record from Rep. Roybal-Allard to:
The Honorable Ray LaHood
Secretary of Transportation

Question regarding Surplus Transportation Properties

QUESTION: Would your agency consider a regulatory requirement that SAFETEA-LU Grant-receiving Transportation Authorities must first make surplus properties available to the locality for affordable housing development (similar to the McKinney Act requirement on all Federal surplus land sales)?

RESPONSE: Our agency is open to considering measures that would advance our livability initiatives. The concept of promoting use of property that is surplus to transportation needs for affordable housing may be feasible within our existing regulatory framework. The Department would not want to interfere in local decision making and priority setting.

The Federal Transit Administration (FTA) is prohibited by law from directing any grantee on the manner of disposing of its real property. SAFETEA-LU does allow the transfer of surplus transit real property to a public agency for non-transit use with no repayment to the FTA if the property was purchased with Federal funds. This is a competitive process and there is no guarantee that a particular public agency will be awarded the excess property. (See 49 U.S.C., 5334(h)(1) – (h)(3).)

The Department would prefer that such surplus transit property be used as joint development that *may* provide for affordable housing development. An eligible joint development improvement involving affordable housing development would improve economic development and the effectiveness of public transportation, with a fair share of the revenue generated going to public transportation. (See 72 FR 5788, Feb. 7, 2007.)

Where property is excess to transportation needs, the existing Federal Highway Administration (FHWA) regulations may achieve the objective of making surplus property available for affordable housing.

Specifically, pursuant to 23 CFR 710.403 and 23 CFR 710.409, property could be leased or sold for affordable housing to a public or non-public entity, at less than fair market value. Two points are critical to bear in mind in consideration of the concept. First, the property is owned by a state department of transportation and not by the United States Department of Transportation or the Federal Highway Administration. Second, the state department of transportation has processes, established under these regulations, to ensure that any sale or lease will not affect the state DOT's ability to safely maintain and operate a highway facility or result in loss of property needed for current or future transportation purposes.

Question regarding Housing Preservation/Affordability

QUESTION: The issue of mixed-income transit-oriented development and the challenges to assuring long-term affordability for low-income households living near rail transit have gained increased attention in recent research funded in part by FTA and HUD. The threat of gentrification to neighborhoods located near transit and the loss of federally-assisted housing in transit corridors is a challenge facing many communities, can you discuss efforts that US DOT is taking to ensure that mixed-income housing is preserved and created in transit corridors? What efforts are being made in the New Starts project review process to reward or require communities to consider long-term affordability in rating projects? [What efforts is HUD considering to preserve affordable housing in transit corridors, through its own federally-assisted programs or in technical assistance to communities and developers?]

RESPONSE: Transportation and land use are integrally linked and public transportation, in particular, is inextricably intertwined with land use in fashioning urban development. The Department has identified the need to improve the coordination of housing and transportation planning as a key to ensuring that mixed-income housing is preserved and created in transit corridors. We are closely examining our policies and regulations to determine methods that better link housing and transportation needs within transit corridors. We are developing a "Best Practices Manual" on mixed-income housing and transit-oriented development.

In response to the SAFETEA-LU Technical Corrections Act, FTA is in the process of modifying the evaluation and rating process for New Starts and Small Starts projects to: 1) utilize all of the statutory criteria for the project justification rating, and 2) assign "comparable, but not necessarily equal weight" to each of these criteria. For New Starts the project justification criteria are: mobility improvements (including

transit dependents that will be served), environmental benefits, operating efficiencies, cost-effectiveness, economic development and transit-supportive land use). For Small Starts the project justification criteria are: transit-supportive land use, cost effectiveness, and economic development.

Question regarding Housing Incentives

QUESTION: How can federal policy create incentives for housing developments that create smaller, more compact units near rail transit stops? Seniors and young people, two groups that are increasing at exponential rates, are likely to want and need such housing products over the next few decades. Are there tax policies that can act as incentives for transit supporting amenities in TODs (i.e. transit connectors, streetscape improvements, public plazas/parks)?

RESPONSE: We are working to improve public involvement in the transportation planning process and ways to provide incentives for increased transit-oriented development and joint development in all of our current public transportation programs.

Local jurisdictions often negotiate tax relief and/or other concessions with the private sector in exchange for elements supporting TOD, as the property involved generally is not under the control of the transit provider.

Question regarding Market Rate Recapture Waiver

QUESTION: Is there any consideration being given to a waiver of the Market Rate Recapture provision for long term ground leases for affordable housing projects tied to transit oriented developments? In Los Angeles, MTA ground leases longer than 57 years require a payment equivalent to a percentage market value after year 57. This constrains the financing options on projects in order to comply with various amortization and other Treasury regulations or tax credit financed projects.

RESPONSE: Our agency is not aware of waivers given for Market Rate Recapture related to transit oriented development. Further, any LACMTA practice of adjusting ground leases to fair market value after 57 years does not appear to be tied to either a HUD or FTA standard or requirement. FTA's requirement for ground leases is to require a fair return for the property in consideration of the lessor and the use. Leasing is governed by 49 CFR Part 639 "Capital Leases," and the transfer and disposition of real property is directed by the Uniform Administration Requirements for Grants and Cooperative Agreements to States and Local Government, 49 CFR Part 18.31.

Green Building

Question: As green building criteria becomes more sophisticated, organizations such as Enterprise Community Partners are including location efficiency in their measurement of “green communities”. Enterprise and others recognize that location efficiency, defined as being located within walking distance, typically defined as a half mile of transit or high-quality bus service, not only keeps communities greener, but promotes affordability. What has HUD done through its GSE’s to promote location efficiency for affordable housing, and how does it plan to expand its location efficiency mortgage program, currently available in only four metropolitan areas?

Answer: Several years ago, Fannie Mae financed a pilot Location Efficient Mortgage (LEM) program, but this was discontinued. It is no longer available in four metropolitan areas, although Fannie Mae continues to support a simpler “Smart Commute” product. HUD itself has never offered a location efficient mortgage, and frankly has been on the sidelines on this issue, both with regard to the GSEs and an FHA role in this area.

However, I expect HUD would start to offer LEMs soon. Location efficiency is very much a part of my vision for HUD going forward. The idea of incentivizing smart locational choices as part of the mortgage transaction is a compelling one. The challenge will be to develop a product that works in practice. As part of our proposed fiscal year 2010 Sustainable Communities Initiative, I will work with the new FHA Commissioner to explore the feasibility of an FHA location efficient mortgage product, and will also work with the GSEs to explore the possibility of reviving the product previously offered by Fannie Mae. HUD’s joint report with FTA, submitted to Congress in November 2008, *Better Coordination of Housing and Transportation Programs*, included a commitment to jointly explore with FTA the feasibility of this product.

Green Building

Question: Would your Agency consider funding a Federal Sustainable Building (Green) Program allocated either competitively or through a participating jurisdiction formula such as that used by HOME?

Answer: Yes. If funding were made available for a Federal green building program, focusing on energy efficiency and green building in the residential sector, HUD would be more than willing to administer such an initiative, either as a part of the HOME program, or as a separate affordable green housing initiative. HUD is already providing funding through targeted use of ARRA funds, for a Green Retrofit Program for assisted multifamily housing.

Also, during fiscal year 2008, HOME reallocated previously deobligated funds designated for Community Housing Development Organizations (CHDOs) through a "green building" competition. Through this competition, \$1.5 million was awarded to HOME participating jurisdictions (PJs) to expand the supply of energy efficient and environmentally friendly (green) housing that is affordable to low-income families. Six applicant PJs were each awarded \$250,000 to produce energy efficient and environmentally friendly housing units that are owned, developed or sponsored by eligible CHDOs, using design and technology models that can be replicated. Up to four additional awards will be made over the next two years as other deobligated funds become available. All units must qualify for and receive Energy Star certification by an independent Home Energy Rater upon completion.

Energy Efficient Housing

Question: Is your Agency considering any specific initiatives to encourage the development of energy-efficient and green affordable housing? What do you think of the idea of having your Agency coordinate with the Department of Treasury and Congress to create an Energy Efficiency Retrofit Tax Credit for affordable housing rental buildings to encourage energy efficiency retrofits in existing affordable housing projects?

Answer: While there is a great deal more that we expect to do in this area once our leadership team is in place, the following initiatives are already underway, or are in the planning stages.

- Through a new Energy Innovations Fund, HUD is requesting significant funding in its fiscal year 2010 budget to help catalyze a home energy retrofit market in the U.S. The objective of the Energy Innovation Fund is to accelerate private investment in cost-saving energy efficient retrofits of existing housing. The Fund will re-engineer FHA's Energy Efficient Mortgage products for single family homes, incentivize energy efficiency retrofits in assisted and insured multifamily housing, and provide support for local energy funds that have the capacity to leverage utility and other private sector funds.
- We are utilizing funding through the American Recovery and Reinvestment Act to boost energy efficiency and green building in public and assisted housing. HUD will offer \$250 million in grants and loans for eligible property owners to make energy and green retrofit investments in multifamily properties. Additionally, local Public Housing Authorities (PHAs) will use nearly \$4 billion in capital funds for energy-efficient modernization and to make large-scale improvements to public housing developments. Up to \$1 billion of these capital funds will be provided competitively to high performing energy efficient and green public housing projects. In addition, competitive grants through the Neighborhood Stabilization Program ("NSP2") includes incentives for energy efficient and green rehabilitation of foreclosed properties acquired or rehabilitated through the program, as will other competitive Economic Recovery Funds..
- We are proposing to establish a new Office of Sustainability, to be headed by the new Deputy Secretary, that will provide new leadership for the Department incorporating energy efficiency through its various programs. The Office will provide new leadership and direction for the Department's Energy Task Force, which has been working to promote energy efficiency through HUD's programs.
- We will continue to provide additional points for energy efficiency and green building through HUD's competitive grant Notices of Funds Availability (NOFAs), for Section 202 Housing for the Elderly, Section 811 Housing for Persons with Disabilities, HOPE VI, and other programs. HUD is expanding the number of points that have been awarded in previous years for these programs, as was recommended in a recent GAO report. (See

the general section of the fiscal year 2009 NOFA, published in the Federal Register on December 29, 2008.)

- The HOPE VI program is expanding its technical assistance and outreach efforts for green building. The program will host a conference in June of this year for HOPE VI grantees on energy efficiency and green building, and is preparing a guidebook on the subject.
- The Office of Multifamily Housing will continue to support the green remodeling program for properties going through the Mark-to-Market Program. This program lowers the owner's contribution from 20 percent of rehabilitation costs to just 3 percent, if the work meets green standards.
- \$1.5 million in recaptured HOME program funds have been awarded in the past year through a "green building" competition. Six HOME Participating Jurisdictions (PJs) received \$250,000 each to expand the supply of energy efficient and environmentally friendly housing that is affordable to low-income families using design and technology models that can be replicated. Up to four additional awards are expected to be made over the next 2 years. All units must qualify for and receive ENERGY STAR certification by an independent Home Energy Rater upon completion.
- \$1.5 million in recaptured HOME program funds have been awarded in the past year through a "Green building" competition. Six HOME participating jurisdictions (PJs) received \$250,000 each to expand the supply of energy efficient and environmentally-friendly housing that is affordable to low-income families using design and technology models that can be replicated. Up to 4 additional awards are expected to be made over the next 2 years. All units must qualify for and receive ENERGY STAR certification by an independent Home Energy Rater upon completion.

On the tax credit issue, while there are tax credits for energy efficiency in single family housing (both new and existing), no such credit exists for multifamily rental housing. While we are not in a position to comment on its budgetary implications, from a policy perspective an Energy Retrofit Tax Credit for existing multifamily housing would provide a much-needed incentive for property owners to invest in energy efficiency—that both for-profit and non-profit owners could take advantage of, either directly (for-profit owners) or through syndication (non-profit owners) along the lines of the Low Income Housing Tax Credit. However, any tax credits would need to be tied to building performance: i.e., some level of predicted energy savings (25 percent or more over previous consumption) in exchange for credit.

LEED Incentives

Question: Is your Agency considering offering any sort of incentive for affordable housing developments that become certified as being LEED Silver (or its equivalent) as a result of having sufficiently employed sustainable construction principles? What do you think of the idea of some type of tax credit for these developments or a grants program that would provide funding to offset commission costs?

Answer: As noted above in response to the previous question, we are providing financing for green building in public and assisted housing through the Economic Recovery Act. Beyond the Recovery Act, HUD is considering offering additional rating points for green building through its competitive grant programs for buildings that meet one of the available green building rating programs, including LEED (other programs include the NAHB Green Building standards, Energy Star Plus Indoor Air Package, the Enterprise Green Communities program, and other more localized programs such as Earthcraft or Green Point homes).

There are no specific incentives for LEED Silver, which is increasingly being used by local communities as the benchmark for commercial and institutional buildings, but a similar standard may not be appropriate in the affordable housing sector, where other rating systems may be equally relevant.

As noted in the response to a previous question, additional grants or tax credits to address some of the costs associated with doing green building – the cost of LEED certification, building commissioning costs, as well as the green premium for additional costs associated with building to these standards – would provide an incentive for building owners and developers. Bonus funding through existing programs for projects that “go green” could also be considered.

Planning

Question: Right now, there are no requirements for long-range housing plans through FTA or HUD in the regional planning process. Connecting long-term transportation investments with housing and other types of development plans would go a long way in helping regions identify gaps and opportunities for both affordability and increased regional mobility. Would HUD support an effort to coordinate the long range transportation plans of Metropolitan Planning Organizations (MPOs) with the consolidated housing plans developed by member jurisdictions within the region?

Answer: Yes. HUD would support an effort to coordinate the long range transportation plans of Metropolitan Planning Organizations (MPOs) with the consolidated housing plans developed by member jurisdictions within the region. HUD regulations currently encourage (but do not require) jurisdictions consult with adjacent units of general local government, including local government agencies with metropolitan wide planning responsibilities, particularly for problems and solutions that go beyond a single jurisdiction

In addition, as I indicated in my testimony before the Committee, we will be proposing a new Sustainable Communities Initiative in our fiscal year 2010 budget. This will include regional planning grants to metropolitan and rural areas to conduct regional housing and transportation plans. This will include improved coordination of HUD Consolidated Plan and DOT Metropolitan Planning requirements. We are also interested in how this kind of joint planning – and resulting coordinated investment of housing and transportation funds – can be addressed in the reauthorization of SAFETEA-LU. There are certain challenges that will need to be addressed: for example, DOT's metropolitan plans are regional plans, while HUD's Consolidated Plans are prepared by individual municipalities (central cities, urban counties) as well as states.

Housing Preservation/Affordability

Question: The issue of mixed-income transit-oriented development and the challenges to assuring long-term affordability for low-income households living near rail transit have gained increased attention in recent research funded in part by FTA and HUD. The threat of gentrification to neighborhoods located near transit and the loss of federally-assisted housing in transit corridors is a challenge facing many communities, can you discuss efforts that US DOT is taking to ensure that mixed-income housing is preserved and created in transit corridors? What efforts are being made in the New Starts project review process to reward or require communities to consider long-term affordability in rating projects? What efforts is HUD considering to preserve affordable housing in transit corridors, through its own federally-assisted programs or in technical assistance to communities and developers?

Answer: The HUD-FTA Report to Congress recognizes the importance of preserving existing affordable housing in transit corridors. Given the high demand for--and the resulting high cost of--housing near transit, it is often priced at the high end of the income scale. A Report by the National Housing Trust and Reconnecting America showed that some 63 percent of all assisted properties located in transit zones, i.e., are within ½ mile of transit stations, have expiring use provisions. It makes sense, as part of a strategy to ensure that there is a good supply of affordable housing near transit, that existing low- and moderate-income residents are not priced out of their homes as a result of their proximity to a transit station.

HUD has not yet identified specific strategies for preserving affordable housing in these locations, beyond the programs that it already has in place to preserve such housing. I will ask Carol Gallante, our new Deputy Assistant Secretary for Multifamily Housing, who has had extensive experience with this issue in California, to look at what additional efforts might be undertaken, including, for example:

- Taking steps to determine the intentions of owners of such HUD assisted housing through surveys, conferences, etc.
- Considering providing owners of such housing additional incentives to remain in the program, including allowing local HUD offices ability to expedite requests from owners for appropriate rent increases, use of replacement reserves, etc.
- If necessary and appropriate, seeking targeted project-based Section 8 to assure that such owners are given longer term contracts or other incentives to assure that they will stay in HUD's assisted housing programs.
- Urging state housing finance agencies to recognize that these HUD assisted properties are truly unique and irreplaceable and urging state housing finance agencies to allocate additional resources to save this stock.

Housing Incentives

Question: How can federal policy create incentives for housing developments that create smaller, more compact units near rail transit stops? Seniors and young people, two groups that are increasing at exponential rates, are likely to want and need such housing products over the next few decades.

Are there tax policies that can act as incentives for transit supporting amenities in TODs (i.e. transit connectors, streetscape improvements, public plazas/parks)?

Answer: Federal policies do not currently provide incentives for smaller, more compact units near rail that might be attractive to, or affordable by, seniors or young singles or families without children. An example of what can be done, however, through the Section 202 program, is the senior housing project that anchored the landmark Fruitvale transit oriented development (TOD) project in Oakland. Set-asides or bonus funds through this program or other programs (such as CDBG or HOME) for similar projects located near transit could replicate this kind of project.

In the HUD-FTA Report to Congress, the two agencies identified a variety of possible incentives to stimulate the location or production of housing near transit. These included:

- Set-asides of a portion of grant funds for jointly funded projects that address both housing and transportation, or awards of bonus points in rating applications for competitive grant awards through such housing programs as HOPE VI or Section 202 Supportive Housing for the Elderly;
- Set-aside funding for the HOPE VI program to award bonus funds for projects located near transit; and
- For DOT programs that require a non-federal match, a reduced match or more flexibility in allowing non-cash contributions could be considered. However, specific statutory authorization from Congress is required to support such incentives. (See Action 11)

HUD does not have views on specific incentives for Federal tax policies that could act as incentives for supporting transit-supportive amenities near TOD. At the local level, tax Increment Financing (TIFs) or Business Improvement Districts (BIDs) are being used to target dedicated property tax revenues as a source of income to finance transit oriented development. Federal tax incentives could complement these local tax incentives.

Federal policy can encourage compact development near rail transit stops by researching these successful local programs and then promoting best practices. HUD has already begun this work; examples of best practices are shared on its "Transit Oriented Development" webpage at <http://www.hud.gov/offices/cpd/about/conplan/tod.cfm>.

Innovative local examples from the HUD website include the Bay Area's Metropolitan Transportation Commission's Housing Incentive Program (HIP) that provides grants of up to \$2,500 per bedroom for housing within 1/3 mile of major transit stations; and New Jersey's Urban Transit Hub Tax Credit, designed to encourage investment and job growth around urban transit rail stations in nine urban municipalities – Camden, East Orange, Elizabeth, Hoboken, Jersey City, Newark, New Brunswick, Paterson, and Trenton. The program provides tax credits equal to 80 percent to 100 percent of the qualified capital investments made within an 8-year period.

Also, HUD requested in its fiscal year 2010 Budget \$250 million for a new Choice Neighborhood Initiative. This initiative will fund competitive grants to transform neighborhoods of extreme poverty into functioning, sustainable mixed-income neighborhoods with well functioning services, schools, public assets, transportation and access to jobs. Choice Neighborhood builds on the successes and lessons learned from the HOPE VI program.

Market Rate Recapture Waiver

Question: Is there any consideration being given to a waiver of the Market Rate Recapture provision for long term ground leases for affordable housing projects tied to transit oriented developments? In Los Angeles, MTA ground leases longer than 57 years require a payment equivalent to a percentage market value after year 57. This constrains the financing options on projects in order to comply with various amortization and other Treasury regulations or tax credit financed projects.

Answer: The overall issue of how housing and transit development can be appropriately integrated has many aspects and complexity, and the Market Rate Recapture involves several agencies and levels of government and will require further future effort.

THURSDAY, MARCH 19, 2009.

**PART II: LIVABLE COMMUNITIES, TRANSIT-ORIENTED
DEVELOPMENT, AND INCORPORATING GREEN BUILD-
ING PRACTICES INTO FEDERAL HOUSING AND TRANS-
PORTATION POLICY**

WITNESSES

**GRACE CRUNICAN, DIRECTOR, DEPARTMENT OF TRANSPORTATION,
CITY OF SEATTLE**

**MARY A. LEARY, SENIOR DIRECTOR, EASTER SEALS TRANSPOR-
TATION GROUP**

**JOHN O. NORQUIST, PRESIDENT AND CHIEF EXECUTIVE OFFICER,
CONGRESS FOR THE NEW URBANISM**

**ROBERT PUENTES, SENIOR FELLOW, METROPOLITAN POLICY PRO-
GRAM, BROOKINGS INSTITUTION**

OPENING REMARKS OF CHAIRMAN OLVER

Mr. OLVER. The subcommittee will come to order. This is the fourth hearing of the Subcommittee on Transportation and Housing and Urban Development, and we are now engaged in talking about livable communities.

Over the past few years this subcommittee has urged the two agencies that are part of this subcommittee's jurisdiction to work together to help communities coordinate their transportation and affordable housing plans.

Yesterday we heard from the Secretary of Transportation, Ray LaHood, and the Secretary of Housing and Urban Development, Shaun Donovan, on their vision for how we could create more livable, sustainable communities across the nation, and I was very pleased to hear that the two Secretaries have come together to establish a Sustainable Communities Initiative.

Specifically, this initiative will provide planning grants to help communities integrate housing, transportation and land use planning, as well as better coordinate DOT and HUD programs on research. We will see the details of that when we see the budget a little bit later, but they both assured that there would be comprehensive plans for how that initiative might function.

As I mentioned yesterday, to me a livable community is a neighborhood that links the transportation mobility needs of the old and young alike with affordable housing, job opportunities, shopping, and green infrastructure. In my view, transportation, housing and energy policy have been handled as separate spheres or silos with little or no coordination on the federal, state and local level for far too long.

Over the last few years, our subcommittee has promoted green building and access to transit within the Hope VI Affordable Housing Program. We have urged the FTA to work with grantees to in-

corporate green building practices and standards for newly constructed transit facilities, and we have provided funding for the Departments of Transportation and HUD to explore ways that the two agencies could better coordinate transportation and housing programs to promote affordable housing near transit.

This morning we have a distinguished panel of experts and practitioners who will help us further explore the opportunities and challenges associated with building communities that link transportation and housing in order to achieve more sustainable, livable communities that serve the young and old alike.

From my left to my right is Robert Puentes, Senior Fellow in the Metropolitan Policy Program at the Brookings Institution and an expert in transportation and housing policy. We have Mary Leary, the Senior Director of Easter Seals Transportation Group, who has extensive experience in transportation, housing and health care issues facing our aging population.

We have John Norquist, president and CEO of the Congress for the New Urbanism and former mayor of Milwaukee, Wisconsin, and, last, to my right, we have Grace Crunican, Director of the Department of Transportation in Seattle, and previously served as the Secretary of Transportation for the State of Oregon and the Deputy Administrator of the Federal Transit Administration.

So we have government people, former and present, at the municipal levels, we have the think tanks, and we have the nonprofit organizations that do work in this field. We look forward to a lively discussion among the few of us who are here.

But usually some more people do come in, and always on this day there are a number of different subcommittees that are meeting at the same time so we take what we get. We are looking to have a good discussion as we seek to build these sustainable communities for America.

With that, let me recognize the Ranking Member, Tom Latham from Iowa, for any comments that he would like to make.

OPENING REMARKS OF RANKING MEMBER LATHAM

Mr. LATHAM. Thank you, Mr. Chairman. I am not going to really make any statement other than to note that yesterday our hearing was abbreviated somewhat by votes, and I am looking at the schedule here. I see this morning, that the same thing may happen again. I look forward to the testimony. Thank you.

Mr. OLVER. If everybody is merely waiting for the votes, then we will have a quick discussion among ourselves and maybe get it all discussed before anybody else can get their words in.

So let us hear from the panel. Your complete written statements will be in the record. If you would sort of contain your comments at this stage to five minutes or thereabouts that would help us move forward, and we will perhaps have questions of you for the record from us or the staff or from other Members as they come in afterward. I hope you will respond to those.

So with that, we will start first with Robert Puentes.

OPENING REMARKS OF MR. ROBERT PUENTES

Mr. PUENTES. Thank you very much, Chairman Olver, Ranking Member Latham and Members of the committee. I am pleased to be here today and very much appreciate the invitation.

The purpose of my testimony is to discuss the connections between housing and transportation and the need for integrated planning as a way to drive decisions that lead to productive, sustainable and inclusive growth. In so doing, I would like to share some thoughts about how I think federal policy can strongly influence those decisions.

Between now and 2030, it is anticipated that this nation will develop another 213 billion square feet of homes, retail facilities, office buildings and other structures. That is two-thirds the amount of built space in the United States today.

How and where we accommodate that growth carries far reaching implications for the health of our environment, our energy security and our economic recovery and will continue to impact our metropolitan areas' success and our ability to compete globally.

Unfortunately, at the precise time when this nation desperately needs to prioritize its limited investments and resources, given the economic downturn, federal policy is only slowly coming into focus. There are several problems.

First, the federal government is absent where it should be present on such critical matters as stimulating metropolitan problem solving. Next, federal policies addressing housing and transportation are compartmentalized and ultimately fail to make the necessary connections with land use. Third, in addition to being separated, some related federal policies actually seem to work at cross purposes.

Mr. Chairman, the subcommittee should continue to play a critical role in the push for better and more integrated decision making and reward problem solving that crosses disciplines and joins up solutions. Going forward, we need a three-pronged strategy.

First, the federal government should lead by embracing a new, unified vision for transportation and housing policy. As directed by this subcommittee in 2007, the Federal Transit Administration and the Department of Housing and Urban Development established a joint working group to coordinate activities between the two agencies.

This has been a worthy effort, and the recommendations from this group should be prioritized. However, given the myriad of additional needs to coordinate between HUD and other transportation agencies, especially the Federal Highway Administration, the FTA/ HUD Working Group should be elevated to a DOT/ HUD Working Group.

The federal government should also lead by directing the coordination of long-range housing and transportation plans. At minimum, consolidated housing plans should be required to report on the relationship of HUD investments to transit, and transportation improvement plans should be required to report on how the proposed transportation investments support the need for affordable communities.

The federal government could also condition large pots of federal funds, especially transportation, on achieving new performance goals that would require localities to coordinate, innovate and make land use changes.

For instance, meeting a specific jobs/housing balance by increasing accessibility indices; eliminating or converting vehicle trips to other modes; providing a fair share of affordable housing; or requiring certain percents of housing at transit sites to be affordable.

Second, the federal government needs to empower states and metropolitan areas by challenging them to develop truly integrated transportation, land use, and economic development plans in order to envision how, in what form and what kind of infrastructure will be necessary to serve the projected growth over the next couple of decades.

In this regard, the federal government should assist states and metropolitan areas in one of their hardest tasks: Transcending the stovepiping of disparate programs that remains a serious cause of undesirable development outcomes.

Sustainability challenge contracts could be awarded in the competitive process to those that devise the boldest, most interdisciplinary proposals to link up local objectives such as employment growth, development of low-income housing and alternative transportation choices and accessibility with national objectives of promoting energy independence and environmental sustainability.

The applications should demonstrate real partnerships between some combination of states, localities, metropolitan areas, the private sector and citizen advisory groups, and eligible projects and activities could include blueprint style metropolitan planning and technical assistance, strategic implementation, such as regional workforce housing initiatives or taking local initiatives like conclusionary zoning and making it metropolitan, as well as certain capital investments.

The third strategy is for the federal government to maximize not just its own workings, but that of its partners, to optimize metropolitan prosperity. In order to commit to a paradigm of integrated decision making, a major overhaul is needed in how the federal government collects, assembles and provides data and information.

For one, the definition of affordable housing should be redefined to take into account not only the cost of the housing, but also the cost of transportation and energy that is associated with that housing. Only the federal government can ensure that multi-agency coordination necessary to keep the databases that such disclosure is dependent on of high quality and up-to-date.

With the nation's housing and transportation challenges escalating at the same time that growth and development and climate change and energy security issues are on the rise, many are calling for the federal government to chart a new path forward. Mr. Chairman, I believe rewarding greater coordination between housing and transportation would help address these related challenges.

Thank you very much for the opportunity to appear before you today, and I look forward to your questions.

[The information follows:]

"Supporting Integrated Planning and Decision Making by Joining-Up Housing and Transportation"

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Presented before
Committee on Appropriations
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
United States House of Representatives
March 19, 2009

Good morning Chairman Olver, Ranking Member Latham and members of the Committee. I am pleased to appear before you this morning and very much appreciate the invitation.

The purpose of my testimony today is to discuss the connections between housing and transportation and the need for integrated planning as a way to drive decisions that lead to productive, sustainable, and inclusive growth. In so doing, I would also like to share some thoughts on how federal policy can strongly influence those decisions.

As you know, the world financial crisis, born out of turmoil in the housing industry, has triggered real concern about the future of American prosperity. The underpinnings of the U.S. financial system have been destabilized at the broadest scale, as the rash of foreclosure filings—over 3 million to date with millions more households at immediate risk—creates a palpable burden upon individuals, neighborhoods, and communities.¹

This economic crisis has been exacerbated by a rapid fluctuation in gas prices and transportation costs that likewise brought the urgency of energy and environmental sustainability challenges into clear focus. While gas prices have dropped along with the economy's performance, no serious analyst believes that they will not rebound to even higher levels; therefore, even after the fixes from the American Recovery and Reinvestment Act of 2009 take hold, much more action will be needed to address the twin threats of high transportation costs and destabilized housing markets.²

As Congress works to repair our financial markets, it will also have to jump start our economy. That quick start requires policymakers to focus on the basics and to further direct efforts on the

¹ RealtyTrac, "Foreclosure Activity Increases 81 Percent in 2008," Irvine, CA: 2009.

² The American Recovery and Reinvestment Act, P.L. 111-5, 2009.

metropolitan areas where those basics are concentrated. Yet as the federal government focuses, it has to change its approach to governance as well. As it turns out, the current moment of economic crisis is the right time to be talking about getting more efficiency out of the existing system by linking transportation, housing, and land use.

I. INTRODUCTION

Solid economic growth and significant gains in productivity in many American metropolitan areas have generated substantial wealth in recent years. Notwithstanding the current downturn, our major metros remain the driving force of America's economy and its core contributors to productive growth.

The 100 largest metropolitan areas contain just 12 percent of the nation's land area and 65 percent of its population but account by themselves for 75 percent of the nation's gross domestic product. They are also where 61 percent of our mortgageable housing units are located, and where 78 percent of all mortgages are that are now in the foreclosure process. On transportation, they are where 78 percent of our interstate highway miles are travelled; where 92 percent of transit miles are ridden, and where 93 percent of rail passengers board.³

And yet long-term prosperity also requires that metropolitan areas' growth is economically efficient, environmentally sensitive, and socially inclusive and answers to the need to reduce energy consumption.

Between now and 2030, it is anticipated that this nation will develop another 213 billion square feet of homes, retail facilities, office buildings and other structures.⁴ That's two-thirds the amount of built space in the United States today.

How and where we build in the future carries far-reaching implications for the health of our environment, our energy security, and our economic recovery and will continue to impact our metropolitan areas' success and our ability to compete globally.

Unfortunately, the U.S. track record here is not good.

Between 1980 and 2000, the growth of the largest 99 metro areas in the continental U.S. consumed 16 million acres of rural land, or about one acre for every new household.⁵ Indicative of this outward sprawl is the fact that more than 70 percent of the 100 largest metros' recent population growth over the same period of time occurred outside of principal cities—the largest and most established cities within each metro in terms of population and employment.⁶

³ Alan Berube, "MetroNation: How U.S. Metropolitan Areas Fuel American Prosperity," Washington: Brookings, 2007

⁴ Arthur C. Nelson, "Toward a New Metropolis: The Opportunity to Rebuild America" Washington: Brookings Institution, 2004.

⁵ Brookings analysis of housing density GIS data from David Theobald, Colorado State University.

⁶ Brookings analysis of population data compiled by the Department of Housing and Urban Development's State of the Cities Data Systems program.

Since 2002, none of the 50 largest metropolitan areas saw a share of residential building permits greater than 50 percent in their urban core communities.⁷ In fact, only five saw a share greater than 30 percent.

Employment is also decentralizing. In almost every major industry, jobs shifted away from the city center between 1998 and 2006: 95 out of 98 metro areas saw a decrease in the share of jobs located within three miles of downtown. The number of jobs in the outer-most parts of these metro areas saw employment increase by 17 percent, compared to a gain of less than one percent in the urban core.⁸

If we continue to grow in these conventional ways we will continue to rank first among major world economies in per-capita carbon dioxide emissions, roughly double the emissions rate of the United Kingdom and Germany.⁹ Transportation is a key ingredient: in 2005, it accounted for 33 percent of all U.S. CO₂ emissions—the single largest contributor to total emissions of all end-use sectors.¹⁰

Such decentralizing settlement patterns—in addition to potentially cutting against the productivity and inclusivity benefits of spatial agglomeration—have negative implications for access to housing that is affordable, local ecosystem health, the costs of providing public services and infrastructure, and the local quality of life.

As employment has dispersed through metro areas, lower income workers are finding themselves increasingly isolated and therefore need to spend higher proportions of their income to reach their jobs. Car ownership among lower income households surged—from 67 percent in 1993 to 73 percent just ten years later. This increase far outpaced the rate of car purchases among higher-income households.¹¹ Often faced with limited transit options, many low income families are driven to purchase cars out of necessity. But such a need is an expensive one as a percentage of household income for these families. The working poor spend 6.1 percent of their income on commuting costs alone compared to 3.8 percent for other workers. Those that use their own car spend the most at 8.4 percent.¹²

But the problem of transportation costs is not just a problem for low income families. Household spending on transportation has risen across the board. It is now the second largest expense for most

⁷ John V. Thomas, "Residential Construction Trends in America's Metropolitan Regions," U.S. Environmental Protection Agency, Development, Community, and Environment Division, 2009.

⁸ Elizabeth Kneebone, "Job Sprawl Revisited: The Changing Geography of Metropolitan Employment, 1998 to 2006," Washington: Brookings, *forthcoming*.

⁹ See e.g., Ralph Buehler, John Pucher, and Uwe Kunert, "Making Transportation Sustainable: What the United States Can Learn from Germany," Washington: Brookings, *forthcoming*.

¹⁰ Intergovernmental Panel on Climate Change, "Climate Change 2007: The Physical Science Basis."

¹¹ Matt Fellowes, "From Poverty, Opportunity: Putting the Market to Work for Lower Income Families," Washington: Brookings, 2006.

¹² Elizabeth Roberto, "Commuting to Opportunity: The Working Poor and Commuting in the United States," Washington: Brookings, 2008.

American households – eating up 19 cents out of every dollar. In other words, we spend about as much on transportation in a year as we do on food and health care combined.¹³

These are serious challenges that affect the ability of metropolitan areas to compete and perform and for our nation to recover from the current economic crisis. Addressing these national concerns will require the federal government to reach across sectoral and bureaucratic silos.

II. POLICY PROBLEMS

Unfortunately, at the precise time when the nation desperately needs to prioritize its limited investments and resources, given the economic downturn, federal policy is only slowly coming into focus. There are several problems:

First, the federal government is absent where it should be present on such critical matters as stimulating metropolitan problem solving or integrated decision making.

One of the fundamental issues frustrating efforts to address the global problems of the 21st century is that the scale of our issues—housing, transportation, global warming, economic vitality, environmental quality—is a mismatch with our political boundaries and institutions. And while there was at one time a federally-funded regional planning network, the funding, authority, and vigor of that institutional framework has waned. Little federal funding is dependent on approaches for achieving regional outcomes and where it is dependent the outcomes and their deadlines do not typically require many changes from current practice to achieve them.

With the exception of the strengthening of metropolitan planning organizations (MPOs), the federal government has mostly withdrawn from its past efforts in the 1960s and 1970s to actively promote regional planning.¹⁴ Few conditions on the award of transportation, housing, environmental, or other categorical or block grants provide incentives for the development of more effective regional planning and governance. And little effort has gone into linking city and suburban leaders into a national learning network or catalyzing local testing of improved regional governance models.

Unfortunately, most metropolitan area leaders do not have the ability to master change and determine outcomes by themselves. Metropolitan leaders simply lack the jurisdictional reach to master the vastness of the economic, social, and environmental currents enveloping them, whether they be the cross-boundary nature of housing networks or the drift of transportation problems across city, state, and even national lines.

The weak standing of metropolitan actors combined with the fragmentation of most U.S. metro areas makes imperative the development of such cross-jurisdictional governance. Moreover, the

¹³ Center for Housing Policy, "A Heavy Load: The Combined Housing and Transportation Burdens of Working Families," Washington, 2006.

¹⁴ Jim Wolf, Robert Puentes, Thomas W. Sanchez, and Tara Bryan, "Metropolitan Transportation Planning in the Post-ISTEA Era: What Happened and What Do We Do Now?" Washington: Eno Foundation, 2007.

nation's strong interest in well-functioning regions combined with the large number of metropolitan areas that cross state lines has long begged for a national role in helping regions develop more ways of working more cohesively and decisively across intra-metro jurisdictional lines. Fifteen of the 50 largest metropolitan areas cross state lines.

Next, federal policies addressing housing and transportation are compartmentalized and ultimately fail to make the necessary connections with land use

In the real world, families know that issues like transportation and housing and education are inextricably linked. It is in the specialized, stove-piped universe of federal bureaucracy where these issues are broken apart and kept separate. And efforts to link up these disparate areas run into countless roadblocks, such as headache-inducing differences in grant requirements and restrictions, and so we fail to seize opportunities to improve outcomes through integrated problem-solving.

Other countries have emphasized "joined up" programs yet Washington has largely failed to recognize the interconnectedness of these issues.¹⁵ This is also a very different approach from how localities function and is out-of-step with metropolitan innovations to connect transportation investments with other policies such as housing, environment, and growth and development.

In addition to being separated, some related federal policies actually seem to work at cross-purposes.

For example, although our nation's federal housing program has bold goals to increase homeownership opportunities, promote affordable housing, and strengthen communities, our federal transportation policies do not directly support those goals and arguably undermine them. While transportation policy continues to disproportionately invest outside of the core areas of metropolitan America, housing policy continues to favor the concentration of affordable housing in central cities. Similarly, the U.S. Environmental Protection Agency's strategic goals to clean the air and address the problem of global climate change, promote clean and safe water, promote land preservation and restoration, and foster healthy communities and ecosystems is not necessarily supported by our transportation policies.

In this manner, Washington has at once failed to lead on national efforts to think and plan in an integrated fashion, and failed to promote metropolitan cohesion. Such rigidity not only undermines metropolitan areas but it hampers our economic, environmental, and social equity goals more broadly.

¹⁵ France recently merged their Ministry of Transport with the Ministry of Ecology, Energy, and Sustainable Development. Australia has an overarching Department of Infrastructure. Japan links infrastructure, land development, and tourism in one agency. Germany has a Federal Ministry of Transport, Building and Urban Affairs.

III. RECOMMENDATIONS

Mr. Chairman, this subcommittee should continue to play a critical role in the push for better, and more integrated decision making and reward problem-solving that crosses disciplines and joins-up solutions. So my final point is that we need a three-pronged strategy for reform:

First, the federal government should lead by embracing a new, unified vision for transportation and housing policy.

As directed by this committee in 2007 the Federal Transit Administration and the Department of Housing and Urban Development established an **FTA/DOT working group** to coordinate activities between the two agencies.¹⁶ The recent Action Plan developed and agreed to by the group committed to: identify opportunities for joint outreach to housing and transit providers, enhance capacity building, improve coordination, address affordable housing and mixed-income housing needs in new legislative initiatives, and start using performance measures for assessing the effectiveness of the results of joint actions taken by the two agencies.

The recommendations from this federal working group should be prioritized. Many interagency task forces have a poor track record of success. It is incumbent upon this committee and the new administration to commit to this continuing effort. However, given the myriad additional needs to coordinate between HUD and other Department of Transportation (DOT) agencies, especially the federal highway administration, the FTA/HUD working group should be elevated to a DOT/HUD working group. This would be particularly helpful to implement "complete streets," which support safer and more attractive walking and biking connections to transit stops.

The federal government should also lead by directing the coordination of long-range housing and transportation plans. As a condition to receive Community Development Block Grants and other housing formula grants, HUD requires states, cities and counties to prepare a five-year Consolidated Plan, as well as an annual Action Plan specifying the expenditure of funds in support of their long range plans. At the same time, the DOT requires states and metropolitan areas to develop a 20-year long range transportation plan and a four-year Transportation Improvement Program (TIP). Better coordination between these activities could result in more effective use of housing and transportation funds, and improved planning to address regional housing and transportation needs. The primary obstacle to better coordination is the fact that the TIP is a metropolitan area-wide document, while the Consolidated Plan is undertaken by individual jurisdictions within metropolitan areas.

At a minimum, Consolidated Plans should be required to report on the relationship of HUD investments to transit and TIPs should be required to report on how proposed transportation

¹⁶ U.S. Department of Transportation and U.S. Department of Housing and Urban Development, "Better Coordination of Transportation and Housing Programs to Promote Affordable Housing Near Transit," A Report to Congress from the U.S. Department of Transportation Federal Transit Administration and the U.S. Department of Housing and Urban Development, 2008.

investments support the need for affordable communities; these plans can also include an analysis of the benefits of alternative growth patterns.

The federal government could also condition large pots of federal funds, especially transportation, on achieving new performance goals that would require localities to coordinate, innovate and make land use changes. For instance: meeting a specific jobs/housing balance by increasing accessibility indices; eliminating or converting 50 percent of vehicle trips less than 3 miles to other modes; providing a "fair share" of affordable housing; requiring 30 percent of housing at transit sites be affordable.

Second, the federal government needs to empower states and metropolitan areas by challenging them to develop truly integrated transportation, land use, and economic development plans in order to envision how, in what form, and what kind of infrastructure will be necessary to serve the projected growth over the next several decades.

In this regard, **Sustainability Challenge Contracts** should be awarded to assist states and metropolitan areas in one of their hardest tasks: transcending the stovepiping of disparate programs that remains a serious cause of undesirable development outcomes. Metropolitan areas need to work over a sustained period with the goal of massively transforming the design and workings of the built environment.

Significant grant money—as much as \$25 million or more for each challenge—could be awarded in a competitive process to those that devise the boldest, most interdisciplinary proposals to link up local planning objectives such as employment growth, development of low-income housing, and alternative transportation choices and accessibility, with national objectives of promoting energy independence and environmental sustainability. The applications must demonstrate real partnerships between some combination of states, localities (city and county governments), regional business alliances (such as chambers of commerce), metropolitan planning organizations, academic institutions, and/or citizen advisory groups.

The government could pool and expand existing but disparate finance streams to generate funding for the grants. These streams could include urban infill, brownfields redevelopment, the Transportation and Community and System Preservation program, and others which are either entirely earmarked or do not currently have enough funding to spur innovative, coordinated, or transformational strategies. Selected proposals would be provided additional resources (on top of regular block grant allocations) as well as new powers and flexibility to align disparate federal programs in support of their vision.

Eligible projects and activities may include:

- *Planning-related activities*: blueprint-style metropolitan planning and technical assistance to complete plans.
- *Strategic implementation*: congestion pricing schemes, energy efficiency retrofit projects, regional workforce housing initiatives, or taking local initiatives (such as inclusionary zoning) and making it metropolitan, or other region-scale ideas.
- *Capital investments*: transit infrastructure and facilities, bicycle and pedestrian improvements, brownfield reclamation, mixed use development, and affordable housing development that are part of a regionally-integrated plan.

In exchange for some formal endorsement—by state legislatures, governor, and/or the local metropolitan planning organization—of their commitment to adopt innovative solutions the federal government will fund 80 percent of the development of the strategies. It would also support its partners with a mix of financial resources, regulatory flexibility, and dedicated expertise and personnel where possible and as appropriate.

A bold new Sustainability Challenge holds real promise for stimulating a powerful wave of creative, place-based problem-solving in metropolitan America. In this fashion, Washington would incite innovation and program integration at once.

The third strategy is for the federal government to maximize—not just its own workings—but that of its partners to optimize metropolitan prosperity.

In order to commit to a paradigm of integrated decision making, a **major overhaul is needed in how the federal government collects, assembles, and provides data and information**. It is difficult to ascertain how much different spending decisions could be if policymakers had better information on which to base funding priorities. The current lack of information reduces the ability of policymakers, employers, workers, and citizens in general to influence the metropolitan housing and transportation networks that so strongly shape our development trends, environmental sustainability, and the nation's quality of life. More urgently, rational responses to the foreclosure crisis are stymied because policymakers at all levels lack accurate and complete data on what is happening and where.

The federal government should act to ensure that housing consumers and suppliers are made aware of the full direct costs of housing. The **definition of "affordable" housing should be redefined** to take into account not only the cost of the housing, but also the cost of transportation and energy associated with that housing, without disadvantaging rural housing.¹⁷

Only the federal government can assure the multi-agency coordination necessary to keep the data bases that such disclosure is dependent on, of high quality and up-to-date. One potential index that could be tested to determine its applicability is the Housing and Transportation Affordability

¹⁷ Carrie Makarewicz, Peter M. Haas, Albert Benedict, and Scott Bernstein, "Estimating Transportation Costs for Households by Characteristics of the Neighborhood and Household," *Transportation Research Record*, 2008.

Index.¹⁸ A pilot program that uses the Affordability Index to evaluate planned investments and their impact on enhancing a region and neighborhood's overall affordability could help determine the effectiveness of such a tool. Ideally, the development of a new index should coincide with the release of Census 2010.

Lastly, in order to take full advantage of development opportunities around transit stops the federal government must **overhaul the cost-effectiveness index** that determines which metropolitan projects receive New Starts funding for rail projects. It needs to move well beyond the overly simplistic calculation of the ratio of capital and operating costs divided by time saved. The ability for the right kind of investments to stimulate efficient high-density transit-oriented development and the environmental and agglomeration benefits that accrue should be sufficiently weighted. Beyond transportation, the federal government should remove the prohibition for dense concentrations of affordable units if they are within close proximity to transit stations. Indeed, such location-efficient clustering of affordable units should be encouraged.

IV. CONCLUSION

With the nation's housing and transportation challenges escalating at the same time that growth and development, global climate change, and energy security issues are on the rise, many are calling on the federal government to chart a new path forward.

Rewarding greater coordination between housing and transportation would require improved leveraging of housing and transportation funds, and result in more effective strategies for addressing metropolitan area housing and transportation needs.

Critical federal policies and dollar flows are treated as separate and distinct without much effort to connect them or foster their synergistic connection in ways that make the whole greater than the sum of the parts. As a result the opportunities for creative metropolitan actors to "put it all together" in service of multi-dimensional and integrated solutions remain limited.

Mr. Chairman, I believe great potential exists to build on the previous reform efforts of this committee and to help improve the economic vitality and environmental quality of metropolitan areas. Yet this potential will only be realized if congressional leaders confront the metropolitan realities of the twenty-first century and understand that yesterday's solutions cannot address tomorrow's challenges.

The views expressed in this testimony are those of the author alone and do not necessarily represent those of the staff, officers, or trustees of The Brookings Institution.

¹⁸ Center for Neighborhood Technology and Center for Transit-Oriented Development, "The Affordability Index: A New Tool for Measuring the True Affordability of a Housing Choice," Washington: Brookings, 2006.

Mr. OLVER. Thank you very much. Ms. Leary.

OPENING REMARKS OF MS. MARY A. LEARY

Ms. LEARY. Good morning, Chairman Olver, Ranking Member Latham and distinguished subcommittee Members.

It is an honor and privilege to have time this morning to share why livable communities with seamless access to accessible transportation is such an essential element of long-term health, wellness and quality of life for older adults and people with disabilities.

The need is great. A compelling example is a story we were told at one of our events associated with safe mobility. It is about an older gentleman from a rural community. At a town hall meeting, this man told local officials that when he can no longer drive he did not want to live. A hush went through the room and people said oh, my goodness. He shot himself. And that is exactly what he did. When he went to a local DMV and he could no longer drive, he went home and killed himself.

So at Easter Seals Project ACTION, a longstanding center at Easter Seals, and the National Center on Senior Transportation where we partner with the National Association of Area Agencies on Aging, we focused on improving the lives of people with disabilities and older adults through enhancing mobility options. These are cooperative agreements with the Federal Transit Administration where we provide training, technical assistance, applied research and outreach.

Over the next few minutes, I will share information and best practices from our centers' activities, and from our working partnerships we know that collaborating and innovating to streamline access to services is the right approach. Now with movements such as livable communities, we are gaining even more insight into what is needed to enhance the health and wellness of Americans.

Here are a few facts about older adults. They volunteer. They help raise grandchildren. They are caregivers. To support older adults in these roles, we need to expand sustainable and livable communities where everyone can remain at home whether or not they have mobility impairments. This is especially true given the difference in quality of life and cost between aging in place versus aging in an institution.

Evidence of this need is reinforced by three very, very well-documented realities. First, when people lose the ability to drive they become depressed, as we have seen. When people are depressed, they have reduced health status, and reduced health status equates to higher health care costs. If we can keep people safely mobile through livable communities with transportation options, we will ensure that no one is stranded.

One of the most compelling practices we see is mobility management. We believe that an investment in mobility management is one of the single, most effective things that Congress can do to help communities assure that the mobility needs of people with disabilities and older adults are met and thus make their communities livable.

Mobility managers link appropriate service to individuals' specific mobility abilities. They help identify service gaps and expand

transportation options so that people who can no longer drive have other ways to get around.

Volunteer driver programs are cost effective and popular ways to expand services for older adults, especially in rural and frontier communities, and in urban regions they are useful ways to expand and connect service to existing transit systems.

Technology is an area of great potential, and several grantees are fielding information technology scheduling, dispatching and cell phone-based callback systems to increase customer satisfaction and coordinate rides. Transystems of Massachusetts has also done research for us that studies bus rapid transit, approaches to stop announcements and transportation service for people with disabilities in rural and small urban communities.

Just as the recent FTA/HUD action plan on better coordination of transportation and housing programs suggests, in our activities we have found that coalition building is an essential and a highly effective way in increasing mobility.

Planning activities should be pervasive and include leaders from the transportation, health and human services, local officials, non-profit, faith-based and business communities so that they incorporate the perspectives of key stakeholders. For success, we found it is especially important that the users and the consumers of these services, older adults and people with disabilities, are at that table.

Coordination creates change and acts as a catalyst for a variety of policy approaches to increasing transportation access. In one of our publications called *Stories of Changed Lives*, a woman who uses a wheelchair talks about how when she was told that she could no longer use paratransit services because a fixed route system had become more accessible she was actually very concerned about her ability to do that, but once she learned how to do it and used it all of a sudden she had so much more independence and mobility, and she was so, so happy.

So we have a vision for livable communities. They are places where housing is located adjacent to transportation choices, where people can be healthier, where cars are not the only means of transportation, where everyone has access to walking/rolling paths, safe street crossings with appropriate signage and signals and curb cuts and public rights-of-way that are easily navigable.

Where bus stops are safe, well lit and plentiful, where light rail and major bus routes have neighborhood feeder systems with enough on-demand transportation and where all of these services are affordable, well advertised, available, and planned and reviewed regularly with user involvement across rural, urban, suburban, and frontier environments. The American dream cannot be realized without a viable and sustainable transportation infrastructure that is a part of the whole community.

Thank you for your time, your support and your vision. We need your guidance and leadership to help our country be a place where everyone can live inclusive, independent lives and we can continue to benefit from the wisdom and experience of older generations and ensure the multi-generational neighborhoods that we all know we need.

Thank you very much.
[The information follows:]



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Transportation and Livable Communities as Essential Enablers of Quality of Life and
Independent Living for Older Adults and People with Disabilities

Testimony to the House Appropriations Committee
Subcommittee on Transportation, Housing
and Urban Development

Mary A. Leary, PhD
Senior Director, Easter Seals Project ACTION
The National Center on Senior Transportation
& other Transportation Options

Good Morning Chairman Oliver, Ranking Member Latham, and distinguished sub-committee members and Committee Chairman Obey. It is an honor and privilege to have time this morning to share why livable communities with seamless access to accessible transportation is such an essential element of long-term health, wellness and quality of life for older adults and people with disabilities. As Justice Oliver Wendell Holmes said during the celebration of his ninetieth birthday: to live is to function.

That is the essence of what seek to achieve in our work at Easter Seals Project ACTION and the National Center on Senior Transportation – furthering the development of accessible transportation choices so that everyone can live independent lives.

Easter Seals Project ACTION is honored to have been assisting the transportation community and disability community to assure effective implementation of the Americans with Disabilities Act. We have learned the value of eliminating institutional bias, the importance of empowerment and ensuring that everyone can live, work, play and worship where they choose to do so.

Now, we are striving to take best practices in accessible transportation and apply them to our work with the National Center on Senior Transportation, a partnership between Easter Seals and the National Association of Area Agencies on Aging, we have issued over \$ 700K in community grants ranging from \$ 10,000 to \$ 90,000 to facilitate transportation coordination and the development of innovative transportation options for older adults.

Together, these two centers and their dedicated team members provide training, technical assistance, applied research and outreach to further accessible transportation and transportation options for people with disabilities and older adults. We partner with many other organizations in our work and strive to shine a light on people, projects and perspectives that can enhance access to transportation for people with disabilities and older adults. Over the next few minutes, I will share information gleaned from our centers' activities including what information and resources communities need to be inclusive of people with disabilities and older adults, what resources communities are already accessing, and some best practice examples.

The need to address better ways to help older adults and people with disabilities remain active and mobile is critical to our nation. It is well documented that our country and the world are facing a tremendous aging of our populations. The ADA and other legislation that ensures the civil rights of people with disabilities may prove to be some of the most essential tools we have as we face the new demographics of aging and the market expansion of transportation with new target populations such as people with disabilities, older adults and persons of limited income.

These are the groups that the Federal Transit Administration's United We Ride program has been striving to benefit through community based coordination efforts and reducing barriers to states' leverage of federal funding streams that support programs for all of these groups.

But, the age wave has some potential great advantages for us as a nation. Some of us believe that the older adult age-wave may be one more element of energy that our country needs today – both in supporting their communities and as a catalyst for innovations that entrepreneurs will discover as the need to assist a growing population of older adults increases. Across the transportation modes of paratransit, public transit, fixed route, demand response, taxis, volunteer driver programs, caregiver programs and public/private partnerships, service providers are

experimenting with intermodal and innovative ways to connect people with services to meet the needs of new riders.

Necessity is the mother of invention, and no country is better at entrepreneurship than the United States. In fact, if we look at what our grantees, the aging network, the community independent living centers, the local Area Agencies on Aging and local transportation providers are doing, we see them reaching out, collaborating, innovating and stimulating a host of new ways to streamline access to services, increase efficiencies, increase effectiveness and maintain high levels of customer satisfaction. Now with movements such as livable communities, we are gaining even more insight into how all of these organizations and activities enhance the health and wellness of Americans as well as the greening of America. There is an army of new players and people mobilizing around the country, and civically engaged older adults are helping to fuel these trends.

Here are a few facts about older adults:

They volunteer – a good example is a John Eberhard. John Eberhard was at the Federal Transit Administration for many years and after retirement, you would think he would rest and enjoy some well deserved time off. But, I just returned from one of our major aging conferences, and John Eberhard is just as engaged as ever! In fact, after forty years in transportation, he is still trying to find ways to improve our system. I was so moved when John said, I'm 75, and I have one more project in my soul.

Many seniors are helping raise grandchildren and are helping their children stay employed by looking after the next generation. In many communities intergenerational programs are continuing to grow. Many assisted living facilities are finding their residents enjoy helping with childcare centers. Both of these trends point towards older adults playing a more active role in children's lives.

Older adults are often caregivers to a spouse or family member who needs extra assistance to live in the community. I'm sure many of us have experience of a mother or father taking care of the other. Caregivers are one of our most precious resources. One AARP study suggests caregivers represent an informal care network of over \$ 375B. And, almost all of us someday will be a caregiver, if we have not become one already.

After they retire, many older adults take on lower paying jobs in order to reduce work hours and give back to their communities. In many communities, older adults are driving other older adults with mobility limitations to the grocery store, to spiritual functions, to social, recreational activities, and, of course, to the doctor.

But, in order to capitalize on these roles for older adults, we need to expand sustainable and livable communities where everyone, including older adults, can remain at home if they have or acquire a mobility impairment, and given the difference in cost between aging in place vs. aging in an institution (many suggest this difference is 2-3x less for aging at home) this is absolute necessity.

The liveable community discussion provides an important opportunity to showcase the role of transportation to further the health and wellness of Americans. Evidence based research has produced much discussion about managing chronic diseases. In the area of aging, transportation and long-term care, three well documented realities have emerged:

- When people lose the ability to drive they become depressed;

- When people are depressed they have reduced health status; and,
- Reduced health status equates to higher healthcare costs.

Thus, if we can keep people safely mobile through livable communities with transportation options that ensure NO ONE is “stranded without options” (as the study by AARP and the Surface Transportation Project of the same name noted), we can increase their quality of life and lower healthcare costs.

At a time when the country is mobilizing to reshape our healthcare system equity, equal access and a greater focus on wellness, transportation as a part of livable communities might just be the essential enabler.

I’ve talked about needs and benefits to society for addressing these needs, and I’d like to now turn attention to some promising approaches we are seeing across the US.

One of the most promising practices we see is mobility management. Mobility management involves helping communities and individuals to:

- Identify needed services,
- Identify the transportation required to access them,
- Assess community transportation resources,
- Assess the functional ability of client to use available transportation services,
- Fill service gaps, and
- Provide people access to and training on how to use local transportation services.

We believe that an investment in mobility management is one of the single most effective things that Congress can do to help communities assure that the mobility needs of people with disabilities and older adults are met, and thus make their communities “liveable”. This has been exemplified in several local communities that have implemented some form of mobility management.

Wisconsin has funded 42 Mobility Managers with New Freedom Initiative funding – mobility management activities were included in SAFETEA-LU as allowable short term management costs. They are like the ‘Marines’ of community intersection, connecting people with resources and often finding where service gaps exist so that additional programs can be developed to expand transportation so that a seamless system exists across the employment, education, social services, healthcare, veteran, retail and recreation sectors that all people can access and utilize whether or not they have mobility limitations.

Many other communities are implementing other promising practices.

North Carolina is participating in a National Highway Traffic Safety Administration grant working with departments of motor vehicles and medical providers to assist medically at risk drivers and create access to strategies and resources for maintaining safe mobility through a cohesive and comprehensive educational framework. In our work, we see the need to ensure that every DMV has linkage to information on mobility options so that if someone is deemed ineligible to continue driving, they have a friendly and knowledgeable person to talk with so they don’t leave feeling isolated, depressed and suicidal – we were told in one of our events of an

older man who said that if he could not longer drive, he would not want to live. And, when that happened, he went home and shot himself.

We have communities in Ohio that have worked hard to expand new transit systems such as Laketran in Lake County. Donna McNamee, our National Steering Committee Chair for Easter Seals Project ACTION and a long-time disability advocate tells us that Laketran was created by the county commission with a resolution nearly 35 years ago. They had one fixed route and their primary mission was to move the clients of various non-profit "social service" agencies. Daily, a significant number of their 350,000 annual Dial-a-Ride trips are "above and beyond the ADA" moving passengers throughout a 227 square mile county, regardless of where the fixed routes are located. They now have 6 fixed routes and commuter service to Cleveland. In Dayton Ohio, one of our NCST grantees is Goodwill Easter Seals Miami Valley and they are using their grant to start a volunteer based transportation program for seniors.

Volunteer driver programs are effective and popular ways to expand services for older adults in the community, and many of our grantees are experimenting with novel approaches to address issues associated with volunteer driver programs such as insurance challenges, recruiting/maintaining volunteers, mileage reimbursement issues and using agency leased or owned vehicles. In Texas, the **Alamo Area Council of Governments** (San Antonio, TX) is working in partnership with the Northeast Senior Assistance Co-op, the Well-Med Foundation, Catholic Charities and the San Antonio Senior Transportation Committee to create infrastructure to start a volunteer driver program. They plan on serving 10-15 older adults during the grant period.

We have three grantees in California. One is the **Jewish Family Services of San Diego** (San Diego, CA) who will utilize staff time and new marketing materials to promote and increase service areas for existing transportation programs that serve seniors. These services include a shuttle service and a large volunteer-based transportation service. The other is **Monterey-Salinas Transit** (Monterey, CA) who will operate a pilot program using a taxi voucher program to connect seniors to fixed bus routes. Group and individual travel training will be provided to seniors participating in the program. Finally, the **Sonoma County Human Services** (Santa Rosa, CA) will coordinate the efforts of community based agencies to recruit, train, and manage volunteer driver programs in underserved rural areas. They will develop and implement a marketing plan, protocols and enrollment forms, and a scheduling system to recruit, and utilize volunteer drivers.

Technology is an emerging area of great potential and we have grantees and leaders around the country through the Department of Transportation's Mobility Services for All Americans Project that the American Public Transportation Association leads for them. Some of our NCST grantees are experimenting with technology to improve scheduling, communication, services delivery and streamline access. Grantees in Pennsylvania and Michigan are addressing technology innovations including the use of cell phones and the web to enhance service.

We also do targeted research to develop tools and resources for communities, and one of our partners in these efforts is Transystems of Massachusetts. Their researchers have completed projects for us in bus rapid transit, approaches to stop announcements and **transportation Service for Persons with Disabilities: Alternatives for Rural and Small Urban Communities.**

Just as the recent FTA/HUD Action Plan on better coordination of transportation and housing programs suggests, in our activities we have found that coalition building and coordination is not only essential but highly effective in increasing mobility.

Our experience reflects the sentiments that the National Governors Association Best Practices organization espoused as three key factors for success in establishing comprehensive coordinated systems for transportation planning: leadership, participation, and continuity (National Governors Association Center for Best Practices, 2002). Expanded through SAFETEA-LU and codified in requirements such as the Older Americans Act guidance for the last several years, states increased progress in transportation coordination by joint planning. The establishment of formal coordination organizations through legislative mandates, executive orders, or memorandums of understanding is now pervasive across almost all states. Coordinated transportation through formal planning systems interweaves the perspectives of key stakeholders and integrates the spectrum of policy approaches to increasing transportation access.

Finally, safe transportation for older adults is important and necessary for them to stay connected and engaged in civic, social, and community life. Livable community and transit oriented development improvements in roadway design, walk/roll/stroll and scooter walkways, signage to support people with hearing and visual impairments, and advanced technologies for streamlined access and better scheduling/dispatching systems will benefit everyone.

Our experience and research has led us to conclude that opportunities associated with safe, accessible transportation for people with disabilities and older adults have many facets and require an intermodal and interdisciplinary approach.

In closing, implementation of the ADA is not yet perfect, but we are leagues better than we were in 1988 when Project ACTION was founded. The National Council on Disabilities found in 2007 that:

- People with disabilities perceive greater quality of life;
- People with disabilities perceive significant improvements in public facility access and public attitudes;
- Public transit has made significant progress in becoming accessible;
- More curb ramps and accessible sidewalks; and,
- And, now, almost all buses are ramp or lift equipped.

And, due to the development of more accessible fixed route systems, more people with disabilities can ride without having to utilize ADA complementary paratransit, and have new found freedom. In one of our publications called, "Stories of Changed Lives" a woman who for years relied on paratransit was found eligible to use the regular system. She was very concerned about her ability to navigate the community by herself; however, she found a new sense of empowerment when she did! That is what we all hope will be achieved in livable communities:

- Communities where housing is located adjacent to transportation choices;
- Where people can be healthier;
- Where cars are not the only means of transportation;
- Where older adults, people with disabilities and able bodied people all have access to walking/rolling paths, safe street crossings with appropriate signage and signals for people with various hearing/visual impairments, with curb cuts and public rights of way that are easily navigable whether one is walking, rolling in a mobility device, in a senior scooter, biking or running;

- Where bus stops are safe, well lit and plentiful;
- Where light rail and major bus routes have neighborhood feeder systems with plentiful on-demand transportation whether taxis, volunteer driver programs, dial-a-ride, van pools and other transportation services are used; and,
- Where all of these services are affordable, well advertised, available and planned/reviewed regularly with user involvement across rural, urban, suburban and frontier environments.

Transportation infrastructure to enable livable communities with mobility managers as local catalysts and connectors will help integrate with civic planning and coordination efforts across state agencies in highway, aging, vocational rehabilitation, healthcare, Medicaid, social services, education, transit, law enforcement and department of motor vehicle testing centers arenas.

These mobility managers will help those who need a ride, get a ride, at the right time so people can get to work, get to the doctor, participate in social/recreational activities, engage in their communities, go to school, go to the grocery, worship, play and live with dignity and independence in their homes and communities.

The American Dream cannot be realized without a viable and sustainable transportation infrastructure that is an essential part of livable communities. We have watched the evolution of accessible transportation transform life for many people with disabilities, and the next 'BIG THING' is ensuring that the environment surrounding transportation systems adhere to universal design standards so that communities are safe, people are mobile, and there are more opportunities to walk/roll as well as access to transportation resources that everyone can use whether or not they have a mobility impairment.

We have many groups that will benefit from this focus on the greening and health/wellness movement that is livable communities: older adults, people with disabilities, veterans with disabilities, caregivers, businesses, our healthcare system, our educational system and our nation's younger generations. All generations benefit from the experiences and wisdom of our forefathers. As the earlier part of Justice Wendell Holmes quote says: "There is a time to hear the kind voices of friends and say to oneself, 'The Work is done'...the race is over, but the work never is done while the power to work remains. The canter that brings you to a standstill need not be only coming to rest. It cannot be, while you still live. For to live is to function. That is all there is to living."

Thank you for your time, your support and your vision. We need your guidance and leadership to help our country be a place where everyone can live inclusive, independent lives and where our communities can continue to benefit from the wisdom and experience of older generations.

Witness Disclosure Form

Clause 2(g) of rule XI of the Rules of the House of Representatives requires non-governmental witnesses to disclose to the Committee the following information.

A non-governmental witness is any witness appearing on behalf of himself/herself or on behalf of an organization other than a federal agency, or a state, local or tribal government.

Your Name, Business Address, and Telephone Number: Mary A. Leary Easter Seals 1425 K Street, N.W. , Suite 200 Washington, DC 20005 202-347-3066
1. Are you appearing on behalf of yourself or a non-governmental organization? Please list organization(s) you are representing. Easter Seals, Inc.
2. Have you or any organization you are representing received any Federal grants or contracts (including any subgrants or subcontracts) since October 1, 2006? Yes ☒ No
3. If your response to question #2 is "Yes", please list the amount and source (by agency and program) of each grant or contract, and indicate whether the recipient of such grant or contract was you or the organization(s) you are representing. Easter Seals Project ACTION - \$3 Million National Center on Senior Transportation - \$ 1 million Senior Community Service Employment Program – Approximately \$17 million

Signature:

Date:

Please attach a copy of this form, along with your curriculum vitae (resume) to your written testimony.

Mary A. Leary, Ph.D.

Senior Director

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& other Transportation Initiatives
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Mary Leary joined the Easter Seals, Inc., Office of Public Affairs in November of 2007 as Senior Director of Project ACTION, the National Center on Senior Transportation and other transportation initiatives. These centers are cooperative agreements with the Federal Transit Administration and assist communities to expand accessible transportation for people living with disabilities and older adults. The training and technical assistance teams at Easter Seals advance the Federal Transit Administration mission to increase transit ridership and ensure implementation of the Americans with Disabilities Act by increasing accessible transportation and transportation options for people with disabilities and older adults. Mary has over twenty-five years of experience in federal government programs from the private sector and public sector. She has worked to expand transportation options as an integral element of inclusive living for all at the federal level since 2004 as a member of the United We Ride interagency initiative. Since leaving her private sector information technology career to enter public service in 2001, Mary has also assisted in community education programs, driven research initiatives in various public policy areas, volunteered in her community and taught as an Adjunct Professor at George Mason University. Her public service spans local, federal and academic roles, and she participates in many national forums and advisory committees.

Before joining Easter Seals, Mary was the Special Assistant to the Assistant Secretary for Aging, and her other activities at the Administration on Aging included management of several major program evaluation projects, the development of the transportation toolkit through WESTAT and other transportation projects with key partners including n4a and APTA. Mary served as a member of the United We Ride (UWR) initiative for the Department of Health and Human Services Administration on Aging. She co-chaired the UWR Consolidated Access Workgroup where she helped drive the development of the United We Ride outcomes and goals for mobility including assisting in the development of the United We Ride logic model. Some of Mary's previous research activities are analyzing transportation coordination policy and practice, state systems change in transportation and community based long-term care, universal healthcare, the growth of the hospice Medicare benefit as well as assessing key elements of successful change management in public sector enterprise technology solutions.

Mary holds a Doctorate in Public Policy from George Mason University's School of Public Policy and a Gerontology Masters Certificate from George Mason University's College of Health and Human Services. She also earned a Masters Degree in Administrative Science from Johns Hopkins University and a Bachelor of Science Degree from James Madison University. She was a recipient of George Mason University's University Transportation Center 2008 Student of the Year scholar award. Mary also received a recognition award from the US Department of Transportation for her work with the United We Ride program. Mary is active in Northern Virginia civic activities where she and many of her large extended family still live.

Mr. OLVER. Thank you. Mr. Norquist.

OPENING REMARKS OF MR. JOHN O. NORQUIST

Mr. NORQUIST. Thank you, Chairman Olver and Ranking Member Latham. I am John Norquist, the CEO of the Congress for New Urbanism, a group of 3,500 architects, planners, traffic engineers, developers, real estate investors, and in this climate some former real estate investors.

We are proud to have been involved in some federal policy in the past. The design guidelines for Hope VI were written by some of our members under Henry Cisneros' administration at HUD. We are very concerned about the design criteria in federal programs, and so today I want to talk to you about transportation and its intersection with housing.

I want to compliment you and your committee for bringing housing and transportation together. It is a tragedy when programs are often silos by themselves, when specialties take over the thinking instead of bringing them together with synergy, so thank you for doing that.

One of these specialties is traffic engineering. Current road policy has focused on highways, arterials and collectors as individual road segments with the goal of reducing congestion by adding lane capacity and separating the street from the built environment. In other words, getting everything out of the way of the traffic.

The system depends on large road types that attract traffic and ultimately grow congested, particularly at rush hour when you need them the most. For thousands of years of human history, urban thoroughfares have served three purposes: Movement, commerce and social interaction.

This is the street that engineers were trained to build in the first half of the twentieth century. It was called the two rod street: 50 feet of pavement, eight foot sidewalks, two rods from the center lane to the building line.

This street, Kinnickinnic Avenue in Milwaukee, an old neighborhood in Milwaukee Bayview, clearly fulfills the three traditional functions of an urban thoroughfare. Here are three sets of streets coming together in Wicker Park in Chicago, a successful neighborhood that has done well in this economy and held its value.

Most streets today, however, are built for only one purpose: Moving traffic. There are huge setbacks so that roads can be widened later. There is no money left over then for sidewalks, so people end up having to walk on a dirt path along an arterial or, as an alternative, they can walk in the gutter.

When you have lots of streets on small blocks, as in say, for example, Northampton, Massachusetts, the streets do not need to be so big. Many streets share the burden, giving travelers lots of choices, including walking. Networks like Northampton are a great setting for jobs, good living, and they hold high value per square mile.

And yet federal and state road policies put over half the monies spent on pavement in the United States on grade separated highways, the top end of the functional classification system.

We now understand that freeways do not last forever. In 1973, New York's Elevated West Side Highway collapsed and was re-

placed eventually by a street. With views of the Hudson restored, Manhattan's Lower West Side gained residents, jobs and vitality.

In 1989, an earthquake damaged the Embarcadero Freeway, which had replaced the Boulevard in 1950. The Boulevard is now restored. The freeway is gone, and jobs and residents are back. Even the traffic has improved since the Boulevard helps distribute cars more evenly across the grid.

In Milwaukee, without an earthquake, we removed a freeway segment, replacing empty lots and surface parking with the beginnings of good redevelopment, but by far the most dramatic change of all can be seen in Seoul, South Korea, where an elevated roadway built on top of a river at the end of the Korean War was replaced in 2005 with two surface streets on each side of the restored river.

This is the man responsible, Lee Myung-bak, who was elected mayor in 2001. See how happy he is? He had the courage to do the right thing, and now he is president of South Korea and maybe not quite so happy. He was successful because he embraced the complexity of the city. Rising above the narrow concerns of traffic specialists, he saw the whole; the combination of river, neighborhood and infrastructure, as greater than the sum of its parts.

CNU and our allies at the Institute of Transportation Engineers have collaborated on exciting reforms to make transportation work for people in communities, not just for vehicle movement.

In cooperation with FHWA and EPA, we developed a manual that provides design guidelines to resurrect the street, the avenue and the boulevard. These are road types that federal and state departments of transportation should allow and encourage.

Let us start to plan urban and suburban transportation movements around highly connected networks of streets and transit rather than just individual road segments. We need to better appreciate the value of networks like this one, the plan of Washington, D.C. by Pierre L'Enfant.

The street network absorbs and distributes traffic just as wetlands absorb and cleanse water. The grid serves as a setting for valuable economic and social activity, just as the wetlands provide rich habitats for diverse plant and animal life.

We have learned that paving street beds is not always the best answer. Street networks, especially connected with transit, make life convenient and strengthen the bonds of communities. They also dramatically reduce household driving and lower household greenhouse submissions.

Residents of Atlantic Station, a new neighborhood with a walkable street network on the site of an abandoned can plant in Atlanta, drive an average of eight miles per day compared to the regional average of 34 miles per day.

Through its partnership with the U.S. Green Building Council and the Natural Resource Defense Council, CNU helped create the nation's first certification system for green development on a neighborhood scale.

To qualify, these green neighborhoods must have highly connected networks of walkable streets with at least 150 intersections per square mile, including alleys, which just happens to be less than the 158 intersections per square mile in, for example,

Wausau, Wisconsin, just to name a community at random of your Chairman, David Oliver.

Anyway, the oversized highways and arterials that the federal government typically fund lead to not only higher infrastructure costs and carbon emissions, but less viable neighborhoods. These road designs should no longer be the centerpiece. They should no longer be promoted as the preferred option by federal policy. They should be an option, but not the preferred option.

Research by the Center for Neighborhood Technology of Chicago and the Brookings Institute confirm that neighborhoods with connected street networks and transit service give families real relief from high transportation costs. Consumer preferences show that people are eager to live in complete, convenient, walkable neighborhoods. Future transportation policy should support that preference.

Transportation investments should be at a compatible scale with the neighborhood. They should build on rather than undermine the efficiency and environmental performance of walkable mixed use neighborhoods.

I urge you to take advantage of the opportunities to realign federal transportation policies around sustainable networks. Thanks to Senators Carper and Specter and Representatives Latourette and Blumenauer, the CLEAN TEA legislation now being considered includes language about local street and transit networks.

Likewise, T4 reauthorization is an opportunity to further direct investment toward infrastructure that actually adds value to communities. Key CLEAN TEA provisions could be incorporated in T4 to help move it beyond the predictable highways versus transit modal split debate.

States and regions that receive T4 funds would benefit from plans that take into account the carbon impact of their transportation investments. Such planning will lead to high performance street and transit networks that achieve transportation and environmental goals through effective use of federal dollars.

Transportation engineers at CNU and ITE realize that the federal highway program must evolve into a federal networks program. Congress can help speed that transition by asking FHWA to extend its successful contact sensitive thoroughfares project to provide research and guidelines for sustainable networks formed by those streets.

Our new President, Barack Obama, has declared his commitment to reforming and improving transportation. We need only look to the internet, employed so effectively by his election campaign, for a telling example of how 21st century transportation systems should work.

Internet traffic makes use of a network of linkages, breaking up large volumes of data into small packets and distributing them through a web of available nodes. It is fast, and it is reliable. The same model applied to transportation networks will allow all modes of traffic to flow over multiple routes, reducing travel times, making driving, walking and bicycling easier and making transit service and emergency response more effective.

CNU, the Institute for Transportation Engineers, the Center for Neighborhood Technology and the T4 American Coalition, which we are a partner in, are ready to help you to get transportation

moving in the right direction, adding real value to America's communities and economy.

Thank you.

[The information follows:]

Testimony before the House Subcommittee on Housing, Transportation and Urban Development

By John Norquist, President and CEO, Congress for the New Urbanism, March 19, 2007

(Numbers in parentheses refer to slides shown by Mr. Norquist)

(1) Chairman Olver and distinguished members of the Appropriations Subcommittee on Transportation, Housing and Urban Development, thank you for the privilege of appearing before you. I deeply appreciate your efforts to join the issues of transportation and neighborhood development. In government it is easy to get overly focused on narrow specialties. It's important to break out of silos and look for synergies that can benefit the people as you are doing on this committee.

One of these specialties is traffic engineering. Current road policy (2) has focused on highways, arterials, and collectors as individual road segments with the goal of reducing congestion by adding lane capacity and separating the street from the built environment. In other words (3), getting everything out of the way of the traffic. The system depends on large road types that attract traffic (4) and ultimately grow congested, particularly at rush hour when you need the roads most.

For thousands of years of human history, urban thoroughfares have served three purposes – movement, commerce and social interaction. This is the street (5) that engineers were trained to build in the first half of the twentieth century — 50 feet of pavement and 8 foot sidewalks. This street, Kinnickinnic Avenue in Milwaukee, clearly fulfills the three traditional functions of an urban thoroughfare. Here (6) are three of these streets coming together in Wicker Park in Chicago. And in this economy, places like this are holding their value.

Average streets today, however, (7) are built for only one purpose, moving traffic. There are huge setbacks so the road can be widened later. There is no money left over for sidewalks, so people can walk in the dirt, or as an alternative (8) walk in the gutter.

When you have lots of streets (9) on small blocks as in Northampton, Massachusetts, the east side of Detroit (10) or Portland's Pearl District (11), the streets don't need to be big. Many streets share the burden, giving travelers lots of choices, including walking.

My hometown, Milwaukee, has many neighborhoods like this, but like other older US cities, it removed a vast streetcar network and built freeways. This (12) was Walnut

Street, Milwaukee's African American commercial center in 1956. This (13) is how it looked after it was "improved" by the Wisconsin Highway Department. These big roads generate dirt and noise. Neighbors demand sound barriers and the ones that work best are steel reinforced concrete (14). This may be the only surviving technology of the old East German Communist government (15). Former leaders of East Germany no longer have their wall in Berlin, but could feel right at home (15) on Dr. Martin Luther King Drive in San Antonio.

We now understand that freeways don't last forever. In 1973, (17) New York City's elevated West Side Highway collapsed (18) and was eventually replaced by a street (19). With views of the Hudson restored, Manhattan's lower West Side gained residents, jobs and vitality. In 1989 (20) an earthquake damaged the Embarcadero Freeway, which had replaced a boulevard in 1950. The boulevard is now restored (21), the freeway is gone and jobs and residents are back. Even the traffic has improved since the boulevard helps distribute cars more evenly across the grid. In Milwaukee (22), without an earthquake, we removed a freeway segment, (23) replacing empty lots and surface parking with (24) the beginnings of good redevelopment. The most dramatic change can be seen in Seoul, South Korea where (25) an elevated roadway built over a river at the end of the Korean War was replaced in 2005 with (26) two surface streets on each side of the restored river.

This (27) is the man responsible, Lee Meoung-Bak, elected mayor in 2001. See how happy he is. He had the courage to do the right thing and now he's President. He was successful because he embraced the complexity of the city, rising above the narrow concerns of the traffic specialists. He saw the whole, the combination of river, neighborhood and infrastructure as greater than the sum of its parts.

CNU and our allies at the Institute of Transportation Engineers have been collaborating on exciting reforms to make transportation work for people and communities, not just their cars. (28). In cooperation with FHWA and EPA we have developed a manual that provides design guidelines to resurrect the street, avenue and boulevard. These are road types the Federal and State departments of transportation should support.

(29,30) The next step is to plan urban and suburban transportation movements around highly connected networks of streets and transit rather than just individual road segments. (31,32) The street network absorbs and distributes traffic just as wetlands absorb and cleanse water. And the grid serves as a setting for valuable economic and social activity just as the wetlands providing rich habitats for diverse plant and animal life.

These networks make life convenient and strengthen the bonds of community. They also dramatically reduce household driving and lower household greenhouse gas emissions. Residents of Atlantic Station (33), a new neighborhood with a walkable street network on the site of a former can plant in Atlanta, drive an average of eight miles per

day compared to a regional average of 34 miles per day, according to the US EPA.

Through its partnership with the United States Green Building Council and the Natural Resources Defense Council (34), CNU helped create the nation's first certification system for green development at the neighborhood scale. And to qualify, these green neighborhoods must have highly connected networks of walkable streets, with at least 150 intersections per square mile (including alleys). The broad, funnel-like highways and arterials that the federal government typically funds lead to high carbon emissions and simply don't have a place in green neighborhoods. These roads should no longer serve as the centerpiece of federal road policy.

Research by the Center for Neighborhood Technology and the Brookings Institution confirms that neighborhoods with connected street networks and transit service give families real relief from high transportation costs. (Find interactive maps featuring these results for more than 50 U.S. regions at htaindex.cnt.org.)

Consumer preferences show that people are eager to live in complete, convenient, walkable neighborhoods (35, 36, 37). Future transportation policy should support this preference. Transportation investments should be at a compatible scale with the neighborhood. They should build on rather than undermine the efficiency and environmental performance of walkable, mixed-use neighborhoods.

I urge you to take advantage of opportunities to realign federal transportation policies around sustainable transportation networks.

- Thanks to Senators Carper and Specter and Representatives La Tourette and Blumenauer, the CLEAN TEA legislation now promotes investment in new, local street and transit construction that enhances network connectivity and performance. That legislation deserves our full support.
- Likewise, the T4 Reauthorization is an opportunity to further direct investment towards infrastructure that adds value to communities. Key CLEAN TEA provisions should be incorporated in T4 to help move it beyond the predictable highways vs. transit modal split debate. States and regions that receive T4 funds must have plans that take into account the carbon impact of their transportation investments. Such planning will lead communities to high-performance street and transit networks that achieve transportation and economic development goals through cost-effective use of federal dollars.
- Progressive transportation engineers at CNU and ITE realize that the federal highway program must evolve into a federal networks program. Congress can help speed that transition by asking the FHWA to extend its successful context-sensitive thoroughfares project into a project that provides research and guidelines for the sustainable networks formed by those streets.

Our new President has declared his commitment to reforming and improving transportation. We need only look to the Internet, employed so effectively by his election campaign, for a telling example of how 21st century transportation systems should work. Internet traffic makes use of a network of linkages, breaking up large volumes of data into small packets and distributing them through a web of available nodes. It's fast and it's reliable. The same model applied to transportation networks will allow all modes of traffic to flow over multiple routes, making travel times quicker, making driving, walking and bicycling easier, and making transit service and emergency response more effective.

CNU, the Institute for Transportation Engineers, the Center for Neighborhood Technology, and THE T4 America Coalition are ready to help you get transportation moving in the right direction.

Mr. OLVER. Thank you. Grace Crunican.

OPENING REMARKS OF MS. GRACE CRUNICAN

Ms. CRUNICAN. Thank you, Chairman Olver and Mr. Latham. Thanks for holding this hearing today. I think it is an important one. It is long overdue, and I am very pleased to see that the two Secretaries were here yesterday. It is a good step forward.

When you said experts and practitioners, I would be on the practitioners side of things, and I would like to walk you through several projects in Seattle. I am first going to start with three of the key principles we use in doing our transportation and housing coordination.

As I go through the presentation I just want you to keep in mind that Seattle is already built out for the most part. If you are going to build a new project, you are going to tear down what is there now and recreate. We do not have any greenfields to speak of. It is mostly in-fill and redevelopment. We have narrow streets and relatively dense neighborhoods.

We have accomplished a lot through leadership and coordination of the mayor, council and the region, and there is a lot that we have learned from CNU and others as we have made progress in Seattle. We have a long way to go, but I would like to walk you through some of what we have done.

In 1994, Seattle adopted an urban village strategy to concentrate new jobs, new housing and services near one another in a small, tight area. These policies make walking, biking and transit, as the other speakers have noted, very viable options for us.

Our concern for housing and housing affordability has been enhanced by Mayor Nickels' Race and Social Justice Initiative, and he has asked us to coordinate with the communities much more closely than we have in the past. It has made a big difference, as was mentioned by Mary, that the citizens most affected have the most intelligence, in my opinion, to add as to what they are looking for.

The mayor also challenged us to make Seattle the most walkable and bikeable city in the nation, and that is no small feat in Seattle because we have quite a few hills. Seattle is a desirable place to live, and we have enjoyed a strong housing and economic market over the last two decades.

We were sort of the last to slow down with the most recent recession, but during the time from 2000 to 2008 the median price of a single family home increased 73 percent in eight years—it went from \$270,000 to \$468,000 by the end of 2008—while the annual median income only increased 31 percent, which was from \$49,000 to \$64,000.

To combat this, Seattle has in place some requirements and incentives for affordability and new development. Three of Seattle's aging subsidized housing communities have seen a rebirth through the Hope VI funding over the last 10 years. This housing has been built near transit and in coordination with transit.

I think an important thing for the committee to understand in the relationship in a person's pocketbook, the single highest expense that most people have is housing, and the next highest ex-

pense is transportation. The difference between owning a car average about \$667 a month for a car and \$72 for a bus pass in Seattle.

If you take that difference and you turn that into a mortgage, a 30 year mortgage, you can buy \$90,000 more of a mortgage if you give up a car. With that in mind, we have a little thing on our website where citizens can go in and measure what the situation is and figure out if they want to try a program we have, which is Way To Go, which individually allows people to figure out the change in their life from what they can do to use bus passes, and we have a program, Zip Car Rent-A-Car, in order to make their lives equal to what they had before, but leverage that \$90,000 toward a mortgage.

We are working hard to protect our region's landscape from heavy commuter traffic and environmental damage. Mayor Nickels began an initiative with the Conference of Mayors in order to take up the Kyoto challenge at the local level. We now have 900 mayors that have accepted this challenge to reduce greenhouse gases and improve our carbon footprint.

I have up on the screen New York's carbon footprint. Every city has to do their own analysis, and we do not have the tools in place right now. I do not think the science is there yet. That is something that some of the think tanks could help us with, but on the whole you will see from these slides that New York City has in the transportation related areas, 20 percent of their carbon footnote comes from transportation. In Seattle it is 59 percent.

So we are not that much worse. It is that we have hydropower for our electricity, so our buildings are using a green source from the beginning. Therefore, our focus has been largely oriented towards transportation.

So in Seattle in 2007 we adopted as a challenge to meet this global climate change a complete street policy. The complete street policy provides for facilities encouraging more people to walk, bike, take transit and support freight movement, and it was very much in line with what John Norquist was saying about roads that have specialty functions. Instead, we are trying to integrate the function; make them accessible.

So every time we go to repave a street we have a process where we go back and look and see; could we add a bike lane here? We have a bike plan that calls for certain streets to be improved, but as we go through our pavement program if we can add a Share-O, which is a shared use lane, or a bike lane, we make that improvement.

This is especially important for those who do not have a car, or cannot drive. It provides a place for people to walk. We also have a sidewalk improvement program that is underway. Twenty-three percent of our city, though it is all built out, has no sidewalks.

The key to our complete streets policy is continuous review and improvement and to remember that the car is no longer the organizing principle. In some of our western cities and rural communities the car has been the organizing principle. We are trying to make it one of the organizing principles.

As I mentioned earlier, Seattle is in the retrofit business. Everything we build is usually within an existing urban fabric. The three

projects I would like to quickly walk you through describe how we are trying to put our principles to work.

The first one is in South Lake Union. This is a segment of the South Lake Union streetcar. It opened in 2007. It is a 2.6 mile line constructed in 17 months in financial partnership with adjacent property owners. They put in about half the money. We did receive about \$15 million from the federal government, but it was mostly through the process where at the local level we distributed the money.

It was not through the New Starts category. We did have some earmarked, but it came through the Federal Highway Program, so that is why we were able to construct it in such a short period of time. We were not using the FTA New Starts process.

It carries over 500,000 passengers, but, more importantly, since 2004 with just these couple of miles of streetcar line we have connected 2.9 square feet of commercial office space, 1,980 new dwelling units, and that is on a base of 2,800 units, so we will almost double by the time this gets going, and there is about 9,000 new jobs that have come on-line.

We have connected with that 2.5 miles—those jobs, those housing units and commercial office space—with our main, soon-to-be-open light rail line in a hub called Westlake Center, so this extension of downtown has been enabled through this streetcar.

By 2024, the neighborhoods expect to build an additional 4.4 square feet of office space and add 9,000 new dwelling units—that is again on about 2,800 units that were there to begin with—and 20,000 new jobs.

One can see the changes happening in the neighborhood. There are grocery stores being built. Parks are being redeveloped. These are essential components to shape a neighborhood, especially for transforming industrial and one story retail to six stories, and in the future possibly 20 story buildings which will house the mixed use of office, residential and retail.

My second example is a 15 mile light rail segment, which will begin operation this summer. It will connect from downtown to the airport. It runs through the middle of Seattle's most diverse neighborhoods and is shown here by this purple line.

Building walkable communities sends a signal to the car. It says that the car will be put in this place, which is park here, and it should fit here. It takes away the dominance of a car and puts the dominance—you can build a community for people or for cars, and in this case we are orienting toward the people and putting the car in its place, so to speak. This promotes biking and walking and transit that was not available or as available before.

Over 67 languages are spoken in this particular part of Seattle. There is a large immigrant community, and it is important to keep the housing affordable. This has always been the entryway to Seattle, whether you are talking about the Italian community as it moved to Seattle or the African-American community, and now we have communities coming from Africa that land here. It needs to be affordable. It is the role that community plays.

With help from \$35 million in Hope VI grants, we replaced 484 worn out public housing units that were built in 1940. We built 850 households that are mixed apartments, townhouses and single fam-

ily. We replaced low income housing with 310 on-site units and 174 off-site units.

New Holly is another example of light rail attracting investment, receiving \$47 million of the Hope VI grants to help replace 871 units. We built 1,400 affordable units and market rate housing units with 100 percent low income housing replaced on-site with this one.

Our third example in planning is a project that is in the planning stages. We would be transforming Yesler Terrace, providing housing and office and retail space. Yesler Terrace was built in 1939 and was the first racially integrated housing project in the nation and currently houses about 1,200 residents in 561 apartments.

The existing community is actively involved in planning for the future. The project is solely locally funded and will include an existing number of low income units, as well as a sustainable amount of market rate housing. We believe sustainability and affordable housing can go together, and we are trying to achieve a lead gold standard with this development.

The community will be served by an extension of another Seattle streetcar project, which was funded through local levies. The next segment will connect this Yesler Terrace with the regional light rail system and with the major medical centers in the city. The retrofit of Yesler Terrace community is scheduled to be accomplished by 2014 and will be served by the streetcar, as I said before, linking.

As I said in the beginning, Seattle is retrofitting our transportation system. We are improving our productivity, and we know we can move many people in different ways. Here you see 200 people being moved in 177 cars, this is 200 people that can travel in three buses, and this is 200 people that can travel with 200 bikes. We do not have any bikes made for two, apparently, in this slide.

We are trying to find new ways to manage our right-of-way to move more people and goods. Mr. Chairman, Mr. Latham, we know resources are tight, and we are trying to get a better return on taxpayer dollars.

Thank you for your efforts to do the same with the multiple public policy goals we have been discussing here today.

[The information follows:]



**Testimony of Seattle Department of Transportation Director Grace
Crunican**

**Before the House Appropriations Subcommittee On Transportation,
Housing And Urban Development, and Related Agencies**

March 19, 2009 Hearing

**Livable Communities, Transit Oriented Development, and
Incorporating Green Building Practices into Federal Housing and
Transportation Policy**

Chairman Olver, Ranking Member Latham, and Members of the Committee, thank you for inviting me to testify today about "Livable Communities, Transit Oriented Development, and Incorporating Green Building Practices into Federal Housing and Transportation Policy."

I want to praise the committee for recognizing the need for better coordination of transportation and housing programs. For too long, federal government agencies have worked in silos, resulting in inefficiencies in federal funding practices and frustration at the local level in trying to garner support for integrated projects that do not fit neatly into a single grant program. In Seattle and across the nation, cities are undertaking ambitious projects that integrate transportation and housing to create vibrant, mixed-use, mixed-income, communities at new transit stations. These communities are the key to our region's long term sustainability -- economically, socially and environmentally.

In Seattle, the foundation for an integrated land use and transportation policy has been in place for some time and is clearly articulated in the Seattle Comprehensive Plan:

"Part of Seattle's growth strategy is to encourage people to use cars less than they do today. One way to do that is through the urban village strategy's goal of concentrating most new housing, jobs and services near one another in small areas, so that more trips can be made by walking, biking or transit." (Seattle Comprehensive Plan, 2006)

Seattle is a built-out city and the opportunities for changing urban form are through

redeveloping and retrofitting our existing land use and transportation patterns. I would like to draw your attention to three principles that guide our work in reshaping the city:

- Preserving existing and creating new affordable housing
- Reducing greenhouse gas emissions
- Building complete streets that support walking, biking and transit

Affordable Housing

Consistent with Seattle Mayor Nickels' Race and Social Justice Initiative, we are committed to creating opportunities for people of all income levels to find decent and affordable housing. Seattle is dedicated to achieving that goal by assisting first-time homebuyers; low income, often elderly or disabled homeowners straining to afford necessary life/safety repairs in their homes; low- and moderate-wage workers struggling to find affordable housing in the city where they work; and those with no home at all. Further, our city believes that affordable housing can be environmentally friendly. This is difficult in a city where the average price of a home is just over \$400,000.

Unfortunately, families and individuals looking for affordable housing in Seattle are facing an increasingly tough challenge:

- Local wages are not keeping pace with Seattle's housing prices
- Rents are increasing
- More than 21,000 renters pay more than half their income for rent
- Single family home and condominium prices have stagnated but remain higher than many households can afford
- More than 18,000 homeowner households pay more than half their income for housing costs

Part of Seattle's strategy for increasing housing affordability is to expand housing opportunities adjacent to transit. Purchasing, maintaining and driving a car is much more expensive than using public transportation. According to *Consumer Expenditures in 2006*, released in February of 2008 by the U.S. Department of Labor's U.S. Bureau of Labor Statistics, the average vehicle costs \$8,003 per year or \$667 a month to own and operate. This is compared to \$72 for a monthly bus pass. By living in a transit oriented community, a Seattle resident could save \$595 a month toward rent or mortgage expenses. That amount of monthly savings equates to \$90,000 in additional mortgage capacity, which could make the difference between a home that is affordable and one that is out of reach.

Seattle's Rainier Vista and New Holly redevelopments are excellent examples of successful partnerships with the federal government that have resulted in the construction of nearly 2,000 affordable units within walking distance of the new light rail stations in southeast Seattle. These developments are located in the heart of Rainier Valley, one of the most culturally diverse communities in our city. Initial funding for both of these projects came from HOPE VI grants awarded by the U.S. Department of Housing. The \$82 million in HOPE VI funding for these developments leveraged a total investment of

over \$580 million which is being used to replace worn out public housing units built in the 1940's.

Reducing Greenhouse Gas Emissions

This nation cannot deal with our energy and climate challenges, without confronting the transportation sector. This is particularly true in Seattle, where over 59 percent of all greenhouse gas emissions are attributable to the transportation sector.

Just over four years ago, Seattle Mayor Nickels, along with eight other mayors, initiated the US Mayors Climate Protection Agreement, a pledge to take local action to significantly reduce greenhouse gas emissions. To date, more than 900 mayors representing more than 81 million Americans have signed on, joining Mayor Nickels' vision.

To keep Seattle's pledge, Mayor Nickels assembled the Green Ribbon Commission, a group of 18 leaders from Seattle's business, labor, non-profit, government and academic communities. The commission's report suggested actions and changes in policy that would allow the city to meet its obligations regarding the Kyoto Protocol.

The commission's recommendations form the basis of the mayor's Climate Action Plan, a "greenprint" that encompasses principles including increasing densities and investing in transportation options. We are investing heavily in public transit, building more bike paths and making it safer for pedestrians to walk to work, transit, school and parks. By doing this, fewer people will need their cars to get around.

Complete Streets that Support Walking, Biking and Transit

Last year, Mayor Nickels issued a challenge to make Seattle the most walkable and bikeable city in the country. We are making a lot of progress toward that goal with the adoption of our Bicycle Master Plan last year and this year's completion of our Pedestrian Master Plan. Another critical element of achieving this goal is our complete streets policy.

Seattle's complete streets policy dictates that every time we build or reconstruct a road, we expand on its multimodal features unless exceptional circumstances exist. With the political support for Complete Streets in place, the success of Seattle's program rests on consistent policies, practices and reporting tools within the Seattle Department of Transportation (SDOT) to deliver Complete Streets. The practices that have already been put in place that support Complete Streets implementation include:

- Long range facility planning for all modes that include Complete Streets elements citywide. These plans will enable SDOT to focus on streets where modal priorities overlap to come up with creative solutions.
- A system of Street Types that describe desirable street design features consistent with a roadway's classification and adjacent land use.

- A consistent internal review of all roadway projects with the goal of adding bicycle-supportive lane widths and markings.
- A Complete Streets checklist for project managers, designers and planners to document how each project SDOT plans, designs and builds is consistent with our Complete Streets policy.
- A regular update cycle for design standards so that our design practices remain nimble and responsive.
- Performance measures for transit speed and reliability, as well as implementation of a bicycle and pedestrian system to better understand how we are meeting our multi-modal network goals, and communicate our progress to the public.
- Dedicated funding for sidewalk construction that will start to address gaps in the pedestrian network.

Even though Seattle has taken great strides in establishing the policy direction and action steps needed to implement Complete Streets, we are just getting started. Changing the culture of transportation professionals and policy makers does not happen overnight, and there are still many voices in the community who are strong advocates for giving cars priority. With a Complete Streets policy firmly in place, we will be able to balance the needs of all users of the street and offer options for getting around the city, without cars, and get the added benefits of keeping Seattleites active, getting us in touch with our neighborhoods and our neighbors, and building a 21st Century transportation system.

South Lake Union Streetcar

Seattle's South Lake Union action agenda is the perfect land use scenario to support complete streets and transit oriented development. In South Lake Union, we are building a community where people can live, work, and access basic services in a center that supports transit, walking and bicycling.

South Lake Union neighborhood, Seattle's fastest growing neighborhood, is a global health and high-tech center. In 2000, an estimated 22,952 people were employed in the area, representing 4.3 percent of total Seattle employment. South Lake Union is expected to grow by 20,000 new jobs and 9,000 new households by 2024. The area is becoming a major location for biotechnology and biomedical research. Both the Fred Hutchinson Cancer Research Center and Zymogenetics have recently expanded their facilities. New organizations and companies attracted to the area include the University of Washington Medical Center, Croixa, Rosetta/Merck and the Seattle Biomedical Research Institute.

To serve this high growth, high tech center, Seattle built a new streetcar line that runs from downtown to the heart of South Lake Union. In one year of operation, the South Lake Union line has served over 500,000 riders, far exceeding original estimates. The streetcar line was built at a cost of \$52 million, partially funded through a \$3 million transfer of funds from the Federal Highway Administration (FHWA) Surface Transportation Program (STP). This allowed us to avoid the Federal Transit Administration (FTA) New Starts process, which would have added several years of

delay to the project. The streetcar line was agreed to, planned, and constructed within four years. Senator Murray was an early champion of this project and helped provide the critical FHWA funding.

In the South Lake Union, we are also seeing the development of affordable housing close to the streetcar line. Downtown Emergency Services Center, an award-winning social services agency in Seattle, is constructing Cascade Supportive Housing, which will provide much-needed housing for 83 chronically homeless, single men and women who are high utilizers of publicly-funded crisis services. Twenty-five of the units will be specifically designated for homeless veterans. This facility is located three blocks from the streetcar line. The residents of this building will be able to use public transportation in to downtown Seattle where they will be able to access additional services within the community. This project is received a HUD Economic Development Initiative grant in the FY 2009 omnibus appropriations bill, thanks to the support of Senator Murray.

The success of the South Lake Union Streetcar has led us to expand the streetcar network to create connections with the light rail stations and significant destinations along the waterfront, at the Seattle Center, and in employment centers on First Hill, a neighborhood just east of downtown Seattle. The First Hill streetcar line is in the design phase. The completion of the streetcar station at the foot of First Hill will dovetail with the redevelopment of Yesler Terrace, one of the first racially integrated housing project in the nation and currently houses about 1,200 residents in 561 apartments. The aging buildings of Yesler Terrace have reached the end of their useful life. With its planned redevelopment, Yesler Terrace will be a great place to live and work with immediate access to transit connections to adjacent neighborhoods and downtown Seattle. Due to limited funds in the HOPE VI program, the Seattle Housing Authority plans to self-finance the redevelopment of Yesler Terrace. If additional funds were provided to HOPE VI, they would certainly apply for them.

Partnership with U.S. DOT

As you know, federal transportation policy must reflect the obvious climate, health, and community benefits of linking mass transit and regional development. Mayor Nickels is fond of saying that we need to encourage density, so the biggest commute decision in the morning is which pair of shoes to wear on the walk to work. Past federal housing and transportation policies transformed American cities, and not always for the better. We need to break the outdated pattern of highway and sprawl and respond to the needs of the 120 million new Americans expected to live here by 2050.

A wide range of USDOT regulations for both FHWA and FTA and also for Metropolitan Planning Organizations (MPO) frustrate the ability of local governments to implement environmentally sustainable projects. The FTA in particular now has an opportunity to make great strides in supporting transit, rather than thwarting solid transit projects. For example, in rating projects for cost-effectiveness, FTA rules should recognize that the initial costs of environmentally sustainable projects may be higher cost at the beginning, but produce better long term benefits.

Thank you again for the opportunity to speak with you about transit oriented development. I look forward to working with you during the upcoming authorization to increase funding commitments to public transit.

Mr. OLVER. These have been very interesting, very provocative, I must say, comments that have been made by each of you. I may go back to the written questions the staff has prepared, but let us start here.

We are going to go back and forth for five minutes with me and then five minutes with Mr. Latham, and we will go back and forth until we get reinforcements here or we get the bell which takes us off to the next thing. I have thoughts with each of your testimonies.

Mr. Puentes, you put forward a very strong case for comprehensive planning. We have regional planning agencies which do the planning for all of our transportation infrastructure, in that silo, and they also have the responsibility of doing the economic planning, at least in my area.

They have the same responsibility for doing regional economic development planning and for the concept of the regional housing plan, but then in my state—and it must change—we do not have strong counties. We have virtually eliminated them in the southern part of New England at least, but I think in some places, in other places in the country, the counties are strong and I do not know exactly how those relate then to the local communities.

In my state, the real question of who plans land use and who plans zoning and so forth, ends up being done at the local level, and you have a patchwork quilt. The overall regional plans may be required for getting certain federal funds in some of our silos, ways of looking at it. How do we get around that I guess is the question?

The other point I wanted to make is that in your comprehensive plan we really need something in all those comprehensive plans that ties energy in. Energy and economic development and housing, more broadly economic development and transportation, are a three-legged stool in essence for our future it seems to me, at least those.

Ms. Crunican has mentioned the carbon footprint, so the question of the carbon footprint and what are the implications for energy usage in any of our transportation or our housing plans seem also to be how do we get around, though, the business? How do we bridge that gap between the local community plan? How do we do that in a political way and effectively?

CARBON FOOTPRINT AND ENERGY USAGE

Mr. PUENTES. Thank you, Mr. Chairman. It is a very difficult question to answer. I would not pretend I have all the answers. The local prerogative for local planning is something we hold very dearly, no doubt about it, and trying to understand that they are not going to voluntarily give up their prerogative for local planning is not going to be easy.

There is, however, a new imperative I think that we are facing in metropolitan areas all across the country, and there is an understanding that the uncoordinated nature of how we plan our communities has ramifications that are not always that positive.

In the northeast and the midwest—you gave examples in your district—and other places, the hyperfragmentation of locality within metropolitan areas is well understood. Metropolitan areas or localities in Pittsburgh and Chicago, places with literally hundreds

and hundreds of local jurisdictions, each with their own local land use by any power, is very difficult to overcome, so we know all that.

The large counties in some southern metropolitan areas like this one here in Washington present a different problem. They are very powerful, large counties with a million people, more like here in Fairfax County, and so they kind of act as their own kind of de facto regional organization and so that regional planning is a challenge to them as well.

All that said, I think that there is an opportunity for the federal government to incentivize the kind of planning that I think many localities and metropolitan areas are now willing to experiment, to innovate with. We have seen tremendous examples.

We have heard from Seattle and from other places—Minneapolis, Denver, Sacramento. There are numerous examples of where metropolitan areas and localities are coming together voluntarily and trying to devise their own solutions to bridge these tremendously difficult challenges that you have talked about.

I think the federal government, just through leadership and a little bit of money, can incentivize those kinds of plans. Not direct how it is done, but allow localities and metropolitan areas to define their own visions for how they are going to grow in the future.

It is certainly not easy, but I think if there are some incentives there that the federal government can provide we can start to bridge those gaps.

Mr. OLVER. It sounds like bribing them to do this rather than extorting them or something like that.

Mr. PUENTES. Well, indeed, but I think it is more about unleashing the innovation that we know that is there. The WIRED program, the federal program, I think did that as well.

There was an Urban Partnerships Initiative that the federal government had with the Transportation Department over the last couple of years with maybe a little bit of money, but it helped unleash those great ideas that are out there.

And the willingness I think for folks to do something different is possible, and I think this program—

Mr. OLVER. I think we are going to need to talk more about the incentivization, how we set up incentives that can be effective and will work. Mr. Latham.

Mr. LATHAM. Thank you, Mr. Chairman. I would indulge you if you wanted to go longer on your questions also.

Mr. OLVER. We do not have anybody else here. We can break the rules.

Mr. LATHAM. I am always interested in the notion that, and I think Mr. Puentes mentioned sometimes government programs or initiatives are at cross purposes.

In the economic stimulus bill I think there is \$7 or \$9 billion that will be going to have rural America hooked up to broadband so that we can keep people in rural areas, keep them dispersed out in the countryside, and in fact what we are talking about is more urban sprawl when you think about the areas that are going to get these funds so that everybody has access to high speed internet.

This is for the whole panel; does anybody have any comment on that? I mean, just so you know where I am coming from, I, until two years ago lived in a town of 160 people. I lived a mile outside

of town in the suburbs of 160 people. Rush hour in Alexander, Iowa, was when Nancy Schermer went home from the bank at 3:00 in the afternoon.

So we have a lot of different ideas, I guess, about how things affect rural America, but are we at cross purposes on a bunch of these initiatives? Can you comment? Go ahead, John.

Mr. NORQUIST. Well, yes.

Mr. LATHAM. Good answer.

Mr. NORQUIST. I think your example of the broadband—you know, as a former mayor in Milwaukee I always had second thoughts about the Rural Electrification Program and all this. You know, our constituents——

Mr. LATHAM. Be careful.

Mr. NORQUIST [continuing]. Subsidize everybody else. Yes.

Mr. LATHAM. Okay.

ECONOMIC FUNCTIONS

Mr. NORQUIST. But then I stopped them after I visited with Paul Carver in Dave Obey's office, and I understood the purpose of the Rural Electrification Program.

Just to answer your point, I think there can be cross purposes, and that is inevitable in politics, but there are things that the federal government does that are counterproductive that are not just at cross purposes, but are actually counterproductive to economic goals and environmental goals, which actually often converge.

You know, using less energy per unit of production is a way to make the economy function better, and that is when the metrics are bad and the never ending problem with how do regional planning commissions do better work and all that sort of thing. It is going to be hard, you know, whether it is incentives or anything else.

But the one thing that really works against good planning is bad metrics. In the 1920s there were good metrics. If you take the average main street, any main street in a city in Iowa if you go around and check—Cedar Rapids, Des Moines, Ames, whatever—you are likely to find that exact street with two rods from the center lane to the building line, 50 feet of pavement and an eight foot sidewalk.

When somebody went to Iowa State and learned civil engineering, that is what they learned, to build that street. Now they go there, and they are going to learn to build a 72 foot arterial with a 20 foot median so you can have a double left turn lane with a blown out side, a 100 foot setback on each side.

You cannot build the American main street that you see on cookie cans and everything else. You cannot build it anymore. It is illegal in most of America. That is a bad metric.

And so the federal government does not need to necessarily intervene more. It actually needs to allow these urban types to be part of the federal pavement program. You can see this over and over again where there are examples, you know, in terms of Republicans trying to be for less government.

You put your finger on one that is probably popular in most rural districts, the broadband thing. It would be hard to oppose. But in this case the road metrics should not be looked at as pro rural be-

cause every little town in Iowa that was built before World War II has urbanism.

You know, the little village of Decorah, Iowa, which I am very familiar with because I had a related town in my district, well, Decorah, Iowa, has a nice, charming little downtown that could not be built new because the metrics that Iowa DOT and the FHWA have out there encourage just the exact opposite, and that needs to change.

Male VOICE. And we have a great Nordic Fest parade that goes right down that beautiful street every year.

Male VOICE. Yes. Yes, sure.

Male VOICE. Go ahead.

RURAL COMMUNITIES

Ms. CRUNICAN. I would point out two areas that might be of help. One is on coordinated transportation, which is in the rural areas. Some of it does come back to Congress.

When you have a rural community and you need transportation to get to the hospitals—which are not in the rural community; they are in an urban area—we have stovepipe programs for transportation, and some of them allow both the service and transportation in the money that flows to them, and some of them have discrete money that goes just for transportation.

So, you know, in the community everybody knows each other, but it is not okay if you get money through the AAA, the Area Association on Aging. What is it? Someone in the audience knows.

But the aging program will fund a trip for someone who qualifies in that program, Veterans Affairs will fund the trip to the hospital for the vet, and there may be a disability program either through schools or through welfare programs for a child to go, but very often the AAA cannot carry the child and the vet to the hospital at the same time.

It is convenient for everyone to go on Tuesday, but the programs do not allow that sharing. It is common sense. Everyone out in the rural area knows it is common sense, knows that someone goes or would take all three, and breaking down those walls is something Congress could do.

The second area is in highway and transit, the money. You have to be very creative and know how to work the system to be the most productive with the money. The programs are set up. The state FHWA is very comfortable dealing with the state. They are very uncomfortable dealing with the cities or the metropolitan areas. They feel comfortable getting the okays and the certifications through the state.

Well, in our state the metropolitan area, the Seattle Puget Sound area, state highways are extremely important, but the orientation Olympia has is the same orientation when I ran the DOT in Salem, Oregon. You have to find the right people to go work with in the urban areas, but they still have to go home to John's traffic engineers that were educated at the state college and were told certain standards back in 1965 or 1975.

They approach the problem like this: The money that federal transit gives to the transit system, we have two large transit systems. Nobody gives money to the city. I mean, you have to really

work hard to get the money to come to the city. The city is the entity most likely to address the housing problem you are talking about and try and make that coordination.

While we have STP and CMAT, those are the most flexible funds, and that has been a success at the local level in the three areas I am familiar with—San Francisco, Portland and Seattle—because it allows flexibility and it allows the locals give and take, but short of that the institutions are all set up to really fund a certain provider. They are not looking on the ground where the jurisdictions are quite different.

Mr. LATHAM. Can we continue with more answers, here Mr. Chairman?

Mr. OLVER. Sure.

Mr. LATHAM. Okay. Go ahead. Mary, go ahead.

Ms. LEARY. You know, five years ago GAO admonished federal agencies on that very issue as it related to transportation, and it said there are over 50 transportation programs, over \$3 billion, and that is probably maybe 20 percent.

UNITED WE RIDE INITIATIVE

And so the United We Ride Initiative was born, and the really exciting part that we have seen in that, and I was privileged to be part of that for the Administration on Aging, was there is something called BORPSAT. I do not know if you guys have heard this. Doug Birnie always talks about it at Federal Transit Administration, but it actually came from Connecticut. It is called Bunch of Right People Sitting Around the Table.

What we found across communities in the United States is when people have gotten together and they have talked to each other; the aging community using Older Americans Act funds getting together with the transportation community and utilizing Federal Transit Administration funds, whatever they are, including the exciting new Freedom Initiative Program or Veterans funds or Labor, Education. We have found that they have done some absolutely amazing things.

You know, in some places there were perspectives that they were going to have to cut Medicaid funds and then therefore there were not as many medical rides available and they were actually able to reduce Medicaid funds for rides by opening up and increasing the accessibility of the fixed route system. They did that in Pennsylvania in Pittsburgh, which they are doing a lot of really interesting things there and interesting things across the United States.

And just recently—I mean, this has continued on—the Administration on Aging and the Federal Transit Administration just fixed the longstanding cost sharing issue that has just been making people crazy at the local level. You can now take Older Americans Act Title III-B funds or any Older Americans Act funds for transportation, connect that with Federal Transit Administration funds to put some of these programs together.

So there are some successes. We have been trying to break down those barriers, and that work is ongoing and there are a lot of people still very dedicated to that.

Mr. LATHAM. Thank you. Okay. Thank you, Mr. Chairman.

Mr. OLVER. Okay. I think we are going to have to put together some questions from the staff, new ones around this issue of stovepipe examples that all of you I think know about and of incentives that some of you I think have very clear ideas about.

I have a couple of other thoughts here. There will be other categories I think that will come forward that we could benefit from I think.

Anyway, I have to go, Mr. Latham. I was wondering what was it that was causing the traffic jam when the banker left the office? I was thinking that when the banker left the office everything else closed up and the roads rolled up.

I was brought up in a very similar community, about 200 people, in Pennsylvania. We had a roller skating rink and a bowling alley. They were in the same building. The roller skating rink was above the bowling alley. That was the only recreational thing there in the community. It was 100 miles from New York City and had a lake nearby.

In the early 1900s it had a group of about a dozen boarding houses, so it was a summer tourism thing because of the lake. Otherwise it was a farming community. I was thinking the only traffic jam was at the time that the bowling alley and skating rink opened in the evening each evening.

By the 1950s, the skating rink and the bowling alley were dead, and the boarding houses, because cars and motels and so forth, people traveling, everybody having a car; those were dead. The community was dead. You could have not found anybody around.

But you raised the issue and I was very much taken, Ms. Leary, about the example of the gentleman who when his car was going to be taken away ended up committing suicide ultimately. I suppose we have more than a few of those. That is one of the biggest problems for a family when their parent becomes 85 or 90 or something. You have to take the driver's license away.

It made me send my staff out because going along with that, a couple of times you made a point that especially in rural communities there was a difference. We have been talking largely about planning in urban areas; the practitioners here, largely about urban areas.

That map over there. I sent my staff out to bring that map in. That map shows the pink areas are the counties that are losing population in this country, losing population census by census for several censuses. When that happens, what is happening is that the young people in large measure are going away for education and staying away for opportunity. There is disinvestment in the services, in transportation, in the medical capacities, and so forth.

You mentioned the problem of where you could get medical services and how that might happen. Ultimately of course once the young people, the people who are of childbearing age, have left then those counties are actually counties that have in general the oldest profile of its population, and eventually that means that there is going to be a further dive in population.

BROADBAND

Now, broadband might provide an opportunity for—might—education learning, long-distance learning and maybe for some jobs to

be created there, but I am not sure that we can turn that around. I do not know whether you think that can be turned around. I think that is part of your question, Tom.

So I am wondering. How do you think we deal in those kinds of communities? It is happening, and really there is a long group of those—Iowa and Illinois and in Appalachia. You see the pink ones up and down the Appalachian area. The same thing is happening. It is the same.

Those are states and areas that are going to lose representation eventually. They are losing population or at the point of stagnant population where the population is moving from the rural areas into the urban areas where we really need to plan with good planning what is going on when we do move into the urban areas, but what do we do with the rural areas? Tell me.

Ms. LEARY. Well, it is a really, really difficult question, Mr. Chairman, and one of the reasons why that story is so compelling, sometimes when we talk about things like depression and mobility management it seems so clinical. You know, when you hear the story you really feel it. It is your gut.

We learned so much with the civil rights movement for people with disabilities over the last 20 years, about the triumph of the human spirit, and particularly in rural communities what we really find is there is a lot of activity around volunteer driver programs and the whole concept of mobility management, and taxi services are kind of in some cases on the resurgence.

There are also a lot of social services, services that are still there. You know, as you have noted, there often times are not a lot of services in some of these communities, and you really have to leverage what you have so the whole concept of mobility management, that is really what it is.

Mobility managers, when we have them at that local level, are those—I like to call them the Marines because every mobility manager I have ever met, they have such a esprit de corps. They love what they do. They get very connected to the people in the community. They understand what they need. They get connected to the resources in the community, and they bring them together.

So we really believe that with a strong infrastructure connected by some capacity building mechanisms to share best practices that a network of mobility managers could be one of the most important elements to create mobility.

Also, we have to redefine what mobility is. You know, so often mobility is getting in my car and driving, but if we can help people understand that mobility in the United States is related to this fabulous transportation infrastructure that we have built so citizens can get around whether or not they have a car and whether or not they have a mobility impairment, well, that would be an amazing thing.

And then we would not have people being very concerned when they can no longer drive, and we would have the greening of America. People would be healthier. They would walk more. They would stroll more. We always like to say walk and roll in our world. And so those are the two things I would say.

You know, I just got back from listening to either further demonstration and grant successes at the American Society on Aging/

National Council on Aging Conference, and these volunteer driver programs and these volunteer programs, you would just be so amazed at what they are doing. They are doing really essential things, and many folks are using mobility managers as a connector for these processes.

Mr. OLVER. In a way you are suggesting we need a much broader type of conversation with people who are in the health services area, for instance, and other kinds of social service areas with what we are talking about about transportation disincentives from rural areas either. One of the people who came and talked to us earlier said we ought to remove a whole lot of the roads in order, I guess, to make the possibilities for agri business to be more successful and allow for larger family farms, at the very least, if there were going to be any left, I am not sure.

But mobility management, the question of incentives and what connection our two departments have to make with other departments and other subcommittees to think about this in a more comprehensive way. Anybody else want to talk about this? Yes?

REPOPULATION OF RURAL AREAS

Mr. NORQUIST. Well, first of all, on the question of repopulating rural areas or any area where you have a government program, I would approach it with a little bit of humility. I mean, Mao Tse Tung tried to repopulate the rural area with the cultural revolution and that did not work out so well. So instead I think a better way to look at it is not what program could cause a place to repopulate but look at maybe there are some programs that are actually causing the problem in the first place.

I have already mentioned road metrics, but let us just look at Fannie Mae and Freddie Mac, which have been in the news a lot. One aspect that they have which was not intended but ended up having some side benefits that have been devastating for rural small towns, medium sized towns—getting back to Decorah, Iowa, let us look at that, for example.

Freddie and Fannie both have rules that say that no more than a certain percentage, 20 percent in the case of Freddie, 25 percent in the case of Fannie, can be nonresidential, and so the impact on that in New York City is not much because you have the first floor and then 30 stories of housing so the building is not going to be more than 25 percent of nonresidential, but if you go to Decorah, Iowa, and you have a traditional main street with the first floor and then two or three stories of apartments which was built, you know, throughout the history of these midwestern or northeastern cities, then all of a sudden it does not fit into Fannie's secondary mortgage market and then all the other banking institutions copy that regulation.

Why did they do it? They did it because they wanted to have Fleet and Magic and all the other mortgage companies, you know, have some way for them not to be dominating the business, so that was a restriction they came up with. The unintended side effect of it was to not be able to build Main Street. It was an unintended side effect, but it should be removed. When you are reviewing Fannie and Freddie now and looking at it and trying to figure out

what to do with it, I would get rid of those, the 20 percent and the 25.

You mentioned bowling alleys. Why is not that bowling alley in that town in Pennsylvania anymore? Well, one of the reasons is parking restrictions. If you look particularly in the midwest where this started, somebody went to a planner, maybe it was an alderman—we think it started in Ohio. If you talk to Don Schoop at UCLA, he sort of studied this, and somebody went to a planner and they said how many parking spots should we require for a bowling alley?

For some reason, the planner said five. Five per lane. There are only four bowlers in each lane, but five parking spots. All of a sudden you started seeing these mega bowling alleys being created with giant parking lots everywhere, and so you get down to, you know, what it should be. There should be no regulation. That should be between the property owner and the person that is going to the place.

You know, if they want to have parking, you know, you could restrict it maybe, but you do not want to encourage it. So that is why your bowling alley is missing, and that is why small bowling alleys started disappearing all over the country. So the intervention turned out to be counterproductive. It was in a silo, like Grace was talking about. This is an issue that I think could bring Democrats and Republicans together.

If you look at these things, a lot of the impacts are really nasty from a social justice standpoint. You get rid of the grid, you get rid of all the streetcars in the country like federal policy did in the end, and then you start hurting poor people really badly. When you look at the expense on the taxpayer from doing these, from a Republican standpoint, it is the same thing.

Mr. OLVER. I still think that I am looking for ways of repopulating the rural areas so much as I am feeling great concern for the degradation of the quality of life for those who remain to the point where somebody turns out the light essentially, so do not mistake my thought for thinking that in all but four of the counties of North Dakota that we are going to suddenly switch. I do not even think that they particularly want it, but whatever. Anyway, back to you, Tom.

Mr. LATHAM. Thank you, Mr. Chairman. Interesting debate. I enjoy the references to Decorah, Iowa. It is a great community there. Mary, just a couple things. First of all, thank you for all the work you have done; the same for Jennifer, on the agribility over the years. That has been a great partnership.

My mother is probably going to kill me if she ever finds out that I say this, but your point about the health and mental health, well-being of the senior citizens is a good one. My mother is 90 years old, she was just turning 90, she is 92 now, but at that time she was just diagnosed with breast cancer and had a mastectomy, which I know she will kill me for saying. At the same time she had lost her driver's license and is living in Alexander, Iowa, where you have to go 10 miles to get a gallon of gas, gallon of milk, and any kind of services, doctor or anything.

Of the two, it was not even close. Losing her driver's license and losing her mobility was far more devastating to her than her med-

ical condition. The Chairman was just talking about repopulating and growing those communities back; I am not sure it is possible, but there is no alternative for her, really, as far as getting anywhere, other than to drive herself.

Fortunately, she has got a daytime driver's license now. She can go 10 miles. I am not sure about the other people on the road. But she is back, so she can go to church and all these good things. In Seattle there was an article about the restrictions on land use. I do not know if you want to say anything, Mary, about that, but I am curious about how the restrictions there are have increased.

You mentioned in your testimony an increase in the cost of a dwelling by \$200,000. There are different aspects to that, but is it going to be affordable for anyone? You were talking about the median income of \$60,000, \$70,000, something like that. How can a middle or lower income person live in the community like that? It is virtually impossible, is not it, to purchase?

Ms. CRUNICAN. It is getting that way. I mean, we have the blessings of success, we have some industries that are going great guns, but the price of housing in Seattle proper has gone fairly high, as has the entire region, so we have passed a housing levy, I think it is up this year for the third installment of a seven year housing levy, to help create affordable housing and provide incentives.

We have provided height incentives to developers, so if you want to go up a little higher, you have to create a certain number of affordable units of housing, and we are looking at our HOPE VI grants to help convert, but it is the curse of success, I think. The livability also, it is a highly desirable place, assuming you do not mind a little rain once in a while, to live.

The jobs are, I think we have something like over 80 percent of people have high-speed internet service in the city. It is an extremely literate city, and it has got high density so it is a high-performing city, but the cost of housing is beginning to scare everybody so we are looking at how to make those prices affordable. One of the things to do, frankly, is to have a transportation system that means you pay less for an automobile. Maybe your family does have a car, but they do not have two or three, which you do have in more rural settings or even more suburban settings.

Mr. LATHAM. Does not the price of the home increase next to your light rail?

Ms. CRUNICAN. Right.

Mr. LATHAM. If your home is closer to that, is not the price higher? Does not it make it more expensive?

Ms. CRUNICAN. It does. It increases the value of your home to be located next to a transit station, but, again, the tradeoff is there, as I talked about, the \$90,000 difference in mortgage that giving up the car can buy you, that translates back the other way, too, if you have the transit pass. In many cases the employer provides the transit pass. That is another program we have fairly successfully instituted in Seattle.

Mr. LATHAM. In your testimony, I was caught by one paragraph in it. The federal government should act to ensure that housing consumers and suppliers are made aware of the full direct costs of housing. The definition of affordable housing should be redefined to take into account not only the cost of the housing but the transpor-

tation and the energy associated with that. Is there a definition or is there a matrix or something out there that you use to demonstrate this definition now?

CENTER FOR NEIGHBORHOOD TECHNOLOGY

Mr. PUENTES. We are working on it. I think we are getting there. The reference was made to a thing called the Center for Neighborhood Technology in Chicago. It has been doing some work across the country trying to make this direct connection. For a long time in this country our formal housing policy was drive until you qualified. And as gas prices peaked about \$4 a gallon last summer, this became front and center I think in most people's minds, that transportation as the number two household expense really had a dramatic impact on household budgets.

So the Center for Neighborhood Technology has created this Housing and Transportation Affordability Index. We worked with them on this. They are trying to take this nationally I believe. I think it is an excellent opportunity for DOT/HUD joint working groups to use that and maybe pilot that for something for the future. Certainly getting us ready for census 2010, it will be very helpful, not just for those transition things.

Mr. LATHAM. Right. Okay. Thank you, Mr. Chairman.

Mr. OLVER. Ms. Crunican, your description of what Seattle has done is very compelling. The examples that Mr. Norquist has given were also very compelling in a broader kind of a picture. Yours were very much associated with one large city, yours were a few here, there, good practices and so forth.

In the case of Seattle, the geography has sort of dictated that you do not really have more space, I think, in part. You are sort of between the Sound and a large lake or something like that or a mountain, and maybe it is a mountain that is beyond the lake, or whatever, and you are contained, and so you are doing infill and things are being removed and better things put in place, and each time you have made big improvements.

I think that must be essentially the way major European communities have functioned. I am thinking of Copenhagen, for instance, which is quite contained. It could sprawl out into its island but they do not allow that to happen. Instead they have good, wide boulevards and a lot of narrow streets, and one way streets and bicycles down those streets.

There are safety problems, because in Copenhagen you have one-third of all commutation by bicycle, one-third of it by transit and one-third of it by personal vehicles, essentially, and all of those function within that city. It is quite remarkable. They make it work and it seems to be quite a livable place. There are a couple of places that I have had a lot of contact with recently.

In Denver I was struck by the fact that if you look, the sprawl went in all directions to the skyline, to the horizon essentially, and now they are trying to figure out how, after all that had occurred, to correct for that by some transit operations. But also, downtown they have done some major things. My impression is that Phoenix is a place, it is a very similar, that has sprawled long before they got to the point of thinking seriously about how to correct that and now they are working hard at that.

That is the other end. We need to figure out, I suspect, ways of helping them, being flexible enough to help them in all of their various programs and to help them get to where they want to go once they have figured out what has to happen for them, that it just not working or going to work that way. You have gone through that and you are contained by your geography.

Gets me back in a way to the original business of how do we overcome this planning problem, providing the incentives in the process, to help people do the right things and to just not allow them to do what is ultimately going to be bad in the whole way for the society in a whole? Anybody want to further comment on that?

Mr. NORQUIST. I think you are hitting exactly on the question, which is what I appreciate about this committee combining housing transportation because then it gets you to think outside the box. If you look at any of these communities, if they are going to be dealing with FHWA, or the ASHTO standards, or their own DOTs, they are going to fall into the trap of having these large, blown out roads.

Phoenix is trying to figure out how to urbanize itself again, how to have a community that is walkable, at least in the places where they can achieve it. The law needs to allow that to happen, it needs to encourage that to happen. That is why it is important for the Congress to work with the DOT and work with the ASHTO and everybody and allow these urban forums to reemerge.

Then you will start to see it come back, whether it is a small village, or whether it is a big city like Phoenix, or whatever, but right now it is not even allowed. You can see it with coding and zoning in California. For years they had a law that almost required separate use zoning throughout the state except in a few places that were so dense, like San Francisco, they could not impose it.

A few years back they changed the law to allow, they did not force it, but they allowed mixed use or form-based codes to be adopted by communities around California. Now the majority of the communities in California have adopted those codes. Now their planners know that they can legally create the kinds of things that people want that are more efficient.

That is what your Committee is uniquely set up to do, because you go to like the transportation committees in each House of the Congress, and they are so focused on the equipment, the paving machines, the different interest groups that are around, and they do not see the impact on the rest of society. So when you take Housing, Transportation and Economic Development, put them all together and you can change these things, and then the communities can start to heal themselves.

Mr. PUENTES. Just to build off that, I think that is a great comment. There are a lot of places where the federal government should lead because of the sheer size and scope of some of these issues. There are other places where the federal government frankly should get out of the way and enable places to do good things.

I think that there is an assumption in this country that the decentralizing nature of growth that we have seen over the last couple of decades is only the result of people voting with their feet, and this is the preferred lifestyle and the reasons are growing be-

cause that is what people wanted to do. Certainly some of that is true, but there are direct policies that actually encourage this kind of growth to occur.

So on the federal level we know that the modes operate on a very unlevel playing field, for example. The highway program, highway funds are sent out of the state level at an 80/20, 90/10 match with no restrictions, really, on how that money can be spent. The states have almost complete discretion in deciding where the money goes. On the transit side it is very different. It is a much lower match.

The process to get the funds approved is hypercompetitive, hyperbureaucratic. It focuses, frankly, we think, on the wrong things, on time savings as opposed to the ability to build the right kind of communities, as Mr. Norquist mentioned.

So at least letting the federal government enable places to make their own decisions based on equal requirements and rules and regulations and weeding out that subsidy for sprawl, and if it is going to occur, it is going to occur for lots of different reasons, but it should not be incentivized as it is right now on the federal, state and local policies. But the things this Committee could do is to weed some of that out.

Mr. OLVER. Okay. That sounds to me like lead or get out of the way, laying out good guidelines, but that has to take into account a broader vision than just transportation and housing. That does need to take into account energy issues and energy balance. What is our carbon footprint, and things of that sort. Dave, you originally talked about incentives. Well, he says there has to be some sticks as well, and you agree with that.

You say disincentives for doing the wrong thing, which is sticks if you are doing the wrong thing. It is not necessarily penalties for doing the wrong thing after the fact, but just not disincentives for doing the wrong thing if you have proper goals in the first place.

Mr. NORQUIST. Just one quick point on this. The goal needs to be the right goal. The goal has been over simplistic.

CONGESTION

Mr. OLVER. We could agree on the right goal, could not we, rather easily. Probably quickly.

Mr. NORQUIST. I hope so, but one goal that I think has been the wrong goal is the idea of defeating congestion. You will sometimes hear people say, well, you know, you cannot build your way out of congestion. Actually, you can. Detroit has built its way out of congestion. Congestion is a really low priority problem in Detroit. They built every road that Michigan DOT ever dreamed of, and they have created a community where congestion is not a big problem inside the city at all.

Mr. OLVER. But it is depopulating very quickly.

Mr. NORQUIST. Right. So it was the wrong goal. The goal ought to be what adds value? What adds value to the American economy? What adds value to the local economy?

Ms. CRUNICAN. Mr. Chairman, I assume those bells mean you are going to be voting soon, is that fair? Maybe, maybe not. Okay. There is something I would like to throw on the table as a little history, a little perspective on how these programs came together. In the 1960s the federal transit program known as UMTA, the

Urban Mass Transit Association, was created, and it was created in the late 1960s basically because the private transportation systems had failed.

The autos had been successful, people were escaping to the suburbs and the economics of the private transportation systems was failing, so new transportation systems, public transportation systems, were forming. Because they were new, this is my opinion having worked in the program a little bit, the rules were created assuming that the new people were either corrupt or inept, or could be, and so there is a lot of got to watch out, gotcha kinds of elements to the late 1960s, early 1970s rules that were created for UMTA, then to be FTA.

The federal highway program started with the public road system a long time ago and was basically, you know, the theory if we can get out there, we grow, and it was not assumed that there was a lot of corruption underway. Instead, there were some well-intentioned grads out of state school going out building some roads and some standards were set.

Very frequently the federal program is merely the reflection of ASHTO, American State Highway Association Official, and their guiding principle from a state road systems point of view, and so they are bigger and wider. Just the element, if you go back to the program of one of incentive and the American dream versus we are going to get you if you do something corrupt, you now have after, you know, 40, 50 years worth of the public transit programs up and running, they are quite competent, they are quite intelligent, they are quite well-educated, the people that run these systems.

I am not saying that some bad things could not happen, but no more so than some of the corruption you hear about contractors at the state DOT. The programs themselves, the federal highway is one of trust. Here is your allowance, you get it pretty much, Congress sometimes provides some earmarks, which I think are good. I used to be on an appropriations staff where I did not think they were all that they are made out to be in the press, but they can be for good projects.

In the transit world they have what is called the New Start Program which is kind of a no start program. They hold the money, they have less money than they have demand for, and so they had to come up with some ways to judge the programs. It is in that judgment if you are at the local level, you have got an allowance coming your way at the state level, money automatically flowing, and you have got a much smaller allowance through STP and CMAC to make decisions for transit.

If you want to get transit money, for the most part, most systems are beholden and coming to Washington and walking through the Federal Transit Administration which has much more control than the Federal Highway Administration does. So the imbalance of the programs is one thing that is, I think, within the control of Congress.

There is a lot of imbalance at the local level. People have different utilities. The utility commissions in different states operate different and provide incentives for development or disincentives for the sprawl. That is an important role in terms of development. Whether the big city gets along with the little cities, we do not do

that so well. I have made Seattle out to be the golden city on the hill with some mountains in the background and the water, as you mentioned.

You know, we do not do a great job of getting along with some of our neighbors and the region has different policies. In Portland the policies are pretty much the same: invest in transit first, and highways have a place. In Seattle, that is what Seattle would say, but that is not what our suburban cities would say. They would say they have some huge highway needs that need to be met. So I think, as Rob I think tried to say, there are multiple parts to this problem.

The piece that is in Congress' hands can be to equalize the programs, highway and transit, and can be to help. Just ask for some of those connections, you know, the education programs, the vet programs, the area agency on aging programs. I think you can do a good job there.

Mr. OLVER. You know, I am impressed in the case of Seattle, and Washington more in general. For a big state, big state population-wise, sort of right among the top 15, certainly at the lower end of that top 15, you have probably the smallest impact from the foreclosure crisis of any state that size or larger by a large margin. Seattle does not seem to have enough of a foreclosure problem to even have triggered HUD's definition of how a city might get money for neighborhood stabilization programs.

So Seattle has something to be emulated, I think, in a way. I think perhaps Oregon is in a similar way. It is more or less of an aside. We have probably 10 minutes here. Marcy, if you are ready. We have been waiting for reinforcement here.

Ms. KAPTUR. I am so sorry.

Mr. OLVER. I am sure you would have had a great deal to say. If you have something to say, I will let you go, and then Tom.

Ms. KAPTUR. Has Mr. Latham had an opportunity to—

Mr. OLVER. Well, we have had several rounds, actually. We have gone back and forth here several times, so we will let you go for a bit here, or, if you want to, I will give several minutes to Tom, and then you, and then we will close and I will not speak again. Whichever way you want to go.

Ms. KAPTUR. All right. Well, I just wanted to thank you again, Mr. Chairman, for a most interesting set of hearings as we begin this new Congress. Cutting across programs, more thematic, more, I think, valuable to the American people. So I just want to really thank you for your leadership in that regard. I am very proud of what you are doing and I am proud of our subcommittee. We want to thank all those here who have come to help instruct the country and for your dedication to the communities you represent and the organizations you represent.

I apologize for being late. I just left a hearing in my other committee, Defense on AFRICOM. Totally different subject, but, you know, really, it is about development, whether it is on another continent or here, in our country, how to do it best, how to do it wisely. I was very interested to come in and to see this map up here. That is very instructive.

I am actually a city and regional planner by training and I spent half my life doing that before I ever got elected to Congress, so I

think this must be the first hearing in my entire career where somebody actually thought about population and actually had a map when you walk in the room, so I feel this is really comfortable, I can get along here, and to have it instruct us as we move down into those census tracks as to how to build livable communities.

I think for the part of the country that I represent, the northern part of Ohio along Lake Erie's south coast, the fact that our economy is different than other places in the country makes it particularly stressful right now. Unlike most of the growth communities in our country which are capital cities and finance centers—I had a little discussion with Steny Hoyer yesterday.

I said well, Mr. Leader, you know, you have got an easier district than I do, you have got all these government jobs that insulate you in downturns. I do not think he took offense at that, but I said, you know, we do not have any landing pads. When something goes wrong in the economy, we crash, because we are a production platform, both in industry and agriculture, and so we meet the global market head on.

I was very interested in the representative, is it Crunican, from Seattle. You talk about the growth community in Seattle. I am curious. You talk about Bio Tech. Are these private companies or do they spin off a university hospital? Could you describe why that area is growing, that particular neighborhood that you talked about in your testimony? I am interested in the economic underpinnings of it.

Ms. CRUNICAN. Yes. We have both spin offs from the University of Washington Research, the University of Washington Health Life Sciences is there, as well as private firms, ZymoGenetics is there, the Bill & Melinda Gates Foundation is locating there, a rather unique opportunity, but for the most part it is Biomed Tech and private firms that are locating there.

We have other combinations. It is because of its diversity as well, Amazon is locating there, and so we have a synergy of a lot of different companies. I think in part, the Chairman mentioned before you got here the difference in the housing foreclosures. It is because of two things, I think. Our diverse economy. We started with Boeing in the 1970s, of course before that, timber, but Boeing in the 1970s and we have expanded to Microsoft, to Amazon, to Starbucks, and we have a range of different economies in our base.

The second thing is that he mentioned growth management, I mean, he mentioned a lack of housing and us not qualifying for some of the housing that has been abandoned and walked away from, mortgages abandoned, and I think a common element between Oregon and Washington is the growth management policies that have been in place which are sort of a substitute for energy management policies 20, 30 and 40 years later.

Oregon started in the 1970s, Washington I believe passed those in the early 1990s, so we have had some time to have that contained growth happen, and so you do not live further out so that if you do lose your job you have got maybe a more affordable mortgage end. Though the price of housing is up, your transportation bills are a little bit lower than they are in the average. So I think it is a combination of things that are going on there.

Ms. KAPTUR. Well, what is really interesting, the way I look at the world is that, okay, Boeing, I mean, that was bedrock, those contracts relating to the defense of this country, and they provided a real secure economic underpinning for your region, and the universities that contributed to the knowledge, I am sure, that moved that technology forward, Microsoft locating there.

I do not know the whole history of Bill Gates in your region, but there is no question that the defense industry spun off the computer industry and the high tech industry all across California to Silicon Valley and then up, and so regions like I represent never had that.

When I look at where federal dollars have been invested, and, you know, what they have yielded, to me, the way I look at a community like mine now which is suffering under so much unemployment, and has for a long time, if one looks at our university corridors, and you referenced Bio Tech off your university there, I really think in many ways our universities are our growth corridors even though they are subsidized by the taxpayer, either statewide.

They are a new spine. So the Bio Tech you are spinning off in my region is translated to our university, which obviously is all publicly subsidized, but we are spinning off research that we are now the third largest solar center in the hemisphere, and new knowledge that grew out of our glass industry, which is an unsubsidized industry.

What is interesting about your pattern and our pattern is that the proximity to knowledge and to the knowledge base and to neighborhoods that may be adjacent to that, as we think about new spines for development I think in many places the university corridor becomes extraordinarily important. We look at it in a different way than we did 30 years ago where it was just an adjunct or it was just out there somewhere.

It has come into its own in a way. My community compared to 30 years ago, we now have a medical university, a graduate university in medicine and we are talking about, you know, we have a research technology park there and slowly we are beginning to see companies that grow off of that. There is a slow transformation, I think, occurring across our country, in some places faster than others, where you can see a new urban form taking shape.

What is interesting about it is that our bike trails, where are they anchored? They sort of are anchored in our metro parks but they all lead to the university. So it is just very interesting. Now, do they lead there perfectly? No. Do we have a long way to go? Yes. Do we need help in reshaping the urban core? Our university is not located in the urban core but proximate to it, not that far. The urban core for us will become our government center.

But thinking about what are the job generators, and how do you get jobs in job tight regions, you have to create them off new knowledge. When you have no federal investment for the most part other than in subsidy dollars—frankly, one of the largest, and I will end with this, set of subsidy dollars coming into our region, and I think Tom Latham will be interested in this, every year in my little county \$100 million comes in in food stamps.

One of the issues we have been looking at in a very agriculturally rich region like northern Ohio is how can we weave ribbons of

green and begin producing product for people right back in the city in our food desert so that agricultural corridors also are re-integrated back into our urban core? We have the ability to do that. So I just appreciate your testimony, and I will yield back the no time that I have. I just appreciate your listening to me, and thank our Chairman again.

Mr. OLVER. I am deeply sorry that you were not here to listen to Mr. Norquist's description of Detroit, which I thought was an incredibly powerful cogent description. Toledo is obviously, from what Marci is saying, in better shape, but it is a little Detroit in a sense, a little like Detroit. We have zero time left on the roll call but there are 283 people who have not voted, so if you have a comment, or otherwise you can go and I will stay until you folks have your chance to say a couple of words and then we will go.

Mr. NORQUIST. Well, I was just going to say last summer my wife and my two kids and I had the pleasure of wandering off our trip across Ohio to Sandusky, which is kind of hard to find because it is not on the normal routes people go, but it used to be. It had good train service and all that sort of thing.

So as the transportation priorities change and there has been a lot more investment in rail and so forth some of these cities, like Toledo and Sandusky and so forth, their beauty will be revealed again to people, and I think it will help it capture some of the prosperity that places like Seattle have.

Mr. OLVER. That is a hopeful thing.

Ms. KAPTUR. Mr. Chairman, I appreciate that comment. Just to say, Carolyn Kilpatrick, Congresswoman Kilpatrick and I, we want to tour Detroit together and look at urban farming in Detroit because it is the very same issue and we want to ripen it. Frankly, I think the biggest job generator for you besides that has got to be your farmers' market. You could not do enough there and build a wing on that to produce all winter long off Eastern Market, but in any case, thank you.

Mr. OLVER. Mr. Latham.

Mr. LATHAM. Thank you very much for all your testimony.

Mr. OLVER. Indeed. I will simply second that. Thank you very much. We will have good reasons to talk with each of you more, okay? Have a good day.

WEDNESDAY, MAY 20, 2009.

MEMBER'S REQUEST TO THE SUBCOMMITTEE HEARING

WITNESSES

**HON. JOHN BOOZMAN, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF ARKANSAS**

**HON. BETSY MARKEY, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF COLORADO**

**HON. DIANE E. WATSON, A REPRESENTATIVE IN CONGRESS FROM
THE STATE OF CALIFORNIA**

**HON. HENRY CUELLAR, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF TEXAS**

OPENING REMARKS OF CHAIRMAN OLVER

Mr. OLVER. The subcommittee will come to order. Good morning, everyone, even some of our members. We are here to take testimony from Members of the House on issues related to the Transportation, Housing and Urban Development Subcommittee's jurisdiction.

It has been a number of years since this subcommittee has provided Members with an opportunity to discuss issues related to their districts, and I am happy to be here to learn more about the challenge that individual Members are facing at home. The testimony provided by the Members that have taken the time today to talk about their interests will assist the subcommittee in crafting a bill that is responsible to both the national needs and the needs of the Members' local districts. This input is vital to the subcommittee in meeting its responsibility to provide strong fiscal stewardship.

With that, I would recognize my ranking member, Mr. Latham from Iowa, for any comments he would like to make.

OPENING REMARKS OF RANKING MEMBER LATHAM

Mr. LATHAM. It will be very, very brief. I look forward to the testimony from our colleagues.

Let's proceed. Thank you.

Mr. OLVER. Thank you. Our first witness is Representative John Boozman from Arkansas. You may proceed with your testimony. We have a written statement which we will place in the record, but go ahead.

OPENING REMARKS OF REPRESENTATIVE JOHN BOOZMAN

Mr. BOOZMAN. Thank you, Mr. Chairman, Ranking Member Latham, and members of the subcommittee. I really do appreciate the opportunity to be here today and testify concerning transportation appropriation requests.

Today, I have come to talk about the regional and the national significance of the I-49 corridor. I-49 is a north-south corridor from the Port of New Orleans, Louisiana, to Kansas City, Missouri, where it connects with I-29 and I-35, which run all the way up to the Canadian border.

A large portion of the interstate in my district is complete. A large portion of the interstate from New Orleans all the way up is actually complete, and a lot of that was due to Congress in the past and especially the hard work and dedication of one of my predecessors, John Paul Hammerschmidt, who served with distinction for many, many years.

The uncompleted portions in the Third District are segments from Bentonville north to the Missouri border and from Fort Smith south to Greenwood. The Arkansas Highway Department is supportive of this project and are committed to seeing it through to completion.

The highway department is actively working on the northern portion from Bentonville to the Missouri border. It will be constructed as a bypass of the town of Bella Vista, Arkansas. This bypass is extremely important because Bella Vista is a retirement community and has the highest traffic count within the Arkansas portion of the corridor.

The second uncompleted portion in Fort Smith is a project I have submitted to your subcommittee for consideration. Work on this portion of the corridor is vital to the economic development in the region and will create a large number of jobs, both those working on the interstate and those stemming from businesses locating near the interstate.

Once completed, this portion of the interstate will assist major companies locating in Chaffee Crossing to transport products. Companies like Graphic Packaging, Mars Petcare, Umarex and Pradco Outdoor Products are located at Chaffee Crossing because of the central location and because it is an area ripe for redevelopment. The completion of this segment of I-49 will not only bolster industry in our area, but it will also ensure that products can successfully move throughout the country.

I am here today to not only educate the committee about the status of I-49, but also to encourage you to give great consideration to the north-south corridors while appropriating money to transportation projects. These corridors are about more than politics and more than the usual regional rivalries. The corridors will provide an economic stimulus for the entire country.

The fact is, our national highways must complement NAFTA. In order for companies to remain competitive, they must be able to ship goods in and out of Canada and Mexico. Companies are striving to increase economic efficiency in our global economy by keeping prices down, making their products more marketable, and making their companies more successful. We have the obligation to assist them by building the north-south corridors. We must provide companies with choices of shipping routes and the ability to keep their freight out of congestion.

The old system of warehouses across the country no longer exists. The warehouses now, with on-time delivery, are the trucks on

the road and the trains; and it is crucial that we keep the trucks moving.

The long-range economic benefit of building the north-south corridors is incredibly powerful. Our Nation is connected from east to west and now we must connect it from north to south. I believe the map is truly our best argument. I-49 will not only connect northern and southern Arkansas, but, more importantly, will be part of a larger vein running through the middle of the entire country.

In light of our unstable economy, we need to remain focused on building the roads and infrastructure. Build it, and the capital will come. With connectivity comes industry, and with industry comes jobs.

Mr. Chairman, committee, I-49 is crucial to Arkansas, but more importantly, is crucial to the entire country; and I ask that you and your committee give this request your utmost consideration.

Mr. OLVER. Thank you very much and thank you for staying within your time. You actually leave me a moment or two.

I had intended to pull out my atlas and see exactly where I-49 went. My understanding of Arkansas is that this probably doesn't go through Little Rock, does it? It passes west of Little Rock—

Mr. BOOZMAN. Yes, sir.

Mr. OLVER [continuing]. Angularly?

Tell me what the three largest communities are, other than Bentonville. Or maybe Bentonville is one of the three largest. It goes by Fayetteville?

Mr. BOOZMAN. Yes, sir.

Mr. OLVER. And then on the south, Fort Smith is it?

Mr. BOOZMAN. Fort Smith, and then down in Mike Ross' area, down in Texarkana, in that region, in the southern part of the State. So it comes from New Orleans, it goes through Louisiana, through Shreveport, that area, running up, which—Louisiana has been totally committed to the project and done a tremendous amount of work—goes on up into Texarkana, up into Mike's district, and then keeps going. And it really kind of hugs the Oklahoma-Arkansas line, and goes up into Missouri, on up to Kansas City, and there it divides into two interstates and goes to the Canadian border.

Our interstate system was built primarily east and west.

Mr. OLVER. That is the other thing I was curious about. You commented and made the case that we really need to pay attention to the north-south corridors. Well, the north-south corridors are the odd-numbered routes, and in the east, 95, of course, is the critical one. The major ones are 5, 15, 25, and so forth.

The farther you get away—in the odd numbers away from the 5-numbered routes, the less important they seem to be, although in our Northeast, 81 is quite important, and I have always viewed 75 as very important. So your comment that we weren't really paying attention to the north-south corridors was of interest to me.

Mr. BOOZMAN. It really is. I-35 going through Texas, those corridors really are at full capacity. So this route would take pressure off of some of those other routes.

The nice thing about this project is, some of the other projects, again which I am committed to and which I think we need to do, are right in the beginning stage. This is something that with a fair-

ly small amount of money, truly you can have a north-south corridor that is complete; and that interstate system would, again, run from New Orleans all the way up.

The Port of New Orleans, with more and more shipping going to that area, more and more shipping going to Houston, things are becoming more and more important.

Mr. OLVER. I have exceeded my time.

Mr. Latham.

Mr. LATHAM. I just have two questions. This is not going to restrict my access to the golf courses, is it?

Mr. BOOZMAN. No. Not at all. In fact, it will make your access easier.

Mr. LATHAM. If you have ever been down there, it is absolutely an incredible area as far as a retirement community; and lots of folks from Iowa actually live down there or winter down there.

What is the request? How many dollars specifically are you looking for in the appropriations bill?

Mr. BOOZMAN. Well, again, I don't know that. I can't tell you the specific amount. I should be able to do that.

But you guys on the back, you know—

Mr. LATHAM. Here we go.

Mr. BOOZMAN. \$10 million.

Mr. LATHAM. What would that do? What section?

Mr. BOOZMAN. What I believe in, Mr. Latham, is I think you go from the areas that have the most population density in the sense that you are doing what you want to do, you are building the interstate; but along with that you have the opportunity to have economic opportunity on top of that.

So this would be south of Fort Smith, in that area. And not only, like I say, are you building the interstate at that point, but you are providing great economic opportunity in that area also with some major industries that are coming in.

Mr. LATHAM. Thank you very much.

Mr. BOOZMAN. Thank you all very much.

Mr. OLVER. Mr. Pastor.

Mr. PASTOR. No questions.

Mr. OLVER. Ms. Kilpatrick.

Ms. KILPATRICK. No questions.

Mr. OLVER. Thank you very much for bringing up this interstate completion project. I thought the interstate system was complete. You are raising a whole awareness. Thank you very much.

Mr. BOOZMAN. Thank you very much.

[The information follows:]

Testimony of Congressman John Boozman

**Member Policy Initiatives and Project Requests for Transportation
Appropriations**

**Subcommittee on Transportation & HUD
House Appropriations Committee
May 20, 2009**

Chairman Olver, Ranking Member Latham and Members of the Subcommittee:

I appreciate the opportunity to testify before you today concerning transportation appropriations requests. Today, I have come to speak about the regional and national significance of the I-49 Corridor.

I-49 is a North-South corridor that runs from the Port of New Orleans, Louisiana, to Kansas City, Missouri where it connects with I-29 and I-35, which run north to the Canadian border. A large portion of the Interstate in my district is complete, thanks to the hard work and dedication of John Paul Hammerschmidt.

The uncompleted portions in the 3rd District are the segments from Bentonville north to the Missouri border and from Fort Smith south to Greenwood. The Arkansas Highway Department is supportive of this project and they are committed to seeing it through to completion. The Highway Department is actively working on the northern portion from Bentonville to the Missouri border. It will be constructed as a bypass of the town of Bella Vista. This bypass is extremely important because Bella Vista is a retirement community and they have the highest traffic count within the Arkansas portion of the corridor.

The second uncompleted portion in Fort Smith is a project I have submitted to your subcommittee for consideration. Work on this portion of the corridor is vital to the economic development in the region and would create a large number of jobs, both those working on the interstate and those stemming from businesses locating near the interstate. Once completed, this portion of the interstate would assist major companies locating in Chaffee Crossing to transport product. Companies like Graphic Packaging, Mars Petcare, Umarex, and Pradco outdoor Products are locating at Chaffee Crossing because of its central location and because it is an area ripe for redevelopment. The completion of this segment of I-49 will only bolster industry in this area and ensure that product can successfully move throughout the country.

I am here today to not only educate the committee about the status of I-49, but also to encourage you to give great consideration to the north-south corridors while appropriating money to transportation projects. These corridors are about more than politics, and more than the usual regional rivalries. The corridors will provide an economic stimulus for the entire country.

The fact is our national highways must compliment NAFTA. In order for companies to remain competitive they must be able to ship goods into and out of Canada and Mexico. Companies are striving to increase economic efficiency in our global economy by keeping prices down, making their products more marketable and making their companies more successful. We have the obligation to assist them by building the north-south corridors. We must provide companies with choices of shipping routes and the ability to keep their freight out of congestion. The old system of warehouses across the country no longer exists. The warehouses are the trucks on the roads and it is crucial that we keep those trucks moving. The long-range economic benefit of building the north-south corridors is incredibly powerful.

Our Nation is connected from east to west and now we must connect it from north to south. I believe that the map is truly our best argument. I-49 will not only connect Northern and Southern Arkansas, but more importantly it will be part of a larger vein running through the middle of the entire country. In light of our unstable economy, we need to remain focused on building the roads and infrastructure. Build it and the capital will come. With connectivity comes industry. And with industry comes jobs.

Mr. Chairman, I-49 is crucial to Arkansas and to the entire country. I ask that you and your committee give this request your utmost consideration.

Thank you.

Mr. OLVER. Representative Betsy Markey from Colorado.

OPENING REMARKS OF REPRESENTATIVE BETSY MARKEY

Ms. MARKEY. Thank you, Mr. Chairman and members of the subcommittee, for the opportunity to testify today.

I just want to give you a sense of where my district in Colorado is. I represent the northern suburbs of Denver, so the northern and eastern part of the State, and then also it is like a big "7", the entire eastern plains of Colorado. My district borders Wyoming to the north, Nebraska and Kansas to the east, and Oklahoma to the south.

I have five projects that I am requesting appropriations for. The first one is U.S. highway 287 in Berthoud. Berthoud is a fast-growing community about an hour north of Denver. It is about \$330,000. The funding will accommodate much-needed improvements along Highway 287 and the town of Berthoud, including surface overlay, paving marking, seeding, mulching and traffic control. This is a major connection road between Loveland and Longmont, which also connects to the Boulder area. As I mentioned, it is one of the fastest-growing communities in the area, and traffic on this highway is going to only increase.

The second request is for \$1.5 million, a timber bridge on U.S. highway 24 in Limon, Colorado. Limon is in eastern Colorado. As you are coming in from Kansas on Highway 70, you pass through Limon. This funding will accommodate the reconstruction of a timber bridge just east of Limon. The structure was originally constructed in 1934 and has now been deemed structurally deficient.

The bridge is along the Ports-to-Plains corridor, which has heavy traffic use. The bridge literally sways when cars, let alone 18-wheeler trucks, drive over it. My staff was there just a couple of weeks ago and said as soon as even a car or truck goes over it, it shakes. It is a narrow bridge with low guardrails. The Colorado Department of Transportation patches up the bridge at least once a month.

The third is also a bridge replacement, the Upper Big Thompson Canyon bridge replacement at a cost of \$2.5 million. This funding would replace two bridges on U.S. Highway 34 in the Big Thompson Canyon near the town of Estes Park. The improvements will include bridge replacement along with pavement markings, guardrail improvement, seeding, mulching and traffic control. These bridges are labeled as poor bridges by the Colorado Department of Transportation. This highway, U.S. Highway 34, is the gateway to Rocky Mountain National Park, which receives over 1 million visitors a year.

The fourth is State Highway 96, four bridges near Eads, Colorado, in the eastern plains of Colorado. It is at a cost of \$600,000. The funding would be used for preliminary and final design of structures on Highway 96 west of the town of Eads, remove and replace existing structures. The work consists of structural concrete, reinforcing steel, embankment, hot mix asphalt, signing, stripping, seeding and mulching. These bridges are also labeled poor bridges by the Colorado Department of Transportation.

The last is Highway 385 in Julesburg. Julesburg is just over the Nebraska border in northeastern Colorado. It is \$880,000. This is

the first town you come into when you are coming into Colorado in the northern part of the State.

The funding would be used to accommodate the much-needed improvements along 385 south of Julesburg. The improvements will include surface overlay, pavement markings, guardrail upgrade, seeding, mulching and traffic controls. This road is a very heavily used ag road. It is very important for local agricultural producers. It has no shoulders whatsoever. Also the natural gas industry is very active in this area and they also use this a lot. So this is another and important road, again needed improvements for agriculture.

The bridges, I believe, are also very, very significant. I think they are disasters waiting to happen.

Thank you very much for the opportunity. I would be happy to answer questions.

Mr. OLVER. Thank you very much, Ms. Markey. You have really focused on bridges. I didn't know you had that many rivers in eastern Colorado. Of course, you stretch into the mountains as well there.

Ms. MARKEY. Right.

Mr. OLVER. There toward the north.

Ms. MARKEY. We have 36 structurally deficient bridges in my district, according to Colorado—36 total.

Mr. OLVER. And you have only hit 10, I think.

Ms. MARKEY. I have hit the ones that are most heavily used and most in need of repair.

Mr. OLVER. Just a quickie.

On your fourth one where you have the list of three or four different bridges there, what is the estimated cost of construction of those bridges, with the design funded here, by what we might do?

Ms. MARKEY. About \$1 million a bridge.

Mr. OLVER. \$1 million a bridge. They are relatively small bridges.

Ms. MARKEY. They are small bridges. They are small bridges. The rivers in Colorado are not as wide as they are in the eastern part of the country.

Mr. OLVER. I thought they were miles wide, like South Platt and the Arkansas.

Ms. MARKEY. No. They are smaller bridges, but again, lots of traffic along these. So about \$1 million a bridge, \$600,000 for the design of the four bridges.

Mr. OLVER. Virtually all of these are on U.S. highways. I notice most of them are on numbered U.S. highways.

Ms. MARKEY. They are on U.S. highways, correct.

Mr. OLVER. Thank you very much.

Mr. Latham.

Mr. LATHAM. I really have no questions, other than to say I am surprised you don't have something for Brush, Colorado, here, because that is where my in-laws live.

Ms. MARKEY. I am sure I can find something.

Mr. LATHAM. I actually lived in your district going back to the early 1970s, and 34 years later we are still married.

But thank you.

Ms. MARKEY. Congratulations.

Mr. OLVER. Mr. Pastor.

Mr. PASTOR. No questions.

Mr. OLVER. Ms. Kilpatrick.

Ms. KILPATRICK. Thank you, Mr. Chairman.

And good morning. Nice presentation. You mentioned these are 5 of 30-some that need repair.

Ms. MARKEY. Yes.

Ms. KILPATRICK. Are they prioritized in terms of your ask?

Ms. MARKEY. Yes, these are prioritized.

Ms. KILPATRICK. What is the population around these bridges? For example, take the first three.

Ms. MARKEY. The Berthoud area, that is not a bridge. That is a road. But that is a community of 30,000, but it is just outside of Denver and Boulder, which are the two major cities in Colorado.

Limon has about 8,000 people in the Town of Limon, but again, it is a major thoroughfare for truck traffic. Limon is, if you are coming from Kansas into Colorado, you first hit Burlington and then hit Limon, so it is a major truck route along the east-west corridor of I-70.

And the Big Thompson, the two bridges near Estes Park: Estes Park has about 11,000 people; however, it is the gateway into Rocky Mountain National Park, which gets well over 1 million visitors a year. You have to go through Big Thompson Canyon in order to get to Rocky Mountain National Park. So that is heavy tourist traffic along those bridges.

Ms. KILPATRICK. In the Colorado DOT, that is how you found out they are critically needed structures?

Ms. MARKEY. Yes.

Ms. KILPATRICK. I don't think we fund bridges 100 percent. I am trying to see if it is 80-20 or whatever, but the chairman or staff would know better than I.

Are they recommending these?

Ms. MARKEY. Yes, these are all supported by the Colorado Department of Transportation. In Colorado, we are under constraints of what is called the Taber amendment, so transportation in Colorado, we have not had any money to fund much-needed transportation projects in Colorado.

Ms. KILPATRICK. Thank you very much.

Mr. OLVER. Is Rocky Mountain National Park in your district?

Ms. MARKEY. Yes, Rocky Mountain National Park is in my district. Yes, it is.

Mr. OLVER. Thank you very much for your testimony.

Ms. MARKEY. Thank you.

[The information follows:]

Congresswoman Betsy Markey
THUD Testimony for 5/20/09

Thank you Mr. Chairman for your leadership and for the opportunity to testify before the committee today.

My first project:

- 1 US 287 in Berthoud, Colorado
 Account: TCSP
 Amount: \$330,000
 Description: This funding will accommodate the much needed improvements along US 287 in the Town of Berthoud. The improvements will include surface overlay, pavement markings, seeding, mulching and traffic control.
 - Major connection road between Loveland and Longmont, also connecting to the Boulder area
 - Berthoud is one of the fastest growing communities in the area and traffic on 287 there is only going increase
- 2 Timber Bridge on US 24, Limon, CO
 Account: TCSP
 Amount: \$1,520,000
 Description: This funding request will accommodate the reconstruction of a timber bridge on US 24 just east of Limon (at Mile Post 379.49). The structure was originally constructed in 1934, and has now been deemed "structurally deficient."
 - Bridge is along the Ports-to-Plains corridor—heavy truck traffic
 - Bridge literally sways when cars, let alone 18-wheelers, drive over it
 - Narrow bridge with low guardrails
 - CDOT patches up the bridge at least once a month
- 3 Upper Big Thompson Canyon Bridge Replacement
 Account: TCSP
 Amount: \$2,500,000
 Description: This funding request would replace two bridges (Structures C-15-I & C-15-J) on US 34 in the Big Thompson Canyon, near the Town of Estes Park. The improvements will include bridge replacement along with pavement markings, guardrail improvements, seeding, mulching and traffic control.
 - Bridges are labeled as "poor bridges" by CDOT
- 4 SH 96: Bridges near Eads, Colorado
 Account: TCSP
 Amount: \$600,000
 Description: The funding would be used for preliminary and final design of structures on SH 96 west of the Town of Eads. K-24-A at MP 141.889, Str K-23-B

at MP 123.337, K-23-C at MP 121.112, L-22-F at MP 114.567. Remove and replace existing structures. Work consists of structural concrete, reinforcing steel, embankment, Hot Mix Asphalt, signing, striping, seeding and mulching.

- Bridges are labeled as “poor bridges” by CDOT

5 US 385: Julesburg South

Account: TCSP

Amount: \$880,000

Description: The funding would be used to accommodate the much needed improvements along US 385 south of Julesburg. The improvements will include surface overlay, pavement markings, guardrail upgrades, seeding, mulching and traffic control

- No shoulders
- Heavily used ag road—very important to local agriculture producers
- Natural gas industry uses it a lot

Mr. OLVER. Let's see. I have Representative Watson from California. Representative Diane Watson.

OPENING REMARKS OF REPRESENTATIVE DIANE E. WATSON

Ms. WATSON. Mr. Chairman and committee, I want to thank you for allowing me to testify before your subcommittee today on two top priorities for the fiscal year 2010 appropriation request for the 33rd Congressional District. I sincerely hope that today's testimony will encourage the subcommittee to fund these projects at their requested levels.

The first project I request is a \$250,000 appropriation for the Hollywood Business District Streetscape Improvement Project. This is one of the shovel-ready projects that we have been referring to.

The Hollywood Business District is one of the many diverse business communities in Los Angeles that is in need of revitalization. Project funding would be used to repair 80 stars and 184 squares of terrazzo on the Hollywood Walk of Fame. Funding would also provide for the removal of debris and curb repairs, which are primary activities of the restoration work, which includes rehabilitation of the depth and the anchorage of the zinc divider strips and the terrazzo topping of each star and square; restore concrete underlayment; and repair the utility vaults and service connections.

Completion of this project would help the Hollywood Business District generate revenues and create jobs, as this is a major tourist attraction and vital to the local economy.

My second project request is \$250,000 for the Vermont Child Development Center Project. The entity requesting the funding is Para Los Ninos. Their goal is to ensure that when children and youth leave their educational programs, they go home to families that are prepared to provide a healthy, nourishing environment, one that is well-equipped to meet their emotional and developmental needs. Funding for this project would be used to renovate restrooms at the Vermont Child Development Center.

These are projects that we have reviewed. I live in the area, and as I travel worldwide and I reference my district as Los Angeles, I get nice nods. But when I say Hollywood, I get big smiles. It is a destination of millions of people that come to the United States. They come directly to Hollywood thinking they are going to see a star on every corner. They will see a "star" in the pavement.

So I want to thank you for the opportunity to testify before the committee today, and I hope that you will give strong consideration to my top two requests for fiscal year 2010.

Mr. OLVER. Thank you very much.

Now, let me just ask, the Walk of Fame, how long is the Walk of Fame?

Ms. WATSON. I would say that in Hollywood it would go for about 2 miles.

Mr. OLVER. The section you are talking about where there are 80 stars and 184 squares, how large are the squares of terrazzo?

Ms. WATSON. I would say, just off the top of my head, in measurements, they would be about 2 by 3.

Mr. OLVER. Two by three feet?

Ms. WATSON. Yes. Those are the terrazzo boxes that the stars are in.

Mr. OLVER. Is this walk two terrazzos wide or three terrazzos wide?

Ms. WATSON. I would say it is about four terrazzos wide.

Mr. OLVER. And a couple miles long?

Ms. WATSON. Do you know the Grauman Chinese Theater?

Mr. OLVER. I have been in Los Angeles once for a convention.

Ms. WATSON. It is a big attraction. This is where they put their hands and feet and so on in the cement, so that gives you some idea of where the walk is located.

Mr. OLVER. I am curious, this sounds to me like it has an important job creation kind of a role or business role. It is an economic development job.

It is not a transportation job, is it? Is this an economic development initiative request under the HUD Department? Or is this under transportation?

Ms. WATSON. Let me just say we are building the transportation route down Hollywood in the Hollywood area. It is all part of the connections that start with downtown Los Angeles. The sidewalks on either side and the businesses on either side will thrive from the fact that we have a transportation system running there. They are in a catchment area; and years ago I carried legislation that the businesses will contribute to the maintenance of the Metro line that will go near there, and also the businesses would thrive from the tourism that is alongside.

So the catchment area is very important, the transportation catchment area.

Mr. OLVER. Okay. Your other project, the child development center, is this a phased project? If I remember correctly, in last year's legislation there was an earmark under EDI that was sponsored on the Senate side by Senator Boxer and by you on the House side.

Ms. WATSON. Sustainability.

Mr. OLVER. Is this a continuation, a second phase in the same project?

Ms. WATSON. Maybe even a third phase. It is the second phase.

Mr. OLVER. When you say the Vermont Child Development Center, it is the same child development center, basically the second phase of development?

Ms. WATSON. It is.

Mr. OLVER. Mr. Latham.

Mr. LATHAM. I have no questions, but thank you for your testimony.

Mr. OLVER. Mr. Pastor.

Mr. PASTOR. I just have one question. What line is this that is coming to Hollywood? The Red Line? Which line is it?

Ms. WATSON. I think this is the Aqua Line.

Mr. PASTOR. So going through Hollywood. Where will it continue?

Ms. WATSON. It will go out to the Pacific. We are hoping it will go all the way to the airport as well.

Mr. PASTOR. So are you under construction yet?

Ms. WATSON. Yes, we are.

Mr. PASTOR. To be completed?

Ms. WATSON. Who knows. It is year by year by year. It depends on the funding.

Mr. PASTOR. So this development with the terrazzo——

Ms. WATSON. Is all part of that catchment area, runway area, all the way out to the Pacific, to the sea, and we hope eventually to the airport.

Mr. PASTOR. Thank you.

Mr. OLVER. Ms. Kilpatrick.

Ms. KILPATRICK. Mr. Chairman, I have no questions.

Good presentation. Thank you.

Mr. OLVER. Thank you very much. You are kind to be with us today.

Ms. WATSON. Thank you very much. My pleasure.

[The information follows:]

Testimony

Congresswoman Diane E. Watson

In Support of Fiscal Year 2010 Appropriations Requests

*Subcommittee on Transportation, Housing & Urban Development
Appropriations Committee*

*Wednesday, May 19, 2009
2358-A Rayburn HOB
10:20 A.M.*

Mr. Chairman, thank you for allowing me to testify before your subcommittee today on my top two priorities for Fiscal Year 2010 appropriations requests for California's 33rd District. I sincerely hope that today's testimony will encourage the subcommittee to fund these projects at their requested levels.

The first project request I have submitted is \$250,000 for the Hollywood Business District Streetscape Improvements Project. The Hollywood

Business District is one of the many diverse business communities in Los Angeles that is need of revitalization. Project funding would be used to repair 80 stars and 184 squares of terrazzo on the Hollywood Walk of Fame. Funding will also provide for the removal of debris and curb repairs which are primary activities of the restoration work which includes rehabilitation of the depth and anchorage of the zinc divider strips and the terrazzo topping of each star and square, restore concrete under-layment, and repair the utility vaults and service connections.

Completion of this project would help the Hollywood business district generate revenue and create jobs as this area is a major tourist attraction and vital to the local economy.

My second project request is \$250,000 for the Vermont Child Development Center Project. The entity requesting the funding is Para Los Ninos. Their goal is to ensure that when children and youth leave their educational programs they go home to families that are prepared to provide a healthy, nourishing environment that is well-equipped to meet their emotional and developmental needs. Funding for this project would be used to relocate and renovate restrooms at the Vermont Child Development Center.

Mr. Chairman, thank you for the opportunity to testify before your committee and I hope you give strong consideration to my top two project requests for Fiscal Year 2010.

OPENING REMARKS OF REPRESENTATIVE HENRY CUELLAR

Mr. OLVER. Representative Cuellar, Representative Henry Cuellar from the 28th District of Texas.

Mr. CUELLAR. South Texas, yes.

Mr. OLVER. South Texas. I understand you might get two or three more districts in Texas—

Mr. CUELLAR. Three minimum and maybe four, but probably three. It has been growing very fast.

In fact, my district is one that has grown a lot, the south Texas part of it, so I have to give up at least 120,000 to 150,000 individuals, because my districts has grown a lot down there.

Mr. OLVER. Do you get to choose exactly which ones you are going to give up?

Mr. CUELLAR. We will have some sort of input. That is why I make it a point that I go visit. I was 14 years in the State legislature, and I make it a point to go visit my former colleagues at least every session without missing them.

Mr. OLVER. Go ahead. Your testimony will be put in the record so you can just proceed as you wish.

Mr. CUELLAR. Yes, sir. Thank you, Mr. Chairman, members of the committee. I appreciate it very much for allowing me to be here.

First of all, I want to thank you. You all have been very generous in the past, and hopefully, you will be generous again. I appreciate your work and that of the committee staff. I know the staff does a lot of work, and I appreciate the work that they do.

Mr. Chairman, my earmarks have always been very small. They are small. I have 12 counties, so I try to see if I can get one or two because of the different counties.

The first one is just a nonprofit to a theater in Laredo. That is my number one request. It is \$300,000. It is a theater that has been there for young kids for years and years and years and years, and it is basically helping them with electrical wiring and audio equipment and some rehab. It was put in a former Air Force base. The base was closed in 1974, so it is one of the buildings that was there since the Air Force base was built in 1945.

The second request is a hike-and-bike pathway, and it is just trying to some hike-and-bike paths in that area. It is \$300,000 also. So it is 300 and 300.

The third one is a bus terminal for \$650,000.

Those are my top three. My number one is the theater, and number two is the hike-and-bike pathway.

I have some language also, my first report language, I would ask you all to look at the FAA radar relocation. It is basically in the border area. Mr. Pastor, you are from the border area.

The Feds, we were pretty good at building walls on the southern part of the area, billions of dollars we are talking about in investment. But one of the things we have been trying to do is have wind farms down there. The problem has arisen down there on the border that you have radars; and on the radars down there, we have been trying to work with the FAA to help them relocate one of the radars.

For example, in my district we are trying to put a \$2 billion investment in a wind farm, but the FAA has got in the way saying, We have got a radar and we want to make sure we catch the airplanes coming in.

So we are asking them, because apparently it is going to cause problems in other parts of the border area, and it is one of those things that I know can be worked out, where you can relocate the radars and still not affect a \$2 billion investment in my area. So we are asking you to look at that language itself.

The other things are just basically high-speed rails and transportation infrastructure for the ports of entry, just report language. But my main one is that FAA relocation, because it has been a problem, because the Feds have been good at putting a border wall, but now that we are trying to put a \$2 billion investment, they have been giving us a hard time.

I am on the Homeland Security Committee, and we were able to put \$10 million for the radar relocation, but FAA still gives us a difficult time. So I would ask for your assistance on that.

That is it, Chairman. I don't want to take up your time, members of the committee. And I appreciate your help.

Mr. OLVER. Thank you. Your district reaches into San Antonio?

Mr. CUELLAR. Yes, sir.

Mr. OLVER. Do you have some of the city of San Antonio, or do you have just the suburbs?

Mr. CUELLAR. I have the suburbs. I have Randolph Air Force Base in northeast San Antonio, and I go from San Antonio down to Laredo, my hometown.

Mr. OLVER. Laredo is your largest city?

Mr. CUELLAR. Yes.

Mr. OLVER. How large is Laredo?

Mr. CUELLAR. Probably right now it is about 225,000 or more.

Mr. OLVER. And growing?

Mr. CUELLAR. And growing.

Mr. OLVER. The theater you mentioned is in Laredo?

Mr. CUELLAR. In Laredo.

Mr. OLVER. And the park and ride, or what was the term you used for that?

Mr. CUELLAR. That is a park in Laredo.

Mr. OLVER. That is in Laredo.

Mr. CUELLAR. 14,500 is the population I represent in Northeast San Antonio, which is mainly the Randolph Air Force Base. The largest block of population is Laredo. Roma is down there in the southern part of the district.

Mr. OLVER. Roma is where you were asking for the assistance with a bus terminal?

Mr. CUELLAR. That is correct.

Mr. OLVER. That is in the Laredo area?

Mr. CUELLAR. No, it is not.

Mr. OLVER. Where is Roma then?

Mr. CUELLAR. Roma is about 90 miles south of Laredo.

Mr. OLVER. South of Laredo. Oh, I see. Toward McAllen. Somebody, knowing that I love maps, has provided me with maps. Sometimes I can't follow quickly enough.

Tell me where the radar—you are asking for language in relation to that. I have not looked at it yet.

Mr. CUELLAR. The radar is between Webb County, my hometown, Jim Hogg, and Zapata. Basically, that area covers three counties. There is an investment of \$2 billion to put a wind farm, but the problem has been—

Mr. OLVER. Is this a Pickens investment?

Mr. CUELLAR. No, it is not.

Mr. OLVER. This is the State of Texas?

Mr. CUELLAR. No, it is not. It is actually some folks from the Corpus Christi area. It has nothing to do with wind farms on the coast. This has to do with three counties that are in my district. We have been working at it for a while. They are talking about putting \$2 billion. That is a huge investment that would really transform those small counties—Zapata, Jim Hogg and part of Webb County. It covers those three areas.

Basically, they have had a radar there for years. And like I said, we got some money from Homeland, \$10 million, and now FAA is saying, Oh, it probably is more than \$10 million.

It is almost one of those things where they are coming up with excuse after excuse. First, it was the money. Here is the money. Now they are saying, Oh, we have to look at it, because we don't want a mistake with something that has a propeller. And I said, Well, propellers are the ones that kind of move on airplanes, and a windmill is one that stands stationary. So I think we can work that out.

But, nevertheless, they are saying they have a problem. They keep saying they are going to work it out. But here we are.

It is a poor area, an extremely poor area of the country, and we are trying to work with the FAA. I can understand border security, because I am on Homeland and am from the Laredo border area. But at the same time I am sure we can relocate radars in such a way that it won't affect us or the windmills in such a way that they won't affect a balance between an investment and border security.

Mr. OLVER. This must be a wind farm that is somewhere between 500 and 1,000 wind turbines?

Mr. CUELLAR. Right. Forty have been authorized already, but the main part of it hasn't been authorized.

Texas, as you know, is the number one State in wind farms, mainly in West Texas. But now we have a wind corridor in my district and we are talking about investing, like I said, \$2 billion. But we have had this trouble with the FAA.

I wish we could sit down. I have sat with them in Homeland so many times. Now they are saying, We are waiting for the new administrator. It is impeding our \$2 billion, and for South Texas and the border area, \$2 billion is a lot of money. I guess that would be anywhere else.

Mr. OLVER. In my district we have had 2 years of delays on one turbine, maybe two, somewhere within 5 miles of a very small-capacity airport. So the FAA does have problems.

Mr. Latham.

Mr. LATHAM. I would just ask whether you want to move it, or is it to get a different type of radar?

I had a similar problem in my district. They were building a natural-gas-powered electrical generation plant and the chimneys were going to affect the radar. Basically, we just had to go to a modified Doppler system and that took care of the problem.

Is it movement or is it the type of radar?

Mr. CUELLAR. We are open, because the same experts that FAA uses are the same experts that the folks are using from the Corpus Christi area. They are saying, Look, we can move them, we can adjust the height, we can do whatever you want us to do. Just work with us on that.

They did authorize 40 of them. But this is a much bigger project than just 40. It is huge. And it is either adjustment of the radar—and by the way, without getting into too much detail, the lease has expired; and now that the lease has expired, FAA says we are going to condemn or use eminent domain. It is like they are using every way they can. And we are saying, Look, we are using the same experts that FAA uses; we will work with you in any way you want to, either move them up and down, move the radar.

If they talked about moving the radar, Homeland came up with \$10 million. Now FAA says, Oh, that is not enough. Every time we come up with something, they come up with a reason.

It is an issue that I can understand. I can understand. But it is something that—I always say there is always a solution; there is always a way to try to figure it out. But trying to get some of our bureaucratic friends up here, it can be difficult.

Mr. LATHAM. What does the report language say? What do you want them to do?

Mr. CUELLAR. Basically we wanted them to sit down and come up with a solution. It is kind of like put them in a locked room, close the door and get them to come up with a solution. Their own experts and our own experts, my constituents are saying, it can be done, but FAA just keeps saying no, no, no.

Mr. LATHAM. Thank you very much.

Mr. OLVER. Mr. Pastor.

Mr. PASTOR. No questions.

Mr. OLVER. Well, thank you very much then for your testimony and for being with us today.

Mr. CUELLAR. I appreciate it.

I know there are not too many members here, but I certainly am one of those that I feel is giving us an opportunity. I sat 10 years in the house appropriations in Texas, and we always gave this opportunity. Just giving Members an opportunity to sit down means a lot. I wish more Members would take advantage. It means a lot to me.

Mr. OLVER. You were the fourth. The others had just left as you came in, had gone as they finished their testimony.

Mr. CUELLAR. Thank you very much.

[The information follows:]

**Transportation, Housing and Urban Development, and Related Agencies Appropriations
Subcommittee
Testimony- Congressman Henry Cuellar (TX-28)**

Chairman Olver, Ranking Member Latham and Members of the Subcommittee:

Thank you for the opportunity to address the Committee and to speak to the importance of projects in the 28th Congressional District of Texas.

The 28th District contains four counties along the US-Mexico border, the nation's largest inland trade port in terms of trade volume and three major population centers, one of which bears current Urban Area Security Initiative designation. The projects I have submitted for inclusion in the Transportation-HUD and related agencies appropriations bill are of direct significance to the safety and economic security of citizens in the 28th district of Texas.

I also strongly support my project submission of the City of Roma Bus Terminal

The bus terminal will expedite the movement of people into and out of the United States through Roma. The port of Roma serves as the United States closest point to Monterrey, Mexico.

Because of this proximity the Mexican government is investing millions of dollars into the route that connects Roma with Monterrey.

This project will significantly reduce congestion and increase safety by putting all buses in a centralized location, rather than on streets throughout the city. Currently bus companies are operating out of small offices in narrow streets across the city. The buses are forced to park on

street curbs and this causes traffic congestion. Because of the vast size of these buses, visibility in these narrow streets is hindered and causes a major safety concern.

I would also like the committee to urge the completion of studies that evaluate high speed rail corridor expansion, especially in areas where there has been a rapid growth in population such as areas around Houston and Laredo Texas.

I would also like to urge the committee to consider my submission for FAA Radar Relocation language. Several districts around the country around mine are looking for a development plan for the relocation of radars and associated support structures, when feasible, of structures impact or prevent the optimal development of renewable energy technologies such as but not limited to wind turbines, solar or bio-fuel facilities.

I urge the committee to consider my language request for infrastructure development in areas containing international crossing points, and urges the department to work with state local government to prioritize and complete highway projects that safely move vehicular traffic away from international land ports of entry. It is more important than ever that we work to protect border communities.

I strongly support my project submission of the Laredo Little Theatre in Laredo, TX
This request will provide funding for a live community non-profit theatre that features amateur acting and directing, and summer children's productions. The funding request will be used to replace worn-out, outdated electronic equipment such as a light board, light fixtures, electrical

wiring and audio equipment. Funds will also be used to construct a prop and costume storage and workshop facility, and to increase the theatre's parking capacity. This important project will compliment several important economic development initiatives in Laredo, TX.

I also strongly support my project submission of the Manadas Creek Hike and Bike Pathways. The project will consist of approximately 80,000 linear feet of pathway that will connect the major community elements of North Central Laredo to the Rio Grande River Vega Park System. The largely residential area will be able to utilize the pathways to access most of the schools in the region ranging from elementary school to high school. The area Boys & Girls Club and the City Tennis Court Complex will be connected to the system along with the area Hospital and the most substantial shopping centers in the vicinity including a mall, a large grocery store, various variety stores and restaurants and a large drug store, helping economic development and growth.. The pathway system also preserves the character of the Manadas Creek, which with the Rio Grande River Vega Park, is well known for their abundance of wildlife and in particular as very attractive areas for bird watching. The pathway system also crosses numerous major City and State right-of-ways which will allow for trailhead facilities that can be used as switching points from conventional vehicular traffic to alternative modes of transportation. One of the State right-of-ways intersected is I-35 which is slated as a major corridor that will incorporate high speed rail in the future.

I also strongly support my project submission for the Dilley ISD Women's Athletics Title IX Compliance Facility – in Frio County, TX, through the Economic Development Initiatives account. This project would construct a women's athletics dressing facility to bring Dilley ISD

into compliance with Title IX. The facility would be used for district wide extracurricular and sporting activities. Our school district is currently planning the construction of a Girl's Dressing Facility to ensure Title IX compliance. This facility will be utilized for district wide girls extracurricular activities. In the past, women's athletics in Dilley ISD were forced to use substandard facilities.

Mr. OLVER. Thank you. Have a good day.
The hearing is closed.

CONGRESSWOMAN MADELEINE Z. BORDALLO
TESTIMONY BEFORE THE TRANSPORTATION, HOUSING AND URBAN
DEVELOPMENT, AND RELATED AGENCIES SUBCOMMITTEE OF THE
HOUSE COMMITTEE ON APPROPRIATIONS
April 16, 2009

Chairman Oliver, Ranking Member Latham and Members of the Committee, thank you for the opportunity to submit testimony on my requests for the Committees' Fiscal Year 2010 appropriations mark.

The territory of Guam, my Congressional District, is undergoing major changes vis-à-vis a build-up of military forces resulting from prior year decisions to realign and consolidate U.S. Armed Forces in the Asia-Pacific Region. Chief among these realignments is the rebasing of some 8,000 Marines and 9,000 dependents from Okinawa, Japan to Guam. In addition, there will be increased Navy, Air Force and Army personnel stationed on Guam. In total, and over the next six years, it is estimated that the population on Guam will increase by about 30,000 individuals, a roughly 20% increase. This substantial increase in population will place considerable constraints on Guam's local civilian infrastructure, particularly our road network, and on the availability of public transit and the capacity of our commercial port.

In response to this increased demand and anticipated utilization of our road and transit networks, the Guam Department of Public Works in partnership with Parsons Brinckerhoff International developed the Guam Transportation 2030 Plan which was published and approved by the Governor of Guam in January 2009. The plan outlines critical road and transit projects that will need to be funded to sustain current populations as well as the anticipated increase in construction and population resulting from the military build-up on Guam. In particular, the report highlights the need for nearly \$2 billion in road improvements over the next 20 years. However, the report also conservatively estimates the availability of only \$500 million in revenues from the Territorial Highway Fund, the local liquid fuels fees and the Defense Access Roads program. The significant shortfall will require Congressional support and innovative thinking to close this budget gap over the coming years.

I thank the Committee for its support of funding in the Fiscal Year 2009 Omnibus Appropriations Act in the amount of \$237,500 for the procurement of a new compressed natural gas (CNG)/hybrid bus which will replace a two decade old fleet currently managed by the Guam Department of Public Works. I also thank the Committee for its support of \$475,000 in funding to establish a new bus maintenance facility that will service the new fleet of CNG/hybrid buses. The funding will help Guam fulfill the commitments to public transit outlined in the 2030 Transportation Plan.

I would like to continue to build on the support received from the Committee last year and respectfully appeal to the Committee to strongly consider my requests for additional funding of new CNG/Hybrid buses along with additional funding for the new maintenance facility on Guam. Additionally, I would also ask that the Committee, this

year, include funding for the Maritime Administration to assist them in fulfilling their statutory obligations outlined in Section 3512 of Public Law 110-417, the National Defense Authorization Act for Fiscal Year 2009. Section 3512 established the Port of Guam Improvement Enterprise Program and authorized the Maritime Administration to act as primary coordinator along with the Port Authority of Guam to conduct major improvements at the port to improve its capacity and ultimately expand it to meet expected increases in usage as a result of the military build-up. The improvements and expansion would be executed in accordance with a memorandum of understanding that was signed in 2008 by the Governor of Guam and the Maritime Administrator.

I request \$2 million be appropriated for the newly created Port of Guam Enterprise Improvement Fund. These funds would be expended by the Maritime Administration to commence the process of hiring the requisite support staff needed for this program. Moreover, the funding would be used to begin work on an environmental assessment for immediate improvements as well as an environmental impact statement for all future expansions as outlined in the Port of Guam's Master Plan. If improvements at the port do not begin immediately there is an immediate risk of creating a chokepoint for the delivery of construction materials needed for both the civilian and military infrastructure improvements on Guam. The chokepoint could ultimately inflate overall construction prices and result in unnecessary delays to the program of record. A delay would also risk the scheduled implementation of the international agreement reached with the Government of Japan for the relocation of units of the III Marine Expeditionary Force based on Okinawa to Guam. These risks underscore the importance of appropriating funds for Fiscal Year 2010 to the Maritime Administration to begin Port of Guam modernization projects.

Again, I appreciate the opportunity to address the Members of this Committee. We have very pressing transportation needs on Guam and I appreciate the Committee's previous recognition of these challenges and hope that you will continue to support my requests by including them in the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act for Fiscal Year 2010.

Statement by Rep. Pete Olson (TX-22)
 Appropriations Committee
 Subcommittee on Transportation, Housing and Urban Development and Related Agencies
 Member Request Project Submission for the Record
 April 16, 2009

Chairman Olver, Ranking Member Latham, and members of the THUD subcommittee, thank you for allowing me to submit for your consideration my testimony in support of, and justification for, funding in the FY 2010 Appropriations Bill.

I have submitted a critical transportation infrastructure project request through the Federal Highway Administration in the amount of \$500,000. These funds would be used to ensure the timely completion of environmental studies of I-69 in Texas, particularly the expansion to interstate standards of U.S. Highways 77, 281, and 59, from Laredo and the Lower Rio Grande Valley through Houston to Texarkana. This project has been authorized under the Intermodal Surface Transportation Efficiency Act of 1991 and designated by Congress as a "high priority corridor." Since inception of I-69 in Texas in the early 1990's, the cost of building the project has more than doubled from approximately \$6B to \$12B. Developing I-69, which spans approximately 1,000 miles from Texarkana to the Texas/Mexico border, is no small undertaking. However, this country cannot afford further price escalations like we have seen during the past 10+ years of study. This funding would be used to obtain environmental clearances so as not to further delay construction of the corridor.

The funding for this project is being requested in the FY10 Transportation/HUD Appropriations, Federal Highway Administration, Interstate Maintenance Discretionary account for the expansion of Interstate 69 in the State of Texas. This project is my only request in the transportation and housing bill and as such is my one and only priority.

Development of I-69 from Texarkana to the Lower Rio Grande Valley and Laredo by upgrading existing highways wherever possible is supported at the national, state and local levels.

First, the highway has been recognized by the federal government as a worthwhile endeavor. I-69 was designated by Congress as a high priority corridor in ISTEA and as a future interstate in TEA-21; was authorized \$50M as part of the National Corridor Infrastructure Improvement Program in SAFETEA-LU; and most recently was named a Corridor of the Future in 2007. For more than the past decade, I-69 has consistently been identified as a national priority. Furthermore, over \$60 million in federal funding has already been dedicated to the development of I-69.

Secondly, the state of Texas has named I-69 as a state priority. TxDOT designated I-69 as one of the state's four priority corridors in 2002. The TX Transportation Commission has committed to building I-69 as an interstate roadway along existing right-of-way. The I-69 Corridor Advisory Committee comprised of local leaders convened to study the current and future needs of the I-69 Corridor concluded that I-69 is the vital artery needed to connect the ports of entry to each other,

the rest of Texas and the nation. I-69 addresses the current urgency for additional road, rail, and port capacity to accommodate freight movements throughout Texas and the nation.

Finally, funding is not limited to those from the federal government. State, county and municipal funds and toll-viable projects also contribute to the cost of this project. The contribution of federal, state, local and private resources exemplifies the type of partnership and commitment that exists between government entities and communities along the corridor to develop this critical highway.

This specific funding will enable TxDOT to eliminate delays by ensuring that environmental studies are completed so construction can be undertaken during the next transportation bill. As the population in Texas, particularly in my district, increases, addressing transportation infrastructure challenge is imperative. The benefits of such a highway project are numerous, from expanding commerce, creating new jobs, and strengthening local economies.

Thank you for considering this request and I would be happy to provide any information or answer any questions you may have regarding it.

JOE WILSON
2ND DISTRICT, SOUTH CAROLINA
ASSISTANT REPUBLICAN WHIP
COMMITTEES:
ARMED SERVICES
RANKING PERSONNEL SUBCOMMITTEE
FOREIGN AFFAIRS
EDUCATION AND LABOR
HOUSE POLICY

Congress of the United States House of Representatives

Statement of the Honorable Joe Wilson H.R. --, the "Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2010"

COUNTIES:
AIKEN*
ALLENDALE
BARNWELL
BEAUFORT
CALHOUN*
HAMPTON
JASPER
LEXINGTON
ORANGEBURG*
RICHLAND*
[*] PARTS OF
W. ERIC DELL
CHIEF OF STAFF
AND COUNSEL

It is my pleasure to offer for funding consideration a project located in my district which I believe is of great importance and utility to not only the immediate area but to the region as well.

The Bluffton Parkway Phase 5A will extend the existing parkway from Burnt Church Road to just west of the bridges to Hilton Head Island. Phase 5A will make the Bluffton Parkway a continuous roadway from US 278 near the Hilton Head Island bridges to SC 170 in southwestern Beaufort county. It is estimated that, when completed, this road will reduce traffic on US 278 in the greater Bluffton area by as much as 30%. Beaufort County proposes to construct Phase 5A of the Bluffton Parkway on new alignment and enjoy controlled access. The proposed roadways would include four 12-foot travel lanes with curb and gutter, a raised landscaped median, 8-foot multi-use paths along each side of the roadway, and a posted speed limit of 45 miles per hour.

Phases 1-4 of the Bluffton Parkway already have been funded and completed by Beaufort county. These phases helped to establish the Bluffton Parkway from SC 170 to Burnt Church Road. The Parkway in this area is a 4-lane divided highway with a raised landscaped median. The completed segments include 8-foot pathways, 1.2 miles of the Buckwalter Parkway and 5 signalized intersections at SC 170, Buckwalter Parkway (2 intersections), Buck Island Road and Simmonsville Road. This vital link has significantly reduced congestion and improved safety on most of US 278 in Beaufort county.

As of the 2000 census, the population of Beaufort County was 71% urban and 29% rural. It contained the City of Beaufort (population 46,227), Town of Hilton Head Island (34,400), Town of Bluffton (6,136), and the Town of Port Royal (3,950) Urban Clusters. The Town of Bluffton is the fourth largest city in South Carolina by land mass. In 2000, Beaufort County's total population was 120,937. The estimated population in 2004 was 135,725, an increase of 12.23%. In 2005, the population was estimated to have reached 137,849, representing a population increase of 1.6% in one year. In 2006 the estimated population reached 157,807, an increase of 36,870 people in six years. By the year 2025, it was estimated to reach 267,778 at the current rate of growth. This is a substantial population growth rate for a region that encompasses less than a quarter million people. There is also a strong military presence in Beaufort county in the Marine Corps Air Station, Parris Island Recruit Depot and the U. S. Naval Hospital.

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According to the 2000 Census, Beaufort County was South Carolina's fastest growing county, primarily because of development south of the Broad River. These figures, paired with the nation's average birth and death rates, illustrate that a very large number of people are moving into Beaufort County at a steady rate and that the current population is growing just as steadily.

With the completion of Phase 5A, this facility will also significantly improve the hurricane evacuation capabilities of Hilton Head Island, greater Bluffton and the unincorporated areas of southern Beaufort county.

The local commitment and progress on this project is substantial, despite any state or federal funding. At the present time the Environmental Document for Phase 5A has been approved by FHWA (on February 22, 2008). Also a detailed Roadway Engineering Design by Florence & Hutcheson began in March, 2008 and is nearly complete.

- Public Hearing has been held and these comments have been addressed
- Major electrical utility line relocations (Santee-Cooper) are underway.
- Roadway plans are 100% complete
- Bridge plans are 60% complete
- Title and appraisal work in compliance with FHWA and SCDOT is underway.
- Phase 5 A the FHWA has agreed they find no significant impact (FONSI Request) as a result of this project on cultural or historical sites

Thank you for your time and consideration and should you have any questions please do not hesitate to contact me.

**Statement of the Honorable Joe Wilson
H.R. --, the "Transportation, Housing and Urban Development, and Related
Agencies Appropriations Act, 2010"**

Mr. Chairman, I am grateful to have the opportunity to speak to you regarding a significant transportation project that will benefit South Carolina and the entire Southeast. Additionally, this is a historic transportation project for the Lowcountry of South Carolina. As you know, the district that I represent contains both the wealthiest and poorest sections of the Southeast. On the prosperous end of the spectrum are Beaufort County and Hilton Head Island, which include world-class resorts, making the area a high-demand tourist destination. The area is experiencing extreme growth with a population boom in the surrounding communities. Due to the landscape and nature of these Island communities, citizens and visitors are faced with the increasing need of an alternative evacuation route in lieu of the current Highway 278 route.

The more challenged areas in the district I represent are right next door to the high end communities. Jasper County is one of the six most distressed counties in South Carolina. With a current unemployment level of well over 10%, and nearly 1/3 of its citizens living below the poverty level, Jasper County is in tremendous need of jobs. Mr. Chairman, what if there was a regional transportation project that benefited both of these diverse

areas, helped provide solutions to both of their issues, and played an integral role in the region's overall, long-term transportation plans? A new interchange, located approximately at Milepost 3 on I-95 in South Carolina, would serve these and other purposes.

No greater opportunity for regional cooperation on transportation exists in the district I represent than Exit 3. Exit 3 and the beginning part of the new Purrysburg Road (Southern direction) attached to it would provide the terminus for the Bluffton Parkway (Highway 278A) when it reaches I-95. This crucial project would provide a permanent, alternate hurricane evacuation route to Highway 278 for Southern Beaufort County. An alternate route is desperately needed for public safety purposes. Should a hurricane or other disaster strike, the congestion on the current evacuation route makes it a disincentive for people to move out of the region, putting many lives in danger. In addition to solving a public safety issue, Exit 3 would dramatically reduce the daily traffic congestion issues on Highway 278 from Hilton Head to Bluffton and beyond, eliminating the unpleasant option of having to completely rebuild either Exit 5 or Exit 8 on I-95. The City of Hardeeville and Jasper County have already begun acquiring the necessary right-of-way for the Bluffton Parkway to extend it to Exit 3 as part of several large development agreements. As of today, they have 70% of the right-of-way acquisition complete. As you can see, there is no transportation project that does more to solve Beaufort and Jasper Counties' long-term transportation issues than Exit 3.

Then there also significant economic benefits associated with the project, something no other proposal brings to the table. Primarily, Exit 3 will provide a new access point to service substantial development associated with the RiverPort Tract in the City of Hardeeville. This tract will include over 1,300 acres of industrial development translating into over 15 million square feet of commercial warehousing space. To give you a perspective on just how large that is, consider that the Garden City Terminal in Savannah has a 30-mile radius in the state of Georgia that is full and holds a total of 40 million square feet of space. This one tract alone will nearly get to half of that total just by the construction of Exit 3. Three other tracts of land in Southern Jasper County in Hardeeville will also see development benefits as well, and I am proud to say that the resulting job creation for the region will be over 28,000 permanent, on-going jobs. It is important to mention that this economic activity would happen regardless of the creation of the new Jasper Ocean Terminal, and I would like to reiterate that this job creation will benefit of the poorest and most distressed areas in South Carolina.

Whether we are dealing with both the existing and the potential new terminals, or just business captured from the existing Garden City Terminal, Exit 5 is not equipped to handle the new truck traffic. Exit 5 was never intended to be a heavy-duty endpoint for large amounts of port-related traffic. It is a substandard, geometric design with limited capacity and with frontage road, intersecting ramps. This configuration results in unsafe vehicle conflicts and cannot be considered adequate to service the large truck volumes which will result. Additionally, numerous commercial sites currently sit on all quadrants of the interchange, which makes reconstruction extremely difficult and expensive. To put it frankly, it will cost much less to construct the new exit than it would to rebuild Exit 5.

A new four-lane road that has the capacity to handle the end of the Bluffton Parkway and serve the needs of the developments planned in the City of Hardeeville and Jasper County would provide more than adequate service until the year 2033.

In closing, I have made Exit 3 and the completion of Bluffton Parkway Phase 6/7 as one of my priority transportation projects for several reasons:

- It is a regional project that provides a long-term solution to the ongoing problems of hurricane evacuation/public safety and traffic congestion related to Highway 278 by providing the terminus for the extension of the Bluffton Parkway/Highway 278A;
- It is part of the listed regional transportation infrastructure needs for the new Jasper Ocean Terminal;
- The new road and interchange are estimated to stimulate more than \$7.1 billion in capital investment within the first 30 years, creating tens of thousands of permanent new jobs for a part of our population that needs them the most.

Thank you and I will be happy to answer any questions you may have.

A handwritten signature in black ink that reads "Joe Wilson". The signature is written in a cursive, slightly stylized font. The first name "Joe" is written with a large, looping 'J' and a small 'e'. The last name "Wilson" is written with a large 'W' and a trailing 'n'.



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**Statement of
The American Society of Civil Engineers
On The Fiscal Year 2010
Surface Transportation Programs**

**United States House of Representatives
Subcommittee on Transportation, Housing and Urban Development, and Related
Agencies
Committee on Appropriations**

April 15, 2009

The American Society of Civil Engineers (ASCE)¹ is pleased to present to the Subcommittee our views on the proposed budget for the nation's surface transportation program.

ASCE's 2009 Report Card for America's Infrastructure graded the nation's infrastructure a "D" based on 15 categories (the same overall grade as ASCE's 2005 Report Card), and said that the nation needs to invest approximately \$2.2 trillion over the next five years to maintain the national infrastructure in good condition. Even with the current and planned investments from federal, state and local governments in the next five years, the "gap" between the overall need and actual spending will exceed \$1 trillion in 2014.

The following are the grades and the five-year investment needs in the surface transportation area:

- *Bridges received a grade of C;
- *Roads received a grade of D-, and combined with bridges, have an estimated five-year investment need of \$930 billion;
- *Rail received a grade of C- and has an estimated five-year investment need of \$63 billion; and
- *Transit received a D and has an estimated five-year investment need of \$265 billion.

As the Administration is in the process of developing a comprehensive approach for the 2010 surface transportation authorization, its Fiscal Year (FY) 2010 Department of Transportation proposed budget contains no policy recommendations for programs subject to reauthorizations, including Federal-Aid Highways. Instead, the budget displays baseline funding levels for all surface programs.

¹ ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents more than 146,000 civil engineers individually in private practice, government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a non-profit educational and professional society organized under Part 1.501(c) (3) of the Internal Revenue Code.

To reflect the growing imbalance between projected Highway Trust Fund (HTF) revenues and baseline spending, the budget shows only the HTF funding that can be supported while maintaining positive annual cash balances in the HTF. The remaining spending compared to the baseline for the program is shown as discretionary budget authority from the General Fund. The Budget includes \$5.0 billion in new contract authority and obligation limitation in the existing Federal-Aid Highways account and \$36.1 billion in a new General Fund share account. The following represents our understanding of the Administration's proposed FY 2010 Transportation Department budget.

The FY 2009 obligation limitation for the Federal-Aid Highways program was \$40.7 billion. With the baseline increase, the total FY 2010 funding level for the program proposed in the budget is \$41.1 billion. The budget proposes cutting the 2010 obligation limitation to \$5.0 billion and making a direct general fund appropriation for the remaining \$36.1 billion to bring the total to \$41.1 billion.

The total program level for the Formula and Bus Grant program will increase from \$8.26 billion in FY 2009 to \$8.34 billion under the proposed 2010 budget. But only \$5.0 billion of that will be in the form of an obligation limitation on funding from the Mass Transit Account of the Trust Fund – the remaining \$3.34 billion will be a direct general fund appropriation. The appropriation for Capital Investment Grants (new start rail and BRT projects) is \$1.827 billion.

We would note that proposed General Fund appropriations which are used to replace HTF funding are conditional, as the budget proposal states that the General Fund appropriations will be provided unless other legislation is enacted that authorizes a change that results in a positive cash balance in the HTF, projected through the end of fiscal year 2010.

The budget proposes \$1 billion for Capital Assistance for High-Speed Rail Corridors and Intercity Passenger Rail Service and funding for Amtrak would increase from \$1.490 billion to \$1.502 billion.

The Federal Motor Carrier Safety Administration and the National Highway Traffic Safety Administration programs would receive a one percent baseline increase and would continue to receive full support from the HTF.

We believe that the Administration's proposed budget reflects a reasonable level of funding but have concerns that the systemic problems with the Highway Trust Fund (HTF) are not being addressed. While the estimates vary, there will be a deficit in the HTF of between \$8-10 billion by the end of FY 2009. Congress must take the lead in addressing this problem to ensure continuity in the nation's surface transportation program. In the long term, we are concerned that the Administration and the Congress are not addressing the urgent need to upgrade the nation's aging infrastructure or improve the safety and mitigate the congestion on our nation's roads, by making a strong commitment to the nation's surface transportation system.

The longer Congress waits to enact a properly funded and re-designed surface transportation bill, the greater the problem will become. Inaction will lead to a further deterioration of the nation's surface transportation assets, a continuation of high levels of traffic fatalities and more wasted time and fuel due to increased congestion creating a further drag on the economy.

Currently, most infrastructure investments are made without the benefit of a national vision. To ensure that the 2009 surface transportation bill is one which addresses the nation's Twenty first century transportation needs, we propose five key solutions:

- *Increased federal leadership;

- *Promoting sustainability and resilience;
- *The development of federal, regional, and state infrastructure plans;
- *Addressing life cycle costs and ongoing maintenance; and
- *Increased and improved infrastructure investment from all stakeholders.

Freight Mobility

As the U.S. economy has expanded to global markets, the movement of goods and services has concurrently increased its reach. Freight must now move across vast distances, usually through a combination of modes. The Interstate Highway System was built on a truck-dependent model, and thus goods do not always move seamlessly from one mode to the next. To meet the demands of the global economy, the surface transportation authorization must enhance and improve connectivity and level of service to the major intermodal terminals including seaports, airports, rail terminals, ports of entry, and inland intermodal terminals. Inherent in the authorization must be a paradigm shift that focuses on the movement of people, goods, and services, rather than simply cars and trucks.

The volume of freight being moved on the nation's roadways continues to increase and is expected to double by 2035 requiring an estimated \$148 billion in improvements to accommodate the projected rail freight demand increase. Freight and passenger rail generally share the same network, and a significant potential increase in passenger rail demand will add to freight railroad capacity challenges. Interstate commerce remains the historic cornerstone in defining the federal role in the nation's transportation system. The authorization of the surface transportation program must provide for a strong federal role in freight mobility and intermodal connectors. This should include the creation of a program funded with new dedicated revenue to provide new capacity and operational improvements focused on securing safe, efficient movement of freight.

Bridges

Usually built to last 50 years, the average bridge in our country is now 43 years old. According to the U.S. Department of Transportation, of the 600,905 bridges across the country as of December 2008, 72,868 (12.1%) were categorized as structurally deficient and 89,024 (14.8%) were categorized as functionally obsolete. While some progress has been made in recent years to reduce the number of structurally deficient and functionally obsolete bridges in rural areas, the number in urban areas is rising.

To address bridge needs, states use federal as well as state and local funds. According to the American Association of State Highway and Transportation Officials (AASHTO), a total of \$10.5 billion was spent on bridge improvements by all levels of government in 2004. Nearly half, \$5.1 billion was funded by the Federal Highway Bridge Program—\$3.9 billion from state and local budgets and an additional \$1.5 billion in other federal highway aid. AASHTO estimated in 2008 that it would cost roughly \$140 billion to repair every deficient bridge in the country—about \$48 billion to repair structurally deficient bridges and \$91 billion to improve functionally obsolete bridges.

Simply maintaining the current overall level of bridge conditions, meaning not allowing the backlog of deficient bridges to grow, would require a combined investment from the public and private sectors of \$650 billion over 50 years, according to AASHTO, for an annual investment level of \$13 billion. The cost of eliminating all existing bridge deficiencies as they arise over the next 50 years is estimated at \$850 billion in 2006 dollars equating to an average annual investment of \$17 billion.

Roads

Our nation's economy and our quality of life require a highway and roadway system that provides a safe, reliable, efficient, and comfortable driving environment. Although highway fatalities and traffic-related injuries declined in 2007, the drop is likely attributable to people driving less. Motor vehicle crashes cost the U.S. \$230 billion per year—\$819 for each resident in medical costs, lost productivity, travel delays, workplace costs, insurance and legal costs.

Next to safety, congestion has become the most critical challenge facing our highway system. Congestion continues to worsen to the point at which Americans spend 4.2 billion hours a year stuck in traffic at a cost of \$78.2 billion a year in wasted time and fuel costs—\$710 per motorist. The average daily percentage of vehicle miles traveled (VMT) under congested conditions rose from 25.9% in 1995 to 31.6% in 2004, with congestion in large urban areas exceeding 40%. As a result of increased congestion, total fuel wasted climbed from 1.7 billion gallons in 1995 to 2.9 billion gallons in 2005.

From 1980–2005, while automobile vehicle miles traveled (VMT) increased 94% and truck VMT increased 105%, highway lane-miles grew by only 3.5%. From 1994–2004, ton miles of freight moved by truck grew 33%.

It is clear that significant improvements and system maintenance will require significant investments. Current spending of \$70.3 billion per year for highway capital improvements is well below the roughly \$200 billion estimated to be needed annually to improve conditions. The National Surface Transportation Policy and Revenue Commission studied the impact of varying investment levels (medium and high) and produced the following ranges of average annual capital investment needs (in 2006 dollars):

- *\$130 billion–\$240 billion for the 15-year period 2005–2020;
- *\$133 billion–\$250 billion for the 30-year period 2005–2035;
- *\$146 billion–\$276 billion for the 50-year period 2005–2055.

The lower end of the ranges reflect the estimated costs of maintaining key conditions and performance measures at current levels, while the higher end ranges would allow for an aggressive expansion of the highway system, which would provide improved conditions and performance in light of increasing travel demand. Even at the lower range of estimates, an enormous gap exists between the current level of capital investment and the investment needed to improve the nation's highways and roads.

Rail

As regional and intercity transportation corridors in the United States become increasingly congested, investments in intercity passenger rail systems, including high speed ground transportation (HSGT), are increasingly attractive as part of an overall transportation mobility strategy to provide added capacity and high quality service. Investments in this technology are cost effective, environmentally responsive and energy efficient and should be considered as companion investments to traditional highway and air modes. Other nations, in Europe and Asia in particular, have invested heavily in the development and construction of new HSGT systems and intercity passenger rail networks over the past four decades. While the U.S. has spent substantial sums in highway and air passenger networks, North America has lagged in the development and implementation of efficient, relatively non-polluting, and high-capacity intercity passenger rail and HSGT networks. The \$13 billion for HSGT investment, (\$8 billion in The American Recovery and Reinvestment Act and \$1 billion annually for the next five years), will provide the foundation for advancements in the HSGT area.

The Passenger Rail Working Group (PRWG) estimates that an annual investment of \$7.4 billion through 2016, totaling \$66.3 billion, is needed to address the capital cost of a proposed intercity rail network. It is further estimated that an additional \$158.6 billion is needed between 2016 and 2030 and, and that an additional \$132.2 billion must be invested between 2031 and 2050 to achieve the ideal inter-city network proposed by PRWG.

Therefore, a federal rail trust fund should be developed to fund rail improvements, using the 80/20 match formula to encourage state participation. Revenues for this trust fund could come from sources such as a tonnage fee, mileage fee, ticket tax, and/or general treasury funds. ASCE also encourages the use of innovative financing methods like revenue bonds and tax exempt financing at the state and local levels, public-private partnerships, and state infrastructure banks.

Transit

In recent years transit use has increased more rapidly than any other mode of transportation. Ridership increased by 25% from 1995 to 2005—to 10.3 billion trips a year, the highest number of trips in 50 years. The increased popularity of the nation's transit sector has led to growth in both the number and size of transit systems in the U.S. While both demand and new investment bring badly needed transit service to more Americans, existing systems continue to require investments to replace aging infrastructure; thus, the revenue that is available must be spread further than ever before. At the same time, dwindling revenues in the Highway Trust Fund impact the transit sector's financial health at a time when more Americans are relying on it for travel.

Last year, federal transit contributions equaled \$9.8 billion. However, the Federal Transit Administration has estimated that an annual investment of \$15.8 billion is needed to maintain the current conditions and performance of transit systems, and that \$21.6 billion is needed to improve conditions and performance. These estimates are supported by the recent findings of the Federal Surface Transportation Study and Revenue Commission. Assuming a constant level of investment relative to 2006 dollars, transit ridership will continue to increase unimpeded to between 18 and 20 billion trips annually. However, if funding is increased, transit ridership will be able to increase more rapidly and the physical condition of the nation's transit systems will improve, while resulting in reduced congestion on the nation's roadways and the increased development of local economies.

Transportation is a critical engine of the nation's economy. It is the thread which knits the country together. To compete in the global economy, improve our quality of life and raise our standard of living, we must successfully rebuild America's public infrastructure. Faced with that task, the nation must begin with a significantly improved and expanded surface transportation system, which requires that the 2009 surface transportation authorization legislation be signed into law prior to the expiration of SAFETEA-LU on September 30.

ASCE stands ready and looks forward to the opportunity of working with Congress as it develops a well funded and financed progressive surface transportation authorization bill which is founded on a strong national vision, adequate funding and new technology which creates a world class integrated, multi-modal national transportation system, second to none.

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Testimony of Kristina Cook, CAE
FY 2010 Transportation- HUD Appropriations - Outside Witness Testimony
House Appropriations Subcommittee on Transportation, Housing and Urban Development
and Related Agencies
FY 2010 Budget for the U.S. Department of Housing and Urban Development
April 16, 2009

Thank you, Chairman Oliver, for providing the National Affordable Housing Management Association (NAHMA) an opportunity to offer public testimony on the FY 2010 Budget for the U.S. Department of Housing and Urban Development (HUD). NAHMA represents management agents and owners involved in federal rental assistance programs. On behalf of our members, I respectfully submit NAHMA's recommendations for funding priorities in the FY 2010 Transportation-HUD Appropriations bill.

NAHMA requests full funding and timely payment of project-based Section 8 housing contracts.

On April 23, 2008, this Subcommittee held a hearing to examine the challenges of the Project-Based Section 8 Program, with an emphasis on funding problems. Affordable housing providers shared first-hand accounts of how shortfalls in the project-based Section 8 program have had two immediate impacts on the day-to-day operations of affordable properties: late subsidy payments to owners and "incremental" or partial funding of the housing assistance payment (HAP) subsidy contracts. The detrimental effects of unreliable funding compromised housing providers' ability to manage properties effectively, diminished confidence in the federal commitment to the program, and wasted administrative time for the HUD staff who had to reprocess the funding several times for the same contract.

NAHMA commends the appropriators for taking decisive action to fully fund the 12 month terms of project-based Section 8 contract renewals. The American Recovery and Reinvestment Act (HR 1, PL 111-5) directed \$2 billion specifically to help fund the 12-month terms of project-based Section 8 contracts. Likewise, the FY 09 Omnibus Appropriations Act (HR 1105, PL 111-8) provided \$6.87 billion for contract renewals, plus \$400 million in advanced appropriations for FY 2010. According to the House Financial Services Committee "Views and Estimates for FY 2010 Budget," the program should be able to return to fully funding 12-month contracts after the funding infusion from H.R. 1 and FY 09 Appropriations, allowing HUD to focus on regulatory changes to address the rehabilitation and preservation needs of the project-based Section 8 housing stock. While NAHMA remains cautiously optimistic, we request continued oversight from the Subcommittee to ensure that FY 09 contract renewals are fully funded and paid on time.

President Obama's FY 2010 budget proposes to preserve 1.3 million affordable rental units through increased funding for project-based Section 8 contracts with multifamily property owners. Once again, NAHMA urges the Subcommittee to provide sufficient appropriations for FY 10 project-based Section 8 renewals to fund all 12 months of the contract at the time of renewal and to minimize payment disruptions between federal fiscal years.

Furthermore, NAHMA believes Congress should create a disincentive for late HAP payments by imposing interest penalties on HUD for making late subsidy payments to owners. HUD should also be required to streamline its processes to provide more timely obligations of project-based Section 8 funds for contract renewals.

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

NAHMA asks the Subcommittee to substantially increase appropriations for HUD's multifamily housing production and rental assistance programs.

It is imperative to fully fund the 12 month terms of all rental subsidy contract renewals in the tenant-based Section 8 (or, Housing Choice Voucher) program. Furthermore, NAHMA believes funding for this program should be increased in order to serve more eligible families.

In addition to recommending a funding increase for the Housing Choice Voucher program, President Obama's FY 2010 announced the Administration's intention to pursue legislation "to help fully utilize available funding, alleviate the administrative burdens on the Public Housing Authorities, and establish a funding mechanism that is transparent and predictable in order to serve more needy families." NAHMA hopes that this proposal will include the widely-supported reforms in the Section Eight Voucher Reform Act (SEVRA, formerly HR 1851 in the 110th Congress), which the House of Representatives overwhelmingly passed on July 12, 2007. We strongly recommend that any new Section 8 reform bill stabilize the voucher formula, streamline the unit inspection process, simplify the processes for determining income, program eligibility and rent, and include legislation authorizing HUD to provide technical assistance to recipients of federal funds to assist persons with limited English proficiency.

For years, HUD's remaining affordable housing production programs have survived proposed budget cuts, but only to be flat-funded. NAHMA believes now is the perfect time to substantially increase the Section 202 and Section 811 capital advance accounts. Not only would these appropriations help stimulate the economy by creating construction jobs, but also, they would help prepare our nation for the expected increase in demand for affordable senior housing as the baby boom generation retires. For similar reasons, NAHMA supports the President's request for \$1 billion to capitalize and launch an Affordable Housing Trust Fund that will develop, rehabilitate, and pre serve affordable housing targeted to very-low-income households.

The Community Development Block Grant (CDBG) also plays a vital role in financing affordable housing. State and local governments use CDBG funds to provide decent affordable housing for low and moderate-income families, often through gap financing to developers. CDBG is also used to provide community services, and to create jobs. NAHMA supports a strong budget for CDBG at the proposed level of \$4.5 billion.

The HOME Investment Partnerships Program (HOME) can be used to provide a number of different homeownership and rental assistance options. We respectfully request the maximum level of funding for the HOME formula grant. Additionally, NAHMA strongly urges the Subcommittee to closely monitor HUD's implementation of the Tax Credit Assistance Program (TCAP). The American Recovery and Reinvestment Act (PL 111-5, HR 1) funded the \$2.25 billion TCAP program through HOME to fill financing gaps in Low Income Housing Tax Credit developments caused by the credit freeze. HR 1 was signed into law on February 17, 2009. Despite tight statutory timeframes for obligating and spending these appropriations (75 percent of TCAP funds must be committed by February 2010, 75 percent must be expended by February 2011, and 100 percent of the funds must be expended by February 2012), HUD has not yet issued guidance for state agencies to use in awarding these funds. NAHMA members report that in absence of guidance from HUD, state housing agencies are not moving forward with this program. Our members are extremely concerned that further delays will lessen the stimulative effect on the economy and jeopardize the developments TCAP was intended to stabilize. Therefore, NAHMA requests that the Subcommittee reiterate the need for prompt action on the program to the Department.

NAHMA requests the Subcommittee's continued support and oversight of appropriations for HUD's limited English proficiency initiatives.

On August 11, 2000, President Clinton's Executive Order 13166 directed each federal agency to publish guidance for recipients of federal funds to inform them of obligations under Title VI of the Civil Rights Act of 1964 to provide persons with limited English proficiency (LEP) meaningful access to federal programs and activities.

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

In March 2007, HUD's final LEP guidance took effect. The guidance stated that recipients of HUD funding, including affordable rental housing providers, were obligated to provide translated documents and oral interpretation services to persons with limited English proficiency. However, at the time the guidance took effect, HUD had not provided additional funding to offset the costs associated with providing language services, nor had the Department identified a specific list of documents housing providers were expected to translate. While NAHMA supported the goals of LEP guidance, our members were concerned about the unfunded costs to properties associated with providing language services.

NAHMA sincerely appreciates the funds provided in recent appropriations bills to address these concerns. In FY 08, HUD received \$380,000 to create and promote translated materials and other programs that support the assistance of persons with limited English proficiency in using HUD services. In FY 09, HUD received \$500,000 for these purposes. NAHMA requests that the Subcommittee continue to fund these initiatives at a level of \$1 million in FY 10.

Additionally, we urge the Subcommittee to remind HUD of the need for timely publication of the translated documents. To HUD's credit, the Department has an ambitious plan for multifamily document translations. It is NAHMA's understanding that HUD will provide the four multifamily model leases, the "Resident Rights and Responsibilities" brochure, Document Package for Release of Information and recertification notices in 14 languages.¹ HUD also plans to translate the "Protect Your Family from Lead in Your Home" brochure into 10 languages.² However, at this time, only the Spanish language model lease is available on the HUD Translated Materials webpage, <http://www.hud.gov/offices/fheo/promotingfhw/leptranslated.cfm>. NAHMA members are concerned by this delay because HUD committed to translate the model leases even before receiving the \$380,000 appropriation, and then proceeded to use the \$380,000 to complete the model lease translations—which are still not available.

To help ensure the timely production of important documents, NAHMA is also working with the House Financial Services and Senate Banking Committees to advance comprehensive authorization language drafted by a coalition of multifamily housing industry and civil rights advocacy organizations. Highlights of this legislation would:

- Create a task force of industry and civil rights stakeholders to identify vital documents (to include both official HUD forms and unofficial property documents);
- Require HUD to translate the vital documents within six months;
- Create a HUD-administered 1-800 hotline to assist with oral interpretation needs; and
- Authorize appropriations.

In the 110th Congress, this language was included in the House and Senate versions of the Section Eight Voucher Reform Act (HR 1851 and S 2684) and Senator Robert Menendez' free-standing bill, S 2018. NAHMA strongly supports reintroduction and passage of the LEP legislation.

NAHMA requests funding and oversight of the information systems which support HUD's multifamily housing programs.

As HUD moves more into the era of E-government, it is essential that the Department's information system infrastructure is able to provide the necessary support. It has become commonplace for HUD's policy requirements to get ahead of its system capabilities. The most common example of this situation is the Tenant Rental Assistance Certification System (TRACS), which almost always lags behind in its ability to report information on the voucher certification required by HUD's policy offices. Likewise, updates to the

¹ The documents will be provided in the Amharic, Arabic, Armenian, Cambodian, Chinese, Farsi, French, Hmong, Korean, Portuguese, Russian, Spanish, Tagalog and Vietnamese languages.

² The lead brochure will be provided in the Amharic, Armenian, Cambodian, Chinese, Farsi, French, Hmong, Korean, Portuguese, and Tagalog languages.

Real Estate Assessment Center (REAC) physical inspection software have been delayed due to lack of funding. Even the soon-to-be mandatory Enterprise Income Verification (EIV) System (income matching database), is not yet fully electronic; the EIV User Authorization form and the EIV Security Awareness Questionnaire are still paper forms which must be sent to HUD. Likewise, the Active Partners Performance System (APPS), which is HUD's electronic previous participation certification, requires applicants to mail paper signature pages.

Whether HUD's systems properly interface with each other is another concern. For example, problems with the Secure Systems can affect an owner or agent's ability to file a previous participation certification through APPS or the voucher certification through TRACS. When the use of the EIV system becomes mandatory for multifamily owners and agents this September, NAHMA fears HUD will not be adequately staffed to keep up with the demands on Secure Systems or to respond to calls to the help desks in a timely manner.

While much of HUD's technology lags behind policy expectations, some aspects of HUD's operations have not even begun to automate. For instance, the project-based Section 8 contract renewal process is still primarily a manual, paper intensive process.

Historically, HUD's Working Capital Fund has been the go-to account to offset increased funding for other HUD programs, such as the Housing Choice Voucher program. While NAHMA supports robust increases in HUD's rental assistance programs, we urge the Subcommittee to also provide a strong budget for the information system upgrades necessary to support those programs.

NAHMA urges the Subcommittee to work with the authorizers to fund affordable housing preservation initiatives.

Preservation is a cost-effective way to prevent a net loss of affordable rental housing. To NAHMA, "preservation" means maintaining the current portfolio of privately-owned, federally-assisted apartments as affordable to low-income families through a public-private partnership which offers *voluntary* incentives to owners and ensures long-term sustainability of the properties, including the ability to recapitalize.

NAHMA believes it is essential for any preservation strategy to ensure long-term financial and physical sustainability of preserved affordable properties. The keys to achieving this goal include legislative changes which will:

- Address obsolete operating and utility cost underwriting assumptions for the early (pre-October 1, 2001) mark-to-market properties and allow a voluntary second mortgage restructuring to help the early restructured properties with rehabilitation needs;
- Create a desperately needed mechanism to provide real time, mid-cycle relief for unforeseen operating costs between rent increases;
- Direct GAO to examine the accuracy of Operating Cost Adjustment Factors (OCAFs) as an inflation factor used to determine annual rent adjustments;
- Ensure timely completion of the Mark-Up-To-Market process. Properties most at risk of opting-out are those with below market rents in desirable neighborhoods. Nevertheless, NAHMA has received reports from several members that the Mark-Up-To-Market process can drag out for months or more than a year. We are requesting legislation to correct the more common time-lapse problems in this process.
- Provide *voluntary* incentives and funding for green initiatives is increasingly important as energy costs rise. One way to achieve this objective may be to increase funding and expand the universe of properties eligible for the Assisted Housing Stability and Energy and Green Retrofit Investments Stimulus Program, which was included in the American Recovery and Reinvestment Act.
- Extend tenant protection vouchers to unassisted tenants in properties when the HUD mortgage matures.

Conclusion

Thank you for the opportunity to submit this testimony. NAHMA looks forward to working with this Subcommittee, interested members of Congress and the Administration to provide the highest quality of affordable housing to low-income families.

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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Testimony
by

Gary Hannig
Acting Secretary
Illinois Department of Transportation

Submitted for the record
To the

House Committee on Appropriations
Subcommittee on Transportation, Housing and Urban Development,
and Related Agencies

April 16, 2009

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Mr. Chairman and Members of the Subcommittee, we appreciate the opportunity to submit testimony concerning the FFY 2010 US Department of Transportation (US DOT) appropriations on behalf of the Illinois Department of Transportation (IDOT) to the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies. We thank Chairman John Olver and the members of the Subcommittee for their past support of a strong federal transportation program and for taking into consideration Illinois' unique needs.

IDOT is responsible for the planning, construction, maintenance and coordination of highways, public transit, aviation, intercity passenger rail and freight rail systems in the state of Illinois. IDOT also administers traffic safety programs. Our recommendations for overall funding priorities and our requests for transportation funding for projects of special interest to Illinois are discussed below.

SAFETEA-LU Reauthorization/Extension:

If Congress and the Administration have not come to an agreement on the scope and nature of the next surface transportation reauthorization bill by September 30, 2009, it seems probable that Congress will continue the structure of the existing programs through a temporary extension(s). Provided a SAFETEA-LU extension is needed for any duration of time, IDOT supports reasonable, yet healthy, incremental increases in both the FFY 2009 authorization and obligation levels of SAFETEA-LU for highway, highway safety and transit programs for FFY 2010 until a final bill is crafted.

HIGHWAY

Highway Contract Authority:

IDOT urges the Subcommittee to retain the use of contract authority (CA) as the linkage between the amount of dedicated user fees deposited in the Highway Trust Fund/Highway Account (HTF/HA) to the amount that can be committed for highway, and transit capital programs. As you know, the 2010 budget proposes to finance these capital programs through annual appropriations acts in the form of discretionary budget authority thereby ensuring increased transparency. While the President's intent is very laudable, the budget maneuver to eliminate multi-year CA undermines the long-term nature of transportation improvements. There are certain programs, such as the aforementioned capital programs, that require advance knowledge of the size of future funding commitments in order that long-range planning can seamlessly continue year after year. In addition, if transportation funding is determined by the unpredictable nature of the annual appropriations process, not only is the "contract" broken between the amount of HTF/HA user fees collected to the amount actually disbursed by the government, but the annual appropriations for these programs could arbitrarily be adjusted in order to disguise the federal government's deficit, as has been done in the past before the budget firewalls (guarantees) of TEA-21. In summary, the net result of the proposed FFY 2010 budget change is detrimental to the future financing of transportation investment.

Highway Obligation Limitation:

IDOT urges the Subcommittee to set the obligation limitation for highway and highway safety programs at the highest level that can be sustained by the HTF/HA. If a SAFETEA-LU extension is needed for FFY 2010, IDOT supports a minimum obligation limitation level of \$43.092; a level derived using the annual percent increase (4.6 percent) of the obligation limitation during the SAFETEA-LU years.

IDOT also supports preserving the SAFETEA-LU budgetary firewalls and guaranteed funding provisions of SAFETEA-LU. As you are aware, those guarantees/funding levels are recommended in both the House and Senate FFY 2010 Budget Resolutions. Moreover, IDOT continues to support the SAFETEA-LU guarantees and funding firewalls, as do other transportation advocates such as the American Association of State Highway and Transportation Officials (AASHTO) and the American Road and Transportation Builders Association (ARTBA).

IDOT is aware of the implications of supporting increased transportation funding when the long-term viability of the trust fund is in question. However, IDOT is responsible for securing the federal funding that is needed to address the immediate highway and bridge deficiencies in Illinois and to preserve Illinois' transportation system for succeeding generations. To quote the recent findings of the National Surface Transportation Infrastructure Financing Commission, "Not only have we failed to make the needed and substantial investment; we have failed to pursue the kind of innovation necessary to ensure that our infrastructure meets the demands of future generations."

Rescission of Unobligated Highway Apportionments:

IDOT urges the Subcommittee to suspend its practice of rescinding unobligated highway apportionments. Since FFY 2002, Congress has enacted language requiring Illinois to rescind a total of \$576 million in unobligated apportionments. Rescissions undermine the SAFETEA-LU principles of guaranteed funding and budgetary firewalls by withdrawing promised federal funding to offset increased non-transportation funding in other areas of the budget. The accumulated impact of numerous rescissions since FFY 2002 has exacted burdensome programmatic consequences. With large-scale rescissions, such as the one just enacted in the FFY 2009 Omnibus Appropriations bill for \$3.15 billion, states have less flexibility to shift funding toward unique state needs and to meet individual highway program priorities. Moreover, state transportation departments are being pressured by various transportation interests to make rescissions based on that group's particular preference.

Lastly, the members of the House Appropriations Committee should be reminded that the \$8.6 billion rescission enacted in SAFETEA-LU, which becomes effective on the last day of the bill, represents a 24 percent reduction of the estimated \$35.8 billion to be apportioned to the states in FFY 2009. Illinois' share of the FFY 2009 SAFETEA-LU rescission is estimated in the range of \$285 million to \$300 million.

Funding Requests for Meritorious Projects:

If the Subcommittee finds the flexibility to fund meritorious projects in existing discretionary SAFETEA-LU categories or outside authorized categories, (Surface Transportation Priorities) IDOT requests funding for the following projects (noted throughout the testimony) for highway, Intelligent Transportation Systems (ITS), transit and rail funding:

- New Mississippi River Bridge, IL: IDOT requests \$20 million for the land acquisition required for the construction of a new eight-lane Mississippi River Bridge in the St. Louis, Missouri and East St. Louis, Illinois area.
- Improvements to the I-74 Bridge/Corridor, IL: IDOT requests \$10 million for preconstruction and construction activities concerning the replacement of the I-74 bridge and associated roadway work north of IL 5 in the Quad Cities.

Other IDOT highway priorities include:

- \$20 million for expansion of US 51 between Decatur and Centralia;
- \$70 million for expansion of US 67 between Macomb and Alton; and
- \$13 million for development of an east-west IL 120 Corridor.

Other IDOT ITS priorities include:

- \$6.5 million for remote control bridge monitoring for Des Plaines River;
- \$2.3 million for a traffic surveillance system for I-80;
- \$2.4 million for a traffic surveillance system for I-55; and
- \$9.0 million for Vehicle Infrastructure Integration along Route 66.

TRANSITTransit Authorization:

IDOT urges the Subcommittee to fund transit programs at the highest level that can be sustained by the Highway Trust Fund/Transit Account or, at minimum, \$11.14 billion, a level derived using the annual percent increase (7.8 per cent) of the obligation limitation during the SAFETEA-LU years.

- Bus and Bus Facilities: IDOT and the Illinois Public Transportation Association jointly request a federal earmark of \$42.5 million (\$6.4 million for downstate bus, \$24.1 million for downstate facilities, and \$12 million for CTA/Pace buses in northeastern Illinois) in FFY 2010 Section 5309 bus capital funds.

The request will provide \$6.4 million for downstate Illinois transit systems to purchase up to 44 buses and paratransit vehicles to replace over-age vehicles and to comply with federal mandates under the Americans with Disabilities Act. All of the vehicles scheduled for replacement are at or well beyond their design life. The request will also provide \$24.1 million to undertake engineering, land acquisition or construction for eight maintenance facilities and two transfer facilities that will enhance efficient operation of transit services.

Illinois transit systems need discretionary bus capital funds. The funding provided under SAFETEA-LU has been inadequate to meet Illinois' bus capital needs. IDOT believes that supplemental discretionary funding is needed, and justified, to support Illinois' extensive transit system. Under SAFETEA-LU, Illinois has only received 1 to 2 percent of the combined HPP category and discretionary appropriations made available for bus and bus facilities.

New Systems and Extensions – Chicago Transit Authority (CTA)/Metra:

IDOT supports continued planning and engineering funding for existing CTA/Metra projects. Public transportation in Northeastern Illinois has benefited over the years from bipartisan, regional consensus and; therefore, there is no particular priority for the ongoing projects. However, since Metra's Union Pacific Northwest Line and its Union Pacific West Line have completed their alternatives analysis study and are ready for preliminary engineering, IDOT is supportive of Metra's request of \$20 million for upgrades for each line.

IDOT supports the following ongoing CTA/Metra Projects:

CTA: Circle Line, Red Line, Orange Line Extension and the Yellow Line Extension.

Metra: Union Pacific Northwest Line, Union Pacific West Line, STAR Line and the SouthEast Service Line.

Formula Grants:

IDOT urges the Subcommittee to set appropriations for transit formula grant programs at levels that will allow full use of the anticipated Mass Transit Account revenues. IDOT also supports the continued use of general funds to supplement transit needs.

In Illinois, Urbanized Area formula funds (Section 5307) are distributed to the Regional Transportation Authority and its three service boards which provide approximately 600 million passenger trips per year. Downstate urbanized formula funds are distributed to 14 urbanized areas which provide approximately 30 million passenger trips per year.

The Rural and Small Urban formula funds (Section 5311) play a vital role in meeting mobility needs in Illinois' small cities and rural areas. IDOT urges the subcommittee to continue to fund Section 5311 at a healthy increment above the FFY 2009 SAFETEA-LU authorized level. With Section 5311 funding increases already authorized in SAFETEA-LU, Illinois is in the process of expanding service into 24 counties not currently served.

Service expansion could be jeopardized without increases in federal funding above the FFY 2009 SAFETEA-LU authorized levels. In Illinois, such systems operate in 60 counties and 11 small cities, carrying approximately 3.8 million passengers annually.

RAILAmtrak Appropriation:

IDOT supports Amtrak's request of \$1.840 billion in funding from general funds for FFY 2010 to cover capital (\$975 million), operating (\$601 million) and debt service costs (\$264 million). Amtrak needs the full amount of their request to maintain existing nationwide operations.

Chicago is a hub for Amtrak intercity service, and Amtrak operates 58 trains throughout Illinois as part of the nation's passenger rail system, serving approximately 3.1 million passengers annually. Of the total, Illinois subsidizes 28 state-sponsored trains which provide service in four corridors from Chicago to Milwaukee, Quincy, St. Louis and Carbondale. Amtrak service in key travel corridors is an important component of Illinois' multimodal transportation network and continued federal capital and operating support is needed.

- CREATE Railroad Grand Crossing Connection: IDOT requests \$25 million in FFY 2010 for design and construction of a railroad connection between the CN and Norfolk Southern Railroads at 75th Street in Chicago - also known as Grand Crossing.
- Amtrak Galesburg Improvements: IDOT requests \$43 million in FFY 2010 for track improvements in Galesburg to improve and maintain reliability of the state's passenger rail trains that operate between Chicago and Quincy. BNSF has the right to cancel one of two trains if funding for the improvements is not secured by the end of 2009.
- Quad-Cities/Rockford – Chicago Service: IDOT supports improved railroad infrastructure (rail cars) to accommodate Amtrak passenger train service from Chicago to the Quad Cities and from Chicago to Rockford, Illinois. IDOT also supports funding for Amtrak rail cars.

- High-Speed Rail (Stimulus): IDOT would like to express its appreciation to Congress for enacting the American Recovery Reinvestment Act (ARRA) of 2009 which made up to \$8 billion available for high-speed passenger rail service projects in designated high-speed rail corridors. A recent letter to US DOT Secretary Ray LaHood from eight Midwest Governors, including Illinois Governor Pat Quinn, and Chicago Mayor Richard M. Daley supports several key corridors of the Midwest Regional Rail System. Illinois' top priority is the Chicago to St. Louis corridor. In addition, IDOT supports the Administration's FFY 2010 proposal of \$1 billion per year over the next five years for high-speed rail development to complement the \$8 billion "jump start" in rail funding provided by ARRA.
- Green Locomotives: IDOT supports the development of advance technology resulting in the production of locomotives that reduce toxic emissions, offer better fuel economy and can utilize alternative fuels. The recent purchase of new Genset locomotives by CSX railroad is an example of the emerging technologies on the horizon for the growth of "green" cleaner-burning locomotives.

AVIATION

Airport Improvement Program Obligation Limitation:

IDOT supports a FFY 2010 Airport Improvement Program (AIP) obligation limitation of \$4 billion, thereby continuing the four-year VISION-100 pattern of increasing the obligation limitation each year by \$100 million. This funding level is recommended by the House Transportation and Infrastructure Committee in their committee-passed "Federal Aviation Administration Reauthorization Act of 2009" (HR 915), and supported by the American Association of Airport Executives and the National Association of State Aviation Officials.

Adequate AIP funding remains especially important for Small, Non-Hub, Non-Primary, General Aviation and Reliever airports. While most Large/Medium Hub airports have been able to raise substantial amounts of funding with Passenger Facility Charges, the smaller airports are very dependent on the federal AIP program. Airports must continue to make infrastructure improvements to safely and efficiently serve existing air traffic and the rapidly growing passenger demand.

Despite challenges that include high fuel prices and concerns about the economy, US mainline air carrier and regional enplanements are forecast by the FAA to increase from 757 million in 2008 to 1.1 billion in 2025, an average annual rate of 2.2 percent. In addition, the most recent National Plan of Integrated Airport Systems report identified \$49.7 billion in airport development needs over a five-year period (2009-2013), an increase of \$8.5 billion or 21 percent over the previous report. Lower AIP obligation levels translate into less federal funds for airport projects, thereby exacerbating the existing capital project funding shortfall.

Essential Air Service Program (EAS): IDOT supports an EAS program funded at a level that will enable the continuation of service at all current Illinois EAS points. Several Illinois airports, Decatur, Marion/Herrin and Quincy, currently receive annual EAS subsidies.

Small Community Air Service Program: IDOT supports funding for the Small Community Air Service Development Program in FFY 2010, at a level no less than the FFY 2008 level of \$35 million. This amount is also supported in the House FAA reauthorization bill. Illinois airports have received funding from this program in the past.

Other Non-modal IDOT Priorities:

- Height Modernization: IDOT requests \$1.2 million to continue a newly established Height Modernization program in Illinois. This project solicitation will be requested through the Appropriations Subcommittee on Science, State, Justice, Commerce and Related Agencies.

This concludes my testimony. I understand the difficulty you face trying to provide needed increases in transportation funding. However, an adequate and well-maintained transportation system is critical to the nation's economic prosperity and future growth. Your ongoing recognition of that fact and your support for the nation's transportation needs are much appreciated. Again, thank you for the opportunity to discuss Illinois' federal transportation funding concerns.



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S. Richard Holcomb
U.S. Green Building Council

March 17, 2009

The Honorable John Oliver
House Committee on Appropriations
Subcommittee on Housing and Urban Development and Transportation
Washington, DC 20515

Dear Chairman Oliver:

On behalf of the U.S. Green Building Council (USGBC), a nonprofit representing nearly 19,000 member organizations and nearly 80 local chapters working to create sustainable, healthy, and prosperous places to live, work and learn, I would like to thank you for your leadership in convening this hearing to focus on green practices in the transportation sector.

Policymakers and building owners alike are now recognizing green building as an important strategy for meeting the challenges of energy dependence and climate change. By addressing the whole building, from construction materials to access to transit, green building generates opportunities to reduce emissions and environmental impact throughout the supply chain and the complete building lifecycle.

Buildings annually account for nearly 39% of U.S. primary energy use;¹ use 13.6% of all potable water or 15 trillion gallons per year;² and consume 40% of raw materials globally (3 billion tons annually).³ If the U.S. built half of its new commercial buildings to use 50% less energy, it would save more than 6 million metric tons of CO₂ annually for the entire life of the buildings—the equivalent of taking more than 1 million cars off the road every year.

Importantly, the practices and technologies to make substantial reductions in energy use and CO₂ emissions in buildings already exist, and only modest investments in energy-saving and other climate-friendly technologies and building operations could yield significantly more environmentally responsible, profitable, and healthy places to live and work.

Indeed, many transit authorities are already taking advantages of these technologies. More than 200 transportation-related building projects, including bus maintenance and operation facilities, transit intermodal centers, and commuter stations, have registered or been certified under USGBC's Leadership in Environmental and Energy Design (LEED)

¹ Energy Information Administration, EIA Annual Energy Outlook (2008).

² U.S. Geological Survey (2000). 2000 data.

³ Lenssen and Roodman, 1995, "Worldwatch Paper 124: A Building Revolution: How Ecology and Health Concerns are Transforming Construction," Worldwatch Institute.



Green Building Rating System. This green revolution has begun to visibly transform cities and towns across America, but there remains much work to be done.

Transit agencies, such as the Metropolitan Transportation Authority of New York State and Washington Metropolitan Area Transit Authority, are taking aggressive steps to further green their infrastructure by adopting green building strategies for their new construction projects. Importantly, these advances are cost effective. In a report from the Blue Ribbon Commission on Sustainability and the MTA, the Commission found that LEED buildings can achieve significant operational savings, often enough to offset their upfront costs within a reasonable payback period.⁴

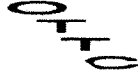
To rapidly mainstream green building practices to recognize the individual and societal benefits sooner rather than later, a proactive effort is needed to build professional capacity, mainstream green building practices, and educate builders and occupants about the benefits of green building. The federal government can and should be a partner in this process.

The U.S. Green Building Council commends you and the Subcommittee for your attention to and leadership on this vital issue. The Council looks forward to working with the Subcommittee and Congress to discuss appropriate ways to enhance building efficiency and combat climate change.

Sincerely,

Bryan Howard
Manager of Federal Advocacy

⁴ The Final Report of the Blue Ribbon Commission on Sustainability and the MTA. pg. 36, available at: http://mta.info/environment/pdf/draft_final3.pdf.



Chuck Tsoodle, President
Kiowa Tribe

Tim Ramirez, Vice-President
Prairie Band Potawatomi

Angela Blind, Secretary/Treas.
Cheyenne & Arapaho Tribes

Clarice Murdock, Member
Absentee Shawnee Tribe

Milton Sovo, Member
Caddo Nation of Oklahoma

Michael Lynn, Member
Cherokee Nation

Angie Gilliam, Member
Chickasaw Nation

Isaac Hawkins, Member
Chickasaw Nation

Art Muller, Member
Citizen Potawatomi Nation

Mal Bucholtz, Member
Delaware Nation

Ray Ball, Member
Kaw Nation

R.J. Walker, Member
Osage Nation

John Ballard, Member
Ottawa Tribe of Oklahoma

Jeffrey Lieb, Member
Ponca Nation of Oklahoma

Tom Edwards, Member
Red Plains Professional, Inc.

Randle Carter, Member
Sac & Fox Nation

Chris Cutler, Member
Seminole Nation of Oklahoma

Larry Howard, Member
United Keetoowah Band of
Cherokee Indians

Oklahoma Tribal Transportation Council, Inc.

P.O. Box 137, CONCHO, OKLAHOMA 73022 pH: (405)-262-0345, eXT. #27529/FX: (405)-262-4885

April 16, 2009

United States Congress
House Committee on Appropriations
Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
Rayburn House Office Building
Washington, D.C. 20515

RE: Testimony for Department of the Interior Appropriations and Reauthorization of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy of Users (SAFETEA-LU)

Dear Subcommittee:

On behalf of the Oklahoma Tribal Transportation Council, I am pleased to provide you a copy of resolution 09-02. This resolution represents a statement of the transportation conditions, challenges, and associated dynamics that confront Oklahoma Tribal Nations. The Indian Reservation Roads Program is the only viable source of funding available to improve the deplorable roadways that serve tribal members in Oklahoma, a fact that is strongly opposed by the Bureau of Indian Affairs (BIA) and the large-land-based tribes. Moreover, the BIA totally excludes the Oklahoma IRR system from the road maintenance fund on the basis of ownership rather than true need. The 387,220+ tribal members in Oklahoma deserve a fair and equitable share of these funds and it is our request that you assist in clarifying this fact once and for all. In considering the funding levels for Interior Appropriations and the reauthorization of SAFETEA-LU, please accept this resolution as our testimony for the official record of these important pieces of legislation.

If you have any questions, please do not hesitate to contact me at (580)-654-2052.

Respectfully Submitted,

Chuck Tsoodle, President
Oklahoma Tribal Transportation Council

Attachment: Oklahoma Tribal Transportation Council Resolution 09-02

cc: Senate Committee on Environment and Public Works: Katherine.Dedrick@epw.senate.gov
Senate Committee on Indian Affairs: Denise.Desjardis@indian.senate.gov
Senate Committee on Appropriations: peter.kuchhaber@appropriations.senate.gov
House Committee on Transportation and Infrastructure: allison.dan@mail.house.gov
House Committee on Natural Resources – Indian Affairs: marg.howard@mail.house.gov

Resolution No. 09-02

To recognize the mandated negotiated rulemaking procedure, clarify the IRR transportation eligibility status, and further support the authority and jurisdiction of Tribal Nations in Oklahoma.

Whereas, the Oklahoma Tribal Transportation Council, hereinafter referred to as the “OTTC”, was established in 1993 and is a duly formed organization of member Tribal Nations within the State of Oklahoma, and

Whereas, the OTTC was established to address tribal transportation issues, problems, and concerns that arise from the State of Oklahoma and the Federal Government, and

Whereas, the OTTC is aware that the United States has a trust responsibility to the federally recognized Indian Tribal Nations in the State of Oklahoma, and

Whereas, the State of Oklahoma contains the second (2nd) highest number of Native Americans in the United States, primarily due to past federal policies of coercion, manipulation, and assimilation, and

Whereas, the Indian reservation and territorial boundaries in Oklahoma, often referred to as “former reservations”, have not been disestablished and such lands set aside for Indians within said boundaries remain under the jurisdiction of the United States as evidenced by the Oklahoma Enabling Act, Oklahoma Indian Welfare Act, numerous court cases, and solicitor’s opinions, and

Whereas, numerous federal statutes place the term “former reservations in Oklahoma” or lands held in trust and restricted allotments on the same scale as an Indian reservation, and

Whereas, the United States is responsible for providing access to Indian lands held under trust, individual Indian allotments, and Indian communities within the State of Oklahoma to which ninety percent (90%) of the federal funding available for rural road improvement is currently provided by the United States, and

Whereas, the calculation of public lands has not been updated since 1992, and therefore such calculations do not include additional lands placed into trust by Tribal Nations in Oklahoma; this, numbering in the thousands of acres, and

Whereas, such Indian lands held under trust and individual Indian allotments do not generate taxes for roadway and bridge improvement, and thus the Indian Reservation Roads Program is the only viable source of funding to address the deplorable roadway conditions in Oklahoma, and

Whereas, Title 23 U.S.C. §101(a) defines an Indian Reservation Road as a public road that is located within or provides access to an Indian reservation or Indian trust land or restricted Indian land that is not subject to fee title alienation without the approval of the Federal Government, or Indian and Alaska Native villages, groups, or communities in which Indians and Alaskan Natives reside, whom the Secretary of the Interior has determined are eligible for services generally available to Indians under Federal laws specifically applicable to Indians, and

Whereas, the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy of Users (SAFETEA-LU) specifically authorized the inclusion of roads within the former reservations of Oklahoma to become a part of the Indian Reservation Roads (IRR) system, and

Whereas, Congressional intent of SAFETEA-LU, as reference by the Conference Co-chairs on March 25, 2008, stipulated that the Oklahoma Indian roads system is to be fully eligible for IRR funding in every respect, especially in light of past formula limitations imposed by the Bureau of Indian Affairs (BIA), and

Whereas, the specific language describing the IRR funding formula, contained in the 25 CFR Part 170 Regulations, was agreed to by a negotiated rulemaking committee of tribes from every region of the United States and has remained constant from the Tribal Transportation Allocation Methodology to the proposed and final rules, and

Whereas, such regulations, through Question 10 of Appendix C to Subpart C, is based upon the functional classification system and the availability of funding to which the percentage of funding that each road should generate is identified and applied to the IRR formula, and

Whereas, seventy-five percent (75%) of the public roads in Oklahoma are not eligible for federal-aid highway funding and of the remaining twenty-five percent (25%) the highway system takes priority over rural roads on account that Oklahoma ranks among the top states with the poorest road conditions, and

Whereas, the Large Land-Based Tribes have dominated IRR funding for eighty-plus (80+) years while the Oklahoma Tribal Nations and the rest of Indian country have suffered, and

Whereas, the Oklahoma Tribal Nations, by adding previously unallowable roads to the IRR Inventory, have been unfairly characterized as “taking advantage of the system” when the IRR mileage in Oklahoma represents only 1/3 of the non-BIA and non-tribal roads and only 13% of the total system, and

Whereas, the Bureau of Indian Affairs (BIA), the Federal Highway Administration (FHWA), and the Large Land-Based Tribes have placed extraordinary emphasis on roadway ownership and maintenance responsibility as means of determining eligibility for IRR construction funding, and

Whereas, the highway statutes that guide the IRR program under Chapter 2 of the highway code contain no such requirement for roadway ownership as means of determining eligibility and, moreover, the maintenance requirements under Chapter 1 specifically apply to federal-aid highways funded under Chapter 1, and

Whereas, the Oklahoma Tribal Nations knowingly provided easements for roadways through the Allotment Acts for the purposes of accessing tribal property to which the title of such lands remains

with the Indian allottees, purchasers, and others; therefore such roadways may be established or maintained by any competent authority including tribal governments, and

Whereas, the treatment of the Oklahoma's IRR system as "county-owned roads" by the BIA, FHWA, and the Large Land-Based Tribes has no basis nor is it consistent with statutes, treaties, and executive orders that recognize the authority and jurisdiction of Tribal Nations in Oklahoma, and

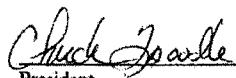
Whereas, the IRR program has saved the lives of countless Native Americans in Oklahoma and thus any funding available for roadway improvement is money well spent.

Now, Therefore Be It Resolved that the OTTC hereby attests to these conditions and statements and urges the United States Congress to further clarify the IRR transportation eligibility status for the Oklahoma Tribal Nations. Furthermore, the OTTC reminds the BIA and FHWA that the Oklahoma Tribal Nations are equal partners in the IRR program of which the regulations as identified and agreed to in 25 CFR Part 170 clearly establish such a fact and thus any changes outside of the mandated negotiated rulemaking procedure would be a violation of federal law.

CERTIFICATION

We, the undersigned President and Secretary of the Oklahoma Tribal Transportation Council, at a duly called meeting on the 10th day of March, 2009, do hereby certify that the Oklahoma Tribal Transportation Council adopts by an affirmative vote of 12 for, 0 opposing, 0 abstaining, and 3 absent.

ATTEST:

 3-24-09
President Date

 04/14/09
Secretary Date

MAYOR
T. Randall Halfacre

MAYOR PRO-TEM
Hazel Leggett-Tyndall

COUNCIL
Richard D. Thompson
Kathy Miness
Ted Stambolitis
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Town of Lexington Unified Traffic Plan Testimony for House Transportation Subcommittee 2010 Appropriations Bill

Growth in and around the Town of Lexington has placed an immense burden on the Town's transportation infrastructure. Improvements are critically necessary and neither the Town nor the South Carolina Department of Transportation (SCDOT) has the funds available to make these much-needed improvements. Without congestion relief and improved traffic flow at these corridors, the safety of citizens, preservation of current businesses, and future economic development of this area are in jeopardy.

The intersection of US Route 1 and US Route 378 currently handles on average more than 43,000 vehicles per day. Based on the year 2000 Census, 1.1 percent of the State of South Carolina's population passes through this intersection on a daily basis. In addition, approximately 20 percent of the population of Lexington County navigates through this corridor daily. Therefore, the fact that this intersection operates at 174 percent over the SCDOT's capacity rating clearly indicates that this creates a regional problem.

SCDOT has completed the majority of the preliminary engineering and has held a number of public hearings. The project scope is to construct improvements to the intersections along US Route 378 (Columbia Avenue) at Route S-127 (Park Road), US Route 1 (W. Main Street) and Route S-131 (W. Butler Street.) The purpose of this project is to relieve congestion along this continually developing corridor as well as improve traffic flow.

Lexington Town Council approved the Unified Traffic Improvement Plan in April 2005 and has been actively pursuing funding since. Phase I of this plan

is underway supported by \$6 million of federal funds previously raised by the Mayor and Town Council's efforts. However, an additional funding source of approximately \$70 million will be needed to complete the Unified Traffic Improvement Plan project. The Town's plan was developed by SCDOT engineers and has been modeled on computer software for the most efficient and cost effective solution to the Town's traffic woes.

The Town's Unified Traffic Plan identifies a series of operational and construction opportunities to improve traffic flow in downtown Lexington. To the greatest extent possible, the plan utilizes the existing road network to improve traffic conditions and safety, while limiting impacts to social, cultural, and natural resources.

This conceptual plan has been separated into phasing components in order to fund selected components while waiting for full funding of the proposed plan. Collectively, the components offer the greatest benefit to downtown traffic conditions.

As the Town of Lexington and Lexington County experience unprecedented growth, roadway expansion and improvements are imperative to help the area continue as an economic engine for our state.

Phase I Town of Lexington Traffic Improvement Plan
Proposed Intersection Improvements on
US 378 at Park Road, US 1, and W. Butler Street
Public Information Meeting October 11, 2007



**STATEMENT OF CAPITAL METROPOLITAN
TRANSPORTATION AUTHORITY
AUSTIN, TEXAS**

**SUBMITTED TO THE
APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION, HOUSING
AND URBAN DEVELOPMENT, AND RELATED AGENCIES**

UNITED STATES HOUSE OF REPRESENTATIVES

BY

**ANDREA LOFYE
VICE PRESIDENT
CAPITAL METROPOLITAN TRANSPORTATION AUTHORITY
AUSTIN, TEXAS**

Mr. Chairman and Members of the Subcommittee:

On behalf of the Capital Metropolitan Transportation Authority in Austin, Texas, I am pleased to submit this statement for the record in support of our fiscal year 2010 funding requests from the Federal Transit Administration for Capital Metro—the transportation provider for Central Texas. I hope you will agree that the appropriating of funds for these Central Texas projects warrants serious consideration as Austin and the surrounding Texas communities plan for our region's growing transportation needs.

First, let me thank you for your past financial support for transportation projects in Central Texas. Federal funding has allowed Capital Metro to move forward with consensus priority projects such as the replacement of our accessible bus fleet, the construction of the North Operations Facility for our University of Texas Shuttle System and MetroRail project, and the extension of our service hours to provide safe transportation around the clock. Your support has proven valuable to Capital Metro and to our Central Texas community.

As you know, Interstate 35 runs from Canada to Mexico, and along the way it also runs through the City of Austin and Capital Metro's 600 square mile service area. While traffic in this important corridor has always been a challenge, the North American Free Trade Agreement has resulted in increased traffic and congestion for our region. In fact, a 2002 study by the Texas Transportation Institute determined Austin, Texas to be the 16th most-congested city nationwide.

Also, Central Texas' air quality has reached near non-attainment levels. Together, our community has developed a Clean AirForce, of which Capital Metro is a partner, to implement cooperative strategies and programs for improving our air quality. Capital Metro has also unilaterally implemented several initiatives such as converting its fleet to

clean-burning Ultra Low Sulfur Diesel (ULSD), becoming the first transportation authority in Texas to introduce environmentally-friendly hybrid-electric buses, and creating a GREENRide program to carpool Central Texas workers in low emission hybrid gas/electric automobiles.

To address these transportation and air quality challenges as well as our region's growing population, in 2004 Capital Metro conducted an extensive community outreach program to develop the All Systems Go Long-Range Transit Plan. This 25-year transportation plan for Central Texas was created by Capital Metro, transportation planners, and local citizens. More than 8,000 citizens participated in the design of the program that will bring commuter rail and rapid bus technologies to Central Texas. Each of the components of this regional plan are included in the Capital Area Metropolitan Planning Organization's Transportation Improvement Plan. Our Long Range Transit Plan will also double Capital Metro's bus services over the next 25 years.

By a vote of over 62 percent, this long-range transportation plan was adopted by the Central Texas community in a public referendum on November 2, 2004. The plan received bipartisan support, along with endorsements from the business community, environmental organizations, neighborhood associations, and our community leaders.

An important component of the All Systems Go Long Range Transit Plan is the creation of an urban commuter rail line along a 32-mile long freight rail line currently owned and operated by Capital Metro. The proposed starter route would provide urban commuter rail service extending from downtown Austin (near the Convention Center) through East and Northwest Austin and on to Leander. This project was entirely financed with local funds and will open in 2009.

To implement the community's All Systems Go Transit Plan, Capital Metro is seeking \$7 million for Fiscal Year 2010 for two projects of importance to our Central Texas community. Each of the three projects is contained in the community-designed All Systems Go Long Range Transit Plan, and each will be funded by Capital Metro with a significant overmatch of local funds.

Enhancement and Improvement of Buses and Bus Facilities - \$5 million

Capital Metro has embarked on a long term plan to improve and expand bus service. In addition to improving bus routes, the agency is investing significant local funding in critical park and ride facilities, transit centers and enhanced bus stop locations and amenities. As Capital Metro's service area and the population we serve continue to grow, we will continue to enhance our system and facilities while addressing traffic congestion and air quality concerns. Capital Metro seeks \$5 million from the appropriations process for these improvements and expansions of our bus service and facilities.

Accessible Fleet Replacement - \$2 million

Capital Metro is seeking \$2 million to assist with the replacement of vehicles in our accessible fleet. Our public transportation authority provides 35 million rides annually

throughout Central Texas with our fixed route bus services and our paratransit services. These funds would assist with the purchase of buses, vans and sedans to transport riders.

I look forward to working with the Committee in order to demonstrate the necessity of these projects. Your consideration and attention are greatly appreciated.

TESTIMONY OF
PATRICIA A. FRIEND
INTERNATIONAL PRESIDENT
ASSOCIATION OF FLIGHT ATTENDANTS –
CWA, AFL-CIO
BEFORE
THE SUBCOMMITTEE ON TRANSPORTATION,
HOUSING AND URBAN DEVELOPMENT, AND
RELATED AGENCIES OF THE COMMITTEE ON
APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, DC
APRIL 10TH, 2009

Association of Flight Attendants – CWA, AFL-CIO
501 Third St. NW
Washington, DC 20001
202-434-1300

Human Intervention Management Study (HIMS) for Flight Attendants

Flight attendants and pilots work under nearly identical and strict regulations of the Department of Transportation (DOT) and Federal Aviation Administration (FAA) regarding drug and alcohol use. Both groups are subjected to drug and alcohol testing on a random basis; following a serious aircraft incident or accident; or based on suspicion of co-workers and supervisors.

However, there are major differences between pilots and flight attendants as it relates to drug and alcohol rule violations. Pilots are afforded substance abuse education and peer intervention services to prevent test positives. Those pilots who test positive for prohibited substances have access to a rehabilitation and recovery process and if a pilot complies with the recovery program, he/she may return to flying. These efforts are made possible through the Human Intervention Management Study (HIMS) funded by the Federal Aviation Administration.

On the other hand, flight attendants are not currently afforded prevention and early intervention services. Moreover, flight attendants who test positive are terminated quickly and have little to no access to treatment making recovery improbable.

Recognizing that it is time to institute a HIMS program for the nation's flight attendants, the House of Representatives, in the 110th Congress included a provision in its version of the FAA Reauthorization that passed the House directing the FAA to develop a HIMS program for flight attendants. The current FAA Reauthorization, passed out of the Transportation and Infrastructure Committee includes again the same language. The Senate version of the FAA Reauthorization from the 110th Congress also included similar language. Congress has made it clear that HIMS must be expanded to cover flight attendants.

As safety professionals, flight attendants, like pilots, are regulated and certified by the FAA and must comply with DOT and FAA drug and alcohol regulations each and every duty day. In many cases, airlines set standards that are even more stringent and extend beyond federal requirements. For example, the FAA prohibits crewmembers from consuming alcohol in the eight hours prior to reporting for duty, but airline management often sets the bar higher by extending the prohibition to as long as twelve hours prior to reporting for duty.

Under DOT and FAA rules, a flight attendant is only positive on a breath alcohol test if her/his alcohol level is at or above a .04 whereas any trace of alcohol between .001-.039 is treated as a test positive under most airline management rules.

In the case of cabin crew, who test positive for alcohol or prohibited drugs, federal regulations mandate that a carrier swiftly remove that crewmember from safety sensitive duties. The regulations actually provide a process to eventually return the crewmember to duty following a first violation. Termination is not mandated by the DOT and FAA.

As a safeguard, termination is mandated after the second violation of FAA drug and alcohol policy and FAA certification is permanently revoked.

The HIMS program has been highly successful in returning pilots to their jobs. For flight attendants without access to the HIMS program, however, the likelihood that they will rehabilitate and return to duty is greatly diminished.

A funded HIMS program for flight attendants would provide a framework to return a flight attendant to duty who has complied with a rehabilitation and recovery program.

Flight Attendant Certification: Equal But Separate

Flight attendants earn their wings by first passing a rigorous company training program which includes mandatory FAA training requirements. The FAA orders that flight attendants pass proficiency tests during training. Training records and test results are a part of a flight attendant's permanent personnel file and can be accessed at any time by management and by the FAA in post-serious aircraft incident and/or accident investigations.

Following successful completion of the initial training course, the FAA issues a certificate to the flight attendant who must attend on-going training courses and pass proficiency tests to remain certified each year throughout her/his career.

Flight attendants are also subject to unannounced inspections by FAA Cabin Safety Inspectors and are subject to FAA enforcement action for non-compliance with FAA regulations.

This FAA oversight of flight attendants is nearly identical to the way in which the FAA governs and enforces federal regulations concerning other aviation professionals such as pilots and mechanics. Therefore, an effective HIMS program provides parity for flight attendants with their aviation industry colleagues.

Flight Attendants at Greater Risk/Airline Safety at Greater Risk

According to Employee Assistance Program (EAP) experts, flight attendants are at greater risk for developing addiction diseases because they may be exposed to multiple traumatic and near traumatic incidents while on the job. As the first responders in cabin safety and security incidents, flight attendants, like other emergency response professionals who experience traumatic incidents, can become vulnerable to substance abuse.

Company sponsored employee assistance programs are valuable but limited in their scope. They offer intervention with troubled employees by training supervisors to refer workers with observable performance problems for help. Unfortunately, these programs have a narrow capacity to identify "at risk" flight attendants simply because; the vast

majority of the time, a flight attendant is unsupervised, working in a distant environment at 30,000 feet.

Swift termination leaves flight attendants with limited opportunities for rehabilitation. Far too many productive careers have ended prematurely because of zero tolerance policies that leave no option for flight attendants in need. Stringent company drug and alcohol policies can distract and discourage prevention and early intervention.

The HIMS programs have been effective in breaching the barrier for pilots seeking education and treatment for addiction issues because HIMS emphasizes peer identification and intervention. Once management endorses a HIMS program, pilots (and flight attendants in the future) are more apt to seek support and assistance.

HIMS can also provide a safe harbor for flight attendants who want to report fellow crewmembers they suspect of having an abuse problem. In a largely unsupervised work environment, fellow flight attendants are often the first to suspect and/or recognize substance abuse patterns of a co-worker. But currently, the practice of alerting management to a flight attendant that may be struggling with an addiction is the fast track to her/his unemployment and denial of cobra covered health benefits.

Management's termination-only policies discourage and block attempts at early intervention and referral by co-workers.

HIMS: A History of Success

HIMS was formed and funded in 1992 by Congress, is administered by the FAA, and provides a comprehensive education and training program for alcohol and drug abuse prevention in the airline industry. Congress has appropriated approximately \$500,000 to fund HIMS.

The success of HIMS for pilots is well documented and provides a glimpse at the potential assistance this worthy program can provide for flight attendants. Over 4,000 pilots have been returned to the flight deck through their own efforts with the support of the HIMS program. Importantly, over 57,000 pilots and their families at 47 carriers have received preventative educational services from the HIMS program.

HIMS is most effective when airline management endorses the fundamental belief that substance abuse problems, such as alcoholism, are treatable diseases.

HIMS Provides Economies of Scale

HIMS can prevent a wasteful human toll and can produce cost efficiencies at airlines that effectively promote and utilize the HIMS model.

A HIMS model for flight attendants could save substantial training costs for carriers that currently have to hire new flight attendants to fill vacancies that result when management fires flight attendants for a first positive drug or alcohol test. Each time a flight attendant is terminated, the costs of training that flight attendant are a wasted investment.

Because HIMS promotes peer identification and intervention, it increases the chance that a flight attendant will get treatment early and avoid mounting medical bills that often result from sustained substance abuse.

Absenteeism and on the job injuries, costly bottom lines for management, may also improve with an effective HIMS program.

Countless union and management dollars could be saved as a result of HIMS. Airline expenses for grievance, system board and arbitration for substance abuse cases are substantial. With management and union endorsement, HIMS can reduce costly legal bills associated with substance abuse termination and/or discipline cases.

Supporting a culture of safety in the cabin through a flight attendant HIMS program will protect and enhance the investment and continued success in cockpit safety that has been achieved through the pilot HIMS program. This concept is in line with the best practices related to Crew Resource Management (CRM).

An Appeal for Parity, Fairness and Recovery

It's time to institute and fund a HIMS program for flight attendants.

It's time to leverage the knowledge and effective practices developed under the pilots HIMS program to launch parallel but distinct efforts for flight attendants.

It's time to give all flight attendants a chance at rehabilitation and recovery and a return to their careers. Too many of our colleagues have suffered in silence, afraid to speak up about their addiction struggles and management's draconian termination policies silence those who want to extend a helping hand. The warning signs often come too late to save careers.

A HIMS program for flight attendants can usher in a cooperative environment that will work to ensure safety in the air and hope and recovery for those colleagues in need.

During a March 2009 summit on substance abuse prevention, early intervention and treatment for flight attendants, the below value statement, calling for a HIMS program for flight attendants, was endorsed by labor and management from sixteen (16) airlines.

Notably, element 5 of the March 2009 Value Statement, calls on the Federal Aviation Administration (FAA) to support and participate in the implementation of a HIMS program for flight attendants.

March 2009 Value Statement
on Flight Attendant Access to Prevention, Early Intervention and Treatment
for Alcohol and Other Drug Disorder

1. Alcohol and other drug disorders (AODD) are treatable chronic illnesses.
2. When left untreated, AODD can exact high costs on flight attendants, their families, co-workers, unions, employers and public safety.
3. Workplace prevention, early intervention and treatment activities specific to flight attendants can effectively mitigate these costs.
4. These efforts will be more likely to succeed if there is commitment and participation by labor and management at all levels.
5. A flight attendant "Return to the Cabin" or HIMS program, with support and participation by the Federal Aviation Administration is recommended, similar to HIMS program for pilots.
6. A second chance approach following test positives should be considered by both labor/management as a tool to enhance safety and to manage costs.
7. Labor/Management experiences with and approaches towards addressing AODD among flight attendants should be shared across the industry. Management/Labor should continue to participate in venues similar to the "Return to the Cabin Summit" for this purpose.
8. To effectively address flight attendant AODD, joint management/labor action steps have been identified and recommended during this March 2009 "Return to the Cabin" Summit.

Attachments

1. Benchmarking Data for Assessing the Impact of Alcohol and Other Drugs (AOD) in the Workplace and Making the Business Case for Necessary Change

**2. Proposed Three Year Budget for
a. Flight Attendant HIMS Program**

Benchmarking Data for Assessing the Impact of Alcohol and Other Drugs (AOD) in the Workplace and Making the Business Case for Necessary Change

An Overview

- 8.2% of workers in the transportation industry have experienced serious problems, including alcoholism, as a result of their drinking. (www.alcoholcostcalculator.org (<http://www.alcoholcostcalculator.org/>)).
- 92% of people with alcohol problems never get diagnosed and thus treatment (Ensuring Solutions to Alcohol).
- 70% of all current adult illegal drug users are employed. (National Institute on Drug Abuse, June 1990.)
- More than one in five people with employer-provided health insurance are afraid that seeking alcohol treatment will cause them problems at work. (www.ensuringsolutions.org (<http://www.ensuringsolutions.org/>)).
- 80% of managers say they haven't been trained to properly confront an employee with alcohol problems. (Ibid)
- 73% of managers indicate that employees with alcohol problems still do an adequate job. (Ibid)
- ❖ ***Eight out of every 100 transportation employees are problem drinkers. This figure does not include those flight attendants experiencing problems with legal and illegal drugs (www.alcoholcostcalculator.org (<http://www.alcoholcostcalculator.org/>)).***
- ❖ ***250 plus alcohol and drug using flight attendant cases are referred to the Association of Flight Attendants' EAP on a yearly basis. These calls present themselves as either EAP cases or professional standards cases where co-workers are concerned about their flying partners. (AFA EAP Database)***

The Cost of Untreated AOD in the Workplace

- Up to 40% of industrial fatalities and 47% of industrial injuries can be linked to alcohol consumption and alcoholism (**Occupational Medicine**, Vol.4, No.2, 1989).
- Absenteeism among alcoholics or problem drinkers is 3.8 to 8.3 times greater than normal and up to 16 times greater among all employees with alcohol and other drug-related problems. (US Department of Labor, August 1990.)
- Drug-using employees use three times as many sick benefits as other workers. They are five times more likely to file a workmen's compensation claim. (National Institute on Drug Abuse, 1987.)
- Non-alcoholic members of alcoholic families use ten times as much sick leave as members of families in which alcoholism is not present. (March 1991.)
- Untreated alcoholics or drug dependent persons use health care and incur costs at a rate about twice that of their age and gender cohorts. (Holder, 1998.)
- ❖ *Continental Airlines study showed that sick leave usage for pilots was a predictor of a diagnosis for an AOD disorder. Pilots with an AOD disorder used almost two times the mean rate of sick time the year prior to diagnosis. (2008 Study. See website.)*

*** Transportation specific benchmarks.**

- Younger treated substance abuse patients have pre-treatment total cost levels that are lower than pre-treatment levels for older patients. This difference supports the value of early intervention. (Holder, 1998).

Effectiveness of Peer Prevention and Intervention with AOD

- ❖ *120 AOD using pilots per year are identified and treated under the HIMS program (June 2008 data).*
- ❖ *4,000 AOD using pilots have been successfully treated and returned to flying under the HIMS program (June 2008 data).*
- ❖ *Pilots under the HIMS program have a recovery rate of 88-98%.*
- ❖ *American Airlines HIMS Program (pilot labor/management/regulator prevention, intervention and recovery support program) realizes a \$37.30 ROI in asset preservation and \$7.33 ROI in direct cost savings. (2006 report by American Airlines Medical Department and HIMS Chair. See study on website).*
- ❖ *FAA reports a \$9.00 return on investment for every dollar spent on the HIMS program.*
- ❖ *Amtrak Peer Care showed a \$28 to \$1 return on investment. The program avoided \$1,850/employee in injury costs. (Peer Care is a workplace peer intervention program focusing on changing workplace attitudes toward on-the-job substance use and trains workers to recognize, intervene with, and refer co-workers who have a problem.) From Pacific Institute for Research and Evaluation, 2005. See study on website.*
- ❖ *Burlington Northern Railroad RedBlock Program is referred to as "Operation Stop." In just one year, a reported 452 employees were confronted regarding suspected alcohol or drug abuse problems, 48.7% more than in the previous year. Operation Stop committees reported that about 78% of the referrals were from co-workers, 7% from supervisors, and the balance from friends or other sources. The clear consensus among both management officials and employees interviewed is that Operation RedBlock/Stop is a valuable component of railroad drug/alcohol programs.*

- ❖ ***The National Transportation Safety Board encourages local union committees to support the establishment of and participate in railroad programs, such as Operation RedBlock and Operation Stop, to identify employees who may be alcohol or drug abusers. (NTSB recommendation 1987).***

Effectiveness of AOD Intervention and Treatment Services

- **OSHA** strongly supports comprehensive drug-free workforce programs, especially within certain workplace environments, such as those involving safety-sensitive duties like operating machinery. OSHA understands that many workers with substance abuse problems can be returned safely to the workplace provided they have access to appropriate treatment, continuing care and supportive services. (Elena Carr, Working Partners, October 1, 2008).
 - Treatment for drug or alcohol addiction that is tailored to individual needs has proven as effective as treatment for other chronic, manageable conditions, such as diabetes and asthma. National Institute on Drug Abuse, Principles of Drug Addiction Treatment: A Research-Based Guide, FAQ11. Bethesda, MD, 1999. <http://www.nida.nih.gov/podat/PODAT6.html#FAQ11>. (Accessed 5-9-08).
 - Savings that result from investing in substance use treatment can exceed costs by a ratio of 12 to 1. National Institute on Drug Abuse, Principles of Drug Addiction Treatment: A Research-Based Guide, FAQ11. Bethesda, MD, 1999. <http://www.nida.nih.gov/podat/PODAT6.html#FAQ11>. (Accessed 5-9-08).
- * Transportation specific benchmarks.**
- Once treatment begins, total health care utilization and costs begin to drop, reaching a level that is lower than pre-treatment initiation costs after a two to four year period. The conclusion is based on similar findings across different patient populations using a variety of research designs. (Harold Holder, Cost Benefit of Substance Abuse Treatment: An Overview of Results from Alcohol and Drug Abuse, J. Mental Health Policy Econ. 1, 23-29 (1998).
 - ❖ ***Delta Airline's top three short term disability diagnoses (excluding pregnancy) included fractures/sprains, musculoskeletal and mental/substance abuse disorders. By offering, promoting, and emphasizing the full benefits of EAP, Delta has been able to lower behavioral health care costs, absence duration times, and acute care usage. (10/25/07 presentation by United Behavioral Health).***
 - ❖ ***American Airlines reports that 75% to 80% of employees who received alcohol and other drug treatment had remained abstinent from substances through the entirety of the one-year EAP monitoring period.***
 - ❖ ***American Airlines average cost for complete treatment has been between \$5,000 and \$6,000 per person. "With other serious life-threatening diseases, the first day of treatment alone can cost that much" according to John Saylor, EAP Manager. He is convinced that the expenditure of this "moderate amount of money" reduced accidents, injuries, and diseases. (Source: John Saylor, Manager of Employee Assistance Programs for AMR Corporation and for American Airlines, AMR's largest subsidiary, July 28, 1998 testimony before the Senate Labor and Human Resources Committee.)***
 - ❖ ***Continental pilots had a 60% absence rate drop in the first year of treatment completion compared to their pre-treatment absence rate. During the first three years of post treatment, absence rates were lower for the AOD diagnosed pilots than the . Non-abusing pilot control group (2008)***
 - ❖ ***FAA study concludes that substance abuse treatment for violations of the FTA Drug and Alcohol Program brings net benefit to the transit industry and society. The transit industry should be encouraged to initiate or continue second change programs, as they***

have clearly been a key part of the FTA drug and alcohol program and one of its central strengths (October 2002. See website for study.)

- ❖ *Northrop Corporation saw a 43% increase in the productivity of each of its first 100 employees to enter an alcohol treatment program. After three years' sobriety. The average savings for each was nearly \$20,000.*
- ❖ *Philadelphia Police Department employees undergoing treatment reduced their sick days by an average of 38% and their injured days by 62%.*
- ❖ *Oldsmobile's Lansing, Michigan plant saw the following results in the year after its alcoholic employees underwent treatment: lost man-hours declined by 49%, health care benefits by 29%, leaves by 56%, grievances by 78%, disciplinary problems by 63% and accidents by 82%.*
- ❖ *The Ohio Department of Alcohol and Drug Addiction Services conducted a follow-up survey of 668 substance abuse treatment residents one year after completing treatment. Findings indicated that absenteeism decreased by 89%, tardiness by 92% and on-the-job injuries by 57%. Source: Falco, M. The Making of a Drug-Free America: Programs That Work. New York, NY. Times Books, 1994).*

** Transportation specific benchmarks.*

Budget for Flight Attendant HIMS Program

I. Project Goal

In recognition of flight attendants as FAA certificate holders and in recognition of their 27 year omission from participation in the benefits of the FAA HIMS program, the following project, along with corresponding budget, is proposed. The goals of this project are to:

- enhance the safety of the airline industry by advancing the well being of the flight attendant workforce
- protect and enhance the current investment that FAA has made in advancing cockpit safety under its HIMS program by supporting a culture of safety around substance abuse that extends into the cabin.
- Leverage the knowledge and best practices developed under the pilot HIMS program to launch parallel but distinct efforts for flight attendants

II. Project Design

This project is designed around the implementation and validation of flight attendant specific prevention, early intervention and recovery support initiatives that have been identified by labor and management (during two recent National Flight Attendant Summits) as areas of promising practice and collaboration to effectively address substance abuse within the flight attendant workforce.

III. Project Activities and Deliverables

A. Flight Attendant Educational Materials/Website

Prepare and distribute Flight Attendant specific alcohol and drug abuse educational materials for flight attendants, their families, managers, and union leaders, including but not limited to

- a training film which can be used during initial Flight Attendant training
- a training film which can be used during recurrent Flight Attendant training
- printed materials including pamphlets, handouts, posters

- electronic materials for posting to a **project specific website** serving the needs of all project stakeholders.

These materials will be applicable to Flight Attendants across their professional life span and will reflect emerging substance abuse trends and issue within the profession such as prescription misuse/abuse and access to controlled medications overseas. They will be produced in consultation with the Advisory Board (see II. F).

B. Flight Attendant Screening Instrument

Develop, validate and distribute a Flight Attendant specific substance abuse “self” screening tool that aids Flight Attendants in recognizing unsafe alcohol and substance use.

C. Flight Attendant Education Seminars

1. Conduct an annual seminar which will educate 150 flight attendants, airline labor/management and other related industry stakeholders in recognizing and intervening early with substance abuse cases. It will also serve as a forum for the cross sharing successes, innovations and research related to Flight attendant impairment.
2. Create and deliver a “Flight Attendant” orientation module for substance abuse treatment programs and professionals on the requirements, roles, responsibilities, unique work environment, special needs and characteristics of this profession. This module would be introduced at a national conference of treating professionals such as the National Association of Alcohol and Drug Abuse Counselor Annual conference. The actual orientation would be delivered on-site at treatment programs interested in developing a specialized treatment track for flight attendants. Three (3) treatment programs per year would receive this education.

D. Guidance Manual on Rehabilitative Approaches to Impaired Behavior

Develop and distribute a joint labor/management guidance manual on rehabilitative approaches to impaired behavior that could serve as an alternative to discipline and termination including a “peer intervention program” as well as a “second chance program” following test positives. The development of this manual will be guided by the Advisory Board. It will be produced in year two of the project

E. Project Database

Consistent with best practices for safeguarding confidential mental health and substance abuse information, a software program will be developed to support the gathering of sterilized data which captures treatment outcome, provides for return on investment analysis and generates quarterly and annual statistical reports for project accountability.

F. Project Advisory Board

Create an Advisory Board of eight (8) representatives from Flight Attendant management and labor to provide advice and guidance around project deliverables and activities. The Advisory Board will gather in person for a two day/1 night meeting twice per year, separate and apart from any other educational activities.

IV. Project Budget

The proposed budget includes all personnel, management, materials, facilities, equipment, supplies and services required to furnish the deliverables outlined in Section II across a three year funding cycle. A three percent inflation rate has been applied across years 2 and 3. Year 1 contains deliverables that are not repeated in years two and three. There is no cost associated with the effort estimated by the Project Director as this expertise and oversight is being provided at no cost to the project. Additionally, there is no cost associated with office space as this is being furnished at no cost to the project.

Yr. 1 Costs**LABOR**

<i>Position</i>	<i>FTE Level</i>	<i>Direct Cost</i>	<i>30% Overhead</i>
Project Director	0.15	\$00.00	\$ 00.00
Project Manager	1.0	\$78,000	\$101,400.00
Administrative Support	0.5	\$30,000	\$ 39,000.00
Total			\$140,400.00

NON LABOR COSTS

<i>Expense item</i>	<i>Annual Cost</i>
Telephone @\$300.00 per month	\$ 3,600.00
Office Supplies @\$100.00 per month	\$ 1,200.00
Computer equipment and support (yr.1 only)	\$ 4,000.00
Postage @100.00/mth	\$ 1,200.00
Total	\$ 10,000.00

DELIVERABLES

II.A 2 training films@\$20,000 each	\$ 82,000.00
Print Materials @.40 x 90,000 pieces	
Website Development @ \$5,000	
Distribution Postage @1,000	

II.B	Validation of Screening Tool	\$ 10,000.00
II.C	1 Annual Seminar @ \$300 x 150 attendees 1 National Conference-Attendance Expense (Lodging, Travel, Meals @\$1,000) 3 Treatment Program Orientations (Lodging, Travel, Meals @ 600.00 x 3)	\$ 47,800.00
II.D	Guidance Manual (no cost in year 1)	\$ 00.00
II.E.	Database Creation and Network Station Lease	\$ 35,000.00
II.F.	Advisory Board Meetings Lodging, Meals, Materials @\$400/attendee x 11 (8 Board Members, 3 Staff) x 2 per year	\$ 8,800.00
Total		\$183,600.00
Total For Year 1		\$334,000.00

Year 2 Costs**LABOR**

<i>Position</i>	<i>FTE Level</i>	<i>Direct Cost</i>	<i>30% Overhead</i>
Project Director	0.15	\$00.00	\$ 00.00
Project Manager	1.0	\$80,340	\$104,442.00
Administrative Support	0.5	\$30,900	\$ 40,170.00
Total			\$144,612.00

NON LABOR COSTS

<i>Expense item</i>	<i>Annual Cost</i>
Telephone	\$ 3,708.00
Office Supplies	\$ 1,236.00
Postage	\$ 1,236.00
Total	\$ 6,180.00

DELIVERABLES

II.A.	Distribution Postage	\$ 1,030.00
II.B	No costs in year 2 and 3	\$ 00.00
II.C	1 Annual Seminar @ \$309 x 150 attendees 0 National Conference-Attendance Expense 3 Treatment Program Orientations (Lodging, Travel, Meals @ 618 x 3)	\$ 48,204.00
II.D	Guidance Manual @\$10 x 200	\$ 2,000.00
II.E.	Database Network Station Leasing only	\$ 5,000.00

II.F. Advisory Board Meetings	\$ 9,064.00
Lodging, Meals, Materials @\$412/attendee x 11 (8 Board Members, 3 Staff) x 2 per year	
Total	\$ 65,298.00

Total For Year 2 **\$216,090.00**

Year 3

LABOR

<i>Position</i>	<i>FTE Level</i>	<i>Direct Cost</i>	<i>30% Overhead</i>
Project Director	0.15	\$00.00	\$ 00.00
Project Manager	1.0	\$82,750.00	\$107,575.00
Administrative Support	0.5	\$31,827.00	\$ 41,375.00
Total			\$148,950.00

NON LABOR COSTS

<i>Expense item</i>	<i>Annual Cost</i>
Telephone	\$ 3819.00
Office Supplies	\$ 1,273.00
Postage	\$ 1,273.00
Total	\$ 6,365.00

DELIVERABLES

II.A. Distribution Postage	\$ 1,061.00
II.B. No costs in year 2 and 3	\$ 00.00
II.C. 1 Annual Seminar @ \$318 x 150 attendees	\$ 49,608.00
0 National Conference-Attendance Expense	
3 Treatment Program Orientations (Lodging, Travel, Meals @ 636 x 3)	
II.D. No Cost associated with Guidance Manual	\$ 00.00
II.E. Database Network Station Leasing only	\$ 5,150.00
II.F. Advisory Board Meetings	\$ 9,328.00
Lodging, Meals, Materials @\$424/attendee x 11 (8 Board Members, 3 Staff) x 2 per year	
Total	\$ 65,147.00

Total For Year 3 **\$220,462.00**

Total Project Costs for Years 1, 2, and 3	\$770,552.00
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Statement of the National AIDS Housing Coalition House Appropriations Subcommittee on Transportation, Housing and Urban Development and Related Agencies

April 14, 2009

The National AIDS Housing Coalition (NAHC) requests \$360 million for the Housing Opportunities for Persons With AIDS Program (HOPWA) for FY 2010. NAHC is a national non-profit membership housing organization founded in 1994 whose mission is the creation, development, management and expansion of accessible and affordable housing for persons living with HIV/AIDS in communities nationwide. NAHC's members are people living with AIDS, service providers, developers and advocates.

Research presented through NAHC's Research Summit series, overwhelmingly confirms housing as a strategic point of intervention to address HIV/AIDS and the impacts of homelessness and the concomitant effects of race and gender, poverty, mental illness, chronic drug use, incarceration and exposure to trauma and violence. Housing has been shown as cost effective and cost-savings by stabilizing people with HIV/AIDS and reducing reliance on other public systems.

The Housing Opportunities for Persons With AIDS (HOPWA) program is relied upon by HIV/AIDS housing providers nationwide to assure that stable, affordable housing and the critical supportive services that help people remain housed is available to those coping with the debilitating and impoverishing effects of HIV/AIDS. HOPWA's hallmark is its flexibility to provide a continuum of housing and housing-related case management and supportive services for low income individuals and their families living with HIV/AIDS. HOPWA dollars are used for short and longer term rents, facility-based assistance as well as limited rent, mortgage or utility payments that play a role in homelessness prevention. HOPWA can also be used for new development and rehabilitation. Finally, in the face of shrinking resources, HOPWA's importance to community strategic planning efforts cannot be underestimated –facilitating better coordination of local and private resources and filling gaps in local systems of care to meet housing need among people with HIV/AIDS and their families.

AIDS housing is central to the ability of people with HIV/AIDS to attend to their health.

Lack of housing is associated with remaining outside of medical care and improved housing status has been shown to significantly affect access to healthcare, including Anti-retroviral Treatment (ART) and adherence. In summary:



NAHC works to advance the creation, development, management, and growth of housing for persons living with HIV/AIDS in our communities.



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Housing impacts continuity of care: Individuals, formerly unstably housed, who received housing, were 2.5 times more likely to retain appropriate medical care as those who did not receive housing.

Housing improves health outcomes: Improved housing status improves access and adherence to ART as well as additional improved health outcomes, including lowered viral loads and reduced mortality.

AIDS Housing is a powerful weapon against homelessness: research confirms that homelessness is a major risk factor for HIV, and HIV is a major risk factor for homelessness: for example, rates of HIV infection are 3 – 16 times higher among persons who are homeless or unstably housed compared to similar persons with stable housing.

AIDS housing is prevention: persons who are stably housed are more likely to know their status and change in housing status is strongly associated with risk behavior change.

AIDS housing is cost-effective: the estimated lifetime medical treatment cost of each prevented infection is \$303,000 compared to the annual cost of a section 8 voucher for a two-bedroom unit of less than \$7,000.

Housing Need Among People with HIV/AIDS

In August 2008, the CDC presented new information on annual HIV infections. About 56,000 people became infected with HIV in the past year in the U.S., which translates to about 40% more cases than originally estimated. Experts estimate that over half of people living with HIV/AIDS will need some form of housing assistance during the course of their illness and national research has shown that housing is the greatest unmet service need for people living with HIV disease. Data indicates that approximately 72% of PLWHA have incomes below \$30,000 and with the weakening economy the number in need is likely to increase proportionally. The \$310 million included in the FY2009 Omnibus Appropriations Act will fund continued assistance to an estimated 62,000 households.

In 2009 HOPWA will continue housing support for 62,000 households in 131 formula eligible jurisdictions, providing assistance in all fifty states, the District of Columbia, Puerto Rico and the Virgin Islands. Four new jurisdictions may become eligible for formula funding -- Deltona FL, Fresno CA, El Paso TX and state of WV. In addition, 105 competitive grants are currently operating. The program is tied to positive client outcomes in the 62,210 households served in the current fiscal year, making it possible for assisted individuals to better attend to their health needs, function in their families and society. AIDS housing is a cost-effective way to end homelessness and achieve positive individual and community health outcomes. HUD reports that 91% of all HOPWA rental



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assistance households in a recent program year were able to achieve maximum stability, reducing risks of homelessness and participating in healthcare.

NAHC recommends a funding level of \$360million which would permit assistance to an additional 12,000 people with HIV/AIDS in need of housing assistance.

Examples of AIDS housing need from across the country.

AIDS housing need has exploded in virtually every region of the country. As the affordable housing crisis envelopes higher income people, persistently vulnerable populations are squeezed out of assistance. Though waiting lists are no longer maintained in many jurisdictions, affordable housing need continues to grow.

In Alabama, 7,242 people with HIV/AIDS and their families receive HOPWA and other assistance. Seventy seven percent of consumers report annual incomes at or below \$7,950, a staggering 248% below the national poverty level. More than a third of consumers report at least one episode of homelessness following their HIV diagnosis. More than 200 people with HIV/AIDS are in shelters or living on the streets of Birmingham alone.

In a small state like Delaware on World AIDS Day, December 1, 2008, 324 people with HIV/AIDS were waiting for housing. More than half of those receiving housing assistance had been homeless prior to receiving assistance and nearly ¾ would be homeless or unstably housed without HOPWA. Thirty-eight percent reported at least one episode of homelessness following their HIV diagnoses.

Similarly, the District of Columbia, recently identified with the highest number of new infections in the country, has a HOPWA waiting list of 220 people and by World AIDS Day it will have grown to more than 300.

In Dallas, where 15,168 people are living with AIDS, as many as 4,753 units of housing are needed.

Other Low -Income Housing Programs Remain Crucial

Of course, HOPWA will never fully meet the housing need for all those living with HIV/AIDS and their families. AIDS housing providers urge full and adequate funding for the range of low-income housing programs relied upon in the continuum of housing and services for people with HIV/AIDS, including, McKinney Vento Homeless Assistance Grants, Housing Choice Vouchers, Public Housing, and Section 811 Housing for People with Disabilities, among others.



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In conclusion, NAHC urges the Committee to fund the Housing Opportunities for Persons With AIDS (HOPWA) program at the highest level possible for FY2010 to accommodate new formula jurisdictions expected to become eligible as well as to assist existing programs to move closer to meeting the actual housing needs in their jurisdictions. *NAHC respectfully asks the Subcommittee to approve funding of \$360 million for the Housing Opportunities With AIDS program for FY2010.*

Respectfully submitted,

Nancy Bernstine
Executive Director

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STATEMENT OF THE CITY OF SAN MARCOS, TEXAS

**SUBMITTED TO THE
APPROPRIATIONS SUBCOMMITTEE ON TRANSPORTATION, HOUSING
AND URBAN DEVELOPMENT, AND RELATED AGENCIES**

UNITED STATES HOUSE OF REPRESENTATIVES

BY

**SUSAN NARVAIZ
MAYOR
SAN MARCOS, TEXAS**

April 15, 2009

Mr. Chairman and Members of the Subcommittee:

On behalf of the City of San Marcos, Texas, I am pleased to submit this statement for the record in support of our fiscal year 2010 funding requests for three (3) projects that are vital to the transportation needs and economic development of the City and its future.

I would first like to thank you for your past support of transportation projects requested by our Congressional delegation for the City. Federal funding has been very beneficial to the development of the City's transportation infrastructure, and the City's leaders and citizens alike are very grateful to the subcommittee.

The City's priorities for federal funding for fiscal year 2010 include:

1) San Marcos Loop 82 Railroad Overpass Project -- \$11.0 million

This project is the top transportation priority for the City of San Marcos. It is vitally needed to serve transportation, safety, mobility, health, environmental and economic development policy interests of the City and region. The City of San Marcos has 51,222 residents and 29,000 students at Texas State University. We have only one elevated railroad crossing on a state highway and some 20 at-grade railroad crossings. Union Pacific Railroad tracks completely bisect the City with most crossings located within one mile of downtown, including the Aquarena Springs Drive crossing. An average of 47 trains travel through San Marcos every 24 hours.

Loop 82 is identified by the Texas Department of Transportation as the only state highway in San Marcos on which a railroad overpass can be constructed. In 2005, San Marcos voters approved nearly \$1 million toward this project in a bond election.

The Loop 82 Aquarena Springs Drive overpass project was approved by TxDOT and

Union Pacific Railroad, and preliminary design has begun. Approximately \$15 million dollars in railroad safety dollars have been allocated to TxDOT for this \$26 million dollar project. TxDOT has begun the design and environmental studies associated with the project. However, funding shortfalls at the agency have left this important project \$11 million short.

Aquarena Springs Drive (Loop 82) is a major entryway into San Marcos and the primary access point for Texas State University. The university has some 14,000 commuting students who use this road every day, along with our residents. Thousands of university students live on Aquarena Springs Drive in apartment complexes and university housing. We believe that it is a matter of community health, safety and welfare to build this overpass and create an unobstructed access to Texas State University and downtown San Marcos.

2) New Terminal Building for San Marcos Airport -- \$4.725 million

Another of the City's priorities is a new airport terminal building with public amenities and commercial lease space, including a restaurant location. This addition will be the cornerstone of a modernized San Marcos Airport. A new terminal building will meet public expectations and complement other private investment airport improvements.

This \$4.725 million dollar federal investment in the San Marcos Municipal Airport will result in a transformed facility that will stimulate the local and regional economy, better serve the flying public, and attract greater investment from the private sector for further airport development. The funds will supplement previous allocations for the construction of infrastructure to support the proposed facility and the development of the North Side area along Highway 21.

Our airport occupies the site of the former World War II era Gary Air Force Base. Since the base closure in 1966, the airfield property has been owned and managed by the City of San Marcos as a public general aviation and the only reliever airport between Austin and San Antonio.

The airport has grown due in large part to its prime location in the bustling Austin-San Antonio Corridor. With the on-going support of the Federal Aviation Administration and Texas Department of Transportation, we have been able to maintain and actually improve the original World War II era basic aviation infrastructure of runways, taxiways, and navigation aids. In 2009, we will begin construction of an airport control tower with a special grant from Federal Aviation Administration (FAA) Contract Tower Program, the first tower built at the airport since World War II.

However, the other airport amenities that cannot compete or that do not qualify for funding assistance are woefully inadequate. This situation has resulted in commercial stagnation and loss of economic development incentive. The addition of a new terminal building will transform the San Marcos Municipal Airport into a vital economic resource for the City and the region.

3) Downtown San Marcos Streetscape Improvement Project -- \$4.324 million

The City's plan for the Downtown Streetscape Improvement Project entails the building and repairing of sidewalks and crosswalks in the Historic Central Business District of San Marcos to promote improved pedestrian safety, mobility, and accessibility, as well as reduced vehicle emissions.

This important safety project will help accomplish the City Council's goal to improve pedestrian mobility, making the vital downtown area accessible under the requirements of the Americans With Disabilities Act (ADA), and providing safe pedestrian access to and from Texas State University, located two blocks from the Courthouse Square, as well as to important historic minority neighborhoods and the City's river and park system

This project will enable the City to implement the Downtown Master Plan adopted in 2008 which seeks to revitalize our historic downtown area, site of the Hays County Courthouse, a significant retail area and entertainment district. One of the most important steps will be to build or reconstruct deteriorating sidewalks and install safe and ADA-accessible crosswalks.

The City is investing significantly in the Downtown Streetscape Project by dedicating \$3.8 million of local funds to address drainage issues in the area, with demonstration water quality ponds to protect the environmentally sensitive San Marcos River.

In addition, the downtown sidewalk project supports the Texas State University Master Plan, through which the university has made significant improvements to the entryways to this important university campus and its 29,000 students.

The City of San Marcos continues to strive to improve city services and infrastructure for our citizens by investing local funds into making San Marcos a pedestrian-friendly community. We have already embarked on important projects such as building a new pedestrian bridge over the San Marcos River, building a pedestrian railroad crossing, and improving our links from the downtown area and our park system along the San Marcos River. The downtown sidewalk project will provide essential improvements in our historic downtown.

As Mayor of the City of San Marcos, I am very grateful to the subcommittee for your gracious consideration of our requests for funding. Thank you very much.

**Written Testimony of Barbara Tulipane, Chief Executive Officer
on behalf of
The National Recreation and Park Association
Transportation, Housing and Urban Development, and Related Agencies Subcommittee
Regarding Fiscal Year 2010 Appropriations
April 16, 2009**

Thank you Chairman Olver, Ranking Member Latham, and other members of the subcommittee for this opportunity to submit written testimony on the Fiscal Year 2010 Appropriations bill.

The National Recreation and Park Association (NRPA) is a national, non-profit organization with a mission of advancing parks, recreation and environmental conservation efforts that enhance the quality of life for all people. There are more than 6,500 parks and recreation agencies throughout the country, a majority of which are members of NRPA. Through our network of more than 21,000 citizen and professional members, we represent cities, counties, and townships' park and recreation departments, regional park authorities across the nation, and local citizens concerned with ensuring convenient access to parks and recreation opportunities in their communities.

As your subcommittee works to craft the Fiscal Year 2010 Appropriations bill, we request that you include \$4.6 billion for Community Development Block Grant (CDBG) Program.

CDBG grants equip communities with the resources they need to address serious community development challenges. Studies have shown that parks and recreation facilities are often key components to the revitalization of communities and blighted areas as they increase property values, reduce storm water runoff, mitigate urban heat islands while also improving health and wellness. Given the aesthetic, environmental and public health contributions provided by parks and recreation facilities, it is not surprising that approximately \$100 million of CDBG funds are utilized annually for parks and recreation projects that often take place in conjunction with more comprehensive community redevelopment initiatives.

Unfortunately, the CDBG formula grant program has seen a consistent decrease in funding over the past 10 years, in spite of the ever increasing unmet needs of communities. Funding has decreased from \$4.9 billion in FY 2004 to \$3.6 billion in FY 2008, a decrease of more than 36% in only four short years.

In addition to providing safe infrastructure, CDBG funds serve the community through the creation of jobs. According to the National League of Cities, in 2004, CDBG projects served more than 9 million people by helping to build new or reconstruct existing public facilities, roads, fire stations, libraries, and water and sewer systems. CDBG grants also helped create or retain over 90,000 jobs in 2004 alone.

Funding provided through the CDBG program often serves as the catalyst for private investment. In fact, the National League of Cities concluded that over the 30-year life of the program, CDBG has leveraged nearly \$324 billion in new private investment in our nation's communities, a three

to one return on investment. On average, in eligible communities, CDBG dollars finance 75 percent of new public facilities and 56 percent of business assistance programs.

The following examples highlight the benefits of CDBG funding in Burlington County, New Jersey and Reno, Nevada and the important services that were provided to these communities:

In Burlington County, New Jersey, the county's park and recreation department worked to make local parks more accessible to individuals who are physically disabled. In Smithville historical park, they were able to add an elevator to improve the accessibility for individuals with physical disabilities through CDBG funds. These funds enabled more people with disabilities to engage in physical activity and to access their public parks safely.

The City of Reno, Nevada has a history of applying for CDBG funds to improve its neighborhoods and to support critical community services. The City of Reno is currently using CDBG funds to rehabilitate park lighting at Yori Park, which is located in one of the Neighborhood Revitalization Areas. The funds will be used to purchase and install state of the art energy saving lighting products. This project will have multiple benefits for the community including reducing the City's energy costs which supports the Council's 'green' goals, while improving the safety and security of the park. These types of projects have met multiple community needs in the City of Reno and in other cities across the country.

Mister Chairman and members of the subcommittee, parks and recreation agencies are not merely community amenities; they are essential services which are necessary for the economic and environmental vitality as well as physical wellness of communities throughout this country. Additionally, they are key components to community revitalization. By providing funding for CDBG, which has proven itself invaluable to addressing national issues, you would be investing in the needs of low to moderate income Americans in communities across this nation. Please include \$4.6 billion in funding for the CDBG program in your FY 10 transportation and housing and urban development appropriations bill.

Thank you for this opportunity to present testimony. Please feel free to contact Stacey Pine, Chief Government Affairs Officer, in NRPA's Public Policy Office at 202-887-0290 with any questions you may have.

Written Testimony of the American Psychological Association

Submitted April 16, 2009 to the

United States House of Representatives Committee on Appropriations

Subcommittee on Transportation, Housing and Urban Development, and Related Agencies

The Honorable John W. Olver, Chairman

Fiscal Year 2010 Appropriations for the Department of Transportation and Housing and Urban Development

The American Psychological Association (APA), a scientific and professional organization of more than 150,000 psychologists and affiliates, is pleased to submit testimony for the record. Because our behavioral scientists conduct research funded by, or that informs programs at, the **Department of Transportation (DoT) and the Department of Housing and Urban Development (HUD)**, APA will address the proposed FY10 budgets for both of these agencies.

Department of Transportation

Federal Aviation Administration

The Federal Aviation Administration (FAA) supports and applies psychological research to the benefit of every sector of the National Aviation System (NAS). Coordination of that research occurs through the Air Traffic Organization's Planning Research and Development Office and through the Associate Administrator for Aviation Safety. Because detailed information is not yet available for the FY 2010 Administration budget request, APA is writing to request full support for FAA's research and development budget and to highlight human factors research programs and issues that are critical to on-going or planned enhancements to the NAS. Much of the research is subsumed under the heading of Aerospace Human Factors and is conducted at, or supported by, the Civil Aerospace Medical Institute (CAMI) across seven broad categories: Advanced Air Traffic Control Systems, which evaluates the effect of new technologies on air traffic controller (ATC) performance and workload, as well as studying communication between controllers and aircrews; Flight Crew Performance Assessment, which evaluates the effect of advanced flight deck technology on general aviation aircrew performance; Behavioral Stressors, which examines environmental and individual stressors on aircrew and ATC performance; Individual and Team Performance Assessment, which examines the cognitive strategies and processes used in skill acquisition for effective training programs; Organizational Effectiveness, which evaluates the relationship between psychological variables and the work environment, as well as the effect of organizational innovations; Personnel Selection, which evaluates the relationship between human abilities and job performance and develops test instruments to optimize selection; and Simulation and Re-Creation, which provides controlled environments to evaluate the performance of aircrews and ATC personnel.

In addition, a tremendous amount of human systems integration research is needed for the safe and efficient implementation of the Next Generation Air Transportation System (NextGen). APA fully supports the observations, findings and recommendations of the Subcommittee on Human Factors of the FAA's Research, Engineering and Development Advisory Committee (REDAC) as outlined in REDAC's report to the FAA Administrator on October 17, 2008. The Subcommittee observed that while human factors personnel have demonstrated high levels of collaboration and cooperation across the Aviation Safety and Air Traffic Organizations within

FAA, continuing that level of cooperation will be critical to successful NextGen implementation. The subcommittee produced four findings and associated recommendations. First, recent planning for NextGen has focused primarily on equipment acquisition, ~~and insufficiently addresses human-related issues and requirements, and there needs to place~~ ^{be} greater emphasis on human systems integration. Second, human factors resources (both personnel and funding) in the Aviation Safety and Air Traffic Organizations are insufficient to carry out the range of activities required to adequately support NextGen development and implementation. Third, Post Implementation Review of new NextGen technologies may reveal significant human factors findings, but without a clear path to feed those findings forward to benefit other NextGen programs. Fourth, the NextGen management structure should be revised to ensure that cross-cutting human factors (system integration) issues are recognized and addressed.

External auditors and end-users have also raised concern about the need for added attention to human factors research within NextGen. In a hearing on March 18, 2009 before the House Subcommittee on Aviation, Committee on Transportation and Infrastructure, Dr. Gerald Dillingham, representing the Government Accountability Office, addressed ongoing research needs. Among those scientific priorities for NextGen he highlighted the need for human factors research and voiced concern about the diminished role NASA was playing in that effort.

“Human factors research explores what is known about people and their abilities, characteristics, and limitations in the design of the equipment they use, the environments in which they function, and the jobs they perform. Compared with the current ATC system, NextGen will rely to a greater extent on automation, and the roles and responsibilities of pilots and air traffic controllers will change. For example, both pilots and controllers will depend more on automated communications and less on voice communications. Such changes in roles and responsibilities raise significant human factors issues for the safety and efficiency of the national airspace system. Until fiscal year 2005, NASA was a primary source of federal aviation-related human factors research, but NASA then began reducing its human factors research staff, reassigning some staff to other programs and reducing the contractor and academic technical support for human factors research. According to NASA, human factors research continues to be a critical component of its aeronautics research program, although its work is now focused at the foundational (earlier-stage) level. FAA plans to invest \$180.4 million in human factors research from fiscal year 2009 through fiscal year 2013. It remains to be seen whether or to what extent FAA’s research and development, which is typically more applied than NASA’s, will offset NASA’s reductions in human factors.”

During the same hearing, Patrick Forrey, President of the National Air Traffic Controllers Association (NATCA), one of the principle end-users of a modernized air transport system, likewise highlighted human factors issues.

“In an attempt to create artificial economic incentives for early equipage, the FAA has announced that it will implement a policy that would “provide ‘best-equipped, best-served’ priority in the NAS to early adopters.” This has serious implications for safe and efficient operations and for the workload and complexity for air traffic controllers.

Currently, air traffic controllers provide service on a first-come, first-serve basis. Air traffic controllers instruct aircraft to merge onto airways or disburse to their destinations in the order which comes most naturally, the order in which they arrive. Giving priority to particular aircraft would require complex maneuvering on the part of air traffic controllers, who would have to vector aircraft around one another in order to give preferential treatment. This is an unnecessary level of complexity introduced into the already complex air traffic control environment. As with any additional complexity, it brings with it an increased risk in terms of both safety and delays.

Air traffic controllers are also taught to maximize the efficiency of the NAS to the maximum extent practicable without sacrificing safety. This often means granting requests from pilots to proceed directly to particular navigation points of reference, VORs, rather than continuing along the prescribed route. Currently, this is done whenever air traffic and whether conditions permit. As there is no way to increase the use of these on-the-fly improvements to efficiency, the only way to provide incentives is to instruct controllers to avoid giving direct routes to aircraft without the new equipment. This means decreasing the overall efficiency of the NAS, and increasing flight delays for unequipped aircraft.

Lastly, differential treatment from air traffic control based on level of equipage requires the controller to know the level of equipage. This would mean an additional piece of information in an already-cluttered data-block. According to a Civil Aerospace Medical Institute (CAMI) study, the quantity of information in the display has a direct relationship to the time it takes for a controller to scan that display. Similarly, when a display is cluttered with information, it takes additional time to scan and parse out the relevant data. Therefore, adding this additional information to the data blocks will increase the complexity of air traffic control even before one accounts for the preferential maneuvering.

The FAA's NextGen plans include increased automation and eventual self-separation of aircraft, resulting in a shift in the "traditional responsibilities and practices of pilots/controllers." Under the proposed system, air traffic control would shift to what the FAA is euphemistically referring to as "Trajectory Management." Essentially, air traffic controllers would discontinue active air traffic control and shift instead to air traffic monitoring and route management. This could have serious implications for the safety of the NAS.

Studies have shown that -when acting as a monitor of an automated system, people are frequently slow in detecting that a problem has occurred that necessitates their intervention. Once detected, additional time is also needed to determine the state of the system and sufficiently understand what is happening in order to be able to act in an appropriate manner. The extra time associated with performing these steps can be critical, prohibiting performance of the very activity the human is present to handle. Safe air traffic control depends on the ability to quickly assess situations and make split second decisions.

Training and experience would also be a serious issue in this scenario. After this changeover of duties is completed it won't be long before the system is staffed entirely by individuals with no active air traffic control experience or on the job training. Even those

who might remain in the profession and remember active air traffic control would quickly fall out of practice. Currently, controllers and managers who are working off the floor are required to work positions for 16 hours to maintain currency. Maintaining this level of currency would be impossible should automated separation become the standard. This too, would make it difficult for air traffic monitors to safely perform air traffic control functions should automated separation fail.”

These concerns would appear to dovetail well with resource allocations itemized in the FAA’s five-year 2008 National Aviation Research Plan (NARP), which called for substantial increases in NextGen Human Factors Research in FY2010 across two domains: Controller Efficiency and Air/Ground Integration. APA fully supports the proposed increase of \$7.9 million for Controller Efficiency and \$4.8 million for Air/Ground Integration over FY2009, as called for in the NARP. However, APA is concerned that these large increases come at the expense of other critical human factors programs, including Flightdeck/Maintenance/System Integration Human Factors and Air Traffic Control/Technical Operations Human Factors, which will receive increases of only 1.5-2.9% within an average of 10.5% for the Research, Engineering and Development programs overall.

Federal Motor Carrier Safety Administration

APA is concerned that the Federal Motor Carrier Safety Administration (FMCSA) adopted an hours of operation rule for commercial drivers in November, 2008, nine days after the last election that essentially left unchanged the rule that had been adopted in 2004. The 2004 rule was successfully challenged twice in federal court on the basis that FMCSA did not properly account for the health consequences of permitting commercial drivers to drive eleven hours at a stretch rather than the formerly allowed ten hours of driving. While the American Trucking Association supported the rule, many members of Congress, unions and advocacy groups have called the extended hours dangerous. While the Department may choose not to reopen a discussion of this rule, APA urges the subcommittee to provide an increase of \$2.5 million for additional safety research, particularly to help develop model health and wellness programs for commercial drivers, which have been identified by the National Academy of Sciences as the most promising way to assist in the reduction of commercial driver accidents and fatalities.

National Highway Traffic Safety Administration

APA applauds the leadership of this Subcommittee for requesting that the National Highway Traffic Safety Administration (NHTSA) prepare a report to consolidate current knowledge on driver distraction for use by policy makers. The request was included in the reports that accompanied the FY2006 Appropriations Act, PL 109-115, and was meant to assist federal, state and local governments in the formulation of effective policies, regulations and laws. NHTSA followed through, and the report, entitled “Driver Distraction: A Review of the Current State-of- Knowledge,” was submitted to the Subcommittee in April, 2008, and was made public at that time. APA members reviewed the report and commended the Department for the preparation of a very comprehensive and highly professional review of the state of knowledge. This is an important baseline and helps policy makers better understand the likely effectiveness of proposed interventions. The report also helps identify gaps in current knowledge. Following the release of the report, NHTSA began to develop an Action Plan to identify the important next steps in both research and public policy outreach to address the problems caused by distracted drivers. We recommend that the Subcommittee request a briefing from the Department on the

content of the status of this Action Plan and support its implementation through the FY2010 budget.

Department of Housing and Urban Development

Homelessness Prevention Fund

At a time of critical challenges in the U.S. economy, homelessness is reaching epidemic proportions. Among the most impacted are families with children, single adults, and youth who for various reasons no longer have places to live. While homelessness has historically been associated with long-standing poverty, increased layoffs, mortgage foreclosures, evictions and the inability to obtain credit is resulting in the loss of housing among working and middle class individuals, as well as those living in poverty.

The stressful events leading to homelessness and the emotional hardship that accompanies being displaced from homes, neighborhoods, schools, and social supports has serious long-term mental health implications for adults and children alike. While homelessness has been associated with chronic and severe mental disorders, more commonly, a convergence of risks, vulnerabilities and events results in people not having the ability to afford or maintain housing. Many homeless adults experience the long-lasting, deleterious psychological effects of childhood trauma, physical and sexual abuse, and violence. Homeless adults have difficulty gaining access to medical and psychological treatment, and often use emergency centers at hospitals or temporary shelters to meet their needs.

APA urges Congress to continue to support the Homelessness Prevention Fund at the Department of Housing and Urban Development which re-houses homeless persons and families who enter shelters, and expands efforts to prevent homelessness among those facing a sudden economic crisis.

For more information, please contact Dr. Geoffrey K. Mumford
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TESTIMONY OF
WILLIAM W. MILLAR, PRESIDENT
AMERICAN PUBLIC TRANSPORTATION ASSOCIATION
BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION AND HOUSING AND URBAN
DEVELOPMENT, AND RELATED AGENCIES
OF THE
HOUSE COMMITTEE ON APPROPRIATIONS
ON FEDERAL TRANSIT INVESTMENT FOR FISCAL YEAR 2010

April 16, 2009

SUBMITTED BY

American Public Transportation Association
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(202) 496-4800



APTA is a nonprofit international association of nearly 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products. Over ninety percent of persons using public transportation in the United States and Canada are served by APTA members.

INTRODUCTION

Mr. Chairman and members of the committee, on behalf of the American Public Transportation Association (APTA), we thank you for this opportunity to submit written testimony on the Fiscal Year (FY) 2010 Transportation and Housing and Urban Development Appropriations bill for federal investment in public transportation and high-speed and intercity rail.

ABOUT APTA

APTA is a nonprofit international association of nearly 1,500 public and private member organizations, including transit systems and high-speed, intercity and commuter rail operators; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient, and economical transit services and products. More than 90 percent of the people using public transportation in the United States and Canada are served by APTA member systems.

FY 2010 FUNDING FOR PUBLIC TRANSPORTATION AND INTERCITY RAIL PROGRAMS

I appreciate the opportunity to comment on the FY 2010 funding for the federal transit program and intercity and high-speed rail. As your subcommittee works to adopt the FY 2010 Transportation and Housing and Urban Development Appropriations bill, we urge you to provide no less than \$12.4 billion for federal public transportation programs. This level is consistent with APTA's recommendations for FY 2010 under the next surface transportation authorization bill.

We also ask that you provide full funding for all rail programs authorized under the Passenger Rail Investment and Improvement Act (PRIIA) of 2008, including \$300 million for Grants to States for Intercity Rail, \$300 million for the High Speed Rail Corridors program and \$50 million for Intercity Rail Congestion Grants. In addition, APTA urges the committee to fund the Rail Safety Technology Grants program at a level significantly higher than the \$50 million authorized in PRIIA, to assist with the implementation of positive train control systems. Finally, we encourage Congress to provide an additional \$1 billion in FY 2010 for high-speed rail, consistent with the President's budget request.

We appreciate the support transit has received in Congress and throughout the country in the past year. Investment in public transportation and high-speed and intercity rail has been widely regarded as an effective way to create jobs and spur economic growth. Funds provided through the American Recovery and Reinvestment Act (ARRA) of 2009 have already allowed public transportation systems and equipment manufacturers to begin the process of putting thousands of people to work and to also begin to address the enormous backlog of capital investment needed to maintain and expand transit systems nationwide. More Americans are using public transportation and still more will use public transportation if we continue to invest in maintaining, improving and expanding the existing systems. In 2008, Americans took 10.7 billion trips on public transportation – the highest level in 52 years – despite falling fuel prices in the second half of the year and rising unemployment, both of which generally result in ridership declines.

Public transportation helps to advance numerous national goals. It promotes economic growth and energy savings, protects our environment and enhances America's quality of life. Every \$1 billion invested in public transportation capital projects supports 30,000 jobs. Further, for every \$1 invested in transit, \$6 are generated in economic returns. Beyond the economic benefits, public transportation reduces our dependence on foreign oil by saving the equivalent of 4.2 billion gallons of gasoline annually. This is more than three times the amount of gasoline refined from the oil imported from Kuwait. By reducing fuel consumption, transit also protects the environment by saving 37 million metric tons of carbon emissions annually. This is equal to the emissions that result from generating the electricity needed to power every household in the District of Columbia, New York City, Atlanta, Denver, and Los Angeles combined. Reduced congestion and travel time, increased accessibility and mobility options, and

opportunities for exercise contribute to a healthier lifestyle for many Americans. As a result of all the economic benefits and energy savings from transit, Americans can experience a better quality of life. These nationwide benefits are only attainable with a substantial federal investment in public transportation.

FUNDING FOR FEDERAL TRANSIT ADMINISTRATION PROGRAMS

APTA urges Congress to provide \$12.4 billion to fund public transportation programs under the Federal Transit Administration (FTA). As you know, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) expires at the end of the current fiscal year. In preparation for its expiration, APTA has developed a set of recommendations for Congress that calls for a significant increase in federal investment, along with some modification of existing programs and the creation of several new programs.

APTA's recommendations were developed over the course of more than a year, and represent a consensus among large transit agencies, small transit agencies and the public transportation business community. In addition to seeking an increase in funds, we recommend several key changes to the basic program structure. These changes will help streamline the federal transit program, reduce administrative burdens on transit agencies and help speed project delivery. In addition, program modifications reflect an agreed-upon equitable distribution of funds within the transit program to communities across the country. Specifically, APTA recommends the following program modifications:

- **Bus and Bus Facilities Program** – APTA recommends modifying the current program to create two separate categories of funding. Fifty percent of funds should continue to be distributed as discretionary grants, while the remaining 50 percent should be distributed via a formula that is based on bus formula factors under the urbanized and rural area formula programs. This will allow all transit agencies to address their rolling stock needs, while maintaining the ability to seek additional funds through a discretionary grant program. Funds under the formula or discretionary categories could be used for eligible activities under current law.
- **Fixed Guideway Modernization Program** – APTA proposes to replace the current seven-tier program with a simplified two-tier program. The first tier would be reserved for current recipients, using formulas under the existing seven-tier program to create a base amount. This formula would be used to distribute 50 percent of the overall program growth each year. The second tier would distribute the remaining 50 percent of annual program growth among existing and new qualified recipients via a formula that is based on the rail tier of the urbanized area formula program. This modification would hold existing recipients harmless, while allowing for the addition of new fixed guideway systems into the program that meet the seven year minimum age requirement.
- **New Starts and Small Starts Program** – APTA recommends a number of changes to the New Starts and Small Starts program to streamline the process and speed project delivery. These include the creation of a streamlined rating system for all Small Starts projects, re-establishment of an exempt category of New Starts/Small starts projects that require small amounts of funding, streamlining the review and approval process, reinforcement of the full range of factors for consideration for the New Starts rating process, and the re-establishment of the Program of Interrelated Projects provision of Intermodal Surface Transportation Efficiency Act (ISTEA).
- **Workforce Development** – APTA recommends an increased focus on workforce development to address significant needs to attract and train the next generation workforce for public transportation. This includes the expansion of on-going programs, such as the Transportation Learning Center and the National Training Institute, the creation of a network of regional transit training centers, and the eligible use of urban and rural area formula grants for training activities.

- **Urbanized and Rural Area Formula Programs** – APTA urges the continuation of the Large Urbanized Area, Small Urbanized Area, and Rural Area formula programs in their current form, including the continuation and expansion of the Small Transit Intensive Cities program. In addition, APTA recommends that public transportation systems in urbanized areas of more than 200,000 population which operate less than 100 buses in peak operation should be eligible to use formula funds for operating purposes. In addition, APTA recommends the elimination of the High Density and Growing States formula, and distribution of these funds under the existing urbanized area and rural area formula programs.

In addition to these program modifications, APTA recommends the creation of the following programs:

- **Coordinated Mobility Initiative** – APTA recommends the creation of a single program to replace the current Job Access and Reverse Commute (JARC), New Freedom Initiatives (NFI), and Elderly and Disabled Programs. This new program would combine funds available for the three existing programs and distribute them to states and urbanized areas via a formula, taking into consideration all factors contained in the abovementioned programs – population of elderly people, population of disabled people, and Temporary Assistance for Needy Families (TANF) eligible population. Requirements for the locally developed coordinated human services transportation plan would be maintained and designated recipients eligible under the existing JARC, NFI and Elderly and Disabled Programs would still have the ability to distribute funds to carry out previously eligible projects. Current eligibilities and requirements for the respective programs should be retained under the combined program.
- **Clean Fuels Aging Bus Replacement Program** – APTA recommends the creation of a new program to provide funds to assist transit systems with replacing aged rolling stock with new clean-fueled vehicles. Funds would be distributed to designated recipients via a formula based on the relative share of the total cost to replace vehicles that exceed 125 percent of the FTA standard for replacement.

To fund these programs, APTA recommends a significant increase in federal public transportation investment, with no less than \$123 billion provided over the six year period. The \$12.4 billion for FY 2010 would represent the first year's installment of public transportation investment. Ultimately, this growing level of investment for FTA programs by FY 2015 would help meet at least 50 percent of the estimated \$60 billion in current annual capital needs and support the projected doubling of ridership over the next 20 years. To achieve sufficient balances in the trust fund and to accommodate increased investment, APTA recommends an increase in the motor fuels user tax to at least a level that restores the purchasing power to 1993 levels (the year of the last increase) and indexing the tax to future inflation. Failure to invest in transit now will result in an inability for transit systems to meet demand in the future.

Congress consistently has increased investment in public transportation in recent years. We urge you to not only continue this pattern, but to increase federal transit investment by 20 percent annually, in order to create a more efficient and more effective public transportation network. We believe that Congress has an opportunity to address the capital investment needs of transit systems while also creating jobs, reducing emissions, and improving the quality of life for all Americans.

PASSENGER RAIL INVESTMENT AND IMPROVEMENT ACT OF 2008

We also urge Congress to fully fund intercity and high-speed passenger rail programs authorized under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA) for FY 2010. This legislation, combined with funds provided in the American Recovery and Reinvestment Act (ARRA) of 2009, provide a real opportunity to advance and improve passenger rail service in the United States. In

addition, Congress authorized grant funds under PRIIA for programs to improve safety on the nation's railways. Specifically, we urge the Committee to provide the authorized amounts for the following programs:

- \$300 million for the State Capital Grant Program for Intercity Passenger Rail (Sec. 301) to provide grants to states to pay for capital costs of equipment and facilities necessary to provide new or improved passenger rail service;
- \$300 million for grant to states or Amtrak for the High Speed Rail Corridors Program (Sec. 501) to finance the planning, design, and construction of 11 high-speed rail corridors;
- \$50 million for Congestion Grants (Sec. 302) to invest in passenger rail in highly congested areas;
- \$2 million for the Operation Lifesaver Program (Sec. 206) for grants to carry out a public information campaign to promote safety at rail-grade crossings;
- \$3 million for Federal Grants to States for Highway-Rail Grade Crossing Safety (Sec. 207); and
- \$5 million for Railroad Safety Infrastructure Improvement Grants (Sec. 418) for safety improvements to rail infrastructure and the establishment of quiet zones.

Finally, APTA requests your committee to fund the Railroad Safety Technology Grants Program (Sec. 105) at a level significantly higher than the \$50 million authorized amount. PRIIA requires commuter rail operators implement positive train control (PTC) systems by December 31, 2015. Our nation's commuter rail systems are committed to comply with this requirement and implement these critical safety upgrades. However, the technology for efficient and interoperable PTC systems is still under development, and the cost for implementing PTC is substantial. Adequate funding will help ensure that these important safety improvements can be implemented within the required time frame.

HIGH-SPEED RAIL INVESTMENT

We thank Congress for investing in high-speed rail development under ARRA. The \$8 billion appropriated is a great start and we urge Congress to continue this effort by investing another \$1 billion in FY 2010. In addition to the amounts authorized in ARRA and PRIIA, the Administration has proposed \$5 billion over the next five years for a high-speed rail program. This increased investment is critical to initiate a long-term federal commitment to providing a sustainable alternative to flying or driving. An effective high-speed passenger rail service throughout our nation would increase the overall benefits of public transportation and its contribution to national goals of reducing dependence on foreign oil and alleviating congested roadways and airways.

CONTRACT AUTHORITY

Finally, we encourage Congress to reject efforts to alter the current budgetary treatment of contract authority and the "firewalls" that have been a critical component of the multi-year planning and financing needs of federal transportation funding recipients. The unique budgetary treatment of transportation trust funds is precisely what makes the federal motor fuels excise tax and other user fees truly dedicated financing mechanisms. Such treatment of trust fund spending contributes to taxpayer confidence in these programs, assuring transportation users that the fees they pay to use the nation's transportation systems will finance future enhancements in that system.

CONCLUSION

I thank the subcommittee for allowing me to share our views on FY 2010 public transportation and high-speed and intercity rail appropriations issues. We look forward to working with the subcommittee to make the necessary investments to grow the public transportation program. We urge the

subcommittee to invest in making commuter, intercity and high-speed rail safer by fully appropriating the funds authorized in PRIIA. Finally, we support the efforts of Congress thus far to invest in a sustainable high-speed rail system and encourage your subcommittee to continue building upon the foundation established in ARRA. It is an exciting time for public transportation and a critical time for our nation to continue to invest in transit infrastructure that promotes economic growth, energy independence, and a better way of life for all Americans.

**Statement of the Coalition of Northeastern Governors
to the Subcommittee on Transportation,
Housing and Urban Development, and Related Agencies
Committee on Appropriations
United States House of Representatives
Regarding FY2010 Appropriations for
Transportation and Community Development Programs
April 16, 2009**

The Coalition of Northeastern Governors (CONEG) is pleased to share with the Subcommittee on Transportation, Housing and Urban Development, and Related Agencies this testimony on FY2010 appropriations for transportation and community development programs. The CONEG Governors appreciate the Subcommittee's longstanding support of funding for the nation's highway, transit, and rail systems and critical community development programs. We applaud the Subcommittee's strong support for incorporating transportation and community development funding in the comprehensive American Recovery and Reinvestment Act (ARRA). These flexible funds for transportation infrastructure and community development projects are vital to advance the nation's commitment for sound investment in multi-modal, national transportation systems and livable communities. However, these infrastructure funds for ready-to-go projects do not replace the need for adequate transportation and community development program funding in the FY2010 appropriations.

We recognize that the Subcommittee faces a unique and particularly difficult set of fiscal challenges and interlocking issues in crafting this FY2010 appropriations measure. Two national commissions have documented the increasing gap between surface transportation needs and available public revenues. A dire economy contributes to a shortfall in the Highway Trust Fund and to greater demand for public transportation and intercity passenger rail services. At this time, the surface transportation authorization framework to guide highway and transit programs in the coming fiscal year is uncertain. In spite of these challenges, we urge the Subcommittee to continue the strong federal partnership so vital for a national, integrated, multi-modal transportation system. This network underpins the competitiveness of the nation's economy, broadens employment opportunities, and contributes to the efficient, safe, environmentally sound, and energy smart movement of people and goods.

TRANSPORTATION

Surface Transportation

The CONEG Governors urge the Subcommittee to fund the combined highway, public transit, and safety programs at levels greater than the current FY2009 levels authorized in the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). This higher level of federal investment is necessary to sustain the progress made under SAFETEA-LU to improve the condition and safety of the nation's highways, bridges, and transit systems. Particular attention is also needed to address the pending shortfall in the Highway Account of the Highway Trust Fund.

Continued and substantial federal investment in these infrastructure improvements – in urban, suburban, exurban, and rural areas – is necessary to safely and efficiently move people and products and to support the substantial growth in freight movement projected in the coming decades. The federal government has invested significant resources in the nation's transportation system, and it has a continuing responsibility to maintain and expand a transportation infrastructure that will keep America competitive in a global economy.

Specifically, the CONEG Governors urge the Subcommittee to:

- Increase the federal aid highway obligation over the FY2009 authorized level;
- Increase public transit funding over the FY2009 authorized level, including full funding for Formula and Bus Grants, the Capital Investment Grants, and the Small Starts Programs; and
- Ensure that these funds are provided to the states in a timely manner.

Rail

The FY2010 appropriations for intercity passenger rail will mark the first full appropriations cycle for intercity passenger rail – in all its forms – since the passage of the Passenger Rail Investment and Improvement Act (PRIIA). Many internal Amtrak reforms and new intercity passenger rail initiatives instituted by the Subcommittee are incorporated into the PRIIA authorization framework. The American Recovery and Reinvestment Act of 2008 also provides critical resources to accelerate the states' plans for passenger rail service, as well as Amtrak infrastructure and safety improvements that were beyond its budgeted resources.

The ability of Amtrak and the states to realize opportunities for service expansion and ridership growth in corridors across the country will depend upon a substantial and on-going federal capital investment in infrastructure, equipment, and safety. These investments in "state of good repair," capacity, and safety improvements are essential for the accessible, reliable, frequent and on-time service that attracts and retains ridership. In addition, the Federal Railroad Administration will need adequate resources including additional staffing to carry out its expanded responsibilities for intercity passenger rail grant programs and related studies.

Amtrak: The CONEG Governors request that the Subcommittee provide the authorized level of \$1.84 billion in FY2010 federal funding for Amtrak, with specific funding levels provided for operations, capital, and debt service.

A funding level of \$975 million in FY2010 for capital improvements is critically needed for the "state of good repair" improvements to aging infrastructure, modernization of the Amtrak fleet, and such safety improvements as Positive Train Control on Amtrak-owned infrastructure and equipment. Even at its requested level, Amtrak expects that the backlog of deferred investments (currently estimated at approximately \$5 billion) will continue to increase. This level of capital investment is vital to Amtrak's ability to deliver efficient, reliable, quality service nationwide. We particularly encourage the Subcommittee to ensure that Amtrak can continue bridge repair projects underway on the Northeast Corridor, as well as the system-wide security upgrades and the life-safety work in the New York, Baltimore, and Washington, D.C. tunnels.

The Governors appreciate the Subcommittee's consistent support for the Northeast Corridor (NEC) and for meaningful collaboration between Amtrak and its state partners served by the Corridor. This guidance contributed to Amtrak's on-going work with the Northeast states on development of an NEC Infrastructure Master Plan. The substantive planning being performed is a valuable resource to the Corridor, Amtrak and the states; and its technical work should continue.

Northeast Corridor Infrastructure and Operations Advisory Commission: The Governors urge the Subcommittee to provide \$3 million in appropriations specifically for the Northeast Corridor Infrastructure and Operations Advisory Commission (Commission). The Commission is to be created by the USDOT Secretary this year with members named by the Secretary, the NEC Governors, and Amtrak. It is uniquely designed to encourage mutual cooperation and planning among all three parties for intercity, commuter and freight use of the Corridor – and to also maximize the economic growth and the energy and environmental utility of the NEC Network. The Northeast Governors stand ready to name our representatives to this important new federal-state partnership, and to work cooperatively with the Secretary and Amtrak.

The Commission has extensive responsibilities to set policy goals and recommendations that encompass passenger rail mobility, intermodal connections to highways and airports, energy consumption, air quality improvements, and local and regional economic development. To conduct the required assessments, the Commission will need access to resources, data and expert analysis that extend far beyond the infrastructure focus of the NEC master plan being developed by Amtrak. Funding at the \$3 million level for FY2010 will allow the Commission access to the resources that are essential for conducting these assessments.

Intercity Passenger Rail Corridors: The CONEG Governors also support increased funding for the continued development of state-directed intercity passenger rail corridors and service, consistent with the President's initial request of \$1 billion per year for five years. This state capital grant program was also initiated by the Subcommittee and is authorized at \$300 million for intercity passenger rail and \$300 million for high-speed rail. It is an important foundation for a vibrant federal-state partnership that will bring expanded, enhanced intercity passenger rail service to corridors across the nation. Infrastructure and service plans for these intercity passenger rail corridors take many forms across the country, reflecting the diverse range of city pairs, market opportunities, and travel time needs. Therefore, we urge that these grant funds be available to states to advance plans for reliable, frequent and travel-time competitive service and corridors, regardless of maximum speed requirements.

Other Programs: A number of other national rail programs are important components of the evolving federal-state-private sector partnerships to enhance passenger and freight rail across the country. In this time of uncertainty in financial markets, the Railroad Rehabilitation and Improvement Financing Program (RRIF) can be an important tool for railroads (particularly regional and small railroads) and public agencies to access the financing needed for critical infrastructure and intermodal projects. We encourage the Subcommittee to provide funding for the Rail Line Relocation and Improvement Program, the Next Generation Corridor Train Equipment Pool, and the Nationwide Differential Global Positioning System which benefit

passenger rail and freight rail systems. In addition, funding for the Advanced Technology Locomotive Grant Pilot Program, created in Section 1111 of the Energy Independence and Security Act of 2007, would be an important first step to assist the railroads and state and local governments in a transition to energy-efficient and environmentally friendly locomotives for freight and passenger railroad systems.

The CONEG Governors also support a modest increase in funding for the Surface Transportation Board (STB) above the \$26.8 million provided in FY2009. Increased funding will allow the STB to carryout its expanded responsibilities for intercity passenger rail corridor service, and to provide critical oversight as the nation's rail system assumes increasing importance for the timely, efficient, and environmentally sound movement of people and goods across the nation.

Community Development

The CONEG Governors urge the Subcommittee to provide at least \$4.1 billion for the Community Development Block Grant (CDBG) program. The CDBG program enables states to provide funding for infrastructure improvement, housing programs, and projects that attract businesses to urban, suburban, exurban, and rural areas, creating new jobs and spurring economic development, growth and recovery in the nation's low income and rural communities.

Conclusion

In conclusion, the CONEG Governors urge the Subcommittee to:

- Increase the federal aid highway obligation over the FY2009 authorized level;
- Increase public transit funding over the FY2009 authorized level, including full funding for Formula and Bus Grants, the Capital Investment Grants, and the Small Starts Programs;
- Fund Amtrak at the FY2010 authorized level of \$1.84 billion, including \$975 million in capital for infrastructure and safety-related investments;
- Provide \$3 million in appropriations specifically for the Northeast Corridor Infrastructure and Operations Advisory Commission;
- Increase funding for state-directed intercity passenger rail corridors and service, consistent with the President's initial request, and at least at the authorized levels of \$300 million for intercity passenger rail and \$300 million for high-speed rail;
- Provide funding for national rail programs that are important components of the evolving federal-state-private sector partnerships to enhance passenger and freight rail across the country, such as the Rail Line Relocation and Improvement Program, the Next Generation Corridor Train Equipment Pool, and the Nationwide Differential Global Positioning System;
- Increase funding for the Surface Transportation Board; and
- Provide at least \$4.1 billion for the Community Development Block Grant Program.

The CONEG Governors thank the entire Subcommittee for the opportunity to share these priorities and appreciate your consideration of these requests.

Testimony prepared by
 Richard A. Anthes, President of the
 University Corporation for Atmospheric Research (UCAR)
 Submitted 16 April 2009, to the
 Subcommittee on Transportation, Housing and Urban Development, and Related Agencies
 U.S. House of Representatives Committee on Appropriations
 Regarding FY 2010 Appropriations for the
Federal Highway Administration (FHWA) and the Federal Aviation Administration (FAA)

On behalf of the **University Corporation for Atmospheric Research (UCAR)** and the larger university community involved in weather and climate research and development activities, I submit this written testimony for the record of the House Committee on Appropriations, Subcommittee on Transportation, Housing and Urban Development, and Related Agencies.

UCAR is a 73-university member consortium that manages and operates the National Center for Atmospheric Research (NCAR) and additional programs that support and extend the country's scientific research and educational capabilities. Our mission is to better understand the behavior of the atmosphere and related global systems and to help communities, states, and nations use this information to sustain and improve life on Earth. UCAR is supported by the National Science Foundation (NSF) and other federal agencies including the Federal Highway Administration (FHWA), and the Federal Aviation Administration (FAA).

I want to thank the Subcommittee for its leadership in supporting research and development programs within the FAA and FHWA in the FY 2009 appropriations; *I urge you to support the Administration's commitment to ensuring safer, more efficient air and road travel. One essential piece to this commitment of modernizing air and surface travel will be the ability to access real-time weather information. I urge you to support these relatively small, but critically important R&D programs within the FAA and FHWA budgets.*

The Federal Highway Administration

The FY 2010 budget request for the USDOT should support the Administration's and the country's commitment to a safe, efficient, and modern surface transportation system.

Weather research and intelligent transportation system (ITS) technology significantly contributes to this commitment. According to the National Academy of Sciences, adverse weather conditions obviously reduce roadway safety, capacity and efficiency, and are often the catalyst for triggering congestion. In the U.S. each year, approximately 7,000 highway deaths and 450,000 injuries are associated with poor weather-related driving conditions. This means that weather plays a role in approximately 28 percent of all crashes and accounts for 19 percent of all highway fatalities.

Road Weather Research and Development Program

Bad weather contributes to 15 percent of the nation's congestion problems; the economic toll of weather-related deaths, injuries and delays is estimated at \$42 billion per year. The Road Weather Research and Development Program (Section 5308 in the SAFETEA-LU authorization bill) funds the collaborative work of surface transportation weather researchers and stakeholders. This work is potentially life saving for the users of the national surface transportation system. Much has been accomplished already in understanding and developing decision support systems to address the impact of poor weather on the surface transportation

system including congestion. For example, 23 State Departments of Transportation (DOTs) have already benefitted from the development and implementation of real world decision support solutions, including the Winter Maintenance Decision Support System, and the recently developed *Clarus* System, that provides easy access and quality checking capabilities for DOT road weather datasets. To date, 30 State DOTs are utilizing the *Clarus* System and the number is growing. However, additional resources are required to develop technologies that will support improvements in traffic, incident, and emergency management to develop, test, and implement solutions nationally that will save lives, reduce congestion and improve the environment.

A fully funded USDOT Road Weather Research and Development Program at the \$5M level would support the development of technologies that would integrate weather and road condition information in traffic management centers, improved understanding of driver behavior in poor weather, develop in-vehicle information systems and wireless technologies (e.g., IntelliDrive) that provide warnings to drivers when poor weather and road conditions exist, improve the understanding of the impact of weather on pavement condition, and develop new active control strategies (e.g., signal timing and ramp metering) optimized for poor weather and road conditions.

SAFETEA-LU (Section 5308) contains language that established the Road Weather Research and Development Program within the USDOT ITS Research and Development Program, with annual authorized funding at \$5.0 million (significantly less than the National Research Council's recommendation of \$25.0 million). This road weather research program is well supported by numerous organizations including the American Association of State Highway and Transportation Officials (AASHTO), the Intelligent Transportation Society of America (ITSA), the Transportation Research Board (TRB), the National Research Council (NRC), State Departments of Transportation (DOTs), numerous commercial weather service companies, and the American Meteorological Society (AMS). Improved safety, capacity, efficiency and mobility, of the national roadway system will benefit the general public, commercial trucking industry, State DOT traffic, incident and emergency managers, operators and maintenance personnel. Environmental benefits will be realized due to improved efficiency in the use of anti-icing and deicing chemicals for winter maintenance, reduced congestion, and improved mobility. I strongly recommend this program be reauthorized, at the very least, at the current level in the pending transportation authorization bill. ***I urge the Committee to fund the Road Weather Research and Development Program at the authorized level of \$5.0 million, at a minimum, in FY 2010.***

Federal Aviation Administration (FAA)

"Modernizing our air transportation system is a national priority. The historic funding levels authorized will accelerate the implementation of air traffic control modernization and the Next Generation Air Transportation System." Chairman Oberstar, Transportation and Infrastructure Committee March 5, 2009.

Last month, the Transportation and Infrastructure Committee approved HR 915, the FAA Reauthorization Act of 2009. I urge the Committee to refer to this bill when marking up the FY10 FAA appropriations bill. I am pleased that HR 915 provides \$70 billion to the FAA and federal aviation infrastructure programs for the next four years, and I ask that you pay particular attention to the following R&D programs authorized in HR 915, that are focused

on developing useful aviation applications heavily oriented toward real-time operational systems:

Weather Program

According to the FAA, 70 percent of flight delays are caused by weather. FAA's Weather Program is a research program focused on improved forecasts of atmospheric hazards such as turbulence, icing, thunderstorms and restricted visibility. Improved forecasts enhance flight safety, reduce air traffic controller and pilot workload, and enable better flight planning and productivity. Enhanced research and improved technologies will result in longer forecast lead times, increased accuracy and ultimately, more efficiency and safer skies. The FAA funds the development of experimental products. The Aviation Digital Data Service (ADDS) is an excellent example of the FAA's R&D program working at an operational level. Through the National Weather Service, ADDS makes available to the aviation community text, digital and graphical forecasts, analyses, and observations of aviation-related weather variables.

Weather Technology in the Cockpit

Weather, according to the FAA, is more than twice as likely to cause general aviation fatalities as any other factor and is also the largest cause of general aviation fatalities in the United States, equating to 200 deaths annually. Weather uplinks in the cockpit, when combined with a thorough preview of the weather during pre-flight planning and other cockpit weather avionics, will help ensure that general aviation pilots increase awareness and reduce accidents. *Weather Technology in the Cockpit*, a new and innovative program, will provide a common weather picture to pilots, controllers, and users, and will expedite flight planning and decision-making. "Cockpit weather" applied research will focus on hardware and software standards, integrate weather information, and prototype forecasting products for the flight deck.

Next Generation Air Transportation System Joint Planning and Development Office

According to the FAA report, "Flight Plan 2009-2013," the total number of commercial passengers in U.S. airspace is approaching 800 million per year, which makes it imperative the FAA continue with its plans to launch "NextGen," the Next Generation Air Transportation System. The multi-agency Joint Planning and Development Office (JPDO) has been tasked by Congress to coordinate and manage six agencies focused on bringing NextGen online by 2025. JPDO has evolved from its focus from long-term planning to near-term implementation of NextGen. The UCAR community is playing a significant role in formulating weather-related R&D that must be accomplished to support NextGen.

Wake Turbulence

Aircraft in flight create wake turbulence, dangerous swirling air masses that trail from aircraft wingtips. As air traffic increases and air corridors draw closer, the wake turbulence becomes more and more of a safety factor during cruise flights. This commercial problem is strongly related to technical and scientific issues. Different ways have been explored in order to decrease the separation distances between aircraft. Better detection and forecasting of wake turbulence is a key element in the FAA's safety program. To accomplish this, a higher-resolution forecast model will be required to forecast wake vortex decay. The Weather Research and Forecasting (WRF) model, a collaboration of agencies and universities, has the potential to meet this requirement in the necessary time frame and is expected to be field tested this year.

Atmospheric Hazards/Digital System Safety

In-flight icing is both an aviation safety and efficiency issue: icing is a cause or factor in numerous fatal aircraft accidents; current official forecasts typically cover more space and time than needed and thus deny use of aircraft or airspace unnecessarily. Avoidance of icing conditions would be possible with improved operationally-available, high-resolution, accurate diagnoses and forecasts. The FAA's Atmospheric Hazards/Digital System Safety Research Program focuses on reducing the number of accidents or potential accidents associated with aircraft icing. The program promises to develop and test technologies that detect icing, predict anti-icing fluid failure, and ensure safe operations both during and after flight in icing conditions.

NextGen Network Enabled Weather (NNEW) and Reduced Weather Impact

The current weather dissemination system is inefficient to operate and maintain. Information gathered by one system is not easily shared with other systems. This leads to redundant and inconsistent information, and in many cases information not being universally available or used leading ultimately to suboptimal decisions. The complementary goals of NNEW and RWI are to integrate tens of thousands of global weather observations and sensor reports from ground-, airborne-, and space-based sources into a single national (eventually global) weather information system, constantly updated as needed. This integration will be enabled by system-wide availability of observational and forecast weather information to all NextGen users, service providers, military planners, security personnel, and the flying public. The key word is "information." No longer will it be necessary to manually gather and integrate diverse weather data to realize a coherent picture of the weather situation -- that will be accomplished with automation assistance prior to dissemination to interested parties. This will enable "common situational awareness" of the weather, and rapid dissemination of any changes.

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On behalf of UCAR, as well as all U.S. citizens who use the surface and air transportation systems, I want to thank the Committee for the important work you do that supports the country's scientific research, training, and technology transfer. We understand and appreciate that the nation is undergoing significant budget pressures at this time, but a strong nation in the future depends on the investments we make in research and development today. We appreciate your attention to the recommendations of our community concerning the FY 2010 FHWA and FAA budgets and your concern for safety within the nation's transportation systems.

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WRITTEN SUBMISSION OF
AIR LINE PILOTS ASSOCIATION, INTERNATIONAL
BEFORE THE
SUBCOMMITTEE ON TRANSPORTATION, HOUSING
AND URBAN DEVELOPMENT, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
WASHINGTON, DC
APRIL 16, 2009
“FISCAL YEAR 2010 APPROPRIATIONS”

Air Line Pilots Association, International
1625 Massachusetts Avenue, NW
Washington, DC 20036
(202) 797-4033

**SUBMISSION OF
AIR LINE PILOTS ASSOCIATION, INTERNATIONAL

TO THE
SUBCOMMITTEE ON TRANSPORTATION,
HOUSING AND URBAN DEVELOPMENT,
AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

“FISCAL YEAR 2010 APPROPRIATIONS”

WASHINGTON, DC
April 16, 2009**

The Air Line Pilots Association, International (ALPA) is the world's largest pilot union, representing nearly 53,000 pilots who fly for 35 airlines in the U.S. and Canada. ALPA was founded in 1931 and our motto since its beginning is “Schedule with Safety.” To that end, we are pleased to have the opportunity to present testimony to the Subcommittee on a safety-critical aviation program: the Human Intervention Motivation Study or “HIMS.”

Overview

The Human Intervention Motivation Study (“HIMS”) is a prototype alcohol and drug assistance program, developed specifically for commercial pilots, that coordinates the identification, assessment, treatment and medical re-certification of flight officers in need of such help. It is an industry-wide effort in which companies, pilot unions, and FAA work together to preserve careers and further air safety.

Alcoholism and other chemical dependencies are now recognized as part of a disease process that can be successfully medically treated. This disease affects commercial airline pilots at no less a rate than the general population. The HIMS program was established to provide a means by which afflicted professional pilots can be identified, treated under rigorous FAA protocols and, after a successful rehabilitation, returned to the cockpit in accordance with the FAA Special Issuance Regulations (14 CRF 76.401). The program is a cooperative one that includes involvement of company representatives, pilot union peer volunteers, treatment professionals and FAA Aviation Medical Examiners. While the program borrows heavily from treatment principles developed in both clinical and industrial settings, it has specific elements that reflect the unique nature of the safety-sensitive airline transport system in North America.

Background

In the 1970s, HIMS grew out of a grant that created an alliance between the National Institute for Alcohol Abuse and Alcoholism (NIAAA), a federal agency, and the Air Line Pilots Association (ALPA) to develop a program to address alcoholism among the airline pilot population. This grant led to the creation of a specialized peer intervention and treatment program designed specifically for professional pilots in the commercial aviation environment. After the initial NIAAA grant, education and training for the program has been funded by a series of three-year FAA contracts. Work continues under a currently funded contract which ends September 30, 2009. That contract was awarded to ALPA pursuant to the FAA's open bidding process.

Several factors prompted the creation of a pilot specific model. The experts involved in early efforts recognized that the commercial aviation environment is not well suited for a traditional on-the-job supervisory program, and determined that a pilot's ability to function effectively is best observed by other pilots.

Accordingly, a peer identification and referral system was implemented in order to identify the greatest number of pilots in need of assistance. Given the sensitive nature of a pilot's responsibilities and the interrelationship between medical and technical performance standards, it was apparent that involvement of the airline, FAA, and pilot union was essential to the success of the program. Since its inception, over 4,200 professional pilots have been successfully rehabilitated and returned to their careers.

Program Fundamentals

Peer identification and intervention are key components of this program. This approach enables pilots with substance problems to be identified by peers who are able to observe them not only in the cockpit but also on layovers and in other circumstances. It enables alcohol problems to be identified at an earlier stage than would otherwise be detected. Moreover, staged interventions involve the use of trained pilot peers working together with trained representatives of airline management. This specific intervention model is particularly efficacious and has resulted in a greater number of pilots getting evaluated and subsequently receiving needed treatment. The specialized training provided to line pilots, management officials, medical sponsors and other medical professionals is but one of the functions provided by HIMS funding.

Under the HIMS program, airlines, pilot representatives, medical professionals and the FAA have coordinated to build carrier-based employee assistance programs that identify and rehabilitate alcohol or drug-dependent pilots. The HIMS program provides educational materials and conducts seminars and outreach to the pilot community, including pilot families. HIMS coordinates the identification, treatment, medical re-certification and return to the cockpit of flight officers with substance problems – HIMS does not provide actual treatment. It is an industry-wide effort in which companies, pilot unions, and FAA work together to preserve careers and further air safety.

By any measure, the HIMS program has been a resounding success and is an example of FAA, airline, and union cooperation. The long-term success rate is nearly 90 percent. Some other vital statistics of the program as of July 2008 are:

- Over 4,200 pilots have been successfully treated and returned to the cockpit under close monitoring;
- Over 35 airlines in North America have active programs, with 8 new carriers starting programs in recent years with assistance from HIMS funding;
- On average, 120 airline pilots per year are identified, successfully treated and returned to work;
- Having such a program in effect enables air carriers who choose to pay for pilots' treatment to get a favorable return on their investment - a cost benefit analysis on one major airline showed a \$9 return for every \$1 spent on treatment;
- A website, <http://www.himsprogram.com/>, has been established through HIMS funding to provide confidential information and assistance to individual pilots, their family members and interested airline management;
- Ongoing HIMS seminars continue to train new HIMS volunteers and reinvigorate established programs;
- Internationally, HIMS has been acknowledged as the industry model and several foreign airlines, including British Airways, Air New Zealand and Cathay Pacific are being actively assisted to set up comparable programs.

In spite of these efforts, there is an ongoing need for education and assistance to air carriers interested in either starting or continuing identification, referral and treatment programs. The airline industry is under significant financial stress which can deter carriers without programs from implementing them and make existing programs more difficult to operate. Most importantly, the HIMS program is about **safety**, in addition to identifying individuals in need of medical assistance and providing economic benefit to airlines by providing a vehicle through which such highly trained employees can be rehabilitated and have their careers salvaged.

Funding

The program was started as a collaboration between ALPA and the NIAAA in 1974. In the early 1980s, when the HIMS program was successfully operating at full speed, government funding ceased during a time of substantial budget cutbacks despite a nearly 90 percent recovery rate. In the wake of this halt of federal funding it was hoped that new programs based on the HIMS model would develop locally, and that upcoming drug and alcohol testing provisions would deter alcoholism among safety-sensitive transportation employees.

With the implementation of mandatory drug and alcohol testing, the need for continuation of the HIMS program was also recognized. Consequently, in 1992, the FAA funded a resurrection of HIMS. The program received \$400,000 in the FY 1992 Transportation Appropriations bill over the span of three years. It has been funded consistently since then, including \$500,000 in FYs 2002 and 2005. The HIMS program is a firm-fixed price contract under the FAA's Office of Aerospace Medicine.

ALPA supports a funding level of **\$600,000** for the HIMS program in FY 2010-12. This funding is critical to continue the administration of the current program. An increase in the program is proposed in order to reach a wider range of people and for training of doctors and other professionals. Funding is used to produce and distribute educational and training materials, conduct training seminars on peer identification and intervention, and provide administrative support. No appropriation has been used for the treatment or rehabilitation of drug and alcohol abuse patients.

The HIMS program was authorized in the FAA reauthorization legislation (H.R. 2881) passed by the House in 2007. Authorizing language was also included in the Senate version of that bill (S. 1300). The same HIMS language is in the FAA reauthorization bill introduced in the 111th Congress (H.R. 915).

Thank you for the opportunity to present our views on FY 2010 funding priorities. We are happy to answer any questions or more fully brief members of the subcommittee on HIMS at your convenience.

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Statement of

Ross B. Capon

Executive Director

National Association of Railroad Passengers

Submitted to the

Subcommittee on Transportation, Housing and Urban Development,
and Related Agencies
The Honorable John Oliver, Chairman

Committee on Appropriations, U.S. House of Representatives

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Fiscal 2010 Appropriation

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April 16, 2009

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The National Association of Railroad Passengers strongly supports Amtrak's request for \$1.840 for Fiscal 2010 along with the \$1 billion for high speed rail that is in the Obama Administration's budget in this and anticipated in four subsequent budgets.

The Amtrak number should be augmented by appropriate funding of Amtrak's Americans with Disabilities Act needs. Amtrak reports that its total cost of ADA compliance under existing law is estimated at \$1.38 to \$1.56 billion "from all sources" over six years. However, DOT is currently considering a rule requiring standardized platform heights and full length platforms for level boarding. NARP, Amtrak, the Class I railroads and most commuter railroad agencies, have strenuously opposed this proposal. Amtrak says its adoption would "more than double...both the cost and the time required to attain full compliance." NARP believes this extra investment would not provide value for money and would create a more dangerous, less reliable railroad.

I was honored to be on hand at this morning's White House event where President Obama, supported by Vice-President Biden and Secretary LaHood unveiled the Administration's *Vision for High-Speed Rail In America*.

It was gratifying to hear the President's clear understanding of the tasks at hand, which include *both* the improvement of existing rail lines so trains can go faster *and* identifying corridors with potential to become world class examples of high-speed rail.

He articulately well the reasons for passenger train development, notably enhancing economic competitiveness, giving travelers an efficient travel choice that lets them bypass highway and aviation congestion, and providing major environmental benefits including reduced carbon emissions.

Finally, he emphasized that Recovery law funds and the \$5 billion planned for future budgets represent "just a first step...we know this is going to be a long-term project."

I. The Potential on Shared-used Tracks

With California the only state with far-advanced plans for "world-class" high speed rail, it is important to underline what can be accomplished on tracks shared with freight (and commuter) trains. As Ohio DOT's Jolene Molitoris testified before your committee on April 1, "the much-publicized passage of California's high-speed rail funding plan in a statewide ballot issue last November has its basis in decades of development of one of the nation's most sophisticated and well-run conventional speed systems."

In Fiscal 2008, based on headcount (not passenger-miles), the three, state-supported California corridors accounted for 5.5 million riders or 19.3% of Amtrak's total nationwide ridership. This was accomplished by running trains more frequently, acquiring new train cars, building new stations, and creating a feeder-bus network to serve major off-line communities and the major link where passenger trains do not yet run (Bakersfield-Los Angeles).

You have received testimony suggesting that passenger train operation "at sustained speeds in excess of 90 mph [requires segregaton] from freight operations on separate track."

We disagree. We believe it is quite possible that a private railroad and a state could conclude in certain situations that, for example, all would be better served by a triple-track, joint-use railroad maintained to FRA Class VI standards, than by two separate, single-use double-track railroads—the passenger line at Class VI and the freight line at Class IV or V.

Whether this is true would depend on analysis, and seems most likely in situations where operation at 100 or 110 mph would be required to let a passenger service achieve an important ridership or revenue threshold.

Clearly, the larger gap between passenger and freight train operating speeds would require a significant increase in track capacity to offset the capacity created by that large gap but, again, detailed analysis would be required to understand the trade-offs, and it is quite possible that

- (a) a state might conclude that the costs of maintaining a separate, exclusive-use, double-track passenger railroad are too high, while

- (b) a private railroad might conclude that the operational flexibility of additional track-miles (that passenger trains won't be using many hours of the week) is worth the discipline of coexisting with 110 mph passenger trains.

In this regard, please note:

- (a) FRA safety standards contemplate joint use to 110 mph (125 mph if grade-separated, though as a practical matter grade separation probably would be implemented at 110 if not a lower speed);
- (b) Amtrak currently runs at 100 mph on parts of the Hudson-Schenectady line and turbo trains (when they ran) were allowed 110 mph on the same stretch.
- (c) As Amtrak testified April 1, Amtrak currently runs 95 mph on parts of the Michigan line that Amtrak owns. There are plans to increase that further.
- (d) The statutory definition of high speed rail is "service that is reasonably expected to reach speeds of at least 110 miles per hour."

II. The Need to Keep Trains Running

Many transit authorities are dealing with the irony of new federal capital funds from the Recovery Act while withering operating support is forcing consideration of unacceptable service, including a possible total shutdown of Atlanta region's MARTA system one day a week, and a series of bad service cuts on the Boston region MBTA, including elimination of commuter train service after 7 PM and on weekends.

So far, Amtrak's state-supported services have dodged this bullet, with apparently successful resolution of a serious budget threat in Vermont.

With continuing bad news on the economy, however, it is not certain how secure these services will remain, notwithstanding the growing need for alternatives to driving as people focus on the total cost of driving (not just gasoline) and the environmental benefits of taking trains, and the younger generation decides that frugality is "the new cool," as Toyota found in a survey of U.S. attitudes towards cars reported in *Financial Times*.

Consideration should be given, at least in emergency situations, to allowing operation of state-supported trains on a 50/50 matching basis. In Michigan, for example, the state DOT is talking about service reductions on trains which have shown substantial growth over the last five years; a 50/50 match for the Michigan trains would amount to \$4 million.

III. Oak Ridge National Laboratory Statistics It is Sound Public Policy to Support Trains

The annual *Transportation Energy Data Book* (Edition 27, released in 2008) is published by Oak Ridge National Laboratory, under contract to the U.S. Department of Energy. The following table shows 2006 data; the five modes shown are listed from most to least energy efficient:

Mode	BTUs per psgr- mile*
Amtrak	2,650
Commuter trains	2,996
Certificated air carriers	3,261
Cars	3,512
Light trucks (2-axle, 4-tire)	3,944

* BTU = British Thermal Unit; passenger-mile = one passenger traveling one mile

Amtrak and light trucks are the only modes that showed improvement compared with the 2005 numbers included in my statement a year ago.

IV. Overnight Trains

It is noteworthy that ridership on these trains as a group has held up better so far in the face of a weak economy. We strongly support Amtrak's efforts to acquire new baggage cars, diners and Viewliner sleepers to augment or replace existing equipment, with cars in the first two categories dating back to the 1950s.

V. Issues from Last Year

We continue to see the Chicago-Porter, Indiana, segment as a key chokepoint and are urging Amtrak to take the lead in seeking some of the \$8 billion to address this segment, which—as noted a year ago—is used by all of Amtrak's Michigan trains as well as Amtrak's two Chicago-Cleveland trains (*Lake Shore Limited* serving New York State, New York City and Boston; *Capitol Limited* serving Pittsburgh and Washington).

We continue to express our concern about New Jersey Transit's plan to build two railroad tunnels under the Hudson River which would not connect with existing New York Penn Station and which would lead to a dead-end, deep cavern station under 34th Street.

Thank you for considering our views.

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American Association of Service Coordinators' (AASC) Statement to the House Appropriations Subcommittee on Transportation, Housing and Urban Development, and Related Agencies on the Fiscal Year 2010 Appropriations for the Department of Housing and Urban Development

The American Association of Service Coordinators (AASC) appreciates the opportunity to share our views on the FY2010 Appropriations for the Department of Housing and Urban Development (HUD). While we support funding for a number of the programs contained in the THUD FY2010 Appropriations bill, we will focus our comments on resources critically needed for the staffing of service coordinators in federally-assisted and public housing.

First, we want to express our appreciation to members of this committee for your leadership in providing critically needed funds for service coordinators to assist frail elderly and other vulnerable residents. As documented by recent HUD studies, funding service coordinators is a sound investment of public funds resulting in increased quality of life for residents and significant savings of public funds, including reduced housing turnovers and operating costs; reduced 911 or emergency calls; and, the avoidance of premature placements in more costly institutional settings.

By providing timely assistance, service coordinators have enabled many frail older persons to remain in their homes for as long as possible. Without the benefit of service coordinators, many vulnerable elderly and others have been forced to move prematurely into more costly settings, such as nursing homes. A recent HUD study of service coordinators documented that:

“the average length of occupancy was 6 months longer among residents of properties with HUD-funded service coordination compared with residents of similar developments without service coordinators. By forestalling or preventing unnecessary institutionalization, service coordinator programs help to promote independent living, improve residents' quality of life, and ultimately save taxpayer dollars.” *Multifamily Property Managers' Satisfaction with Service Coordination, HUD Office of Policy Development and Research, December 2008*

A 2008 HUD study of the Section 202 program estimates that Section 202 housing plus services is about half the cost of nursing home care, or less depending upon the level of services provided. Based upon projected cost savings, one of the recommendations of the study is to “provide funding for service coordinators within all Section 202 projects.” *Section 202 Supportive Housing for the Elderly: Program Status and Performance Measurement, HUD, Office of Policy Development and Research, June, 2008.*

Service coordinators in federally assisted housing are funded through a number of sources, including about half (53%) funded through project operating budgets, and about 1,500 service coordinators funded through the service coordinator grant program. Eligible facilities for service coordinator grants are: Section 202 without Project Rental Assistance Contracts (PRACs); HUD insured Section 221d3, some Section 236s, and housing with project-based Section 8 rent subsidies. However,

because of limited funding, less than one-third of the more than 12,000 eligible housing facilities have service coordinators. In FY2008, for the first time since the establishment of the service coordinator program, no new service coordinators were funded due to insufficient funds. As a result of the insufficient funding, existing service coordinator grants experienced a three percent cut in funds.

In addition, almost half of the 1.1 million households living in public housing are elderly or persons with disabilities, including over 50,000 seniors age 63 and older. Similar to federally-assisted housing, service coordinators are needed in public housing not only to assist frail elderly to remain in their home; but also to assist families in public housing or using vouchers to become more self-sufficient. Public housing service coordinators have been funded through the Resident Opportunities and Self-Sufficiency program (ROSS), the ROSS Family Self-Sufficiency program (PH/FSS), the Housing Choice Voucher Family Self-Sufficiency (HCV-FSS) program; or through Public Housing Operating Funds. Unfortunately, over the past few years there have been significant cuts and shortfalls in federal funds needed for the sound operation of public housing, including the staffing of service coordinators.

Furthermore, it is essential that service coordinators have the skills, tools, and information necessary to effectively provide timely assistance to vulnerable residents who rely on service coordinators' capacity to assist them with access to appropriate services. This quality assurance requires comprehensive training, use of effective technology, and timely access to accurate information. While HUD requires that management assure service coordinator functions are effectively implemented and monitored, the funds necessary for quality assurance are often inconsistent or insufficient to ensure that residents receive the highest quality of assistance. Therefore, funds are needed through project operating funds, grants, or formula-based allocations to ensure that high quality standards for service coordinators are maintained.

Despite the critical need and cost-effectiveness of service coordinators in public and federally-assisted housing, funding for service coordinators remains very limited. While the Administration's FY2010 budget proposes funding for service coordinators in federally-assisted senior housing at the increased FY2009 funding level, funding for service coordinators in public housing remains essentially flat for the HCV-FSS program and no funds are proposed for ROSS. AASC would urge the Committee's support for the following in FY2010 appropriations:

- \$90 million for service coordinators in federally-assisted housing;
- An additional \$10 million to implement community-based service coordinators;
- \$65 million in the PH Operating budget for the Resident Opportunities for Self-Sufficiency (ROSS) program;
- \$15 million for the ROSS Family Self-Sufficiency program (PH/FSS);
- \$85 million for the Housing Choice Voucher Family Self-Sufficiency Program (HCV-FSS); and,
- Full funding for Section 8, PRAC, and rent subsidies and to permit the staffing of a service coordinator as a routine part of the project's operating budget, including essential training and quality assurance.

Federally-Assisted Housing – \$90 million

The Administration's FY2010 budget requests \$90 million for service coordinators, the same as the FY2009 Appropriations. It is anticipated that about \$75 million will be necessary to extend existing contracts that expire in 2009. This funding level will also provide \$15 million for additional service coordinators (about two service coordinators per state). This compares to no funding provided in FY2008 for new service coordinator grants and \$3.5 million provided in FY2007, but half of the \$30 million provided in FY2002.

The Administration's FY2010 budget proposes for the first time to establish separate funding for Section 202 development at \$522 million and \$243 million for PRAC. AASC has some concerns with the adequacy of the proposed funding level for PRAC since \$90 million is for service coordinators and \$25 million is identified for Assisted Living Conversion Projects and emergency repairs, leaving only \$128 million for all expiring PRAC contracts and amendments that may be necessary to enable increased hours for service coordinators (part-time to full time) and having service coordinators funded as part of 202/PRAC operating budget. (NOTE: Only one third of Sec. 202/PRACs have service coordinators and they are not allowed funding through the service coordinator grant program.)

Recommendations: Being sensitive to funding constraints, AASC supports the \$90 million requested to fund service coordinators in federally-assisted housing. Many projects have only part-time service coordinators due to funding shortages. AASC also recommends that the pre-development planning grant program (previously funded at \$20 million) be included with Section 202 development funds (not PRAC).

Community-Based Service Coordination Program - \$10 million

According to the most recent data, more than 85% of all seniors in this country want to, or by necessity, will remain living in their homes, even as they grow frail. Most homes and communities where seniors reside were neither designed nor intended to meet the needs and challenges of daily living that come with age. While Congress provided previous authorization that permits service coordinators to assist seniors living in the surrounding vicinity of a federally-assisted property, funds have never been appropriated for this purpose and existing programs do not have sufficient funds for this purpose. However, seniors living independently in the community have the same need for access to benefits and services as those living in federally-assisted housing.

Too often, seniors are dialing 911 in non-emergency situations. Service coordinators have the ability, training and expertise to evaluate and match a senior's needs with the available community and in-home services, extending support beyond what local fire departments or EMS services are able or equipped to provide.

The authorization and funding of a Community-Based Service Coordination program will help ensure that older individuals are provided assistance with accessing the supports and services that will allow them to remain in their homes and communities as long as possible. Furthermore, this type of service coordination program would serve to reduce 911 or emergency calls for non-emergency needs thereby saving communities' precious public dollars and resources that can be better directed to true emergency needs and/or situations.

Recommendation: AASC recommends that \$10 million be provided to implement and fund a Community-Based Service Coordinator program. AASC believes a program of this nature aligns with the tenets and goals of the Community Development Block Grant.

Resident Opportunities and Self Sufficiency (ROSS) – \$65 million

ROSS Family Self-Sufficiency (PH-FSS) - \$15 million

The Resident Opportunities and Self Sufficiency (ROSS) program provides competitive grants to public housing agencies, tribal housing entities, resident associations, and nonprofit organizations for the coordination of supportive services and other activities designed to help public and Indian housing residents maintain their independence and attain economic self-sufficiency. The ROSS program has experienced administrative restructuring and funding cuts over the past few fiscal years that coupled with cuts in Public Housing Operating Funds, has forced a number of public housing authorities (PHAs) to either eliminate or limit their service coordinator and/or their ROSS Family Self-Sufficiency (PH-FSS) programs due to lack of funds. Despite the critical need and effective results, the Administration's proposed FY2010 budget seeks no funds for ROSS programs. The ROSS program is one of 27 programs eliminated or consolidated, and assumes that it is an eligible expense under the Public Housing Operating Funds with proposed funding of \$4.6 billion. However, without a specific set-aside within this funding source for service coordination through the ROSS program, there is the potential for the service needs of residents in public housing to compete for funds with other public housing operations and maintenance needs.

Recommendations: AASC recommends a funding level of \$65 million for the ROSS Service Coordinator program. Additionally, AASC recommends a funding level of \$15 million for the PH-FSS program. So as to stabilize funding for both the ROSS Service Coordinator and PH-FSS programs, AASC recommends that both programs be shifted from competitive grants to regular programs in PHAs with funds set-aside in Public Housing Operating Funds.

Housing Choice Voucher/Family Self-Sufficiency (HCV-FSS) – \$85 million

The Housing Choice Voucher Family Self Sufficiency (HCV-FSS) program enables participants in the housing voucher program to increase their earned income, eliminate their need for welfare assistance, build assets and promote their economic independence. Funds enable FSS coordinators to assist program participants with the development of a five-year plan to achieve self-sufficiency and link them with the supportive services that will enable them to meet their plan's goals. The HCV-FSS program currently assists over 63,000 families. AASC supports action enacted last year to shift funding for FSS coordinators from a set-side within the program funds for tenant-based rental assistance account and yearly competitive grants to a set-aside within the administrative fees of a PHA. These changes will enhance the stability and predictability of the program for residents and PHAs, as well as relieve the administrative burden of responding to yearly grant applications. However, AASC believes that additional funding is needed to ensure a sufficient number of FSS coordinators are available to effectively meet demand for the program by Housing Choice Voucher holders.

Recommendation: AASC recommends that \$85 million be provided for HCV-FSS to ensure adequate funding for FSS coordinators. AASC also supports HUD's shift in funding to an administrative fee for HCV-FSS coordinators, which was detailed in the Section 8 Voucher Reform

Act that passed the House in the previous Congressional session and was initiated for FY2009 funding through the Omnibus Appropriations Act.

Conclusion

There is a critical need to more effectively coordinate the various housing, supportive services, and health care programs that are funded by the federal government. Service coordinators are in a key position to link these programs to better assist frail seniors, families and people with disabilities residing in public and federally-assisted housing and also save significant public funds. There is a need for a dual strategy for funding service coordinators in public and federally-assisted housing that includes service coordinator grants, as well as transitioning the routine staffing of service coordinators from competitive grants into the housing facility's operating budget. With projected increases in the elderly population, more families struggling to gain economic self sufficiency in today's economic climate and concerns over skyrocketing health care costs, there is an opportunity to expand the number and capacity of service coordinators to link community-based services and benefits with low-income residents to provide cost effective stable housing with supportive services. AASC believes that our recommendations for the FY2010 Appropriations will help achieve these cost-effective goals. Thank you for your support and consideration of these recommendations.

For additional information, please contact Janice Monks, AASC President at jmonks@servicecoordinator.org or Larry McNickle, AASC Policy Representative, lmcnickle@cox.net or see the AASC website at: www.servicecoordinator.org.

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